

## **Minutes of Main TALC Meeting**

**14 March 2018**

**Irish Tax Institute, Longboat Quay, Grand Canal Harbour, Dublin 2 at 2pm**

Sandra Clarke opened the meeting as Chair for 2018 and thanked Pat Bradley for chairing Main TALC in 2017. She also extended the committee's appreciation to Michael Gladney for his participation in TALC and wished him well in his new role as a Revenue Commissioner. She welcomed the addition of Joe Howley to Revenue's Main TALC panel, and wished him well in his new role as Collector General.

### **Item 1 – Approval of minutes of meeting held 5 December 2017**

- The minutes of the meeting held on 5 December 2017 were approved.

### **Item 2 – Matters arising**

- Revenue guidance on the Finance Act 2017 amendments to Section 135 issued since the last meeting.
- A report on the *Use of intermediary-type structures and self-employment arrangements* was published by the Department of Employment Affairs and Social Protection and the Department of Finance.
- Revenue referred to the comments raised under item 13 on the minutes and sought the practitioner body's response. The practitioner body noted that the comments made were considered and actioned as appropriate outside of the TALC forum.

### **Item 3 – Process for reaching a negotiated settlement with Revenue**

The committee had a discussion on the process for reaching a negotiated settlement.

- Practitioners expressed the view that the use of alternative dispute resolution mechanisms, for example arbitration, would help to expedite settlements and reduce the volume of cases proceeding to appeal.
- Revenue expressed the view that the terms of the Code of Practice for Revenue Audits and other Compliance Interventions sufficiently address the settlement process. Revenue emphasised its willingness to continue to engage with taxpayers to see if potential exists for resolution by negotiation while cases are in the appeal process.
- Practitioners asked that Revenue further consider alternative ways to advance the resolution of disputes and that the issue is revisited at a later stage.

### **Item 4 – The EII**

- The Department of Finance is commissioning an external review of the EII scheme. The Terms of Reference of the review have been prepared and sent to the Office of

Government Procurement. A public consultation will take place in due course and stakeholders will have an opportunity to provide their views on the EII.

- A state aid review is underway on the compliance of the EII with the General Block Exemption Regulations, prior to the Finance Act 2017 amendment restricting investment to independent private investors. The Department of Finance is engaging with the European Commission Directive-General for Competition on this matter.
- Practitioners raised the lengthy turnaround time for processing EII applications and relief claims. Revenue is allocating an extra resource to the EII unit, to assist in reviewing applications. The telephone access hours for the EII unit will be reduced to a 9:30am to 1pm service, to expedite processing of applications received.

#### **Item 5 – PAYE Modernisation – update**

- Revenue has engaged extensively with employers and other stakeholders to increase awareness of PAYE modernisation and this work will intensify over the months ahead. It will include; tailored mailshots to employers in April and September, the establishment of a well-resourced national helpline and training for helpline personnel.
- Revenue has also written to some employers where errors or anomalies have been identified in the employers' P35 returns. Circa 2,000 letters issued recently, including 900 letters to employers who are dealt with by LCD.
- Practitioners welcomed the commitment of resources to an employer helpline, and outlined the challenges for small employers in transitioning to the new regime. Many small employers who avail of simplified filing arrangements will have to report PAYE much more frequently, which may increase compliance costs. In addition, many small employers do not use payroll software and may not have the capability to calculate the tax due each pay period. Revenue agreed to examine the possibility of a ready reckoner calculation tool to assist the smallest employers to comply with the new regime.
- Practitioners noted the challenges for members in the first quarter of 2019. Many practitioners will be assisting clients with the P35 filing for 2018 and the transition to the real-time PAYE regime. Practitioners requested that Revenue take a pragmatic approach to the P35 filing deadline in light of these pressures. Revenue agreed to consider this request.

#### **Item 6 – CAT Compliance Strategy**

- A new CAT Compliance Strategy has been developed. Its purpose is to increase internal awareness of and address risks to the collection of CAT. The strategy is led by Planning Division. Practitioners referred to current issues in CAT administration, including the inability to pay CAT by RDI and issues with the ROS return which would merit

examination. The legislative requirement to aggregate gifts/inheritances received since 1991 was also raised as an issue that can cause difficulties in practice.

