

## Minutes of Main TALC meeting

29 November 2018

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

### Item 1: PAYE modernisation

Ruth Kennedy, Principal Officer for the PAYE Modernisation (Pmod) project provided a high-level update on preparations for Pmod and important issues for employers to consider:

- Tax legislation has been updated to reflect the new reporting requirements. USC and PRSI amendments will be introduced into law shortly.
- The facility to upload a List of Employees via ROS has closed. 111,000 employers submitted lists, representing over 2.6 million employments. Over 50% of employers who uploaded a list had less than 5 employees.
- Employers who did not submit a list or omitted an employee should use the P45/P46 process to ensure their records with Revenue are up-to-date before 1 January 2019.
- If a Revenue Payroll Notification (RPN) is not found for an employee when the first payroll for 2019 is run, the employer should take steps to rectify the position, rather than immediately applying emergency tax. An employment can be commenced via payroll software and ROS and a RPN issued quickly. The Employer Helpdesk can also be contacted.
- Revenue is increasing its staff complement on the Employer Helpdesk to meet demand. There will also be second level supports to visit employers, if necessary. The Employer PAYE Tax and Duty manual and website are also being updated. Webchat via ROS will also be available.
- Employers who have been notified of replacements for “w” numbers should ensure that the new numbers are used. This is important so that the RPN and the pay data submitted is matched to the employee.
- Parallel testing of payroll software is underway, involving 100 employers and 1,200 submissions. Considerable testing of payroll software on the PIT has taken place.
- Employers should engage with their payroll software providers on the timeframe for software delivery and to identify any lessons learned from the testing, e.g. the interaction of the software with IT firewalls etc. A “handshake” protocol can be used to check the software connection with ROS.
- Employers should review the permissions on their ROS digital certs to ensure their payroll agents or personnel can access the relevant information. The expiry date of the ROS Cert can also be checked.
- Employers should consider the quality of the data for submission, for example, ensuring a valid PRSI class is entered to ensure that the payroll submission will not fail.
- Revenue’s communication campaign for employees will take place after Q1 2019. The initial focus will be on the abolition of the P45. Employee information on Pmod is available on the Revenue website, in Jobs and Pensions.
- Employers should review their payroll processes to ensure they can identify and report notional pay at the correct time.
- Next week, Revenue will be updating the RPN to reflect Budget 2019 changes. Employers will then be able to view RPNs for 2019, via payroll software or ROS.

Practitioners outlined the pressures on tax/ payroll agents in January as they will be dealing with multiple tax obligations, e.g. VAT filings, P35 for 2018 and assisting clients with PAYE

modernisation. A supportive approach will be needed to assist practitioners with the demands.

Revenue is committed to supporting employers and agents to comply with the new PAYE reporting requirements. The Employer Helpline should be contacted if difficulties are experienced. The phone line will deal with queries on the new regime and on the P35 filing for 2018.

## **Item 2: Minutes of meeting of 24 October**

The minutes of the meeting were agreed. The Chair welcomed new ITI panellist, Mark Barrett, to the committee.

## **Item 3: Revenue realignment**

Gerry Dwyer, Revenue Planning Division provided an overview of the context, rationale and main elements of the realignment. An organisational chart will be provided when available.

Revenue is continually reviewing and updating its structure to optimise consistency and to deliver on its strategic priorities. The realignment was driven by several environmental factors including, growth in taxpayer numbers and business activity, taxpayer expectations of consistent and fair treatment, greater use of IT/technology and the roll out of PAYE modernisation.

The new operational structure is based around five national divisions; Large Corporates Division, High Wealth Individuals Division, Medium Enterprises Division, Business Division and Personal Division.

### *Large Corporates Division led by Eugene Creighton*

The entry thresholds for LCD remain unchanged, as groups with Irish turnover exceeding €190 million and total tax and duty payments greater than €18 million. There has been no change to the corporate case base of LCD. The High Net Worth (HWI) cases migrated to the new HWI Division in June.

LCD teams are located in Dublin, Cork, Limerick and Galway. Going forward, the LCD financial services case base will be managed by the Galway team, starting with aircraft leasing, investment funds, Section 110 and non-banking financial companies.

### *High Wealth Individuals Division (HWI) led by Breda Ruddle*

This division focuses on individuals with net assets greater than €50 million and non-resident individuals with substantial economic activity in the State. The anti-avoidance units are also operated by HWI Division.

