

Minutes
Main TALC committee meeting
17 October 2014

Conference Call

Attendees:

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

CCABI: Enda Faughnan, Sharon Burke, Brian Purcell, Julie Herlihy, Paul Dillon, Brian Keegan, Norah Collander, Deborah Casey.

Law Society: James Somerville, Caroline Devlin, Pat Bradley.

Revenue: Gerry Smyth, Gerry Harrahill, Declan Rigney, Eamonn O' Dea, Anne Dullea.

1. Approval of previous minutes

The minutes of the meeting of 10 September were approved.

2. Budget 2015

The committee discussed administrative aspects of some of the measures announced in Budget 2015.

Company residence rules

It was clarified that the changes to the residence rules for companies will apply to new companies incorporated in Ireland from 1 January 2015. Companies incorporated in Ireland before this date will be subject to the existing residence rules until the end of 2020.

Section 291A intangible assets

Practitioners observed that no immediate tax rate benefit may be experienced by companies following from a removal of the 80% cap on deduction of the aggregated capital allowances and related interest expense, as companies may already have recognised a deferred tax asset for relief carried forward.

It was queried whether the inclusion of "customer lists" as intangible assets would apply on a prospective or retrospective basis. Revenue noted that this would be clarified in the Finance Bill.

Knowledge Development Box (KDB)

The EU and OECD review of existing regimes in other countries is still underway and will influence the timeframe for legislating for a KDB.

SARP

Practitioners queried how the “new” SARP will apply in cases where individuals are availing of the current SARP regime. The new qualification criteria will apply from 1 January 2015. Those who qualify for relief under the existing regime will be subject to the new rules prospectively.

Start-up companies’ relief

Practitioners considered that the three-year relief from corporation tax for start-up companies was difficult to qualify for, given the link between the relief and employer PRSI paid. In addition, service companies cannot avail of the relief.

A review of the operation of the measure is scheduled to take place in 2015.

CAT Agricultural relief

Revenue clarified that the current “farmer” test for CAT agricultural relief remains. An “active farmer” test will be introduced as an additional test to be satisfied in order to qualify for relief.

Income tax and USC

Practitioners noted a number of legislative sections which would require amendment if the 40% marginal income tax rate is to apply across the board.

Practitioners expressed concern about the difference in treatment of the self-employed and the employed for USC purposes. In particular, it was observed that a number of professions are excluded from operating through a company.

CGT – 7 year relief

Revenue is producing a guidance note on S604A TCA 1997. The TALC Technical sub-committee has provided feedback on a draft guidance note.

R&D relief

Practitioners noted that it would be useful for the TALC Technical sub-committee to review a draft of the updated guidelines on R&D tax relief, in advance of their issue.

Employment & Investment Incentive Scheme (EII)

Revenue clarified that the reference to hotels qualifying for EII relief provided assurance on the current position.

It was observed by practitioners that inability to claim tax relief in full upfront impacted on the attractiveness of the EII to investors.

USC

It was queried whether any difficulties were anticipated in the implementation through the payroll of the changes to the USC. Revenue expressed confidence that software systems could be adapted to implement the changes from 1 January 2015.