#### **Item 7 – Revenue Customer Engagement Strategy – plans and scope for input**

- Revenue will shortly launch a new Customer Engagement Strategy (CES) for 2018 to 2020. Main TALC will be updated on this development at the next meeting. The new CES will encompass:
  - PAYE Modernisation
  - Administrative matters related to Brexit
  - LPT review
  - Tax registrations and repayments
  - My Enquiries & ROS
  - The ongoing review of the operation of RTS
  - CAT Compliance Strategy
- Revenue noted developments to date on RTS to improve service delivery. These include; the option for a meeting between the taxpayer/agent and the RTS expert if a query is complex. Output from RTS is also being used to inform updates to Revenue's Tax and Duty Manuals. As part of further development of the RTS Revenue is examining the option of taxhead specialist teams.

Practitioners welcomed the ability to engage directly with RTS personnel on complex queries and would make members aware of this facility.

#### **Item 8 – Transition to the receipts basis for PAYE e.g. the treatment of bonuses earned while abroad – update**

- An update was sought on the tax treatment of bonuses earned while an individual worked overseas but received while resident in the State. Revenue is examining this matter and will update the relevant Tax and Duty Manual.

#### **Item 9 – SARP – the 30-day deadline for notifying Revenue of a SARP employee**

- Practitioners raised Revenue correspondence on the 30-day deadline to submit a SARP 1A (i.e. employer certification of a SARP employee). The short timeframe can be difficult to meet and it may not be clear at the outset that an individual qualifies for SARP. As information on SARP relief claims is provided on the SARP 1 Return (and the Form 11), practitioners queried the necessity of the additional notification requirement and would welcome the removal of the 30-day criterion from Section 825C TCA 1997.
- Revenue advised that letters issued to firms who submit SARP claims to outline Revenue's approach to late applications, as in some instances SARP1A were submitted a year or more after an employee's arrival. As outlined in the correspondence, Revenue will

take a pragmatic approach once an application is not unreasonably late. Revenue noted that SARP, as with most tax expenditures, is designed to incentivise certain activity. The legislative position reflects the fact that late application for SARP suggests that the activity was not motivated by the relief and is therefore a deadweight cost to the exchequer.

**Item 10 – Mandatory Disclosure (DAC5) – Revenue’s plans to review the DAC and examine how it fits with the Irish mandatory disclosure regime**

- Revenue is reviewing the Directive on Mandatory Disclosure for Intermediaries which must be transposed by the end of 2019.
- The Directive will enter into force on the twentieth day following its publication and the first reportable transactions will be those where the first implementation step occurs between that date and 1 July 2020. As such, practitioners will need early guidance on the transactions that are with the scope of the DAC and the information to be collected. It was agreed that this matter will be included on the agenda of the next meeting.

**Item 11 – AOB**

- Draft Revenue guidance on the KEEP scheme was sent to the secretary of the Direct/Capital Taxes sub-committee for circulation to the committee for comment.
- Review of the disclosures received on offshore matters has commenced. All high value disclosures will be examined. Communication with taxpayers/advisers on their disclosures is expected to commence shortly.
- Revenue regularly reviews its organisational structure to ensure it aligns with Revenue’s strategy. It has been decided to split LCD into two separate divisions – a division dealing with large corporates and a HNWI division. The remit of Revenue’s Second Tier Divisions will also be expanded.
- Revenue’s Tax and Duty Manuals are being updated to reflect opinions/confirmations issued before 2012 that have been reviewed and renewed. Practitioners queried the status of eBrief No. 21/2012 (securitisation transactions) and material submitted on leasing. Revenue will revert on this matter.

Attendees at the meeting of 14 March 2018

CCAB-I Sharon Burke  
Crona Brady  
Enda Faughan  
Kimberley Rowan

ITI Sandra Clarke (Chair)  
Samantha Feely-Lenehan (Secretary)  
Enda Jordan  
Pat Mahon

Cora O'Brien  
Mary Healy

Law Society Pat Bradley  
Caroline Devlin  
James Somerville

Revenue Brian Boyle  
Eugene Creighton  
Sharonne O'Reilly

Apologies

CCAB-I Paul Dillon  
Brian Purcell

Revenue Declan Rigney  
Joe Howley

ITI Kieran Twomey