Revenue will be reviewing the entry threshold for the HWI Division at the end of Q1 2019, with a view to lowering the threshold.

### *Medium Enterprise Division (MED) led by Charlie Phelan*

The MED is sectoral based, with 9 sectors listed in [eBrief 196/2018](#). Enterprises within the current remit of the MED are those with:

- Irish turnover exceeding €3 million but less than €190 million.
- Irish turnover between €1 million and €3 million, but with greater than 100 employees.

- Construction sector activity with RCT contract value greater than €3m.
- The proprietary directors and subsidiaries/parent of MED companies.
- IDA supported entities, R&D claims entities and KDB claims entities.
- The RTS will also be managed by the MED.

Individuals within the remit of the MED include those with:

- Total income in excess of €500,000 on the Form 11 and an effective tax rate of less than 30%.
- A capital transaction with total consideration greater than €700,000 and total capital losses (current and brought forward) greater than €500,000.
- Total property transactions with value exceeding €3 million over the 3 most recent years.

*Business Division led by Noel Brett*

The remit of this division is enterprises and chargeable persons below the MED thresholds. This includes entities registered for VAT, RCT, C&E and Excise License; entities with trade or professional income and proprietary directors and subsidiaries/parents of companies dealt with by the division.

For compliance purposes, the division is subdivided into branches made up of clusters of counties grouped on a geographic basis. While this is similar to the previous regional structure, Principal Officers will now be responsible for several counties. Revenue audits may be carried out by auditors within a branch, rather than from the local office. Service matters in the Division are dealt with by two Branches with a nationwide remit.

*Personal Division led by Declan Rigney*

Personal Division is focused primarily on taxpayers with PAYE income only. It will also deal with entities with no trade or professional income e.g. not-for-profit organisations. Cases that do not meet the criteria for inclusion in another division will also be within its remit. This would include, for example, individuals with a CAT liability or an LPT liability but not otherwise chargeable to tax.

*Key clarifications on transition*

- RTS queries will be dealt with in the normal manner. Queries will be reviewed by local experts in the first instance, then escalated to subject experts in RTS Branch, where necessary. If a query is highly complex or unique, it may be referred to Revenue Legislation Services (RLS). The Principal Officer in RTS Branch will oversee RTS nationally. The branch also has a number of subject matter experts who will work full-time on RTS queries. Revenue will be enhancing system supports for RTS in 2019. Where a query has been escalated to RLS, the RLS officer will provide an estimated response time to the query management officer. Revenue will also continue to update Tax and Duty Manuals to reflect trends in queries.  
Revenue confirmed that the expert on share-based incentives has retired but a new officer has been appointed to this role.
- In relation to open cases, auditors will continue to work open cases to a conclusion. Taxpayers/practitioners should continue to engage with the auditor. Revenue Appeals will be managed from the relevant operational Division.
- The new divisions are currently developing their business plans for 2019. Building knowledge of their case base is a priority for each division. This may involve some case-profiling to identify potential risks and the selection of cases for compliance interventions.

- Revenue telephone contact numbers and the details of the exceptional contact are unchanged. The MyEnquiries channels have been updated, where required.
- Practitioners queried the potential impact of the changes on workflow and turnaround time on refunds. Revenue review service metrics on a monthly basis to identify pressure points and redeploy resources where required.

## **AOB**

Instances have occurred where LPT was deducted from taxpayers' bank accounts, even though the payment date was set for next March. Revenue will examine this issue.

Revenue queried the timing of output from an initiative undertaken by one of the bodies to collect feedback on tax administration matters. The body will be collating and reviewing the feedback in the new year and communicating the output in due course.

### Attendees

#### CCABI

Brian Purcell  
Brid Heffernan  
Paul Dillon  
Sharon Burke

#### ITI

Sandra Clarke (Chair)  
Mark Barrett  
Kieran Twomey  
David Fennell  
Tom Maguire  
Pat Mahon  
Anne Gunnell  
Mary Healy

#### Law Society

Pat Bradley  
James Somerville

#### Revenue

Brian Boyle  
Joe Howley  
Eugene Creighton  
Philip Brennan  
Gerry Dwyer

#### Apologies

Declan Rigney, Revenue  
Crona Clohisey CCABI

Enda Faughnan, CCABI  
Caroline Devlin, Law Society