

## Minutes of 76<sup>th</sup> Meeting of TALC Sub-committee on Collection issues

Date: 24th May 2017

Time: 10:45

Venue: Conference Room 1, Ground Floor, Blocks 8-10, Dublin Castle

### **Item 1: Approval of minutes of the 75<sup>th</sup> meeting held on the 22 March 2017**

The minutes of the 75<sup>th</sup> meeting were approved as proposed.

### **Item 2: PAYE Modernisation Update**

There is ongoing engagement with various stakeholders to discuss the various challenges as the project progresses. This project presents both software challenge and substantial changes to business processes for employers and Revenue alike. Internal communications within Revenue to update staff has taken place updating over 1,100 staff on the new regime. There has been over 40 district briefing sessions held since March.

Revenue will look into spreading its communication net as wide as possible to ensure appropriate arrangements made to meet the timelines of this project.

#### **Employer Key Challenges**

Introduction of real time reporting will necessitate changes in the current salary payment practices which in some cases are based on an end of year reporting obligation. For some employers, the focus on the end of year reporting may have contributed to payroll processing practices that are not fully in line with PAYE regulations.

In the real-time reporting regime any discrepancies in payroll will become more visible – data accuracy will be vital. Revenue will be able to reconcile employee data received to identify any irregularities. Data submitted including corrections received and the timing of submissions will feed into Revenue's risk analysis systems also.

Employee data reported to Revenue will be fully visible to the employee also. If the data is not accurate, this could increase employee contact with Revenue or their employer.

#### **Revenue Key Challenges**

Revenue will need to extend its ICT infrastructure to handle the scale and volume of reports a continuous basis

Smaller employers who may not use payroll software and those with internet/ broadband difficulties will need to be provided with a workable solution to comply with their obligations and Revenue is exploring a number of alternatives. This may include a ROS data entry screen and an option for paper-based filers. Revenue is aware that will need to respond in real time to employer queries in reporting.

It was acknowledged that errors in payroll will occur and a method to correct/amend returns will be required

Revenue provided some of the current PAYE reporting statistics.

- 98% of the 110,000 employers with less than 5 employees filed the P30 through ROS. Based on Revenue's data, 45% use a payroll software package.
- Common errors identified from 2016 filings of P.35s were as follows
  - No P2C's issued for employees

- No PPSN provided on the 35L
- Updated P2C's not being applied after bulk issue
- Illness benefits not being taxed.

As part of the overall process, Revenue are undertaking a data alignment project. Revenue will be sending a letter to employers/agents through their ROS inbox regarding same.

It was noted that when an agent receives an email from Revenue it is not clear which client it relates to and it may be overlooked, unless the agent specifically accesses that client's inbox. A letter sent out to the agent may receive a better response rate.

### **Item 3: Work Plan items for 2017**

#### **My Enquiries**

There will be some improvements in functionality from June 2017, following on from the discussions at TALC. These will include a subject line to show the client's tax numbers and an automatic reply on receipt of queries. Guidance notes on using MyEnquiries will also be updated to reflect the changes.

Practitioners again raised practitioners' feedback on the lengthy timeframe to receive a response in many cases. Revenue suggested that queries could be raised with the exceptional contact for the District if a response was not received with the standard Customer Service timeframe.

Practitioners noted that they were collating feedback form members on MyEnquiries to identify any patterns or common issues giving rise to delays and will provide same to Revenue when completed.

#### **ROS**

Revenue raised the importance of submitted offset requests at the time the return is filed, as refunds are issued promptly. The relevant offset box on the return form must be completed before the return is filed. Practitioners agreed to remind their members of this facility.

The overall changes to improve ROS and the website received positive feedback. If practitioners identify common difficulties these can be raised with Revenue and Revenue will endeavor to resolve these issues.

Improvement had been made to the search facility and the new website will be launched in June. If practitioners experience difficulty with locating information on the website then this can be brought to Revenue's attention.

