Minutes of TALC Sub-committee on Collection issues

Date: 22 November 2022

Via Microsoft Teams

Agenda Item 1: Minutes of meeting held on 6 September 2022 and matters arising
The minutes were finalised and approved.

Agenda Item 2: Non-Resident Landlords
Practitioners confirmed that the allocation of income tax payments against corporation tax liabilities of non-resident corporate landlords did not appear to arise in practice during Pay & File. Feedback will be provided if it is received from members. Revenue confirmed it had not received any such allocation requests to date.

Following proposed amendments contained in Finance Bill 2022, practitioners welcomed the simplification of the role of the collection agent. As the amendments are not effective for 2022 Revenue anticipates some issues will arise regarding Form 11 2022. Revenue is hopeful that a withholding tax, similar to ePSWT, will be effective for some of 2023, confirming that the enactment of the legislation will be sufficient and that regulations will not be required. Revenue informed the meeting that it was not in a position to share how the new approach will operate until such a time as the legislation is implemented.

It was discussed that it may be useful to provide information on the operation of the new regime before it comes into operation, as potential new collection agents may be considering whether or not to take on this activity.

ACTION POINTS
Practitioners will be advised on the implementation of the Finance Bill provisions when the Bill is enacted.

Agenda Item 3: Debt Warehousing scheme
Following the extension of the debt warehousing period to 1 May 2024, Revenue intends to write to taxpayers with warehoused debt in December 2022 with reminders to continue to file returns and pay taxes as they fall due, engage with Revenue early if payment difficulties arise and the requirement to be tax compliant to avail of TBESS financial support. Practitioners are reminded that interest on warehoused debt will begin to accrue at 3% from 1 January 2023 and where financial circumstances permit, there is an option to repay part or all of the warehoused debt in advance of 1 May 2024, which will reduce the overall interest bill.

Over 1,500 warehoused taxpayers have already included their warehoused debt in a Phased Payment Arrangement (PPA). Over 50,000 taxpayers have debt warehoused of less than €5,000 each, while 7,500 taxpayers owe circa €2 billion between Business, Large Cases, and Medium Enterprises divisions. These taxpayers will retain warehousing benefits where they continue to file all returns and pay taxes as they fall due.

Agenda Item 4: ePSWT
Difficulties raised previously by practitioners on the allocation of ePSWT withheld in the medical sector where the treating doctor is employed by a practice or is one partner in a partnership that is assessable on the GMS income were again noted. By way of background, issues include visibility on tax withheld in relation to practice income as the credit is visible on MyAccount to the treating doctor only, and inability to claim the PSWT credit against practice income according to the partnership arrangement. Practitioners queried whether Revenue has an update on the matter.

Revenue advised that the matter has been raised at the TALC Direct/Capital subcommittee and will be dealt with there.

Agenda Item 5: VAT RTD

A draft of the new TDM on VAT Return of Trading Details (RTD) issued for practitioner review before the meeting. Revenue requested practitioners send in real examples for illustrative purposes. Practitioners requested an early prompt/reminder mechanism for taxpayers.

ACTION POINTS
Revenue to consider an early reminder mechanism for taxpayers.
Practitioners to provide useful examples for inclusion in the TDM

Agenda Item 6: Tax clearance certificates

Practitioners requested that, when issuing an email regarding Tax Clearance and outstanding returns/payments, if is it possible for Revenue to provide the details of returns/payments outstanding that have prompted the issuance of the email.

Revenue noted that the recent tax clearance notices was a once-off letter campaign due to the return to standard debt management procedures. Revenue doesn't expect to conduct similar campaigns regarding Tax Clearance in the near future so this should not be an issue. Where tax clearance is rescinded, Revenue does issue an email message with the details of outstanding returns/payments issues to the ROS/MyAccount of the applicant.

Agenda Item 7: ROS

Regarding the ROS Offline 2021 Form 11 Revenue advised that all previously used panels had to be visited before the file could be saved. Practitioners request that future iterations of offline Form 11 preparation facilities be simplified so that practitioners can just 'click a button' and save their work if they are in the middle of preparing a return so that they are not required to visit all relevant panels before work-in-progress is saved.

Revenue confirmed that there will not be a ROS Offline Form 11 for 2022. The new ROS Return Preparation Facility (RPF) is due for release next week and will be available in January 2023. Revenue will consider practitioners' request but it wishes to ensure that any figures prepopulated by Revenue from a prior year are not inadvertently saved to the current form without review.

