

## Draft Minutes

### TALC Audit Sub-Committee Meeting

Tuesday 27 September 2016 – 10.00am

Revenue Commissioners, Planning Division, Bishops Square, Dublin 2.

#### Attendees: Practitioners:

<i>Gerry Higgins</i>	<i>CCABI (Chairman)</i>
<i>Norah Collender</i>	<i>CCABI</i>
<i>Paul Dillon</i>	<i>CCABI</i>
<i>Julie Herlihy</i>	<i>CCABI</i>
<i>Mary Healy</i>	<i>Irish Tax Institute</i>
<i>Cora O'Brien</i>	<i>Irish Tax Institute</i>
<i>Jim Kelly</i>	<i>Irish Tax Institute</i>
<i>Paul Wallace</i>	<i>Irish Tax Institute</i>

#### Revenue:

*Declan Rigney*  
*Paddy Faughnan*  
*Denis Barry*  
*John Curran*  
*Stephen Flynn*  
*Padraigh Donnelly*  
*Katie Ryan*  
*Enda Murphy (Secretary)*

<b>Apologies:</b>	<i>Julie Burke</i>	<i>Irish Tax Institute</i>
	<i>Mary Deeley</i>	<i>Revenue</i>

#### Opening Remarks:

The Chair welcomed John Curran (Revenue) and Paul Wallace (ITI) to the Group.

#### Item 1 – Presentation by Revenue on the use of Advanced Analytics

Revenue, as agreed at the June meeting of the Group, provided a presentation on their use of Advanced Analytics. The presentation provided an overview of how advanced analytics works and how it is used to gain better insights into taxpayer behaviour and improve targeting of non-compliance. Revenue stated they used analytics to identify cases for intervention, to forecast measures such as debt available for collection and to evaluate and enhance the impact of actions.

In the course of the presentation, Revenue provided details of the data analysed, they outlined how analytics interacts with their REAP system and gave examples of projects piloted in Regions/Divisions.

They stated the use of analytics would mean more targeted interventions for non-compliant taxpayers and less contact from Revenue, for those who comply.

A copy of the presentation provided at the meeting will be circulated to members.

#### Item 2 – Minutes of meeting of 2 June 2016

Minutes were agreed.

#### Matters Arising:

Actions points from the previous meeting were reviewed.

Revenue agreed to circulate a list of issues they had identified in the course of examination of CAT returns. They also stated they would circulate a copy of the confidentiality agreement which R&D Technical Experts are required to sign when employed by the Revenue Commissioners.

*New Appeal Procedures:* Revenue stated all updates in relation to appeals will be done through Main

TALC and not via the various TALC sub-Committees. On a wider note, Revenue outlined that all unsettled appeals will be handed over to the Tax Appeals Commission by November 2016 and, as that Commission is a statutory tribunal, totally independent of Revenue, Revenue is unaware of proposals by that Commission as regards the hearing of those appeals.

### **Item 3 - Work Plan 2016**

#### ***Code of Practice for Revenue Audit and other Compliance Interventions:***

Practitioners asked if Revenue intended to reference the 2<sup>nd</sup> Tier district structure in the *Code of Practice for Revenue Audit and other Compliance Interventions*. They also asked if Revenue proposed to issue an eBrief outlining how the new districts will operate and what a taxpayer assigned to a 2<sup>nd</sup> Tier district might expect in the course of interactions with Revenue.

Revenue stated that whilst a number of amendments to the Code had been identified, none specifically related to the operation of 2<sup>nd</sup> Tier districts. They stated the modus operandi for these districts was no different to other districts and there would be no deviation from the Code of Practice.

#### ***National/Regional Projects:***

##### *Shadow Economy-*

Revenue provided an update on the type of work being carried out by their outdoor staff surrounding shadow activity.

##### *Regional Projects –*

Revenue informed practitioners that they were currently undertaking a number of Profile Interview visits to business premises across Regions/Divisions, some of which may involve the examination of books and records. They stated many of the businesses would not previously have been visited by Revenue, and whilst the visits are compliance driven, they also provide an opportunity for taxpayers to raise issues with Revenue.

