

Minutes

TALC Audit Sub-Committee Meeting

Tuesday 11 April 2017 – 10.00am

Revenue Commissioners, Planning Division, Bishops Square, Dublin 2.

Attendees:

Practitioners: Tom Martyn	Law Society (Chairman TALC Audit Sub-committee)
Gerry Higgins	CCABI
Norah Collender	CCABI
Cora O'Brien	Irish Tax Institute
Paul Wallace	Irish Tax Institute
Jim Kelly	Irish Tax Institute

Revenue:

Declan Rigney
Paddy Faughnan
Stephen Flynn
Padraigh Donnelly
Mary Deeley
Enda Murphy (Secretary)

Apologies: Julie Burke Irish Tax Institute

Item 1 – Minutes of meetings held on 7 February and 16 February 2017

Minutes of both meetings were agreed.
Circulated draft minutes of the meeting of 16 February 2017 were amended to reflect that no members of the Irish Tax Institute attended that meeting.

Matters Arising:

Actions points from both meetings were reviewed.

All action points had been dealt with or progressed.

Penalty Notices of Opinion – numbers issued:

Revenue stated statistics in relation to cases which had progressed to Court had been provided at an earlier meeting of the group. They stated that they were endeavouring to collate information surrounding all Notices of Opinion issued and hoped to be able to provide some statistics at a future meeting of the group. They pointed out that internal systems were being developed to capture this information which should be readily available in the future.

Code of Practice for Revenue Audit and other Compliance Interventions:

Revenue stated amendments suggested at the meeting of the 16 February 2017 had been taken on board and the revised *Code of Practice for Revenue Audit and other Compliance Interventions* had been published on the Revenue website on 22 February 2017.

Item 2 – Work Plan 2017

Foreign Income & Assets Disclosure Regime

Revenue stated there had been a significant amount of engagement with practitioner groups surrounding the disclosure regime, through meetings and attendance at various assemblies.

Revenue stated they were monitoring the need for further engagement with media groups and stated there would be media advertisements and interviews with local radio etc., in advance of the deadline for disclosures.

Practitioners pointed out that whilst there appeared to be substantial awareness of the disclosure regime amongst self-assessed taxpayers, following Revenue's letter campaign surrounding the Code of Practice, they expressed concern that PAYE taxpayers would not be aware of the broad nature of the disclosure regime and may not be aware that they may be obliged to make a disclosure of any previously undisclosed foreign income or assets. They asked if issues raised at the recent ITI breakfast meeting had been reflected in the FAQs and asked if it were appropriate to ask if Revenue were in a position to state the extent of disclosures received to date. The issue of payment and disclosures was also mentioned and practitioners sought clarification in relation to disclosures where it was not possible to make full payment up front.

Revenue stated they intended to be proactive in relation to communicating the message surrounding FIADs through local radio stations, and stated they would encourage all presenters to reference the fact that PAYE taxpayers could be affected by the regime and should consider their disclosures obligations. Ads in national newspapers were also planned in the run-up to the closing date.

They asked professional bodies to communicate the message whenever the opportunity arose.

They confirmed that the FAQs were being amended to include questions raised at the recent ITI breakfast meeting, that disclosures received to date were significant in terms of both numbers and yield and that, in order for disclosures to be regarded as qualifying, a substantial amount of the tax due would have to be paid up front or a robust instalment arrangement would have to be in place.

Code of Practice for Revenue Audit and other Compliance Interventions

As mentioned earlier in the meeting, Revenue stated the revised Code of Practice was available on the Revenue website and mentioned that they envisaged more regular updates to the Code, than heretofore.

Responding to questions from practitioners as to the need for regular updates and the challenges surrounding the tracking of these updates, Revenue clarified that issues arise through everyday business, through changes in legislation and through matters identified by practitioners themselves that necessitated amendments. They also stated there would be a consultation process around any changes made, pointing out that the timeframe for consultation in relation to future changes would not be as tight as was the case with the most recent changes which were required quickly arising from legislation introduced in the Finance Act 2016.

Real-time Compliance Interventions

No issues were identified by Revenue or practitioners.

National/ Regional Projects

Revenue had no relevant update for the meeting and no issues were identified by practitioners.

eAudit – Revenue informed members that their current three-year eAudit strategy was at an end and the future strategy, covering all compliance interventions, was currently being considered. They stated they had scheduled some meetings with software suppliers to discuss Revenue's data requirements for pre-audit meetings in an effort to simplify that process. They pointed out that considerations were in the early stages.