Revenue confirmed that where a taxpayer's return was filed using ROS, then the tax return must be amended using ROS. With regard to the query on CGT amendment, it was confirmed that the facility to submit an amendment to the CGT panel of the Form 11 is available in ROS since the Form 11 2017. This was advised in TDM part 38-01-04B paragraph 8.2. Revenue can follow-up on any specific queries about CGT amendment if the detail about the contact is provided directly to Revenue.

Revenue is not aware of any issues regarding offsetting 2021 Income Tax refunds against 2022 Preliminary Tax on the Statement of Net Liabilities. Practitioners are requested to submit details of any issues for consideration.

Agenda Item 8: eCG50

Revenue plan to issue an updated TDM.

ACTION POINTS
Revenue to issue updated TDM.

Agenda Item 9: CG50

The Law Society identified issues regarding non-resident entities disposing of an interest in security over Irish land where the Irish land makes up less than 50% of the overall security package.

Revenue updated the meeting on the feedback from RLS. Revenue informed the meeting that as there are cases awaiting hearings by the Tax Appeal Commission and the High Court it is not possible to provide an amended opinion at the moment.

Agenda Item 10: Ulster Bank/KBC exit from Irish banking market

Revenue informed the meeting that there has been an increase in the number of customers updating bank account details using the online system but notes that there is less activity on the repayment side. There is limited use of the Central Bank's "switching code" process to update bank account details. Revenue noted it is important that taxpayers update their repayment details, as well as payment details, to ensure repayments are directed to their new accounts. The transition from Ulster Bank and KBC is slower for business accounts as the switching process is more complex. Both banks are assisting their business customers with the transition.

Ulster Bank has begun the next stage of exiting the Irish market and marked some accounts as 'non-operational', in advance of their closure. Where an account is 'non-operational', it is frozen for transactions and therefore, tax refunds cannot be made to the account nor tax payments deducted. Revenue will write to the taxpayer (not the agent) where the refund or payment has failed/been cancelled. On receipt of this notice, the customer should go online and update bank details or contact their bank without delay. Where missed payments continue, it is possible that the unpaid debt will enter the normal debt collection process within 7 to 14 days. Revenue will hold any refund due until updated bank details are provided.

Revenue will be monitoring 'bounced payment' reports from the banks to identify payments rejected on Ulster Bank and KBC accounts. For specific difficulties contact can be made through MyEnquiries.

Revenue also highlighted the knock on effects where tax payments are not made on time including tax clearance being rescinded, which is required for the Temporary Business Energy Support Scheme (TBESS).

Agenda Item 11: LPT Update

Revenue reported significant compliance rates for LPT for 2022, with 93% of returns submitted to date and an estimated 97% of payments submitted for some two million properties.

Revenue has contacted 767,000 property owners regarding their LPT obligations for 2023, including many first time filers. Some owners of newly liable properties may not have been contacted as they are not registered for LPT, for example self-builds. Revenue reminded practitioners that the onus is on such property owners to register the property as LPT is self-assessed. The deadline to file a return for 2023 is 2 December 2022. Those contacted by Revenue also include persons without a recurring payment arrangement in place and any taxpayer whose payment amount has increased for 2023 as a result of a local authority opting to increase the rate of charge in 2023.

As the valuation date of 1 November 2021 applies to all properties, a notional valuation at that date is required for new properties that did not exist at that date. Revenue has updated its website to provide discount factors to apply to the cost/value of properties newly built or completed after 1 November 2021 that come within the charge to LPT for the first time in 2023, 2024 or 2025.

Revenue noted a surge in 2022 LPT compliance towards the end of the Pay & File season but there are still some taxpayers that are non-compliant for 2022.

Revenue advised that the new Vacant Homes Tax (VHT) will come within the remit of LPT branch and further details will be made available at a later date.

Practitioners noted that, where a taxpayer is paying LPT by direct debit and changes their bank details, the LPT portal does not differentiate clearly enough whether the amount to be debited is the balance outstanding for that year or the debit for that particular month. They suggested that an information button might be useful. Revenue will consider this suggestion.

ACTION POINTS

Revenue to examine the issue and consider an information icon

Agenda Item 12: Debt Management Services

Revenue noted that it has now returned to standard debt collection for all taxpayers and reminded practitioners that it can offer flexible payment options and Phased Payment Arrangements (PPAs). It advises taxpayers not to ignore final demands but to engage with Revenue, particularly in light of the need for businesses to be tax compliant and to have tax clearance to qualify for the Temporary Business Energy Support Scheme.

Agenda Item 13: PAYE

Revenue will have written to 420,000 PAYE taxpayers regarding possible over/under payments of PAYE in the years 2019 to 2021 and it will continue to contact others in Q1 2023. Where a person has a possible overpayment they are invited to file a tax return, while those identified as having an underpayment are required to file a return.