The committee discussed the extensive functionality of ROS and the challenges for practitioners in keeping up to date with all developments. Practitioners proposed the idea of local training days by Revenue to assist ROS users, on the basis that this would improve the uptake of the vast range of ROS services. Revenue do not have the resources to commit to holding training days. Revenue pointed to the range of videos, helpsheets etc on using ROS that are available on the Revenue website and the ROS updates communicated by eBrief and in written communications. If there are particular aspects of the ROS services where practitioners need specific guidance that is not currently available, Revenue will consider requests to prepare a helpsheet, or video etc on those specific topics.

#### **Tax Clearance**

The tax clearance service is working as expected.

- 80% of applications are confirmed cleared on the day clearance is sought
- 20% of applications need to be reviewed

#### **Item 4 : CCAB-I Issues**

##### **Clarification of Level of approval that is required within Revenue for different amounts of refunds, as some delays in processing same.**

The level of approval can depend on the risk, the sector and other parameters. Larger refunds may be subject to additional checks before being processed.

##### **CAT Payment issues for practitioners – Clarification on ability to pay by RDI, could it be fixed sooner rather than later?**

While a practitioner can file a CAT return on ROS and view the CAT tax head in the list of taxes for a client on ROS they cannot set up an RDI to pay the tax. This means that it is difficult to ensure the client has paid the tax or the client payment has been correctly allocated. Practitioners have raised this matter with Revenue over a number of years and would welcome a resolution of this matter in advance of the upcoming CAT pay and file deadline.

##### **My Enquiries response time and possibility of allocating specific resources to deal with refunds as it appears that there is a delay in this space**

This matter was covered earlier in the agenda.

##### **My Enquiries – possibility of an agent only phone line?**

Revenue is currently reviewing the business taxes 1890 number and will update on their conclusions on its performance. There are no plans for an agent- dedicated phone line for the foreseeable future. The exceptional contacts can be used in situations where practitioners are experiencing difficulty contacting Revenue.

#### **Item 5: ITI Matters**

##### **RCT Rate review:**

##### **Some subcontractors wish to remain at the 20% withholding rate (Rather than move to a 0% withholding) Is there a procedure in place to request this option?**

This option will be available from June. Guidance will be issued once this is available – the taxpayer/agent should contact the District to request that the 20% rate is applied.

##### **Does an outstanding VAT RTD impact on the withholding rate determined by an RCT rate review, given the VAT RTD is a statistical return?**

An outstanding RTD can affect the rate applied as Revenue's system takes account of all outstanding returns when determining the rate to apply. A number of returns must be outstanding to increase the RCT rate from 0% to 20%. An outstanding RTD will also affect tax clearance. Revenue noted that RTD forms were redesigned in 2014 to make the RTD simpler to complete.

##### **Income Tax**

##### **On the ROS Form 11 you can adjust income Tax for the prior years, but the CGT section is blanked out and cannot be amended – is this intentional?**

Revenue would like to introduce this amendment. They are investigating the scale of the amendments with the Districts.

##### **It would be useful if the wording on the self-assessment letters received post filing could indicate when an RDI has been set up for e.g. 14 November, so it doesn't appear from the assessment that tax is outstanding**

This would require an amendment to the IT system, that is not currently scheduled.

## **VAT**

**The agent cannot see the make-up of the returns (T1/T2) when clients file the return, they can only see the overall net figure. Access to breakdown would be useful in preparing annual accounts and reconciliations**

Revenue plans to provide agents with as much information as possible and this enhancement is on the list of planned developments. However, no timeline has been set for this development due to other development priorities.

## **Item 6: Law Society**

### **Tax Registration – authorised entities – letter of authorisation**

Revenue requires a letter of authorization from the Central Bank to register particular entities for tax, but this letter cannot be provided without a bank account and to set up a bank account you need a tax registration number. Revenue will examine this issue.

### **Irish PPS numbers for Non-Residents**

**The application for CAT numbers for non-residents is quite cumbersome. Can Revenue consider measures to alleviate the administrative burden in these cases?**

Revenue is examining CAT administration issues generally and will be engaging with the relevant bodies to gather their feedback.

