

Minutes of Main TALC meeting
1 May 2019
Chartered Accountants House, 47/49 Pearse Street, Dublin 2 at 2.30pm

Item 1: Minutes of Meeting held on 28 February 2019

The minutes of the Main TALC meeting held on 28 February 2019 were agreed.

Item 2: Matters Arising

Two-tier VAT system – following on from the discussion that took place at the February 2019. Main TALC meeting, Revenue confirmed the proposed go-live date for the new two-tier VAT system would be 9 September 2019. The interface on Revenue’s website will switch to the new screens on 5 June 2019. From that date, taxpayers intending to engage in intra-EU trade will be required to indicate this at the time of registration and to provide additional information in respect of customer due diligence and transport arrangements etc.

Revenue advised that the full functionality behind the new registration process will not be operational until September and they do not anticipate a significant reduction in the time to process VAT registration applications until then when it is hoped that domestic only applications should be processed almost instantaneously. It is hoped that this will free up Revenue resources to deal with the greater depth of scrutiny necessary to accept and process applications for intra-EU VAT registrations and that this, in turn, has a knock-on effect of speeding up intra EU VAT registrations.

Practitioners reiterated concerns that the new domestic only number will be restrictive for businesses. It was noted that the domestic only VAT number will not be distinguishable from the intra-EU number at first glance. The only difference is that the domestic only number will not be posted on the Europa website so that it will not be available to parties to validate the number as a VAT number which is enabled for intra-EU transactions.

New Debt Management System - the New Debt Management system went live on 25 March 2019. Revenue provided the following update on the operation of the new system since going live: Some technical glitches were experienced in the first couple of weeks of operations which had since been resolved. Revenue provided statistics of the volume of transactions handled by the new system since the go-live date of 25 March:

- 67,000 demands/estimates have issued;
- 18,000 final demands have issued resulting in 7,000 enforcement decisions;
- The online phased payment system received 430 applicants, of which 235 had been approved, 90 refused and the balance were under negotiation as at the meeting date; and
- 680 agent declarations have been uploaded.

Practitioners provided the following feedback regarding the new system:

- It is understood that the threshold for adoption of informal arrangements now applies where a taxpayer who has an overall debt not exceeding €500 – a reduction from the former level of €5,000. In response to practitioner requests that the former threshold should be reinstated, Revenue noted that, as the purpose of the new system is to standardise the approach to the management of arrangements, the scope for informal arrangements is effectively removed.
- At the February 2019 main TALC meeting, it was outlined that there would still be a case worker assigned to each case - with the new online system facilitating another Revenue official dealing with a taxpayer/agent query in the absence of the assigned case worker. Since the system has gone live, practitioners have received feedback that Revenue staff have told taxpayers that there is no case worker assigned to a case. Practitioners asked if there has been a change of policy in this regard. Revenue confirmed that there is still a case worker assigned to a case and such details are provided on the final demand letters issued to the taxpayer. These details should be cited in the case of all queries in order to allow the query to be routed to the appropriate case worker.
- Practitioners requested that final demand letters issue 14 days after the initial demand rather than the current 7 days. Revenue confirmed that final demands can issue 7 days after initial demands, but this is the minimum interval and, in practice, the interval can extend up to a number weeks. This is not materially different from the arrangements that applied prior to the introduction of DMS. It should also be borne in mind that the initial demand does not issue until at least a week following the due date. In all cases of non-response to the final demand, a Revenue caseworker examines the case and makes the decision whether or not to refer to enforcement
- Practitioners noted the eBrief that issued in March 2019 describing the new system and requested that, going forward, changes to systems are clearly identified in eBriefs and that the related guidance manual is updated in tandem with such updates. It was noted, for example, that Revenue's guidance manual for Phased Payment-Instalment Arrangements still references the €5,000 threshold for the application of informal instalment arrangements. It was also noted by practitioners that during February and March 2019, in the run up to the new system going live, Revenue staff dealing with taxpayers over the telephone and via MyEnquiries did not advise taxpayers who were in the process of agreeing arrangements of the intended launch of the new system which resulted in duplicate effort in making new applications through the online system for arrangements already in the process of being negotiated and put in place. Practitioners asked that, where appropriate, Revenue personnel advise taxpayers of the relevant changes when in direct contact over the phone or via MyEnquiries.

Operation of the “multi-year” days test in the TDM on PAYE and non-Irish employments –

Following the February 2019 main TALC meeting, practitioners submitted examples to Revenue for consideration in finding an appropriate balance for employers and Revenue in arriving at an administrative approach to the non-operation of PAYE on non-Irish employments where employees spend a limited number of days in Ireland over a number of years (“multi-year” scenarios). Revenue confirmed that they are reflecting internally on this issue and plan to formulate a suggested Revenue approach to achieve greater certainty and a reduction in administrative complexity for employers and Revenue alike. It was hoped that this would be outlined by Revenue for practitioner feedback in the coming months.

