

## Returns Compliance – Income Tax and Corporation Tax

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Note: This manual is currently subject to review and may not reflect up-to-date position.

Most recent version.



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## 1 Introduction

The Statement of Strategy 2020-2022 states that, 'Revenue's core task is the collection of taxes and duties. We achieve this through the provision of excellent service to support voluntary compliance and a robust response to non-compliance'.

A Returns Compliance Programme is an integral part of that objective and seeks to deliver the following:

- ensure efficient collection and timely compliance,
- improve compliance through better-targeted interventions,
- improve compliance through the better application of appropriate sanctions.

It should also assist in:

- preventing 'once-off' late filers from becoming persistent late filers,
- protecting the integrity of the Tax Register,
- maintaining high levels of returns and payment compliance.

These guidelines have been prepared to assist caseworkers in working the Non-filer Programme. They should be considered in conjunction with Divisional Structures, Business Plans, Annual Corporate Plans and within the context of whole case management.

### 1.1 Returns Compliance Overview

The compliance programme for Income Tax begins with the issue of the Pay and File reminder letters in September by the Collector General. This letter is a reminder to those taxpayers, and their agents, still to file their returns, of the respective paper and ROS filing deadlines.

Compliance Reminder letters for Income Tax are issued the following January to those taxpayers and their agents who have failed to file their tax return due to the previous year. This bulk issue of letters is currently managed by Accountant Generals and Strategic Planning Division.

The compliance programme for Corporation Tax begins with the issue of the Pay and File reminder notices in May each year and monthly notices thereafter to companies based on their filing deadlines.

The central issue of Compliance Reminder letters for Corporation Tax occurs in February and July each year.

Where no return is submitted, the case can be sent for prosecution, for an intervention, for enforcement etc. Caseworkers should refer to the Tax and Duty Manual [Income Tax and Corporation Tax Non-Filer Programme Intervention and Selection Criteria](#)

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[...]

## 2 Settlement of Cases

### 2.1 Returns Received

Returns should, immediately on receipt, be marked as received on computer record so that the compliance stage in the ITS Returns Field is as accurate as possible.

### 2.2 REAP

In addition to the Non-Filer Programme, Branches have the benefit of the REAP system to assist with the prioritisation of taxpayers for a compliance intervention. The objective of this Risk Analysis program is to analyse all Revenue customers across a number of profiles by applying 'rules' to all data available. The cases are then 'scored' regarding their risk, i.e. evasion, non-payment, failure to file returns, etc. Revenue screens our complete business taxpayer base on average twice a year, which ensures that the customer's risk profile is kept up to date.

### 2.3 Returns not due for a tax year

The main reason why a return may not be due for a tax year is that the taxpayer is no longer a chargeable person for that year (for example, the taxpayer ceased business prior to the commencement of the tax year). Where a return is not due, then the necessary file maintenance across **all** tax heads must be done including, where appropriate:

- entering 'not required' in the Returns Field in ITS for **each** relevant tax year,
- ceasing the case across **all** taxheads and changing the assessing status to the appropriate code.

See Appendix 1 for list of compliance stages.

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### 3 Prosecution

Prosecution under section 1078 TCA 1997 is an essential element of a compliance programme. Priority should be given to cases where there is clear evidence of significant business activity and/or serious non-compliance and definite expectation that a liability will be due on receipt of the relevant return(s). Every effort should be made to determine that the taxpayer's circumstances are such that prosecution is warranted.

If a case is being considered for prosecution, it is essential that the trading status has been verified (e.g. from VAT or PREM records, local knowledge, etc.). In respect of a company, the company status should be verified with the CRO record in IBI (see Appendix 1 Part D).

Note: Cases requiring issue of 21-day warning letters should be sent, in accordance with agreed procedures, to the Revenue Solicitor's Division.

### 4 Pursuing Returns

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### 6 Referral of late filers for Audit

Certain Late Filers may warrant an audit. This needs to be considered within the Divisions integrated risk-focused compliance programmes.

### 7 Specific Case Types

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#### 7.3 Death cases

Every effort should be made, subject to respecting the sensitivities in these cases, to ascertain details of the personal representatives in death cases.

