

**Minutes of Main TALC  
10 December 2014  
Marker Hotel**

**Attendees:**

ITI: David Fennell (Chair), Mark Barrett, Michael McGivern, Sandra Clarke, Cora O' Brien, Mary Healy (secretary).

CCABI: Enda Faughnan, Sharon Burke, Brian Purcell, Paul Dillon, Brian Keegan, Deborah Casey, Kimberley Rowan.

Law Society: Caroline Devlin, James Somerville

Revenue: Gerry Harrahill, Declan Rigney, Anne Dullea, Brian Boyle, Paul Walsh

Apologies: Pat Bradley, Julie Herlihy, Liam Grimes, Gerry Smyth.

**1. Updated R&D Guidelines and Film Relief Guidelines**

The updated R&D Guidelines are to be published shortly. Main TALC members were invited to revert with written comments on the draft guidelines by 18 December. The guidelines will be effective from the date of publication. Practitioners queried whether some aspects of the draft guidelines were more restrictive, for example in relation to expenditure qualifying for R&D relief. Revenue noted that the changes were not intended to be more restrictive in nature but were intended to more accurately reflect Revenue's interpretation of the legislation.

Revenue anticipates that the guidelines on the new film relief provisions will be issued by the end of the year. The new regime will commence on 1 January 2015.

**2. Approval of minutes of previous meeting**

The minutes of the meeting of 5 November were approved.

**3. Matters arising**

Revenue will be reviewing the results of the PAYE compliance programme on Tax Agency Services and its implications for refinement of the control framework in Tax Briefing No.5/2012 in the first quarter of 2015, and will advise the committee of the outcome.

**4. Update on TALC sub-committee meetings**

A schedule of the meetings which took place since the last meeting had been circulated to the committee.

**5. Publication of sub-committee minutes**

It was agreed that the minutes of the TALC sub-committees will be published, on a prospective basis. In advance of this, Main TALC will agree protocols for the sub-committees to ensure uniformity and consistency in the recording of sub-committee minutes. The relevant protocols and structure for publication will be agreed at the next Main TALC meeting.

## **6. Mandatory Disclosure - draft guidelines and regulations**

Revenue noted that on introduction of the mandatory disclosure regime the Minister for Finance stated that the operation of the regime would be reviewed after two years of its commencement. The legislative changes in Finance Bill 2014 reflected the outcome of this review. Some refinements were reflected in the new draft guidelines, for example, to reflect that for a scheme to be “known” to Revenue it must be known at a reasonable level within the Revenue organisation e.g. by Revenue Legislation Services or Large Cases Division.

Revenue noted that the distinction in relation to transactions involving Legal Professional Privilege is an aspect it intends to revisit in the future.

Overall, a low number of disclosures have been received by Revenue to date. Revenue is unclear why this is the case and will be monitoring the impact of the changes to the regime.

Practitioners noted that the Irish environment is significantly different to the UK, for example, Ireland has had a General Anti-Avoidance rule since 1989. Practitioners noted also the need for feedback on the types of transactions Revenue considers disclosable. Revenue invited input on examples practitioners would expect to see excluded from the disclosure regime in the guidelines. Practitioners outlined types of discretionary trusts which could inadvertently fall within the new hallmark, e.g. in the securitisation sector, leasing, and will trusts. Practitioners will revert to Revenue with further examples.

## **7. Reporting to Professional Bodies – update**

Revenue advised that it intends to include a reference to reporting of members to professional bodies in the Audit Code. Reporting is only envisaged in egregious cases and Revenue stressed again that it will not be used to influence the outcome of an audit. Revenue is considering introducing a requirement that an audit/intervention must be closed before any related report could be made. Senior management approval will be required in all cases. Revenue will, in due course, circulate the committee with what will be a succinct wording for inclusion in the Code. A body of documentation will also be developed with procedures on the use of reporting. It was noted that the Department of Justice was considering a change in the Legal Services Regulation Bill 2011 which should address the concerns raised about differing treatment of practitioners under Section 851A TCA 1997. Revenue thanked practitioner bodies for their input into the discussions on this issue to date.

Practitioners expressed disappointment with Revenue’s position, in light of the concerns raised by the professional bodies. Practitioners reiterated their strong view that reporting should not be included in the Code and that Revenue could convey its intention to report these exceptional cases in a separate communication. Revenue reiterated its view that the matter is appropriate to the Code; other channels of communication will also be used.

Revenue provided examples of the types of serious issues where reporting may be envisaged, for example, falsification of returns or expense claims. Practitioners emphasised the potentially serious impact of reporting for the parties involved.

## **8. Work plan update – including the Receivership Guidelines**

It is anticipated that the final draft of the guidance on the tax treatment of receiverships will be provided to the TALC sub-committee shortly. Revenue requested that practitioners revert promptly with responses to facilitate publication of the guidance by the year end.

Practitioners highlighted the number of recently issued Revenue drafts for review and the need for adequate time to give any draft due consideration. It was agreed that more time to review the draft guidance could be provided, if this was the strong preference of committee members.

### **AOB**

A note on the spontaneous Exchange of Information had been circulated to the committee. A Tax Briefing is expected to issue shortly on this matter.

It is anticipated that the Department of Finance consultation on the Knowledge Development Box will issue before the end of the year.

Practitioners raised a query on the “technical amendment” to the Standard Capital Superannuation Benefit (SCSB) in Finance Act 2014. Further details would be submitted to Revenue.

### **Closing remarks and 2015 Chair arrangements**

The outgoing Chair thanked the committee for their contribution and very positive engagement throughout the year. He extended his best wishes to the incoming Chairman Paul Dillon (CCABI) for the continued success of TALC in 2015. The committee thanked the outgoing Chair and secretary for the efficient conduct of TALC business over the year. The contributions of members retiring from the committee, Gerry Smyth, Liam Lynch and Anne Dullea were also acknowledged. Revenue acknowledged the very useful engagement that TALC provides, notwithstanding agreement may not always be possible, and wished the incoming Chair well.