The response rate increased towards the end of the Pay & File season, with a 30% response rate to date. There has been a greater response from those taxpayers with underpayments than those with overpayments.

Revenue confirmed that where the return has been filed any underpayment of tax will be coded into the PAYE system over four years commencing 2023.

Agenda Item 14: Pay & File 2022

Revenue is satisfied that Pay & File worked well this season. Returns increased by 3%, exceeding 575,000 with an increase of 15% in revenue of €3.1 billion. With limited information available Revenue confirmed that there were 396 PPAs for 2021 income tax valued €2 million.

Agenda Item 15: SCARP Process

Revenue received 17 applications to date and have opted out of two. The decision to opt out of two was on the basis that, in each case, the taxpayer was non-compliant. Both cases also did not provide further information as requested by Revenue. The hospitality sector represents the highest proportion of applicants, followed by the construction sector and linked businesses.

Agenda Item 16: Temporary Business Energy Support Scheme (TBESS)

Revenue advised that guidelines will be updated at the end of the week to reflect the Finance Bill amendments and that the registration process will 'go live' this coming weekend. The scheme is a two-stage process, similar to the CRSS with a Registration process followed by a Claims process Payments will not issue until the Finance Bill is enacted, circa the third week in December.

Revenue reminds practitioners that businesses claiming TBESS must have tax clearance and be tax compliant. There is a link for tax clearance on the Revenue website, with directions on applying for tax clearance where applicable. Outstanding VAT RTDs will not affect tax clearance.

Revenue confirmed that TBESS payments will automatically offset against any outstanding taxes not previously warehoused or part of a PPA before any repayment is made to the claimant. In some instances Revenue will require relevant and reference period bills to be provided. In respect of partnerships, it is the precedent partner that must register and submit the claims, with payments issuing to the partnership bank account.

Agent links can be set up online, these will be necessary for agents to engage on behalf of the business.

Revenue confirmed outstanding VAT RTDs will not impact tax clearance at the moment.

Revenue informed the meeting it is expected that businesses complete the Climate Toolkit exercise although this has not been included in the legislation. TBESS does not apply to LPG container supplied gas.

Agenda Item 17: Remote working relief

To claim Remote Working Relief "in year" the taxpayer must upload receipts using the Receipts tracker in MyAccount. Where a taxpayer does not claim in real-time, they may claim the following year and using the Receipts Tracker upload all relevant bill and receipts then and claim. Alternatively, where taxpayers do not upload receipts and bills, they make a claim in the following year and retain the original receipts for a period of six years. Last year, Revenue modified its initial approach to checking small value claims. Revenue was requested to update practitioners on its approach to running compliance checks for Remote Working Relief going forward.

Revenue advises that there is no intention to have a specific compliance campaign, that compliance will be monitored as would normally be the case for other relief claims. Revenue reminds taxpayers to claim the relief for the days worked remotely only and to ensure uploaded receipts are clear. Where receipts are not uploaded taxpayers must retain the receipts for six years following the year in which the relief is claimed.

In 2022 there have been to date approx. 3,000 'real-time' claims, with approx. 25,000 uploaded but not yet claimed. In 2021, approx. 80,000 taxpayers have claimed the relief to date, valued approx. €14 million. As claims are made through MyAccount Revenue are not able to provide a sectoral analysis of the claimants.

Practitioners suggested that, as there is such a relatively low uptake of the relief, the process should be simplified whereby the employer would certify the number of days of remote working and the employee would be entitled to claim relief of €3.20 per remote day. Revenue indicated that such a change would be a policy decision and that Revenue are trying to make the claims process as simply as possible, allowing taxpayers multiple options to claim the relief whether it is in real-time or after the year in question and with receipts or without. Revenue have also tried to keep the number of fields to be completed as low as possible.

Practitioners asked if agents can access the Receipts Tracker in MyAccount to upload details of remote working expenses and make a claim, as they can for nursing home expenses. Revenue subsequently reverted after the meeting to confirm that it is possible for an agent to do so, however that agent must be authorised to act on behalf of the taxpayer for PAYE. The agent will not be able to access the Receipts Tracker if they are not the registered PAYE agent.

Agenda Item 18: Single Person Child Care Credit

The Single Person Child Carer Credit Form SPCC2 is completed by a "secondary claimant" to claim the SPCC surrendered by a "primary claimant". The primary claimant surrenders the credit to a secondary claimant by completing a Form SPCC1. ITI received feedback that Revenue requires agents to be linked to the primary claimant in order to allow the agent to make the claim for the credit on behalf of the secondary claimant. Revenue confirmed that the same agent is not required for each claimant.