When dealing with death cases, please ensure that:

- any correspondence is correctly addressed to the personal representatives, and
- all relevant computer functions have been carried out.

## 8 Taxpayer Contact

### 8.1 General

Before contacting a taxpayer or agent, always check:

- that the return(s) is/are still outstanding;
- to see if there is a general stop (e.g. a DLO or Death Stop) on record;
- for a commencement situation;
- for a cessation situation (check the company CRO status in IBI).

In some circumstances it may be more beneficial to contact the taxpayer directly.

### 8.2 Contacts with the Taxpayer / Agent

Each contact with the taxpayer/agent must include, where relevant, a focus on tax payments across all tax heads i.e. a whole case management approach. This will include advising of the consequences of non-payment (e.g. interest and other enforcement costs). The [direct debit system](#) for payment of future taxes should be promoted for VAT, Employers' PAYE/PRSI, Income Tax and Corporation Tax. It is advisable that staff on outdoor duties should promote the system at every opportunity.

In addition to seeking the tax return and payment, each contact should be used to gather information on the customer, their understanding of tax compliance and their capacity to pay so that the appropriate debt management approach can be adopted in individual cases. Also, the taxpayer should be made aware of the [Online Payment](#) options when discharging the liabilities that arise after delivering the outstanding return(s).

It may be worth considering trying to contact the taxpayer outside of office hours. All relevant 'taxpayer contact' information should be noted in RCM.

### 8.3 Partners and Directors

Directors/Partners should be contacted either through their agent or at their home or business address as considered appropriate considering previous experiences. However, the customer's right to confidentiality must always be observed.

Note: Where possible, caseworkers should link requests to directors for their outstanding tax returns with requests for their company's outstanding Form(s) CT1 as covered in section 8.2 above.

## 8.4 Communicating with the Taxpayer

Where telephone calls and routine communications to secure outstanding returns have failed, these taxpayers should, where appropriate, be sent a letter by registered post asking them to contact the Branch to explain why returns have not been submitted. A subsequent meeting may be required with the taxpayer to address the risks identified.

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## 9 Pay and File Return

### 9.1 Pay and File

Under Pay and File, the customer is obliged to submit the return and payment to the Collector General. During the compliance campaign, officers should seek both the return and payment. That said, the following possible scenarios (to which a practical approach is required) might arise:

- (a) Tax return (paper) and Single Debit Authority (SDA) is received in the Branch.

The receipt of the tax return is to be entered on the computer record and the return processed in the normal manner. The SDA should be sent to the Collector General.

- (b) Tax return and payment received in the Branch.

The receipt of the tax return is to be entered on the computer record and the return processed in the normal manner. As regards the payment, there are two options:

- if the payment is accompanied by the Pay and File payslip, then the payment and the payslip should be forwarded to the Collector General.

- if the payment is not accompanied by a Pay and File payslip, then the payment should be brought to account locally under the Local Payment Accounting system.

(c) Tax return received in the Branch and no payment attached.

In this instance, the return should be processed in the normal manner.

(d) Staff on outdoor duties are given the return plus the SDA or the payment.

The officer should accept the return plus the SDA or payment. These may be dealt with as per (a) or (b) above as appropriate.

(e) Staff on outdoor duties are given the return but not the SDA or payment.

The officer should accept the return and deal with as per (c) above.

## 9.2 Pay and File Income Tax Return

In accordance with the TCA 1997, the taxpayer is obliged to submit, on or before the 31 October, the following;

- Preliminary tax for the current year of assessment including Universal Social Charge contributions,
- Payment of any balance of Income Tax due for the year of assessment and
- Return of Income and Capital Gain for the year of assessment.

Any extension to the filing deadline provided to customers who both pay and file [online](#) are notified in advance of the filing deadline.

## 9.3 Pay and File Corporation Tax Return

The self-assessment system 'Pay and File' applies to companies. [Mandatory e-Filing](#) applies to all companies regarding their Corporation Tax return and payment obligations. The preliminary Corporation Tax obligations differ depending on the size of the company and further details are available at [Revenue.ie](#).

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