CAT & Stamp Duty – Revenue stated that a submission, surrounding CAT issues, is awaited from practitioners.

REAP – Revenue provided an update on the National Risk Run which had taken place in February 2017.

Audit of R&D Claims – Revenue informed members that both an internal and an external group had been set up to discuss issues arising in the examination of R&D claims. A submission from practitioners documenting the issues, from their perspective, is awaited.

Item. 4 AOB

Interest calculator –

Revenue informed members that an interest calculator for Foreign Income & Asset Disclosures is available on the Revenue website but requires adaptation for complicated submissions.

Notices Of Opinion and delays in closing interventions –

Practitioners asked, arising from a recent Revenue response to a Parliamentary Question and some comments made by the Minister, if a discussion could take place surrounding the reasons for delays in closing interventions and whether the delays were linked to Revenue issuing Notices of Opinion for the purposes of having penalties determined by the Courts. They asked if the process could be more streamlined and if an alternate resolution process could be considered.

Revenue pointed out that most interventions were closed within a reasonable timeframe and that a few, protracted, cases did skew the statistics. Revenue pointed out that delays arise on both sides and that the timeframe within which audits are closed is something that is monitored closely by them through a focussed quality assurance process, which they stated was being extended to non-audit interventions. Revenue stated they were constantly endeavouring to make the process more efficient and would welcome practitioner views and perspective on how the process might be improved. They asked if practitioners could provide best practice examples they had seen, that could be adopted elsewhere.

Practitioners asked if Revenue were in a position to provide more detailed information surrounding delays in an effort to provide further insight into where and why delays in closing interventions occurred, e.g. geographically, by IV type, by taxhead, the reason for the delay, if an eAudit was carried out etc. They also asked if statistics surrounding non-audit interventions could be provided. They stated that some Aspect Queries (AQs) appeared to continue over lengthy periods and pointed out that repeat AQs were scheduled based on patterns, despite the fact that any perceived risk may have been addressed in an earlier intervention, e.g. In the case of refunds.

Revenue expressed concern regarding repeat AQs, and delays in closing them, and stated further information from practitioners would be welcomed in an effort to address the issue. They stated they would reflect on the data and processes surrounding these interventions.

List of Tax Defaulters

Revenue provided an update surrounding a discussion that had recently taken place at Main TALC regarding the length of time that quarterly Lists of Tax Defaulters should remain published on the Revenue website.

Revenue stated that the discussion had taken place in an effort to ascertain the views of practitioners, stating that currently lists covering a 16 year period were available for viewing and they intended to remove some of the older material.

During discussions at Main TALC, reference was made to some of the timeframes currently in place for self assessment, periods to retain records, the ***Criminal Justice (Spent Convictions and Certain Disclosures) Act 2016***, the number of years for which penalty points for motoring offences were imposed and the amount of time for which Lists of Tax Defaulters remained published under UK legislation.

Practitioners agreed the List should be published on the website for a shorter period of time.

Foreign Income & Assets Disclosure Regime

Arising from an issue raised by Practitioners at the last meeting of the group, Revenue confirmed that defaults arising in a UK Branch of an Irish company would be regarded as an offshore matter for the purposes of the FIAD regime.

Practitioners expressed the view that the legislation was too broad and should be refined going forward.

Revenue pointed out that the Foreign Income & Assets Disclosure regime was available to regularise tax defaults that involved *Deliberate Behaviour* in relation to income tax evasion, reminding the group that minor defaults could be regularised in accordance with the *Code of Practice for Revenue Audit and other Compliance Interventions*.

Action Point	Responsible	Timeframe
Penalty Notices of Opinion – <i>numbers issued to be ascertained</i>	Revenue	Next meeting
Foreign Income & Assets Disclosure Regime – <i>Revenue & Practitioners to increase awareness of the disclosure regime amongst PAYE taxpayers</i>	Revenue & Practitioners	Immediately
Audit of R&D Claims – <i>Submission surrounding issues arising to be made</i>	Practitioners	ASAP
Delays in Closing IVs/ Repeat IVs – Practitioners and Revenue to provide material as agreed in the course of the meeting.	Revenue & Practitioners	Next meeting

The next meeting of the TALC Audit Sub-Committee is scheduled to take place on **Tuesday 13th June 2017 at 10.30am.**

Submitted for approval by Secretary – 22 May 2017

Approved by **TALC Audit Sub-Committee Members -**