## **Item 7: AOB**

Two queries had been transmitted to TALC Collections from Direct/ Capital Taxes sub-committee

- Section 84 CACTA exempts from CAT gifts or inheritances taken exclusively for the purpose of discharging the “Qualifying” expenses of an individual who is permanently incapacitated by reason of physical or mental infirmity. Where on ROS can you indicate that Section 84 CATCA is claimed in respect of medical or other expenses? It was clarified that in the ROS IT38, you find a box for s. 84 as follows: you go to the Disposer, Particulars of Property, Edit Property (or Add Property), then hit next, one of the exemption options will be s. 84 relief.
- When taxpayers file 2016 returns in respect of disposals which qualified for relief under section 626B, ROS will only allow a maximum figure of €9,999,999.99 to be included in the Form CT1 (not possible to record amount of €10m or above) Practitioners have dealt with this in 2 ways to date:
  - 1) Include €1 in the box and include a note on ROS submission explaining the issue and setting out the actual amount of the gain  
Or
  - 2) Include €9,999,999.99 in the box and include a note in the ROS submission explaining the issue and setting out the actual amount of the gain.

Could Revenue confirm that either / both of the approaches above are appropriate.

Revenue clarified that option 2 would be preferred by Revenue i.e. include €9,999,999.99 in the relevant field with an explanation on the ROS return outlining the full gain. Revenue plan to resolve this matter in March 2018.

### **Penalty Notices**

Practitioners raised instances of penalty notices for €4,000 issuing to taxpayers where annual VAT returns have not been filed. Practitioners considered that penalty mitigation should be available for genuine cases of non-filing or late filing by taxpayers with strong compliance records.

Revenue considered that a taxpayer should be aware of the filing requirement and should have received two reminders from Revenue in advance of the issue of the penalty notice. Revenue can stay or compound a penalty

under their care and management of the tax system. In individual cases, taxpayers should contact Revenue to outline the reasons for the omission of the filing.

The practitioner noted that written reminders had not issued in this case and Revenue are to check their records on this point.

**ROS Form 11**

A new release of the ROS Form 11 will be issued on Monday 19<sup>th</sup> June. The paper Form 11 returns will be available in the 3<sup>rd</sup> week of June.

New ROS login procedures also commence in June. This will be a new process and allow user “self -service” access to renew passwords, which will involve selection of a number of security questions.

Revenue reminded that ROS Cert issued from August 2016 onwards will need to be renewed by December 2017. A number of reminders will be issued to ROS administrators on this issue in advance of the renewal deadline.

In line with changes being made for PAYE modernization there will be a number change/alignment taking place for any remaining numbers for spouses with a “W” at the end

The next meeting will take place on 4 December 2017.

<b>Action Points</b>	<b>Responsible</b>	<b>Timescale</b>
Practitioners to provide member feedback on common issues/patterns in delayed response when using myEnquiries	ITI	In advance of next meeting
Practitioners to highlight refund offset facility to members	Practitioner bodies	Immediately
Practitioners to identify specific aspects of ROS services where additional guidance may be needed	Practitioner bodies	Second half 2017
Revenue to review scope to resolve CAT payment issues for agents in relation to upcoming CAT Pay and File deadline	Revenue	Immediately
Revenue to examine potential time scale for ROS development to allow amendment of prior year CGT information	Revenue	In advance of next meeting
Revenue to review specific case to establish whether reminder notices were issued	Revenue	Immediately
Revenue to examine current difficulty in obtaining a “letter of authorization” in the absence of a tax registration number	Revenue/ Law Society	Immediately
Practitioners to highlight requirement to renew ROS Certificates by December	Practitioner bodies	Immediately

**Attendees at the meeting of 24 May 2017**

Ms Sandra Clarke (Chair) (ITI)

Ms Lauren Armstrong (Secretary)

Ms Mary Healy (ITI)

Mr Gerry Higgins (CCAB-I)

Ms Crona Brady (CCAB-I)

Mr Ray Kilty (CCAB-I)

Mr Leonard Burke, Ms Lucy Mulqueen, Ms Maura Conneely, Ms Ruth Kennedy (Revenue)

Ms Deirdre Barnicle (Law Society)

Ms Aisling Meehan (Law Society)