#### **eAudit**

Revenue stated their eAudit network group, which disseminates practice and trends, and at which issues surrounding eAudit are discussed, had met recently.

Practitioners pointed out that some eAudits took a longer amount of time to close and asked if this was something that was being monitored by Revenue. They also queried whether data extracted by Revenue auditors and taken away for further analysis potentially led to an extended timeframe for the audit.

Revenue stated they did monitor the amount of time spent on conducting eAudits and were of the view that there is little difference in the timeframe for completing eAudits and other audits. Revenue pointed out that some delays did arise as a result of difficulties with accessing data in some systems. Revenue stated they were anxious to get audits closed as quickly as possible and agreed to examine the issue of timeframes for e-audits and would discuss it at the next eAudit network meeting.

#### **CAT & Stamp Duty:**

CAT was discussed under matters arising from the minutes of the previous meeting. No Stamp Duty issues were identified for this meeting.

#### **REAP**

Revenue informed members that the annual PAYE risk run had taken place in July 2016 and the next national risk run for business taxpayers is scheduled to take place this in October 2016.

#### **R&D Audits**

Revenue confirmed that the audit of R&D claims was ongoing and mentioned the importance of the programme having regard to the value of the claims.

Revenue informed members that a Group was being formed at which technical difficulties would be discussed.

Practitioners welcomed the formation of this group. They also pointed out that underpayments did not always arise solely as a result of technical matters and asked if consideration could be given to formalising the non-application of penalties in certain circumstances.

Revenue agreed to liaise with their Legislation Services Division (RLS) on this issue.

#### **Item. Items identified by practitioners**

*Un-cooperative Behaviour* – In advance of the meeting, Practitioners had emailed Revenue outlining the content of a letter received by one of their members in which Revenue had sought a response to a long list of queries in a 3 day timeframe. They raised this matter in the context of co-operation with a Revenue intervention and questioned whether or not non-adherence to such a deadline could be regarded as non-cooperation.

Revenue stated that, based on the facts presented, they could not defend such a timeframe for a reply but agreed to investigate the matter if details of the case were made available.

Practitioners were reluctant to provide details but agreed to revert if necessary.

Practitioners also mentioned that they would be particularly busy approaching return filing deadlines and asked that Revenue be cognisant of this when considering co-operation matters.

#### **Item. 5 AOB**

##### *Notices Of Opinion:*

At the last meeting of the sub-committee, Revenue agreed to provide information surrounding the number of penalty Notices of Opinion that had issued. The information is being compiled and should be available for the next meeting of the group.

<b>Action Points</b>	<b>Responsible</b>	<b>Timescale</b>
<b>CAT:</b> Revenue agreed to circulate a list of issues they had identified in the course of examination of CAT returns.	<b>Revenue</b>	<b>With minutes of this meeting</b>
<b>R&amp;D:</b> Revenue agreed to circulate a copy of the confidentiality agreement which R&D Technical Experts are required to sign when engaged by the Revenue Commissioners.	<b>Revenue</b>	<b>With minutes of this meeting</b>
<b>eAudit:</b> Revenue agreed to examine the issue of timeframes for e-audits and to discuss it at the next eAudit network meeting.	<b>Revenue</b>	<b>Next meeting eAudit Network Group</b>
<b>Penalties in R&amp;D Audits:</b> Revenue to liaise with RLS regarding penalties in non-technical situations.	<b>Revenue</b>	<b>Before next meeting</b>
<b>Cooperation:</b> Revenue to be cognisant of return filing deadlines when considering co-operation.	<b>Revenue</b>	<b>Ongoing</b>
<b>Penalty Notices of Opinion:</b> Revenue to compile statistics for next meeting.	<b>Revenue</b>	<b>Before next meeting</b>

The next meeting of the TALC Audit Sub-Committee will take place on **Tuesday 29 November 2016** at 10.00am in Bishops Square.

Submitted for approval by Secretary – **24 October 2016**.

Approved by **TALC Audit Sub-Committee Members** – **29 November 2016**.