Industry specific stamp duty rulings - a query was raised at the February 2019 meeting on the status of review by Revenue of various administrative practices which it is understood are to be included in updated Revenue guidance. These apply to a range of corporation tax and stamp duty matters. Revenue confirmed that the review is ongoing and is expected shortly to be brought to conclusion.

Item 3: Public Statements by Bodies represented at TALC

Revenue expressed grave concerns about public comments on matters of tax administration in the media made by a professional body.

The chairman noted these concerns and expressed equal disappointment that a forum such as TALC was not used as a first resort to raise and address matters related to tax administrative matters. Practitioners at the meeting acknowledged the considerable joint effort and work done at TALC by Revenue and representatives of professional bodies to deal with administrative matters. Such efforts reflect the value that TALC as a forum brings to all parties. It is not the policy of the representative bodies at TALC to take actions in a public forum that could undermine that effort and this was reconfirmed by practitioners at the meeting.

4. My Enquiries

A subgroup meeting of Main TALC took place on 15 March to discuss issues encountered by agents and taxpayers in submitting queries through the MyEnquiries service. All the representative bodies attended the meeting. An open and constructive discussion took place to tease out points in the system where difficulties are encountered in practice. Revenue took soundings from practitioners and have taken these back internally to their staff to formulate a work-plan to implement improvements.

At the meeting, Revenue gave one example which is hoped to provide improved information on the status of a query which is the reissue of existing instructions to Revenue staff to issue closing statement messages in all cases to taxpayers to confirm that a query has been dealt with.

Revenue advised that a further meeting of the sub-group will take place on 12 June 2019. This will remain as a Main TALC agenda item for 2019.

5. International Compliance Assurance Programme (ICAP)

Ireland has agreed to participate in the second pilot of the Forum on Tax Administration International Compliance Assurance Programme (ICAP), a multilateral co-operative risk assessment and assurance process for MNE groups. The main focus of this multilateral engagement typically arises in relation to the MNE's approach to transfer pricing across the main jurisdictions in which it operates.

Revenue advised that they have communicated to the OECD that in this phase of Ireland's participation in the programme, it is not anticipated that Irish Revenue will act as a 'lead' participant in the programme. Rather, it is expected that Ireland could be a participant country where a MNE requests a 'lead' tax authority in the parent company jurisdiction to include Ireland as a participating jurisdiction. This might be the case, for example, if the Irish subsidiary plays a significant role within the MNE's supply chain or engages in intra group transactions with significant value.

Revenue view this as an opportunity to learn how the programme operates in practice, and, in particular as an opportunity to participate in multilateral programmes which assess tax risk matters including transfer pricing related matters across a number of jurisdictions.

6. SARP administration

Since the February 2019 meeting, practitioners received feedback about significant delays experienced by employers in processing SARP related matters dealt with by the central SARP unit in addition to difficulties in contacting the unit by phone.

Revenue confirmed that there had been a turnover of personnel in the unit as well as a lack of scope on Revenue's part to redeploy resources internally from other work streams during peak periods which has resulted in delays in processing SARP applications and related queries. Revenue have identified replacement resources and are committed to addressing the backlog and improving response times. It is estimated that c.500 claims are outstanding at the meeting date.

It is intended that updates on the status of addressing these issues will remain on the agenda for future main TALC meetings.

AOB

Timing of ATAD measures

Practitioners asked Revenue for an update on the timing of the introduction ATAD anti-hybrid mismatch rules.

It was noted at a March 2019 TALC BEPS sub-committee meeting that it was hoped that a Feedback Statement containing draft legislation on the hybrid mismatch measures which is to be included in Finance Bill 2019 is released for comment in June 2019. It is understood that a later date for consultation on draft measures could occur if a policy decision is made to introduce interest limitation measures in Finance Bill 2019 in tandem with hybrid mismatch measures.

Stamp duty relief on the transfer of land to young trained farmers

Revenue outlined that an eBrief will issue shortly outlining guidance on the Finance Act 2018 changes to the operation of the relief. (The eBrief issued on 2 May 2019.)

DAC 6

Practitioners asked for an update on the implementation of DAC 6. It was noted at the March 2019 TALC BEPS sub-committee meeting that it is expected that the EU Directive measures on EU Mandatory Reporting will be transposed into Irish legislation in Finance Bill 2019. It is hoped that Revenue guidance to support the implementation and administration of the reporting regime can be developed in tandem with practitioner input in the first Quarter of 2020.

Attendees

CCABI

Sharon Burke (Chair)
Brid Heffernan (Secretary)
Brian Keegan
Enda Faughnan
Brian Purcell
Paul Dillon

ITI

David Fennell
Anne Gunnell
Mary Healy
Pat Mahon
Tom Maguire

Law Society

Caroline Devin
James Somerville
Gavin McGuire

Revenue

Eugene Creighton
Philip Brennan
Joe Howley
Brian Boyle
Sharonne O'Reilly

Apologies

Pat Bradley, Law Society