Agenda Item 19: Agent A1 & A2 Authorisations – procedures for 4-year life renewal

Revenue updated its Guidelines for Agents or Advisors Acting on Behalf of Taxpayers in January 2021, to introduce a 4-year life for PAYE A1 and A2 authorisations. It applied on a prospective basis, so that agents can put the appropriate systems in place to identify when renewals are required. Renewals will start in 2025, but some agents are reviewing their internal systems now to ensure they capture expiry dates and triggers for the renewal processes.

Revenue confirmed that agents must submit an entirely new A1/A2 form to renew the authorisation, and that agents can submit authorisations early to avoid a glut of applications in 2025. It will build in expiry dates and would like to factor in a reminder system but this is not resourced yet.

Revenue acknowledged that a communications piece on the matter would be good and also suggested that perhaps a PAYE agents network might make sense as there are significant volumes involved.

Revenue also noted that where a tax return is filed to claim a refund for a PAYE taxpayer but Revenue's records indicate there are underpayments for prior years for which tax returns remain outstanding, the refund will not be processed until the outstanding returns are filed.

Following the introduction of PMOD and possibly the effect of TWSS, there is more PAYE taxpayer engagement with a 400% increase in returns filed for 2019 over 2018. Revenue reminded practitioners that taxpayers can claim the unemployment repayment where an employment ceases during the year and no other employment is undertaken, removing the need to wait for after the year end to file a return.

Agenda Item 20: C&E Weekly Printout

At the TALC Collections Sub-Committee earlier this year it was indicated that agents would be able to access the C&E weekly print outs by Q3 of 2022. Practitioners have received feedback that agents cannot access these print outs for imports on ROS so would welcome an update on whether this development has been implemented.

Revenue advised that due to resource constraints, some of which were diverted by TBESS, it was not possible to provide the facility in 2022. While it remains hopeful that it will be achieved in 2023 there is no timeline on the matter just yet.

ACTION POINTS
Revenue to allow agents access the C&E weekly printouts for imports.

Agenda Item 21: Form IT38

Practitioners queried if Revenue could clarify whether the underlying issue that arose with the Form IT38, limiting its hours of filing on ROS, has been resolved. Revenue advised it plans a 'fix' in early 2023 and will notify practitioners accordingly. The offline facility remained available which allowed agents and solicitors to complete IT38 Forms offline and then submit them during regular business hours.

Practitioners also queried whether there could be a quicker way to register PPSNs for CAT for non-resident beneficiaries filing a Form IT38. A PPSN that is not registered for tax is not recognised in MyEnquiries or on the ROS form. Therefore, the agent has to call the CAT registration section and there is an understanding among practitioners that only one registration can be processed on the call (and PPSNs may need to be registered for tax for several beneficiaries).

It is preferable to Revenue that requests to register a customer are sent via MyEnquiries to ensure that there is supporting documentation for the registration. If agents/solicitors have multiple non-resident beneficiaries to be registered during peak filing, they are advised to submit the request via myEnquiries as soon as possible to ensure the request is processed on time. Revenue notes there are a limited no. of these requests being received, as such, there are no plans to change this process at this time.

Practitioners informed Revenue it is aware of some agents filing CAT returns under their business cert rather than TAIN cert. Revenue advised filing using TAIN cert is more appropriate and functional.

Agenda Item 22: AOB

- Revenue advised that the online systems will be down next weekend, probably Friday to Sunday, as there is a substantial IT release scheduled, including Form 11 2022 and TBESS registration. The Form 11 2022 will have three releases in 2023.
- The 2022 rent tax credit can be claimed via MyAccount from late January 2023.
- Revenue asked practitioners to remind taxpayers not to write their PPSNs or other personal details on the back of payment cheques. To adhere to GDPR rules, Revenue has to redact all such information before the cheques are sent for processing to its banking provider. Internal guidance will also be updated to ensure consistent messaging.
- 2023 tax credit certificates will issue the week ending 4 December 2022 to facilitate uploading 2023 payroll.
- Revenue confirmed it is to chair TALC Collection in 2023.

In attendance:

CCAB-I
Gerry Higgins (Chair)
Carla Manning
Gráinne McDermott (Minutes Coordinator)

Law Society
Deirdre Barnicle

ITI
Lorraine Sheegar
Mary Healy
Andrew Thompson
Paul Wallace

Revenue
Maura Conneely
Maureen Marray
Geraldine Hegarty
Katie Clair
Sinead McNamara
Joe Howley
Alan Greaney
Paddy Purtill
Pat Murphy
Davena Lyons