

**Minutes of Main TALC
10 September 2014
Irish Tax Institute**

Attendees:

ITI: David Fennell (Chair), Mark Barrett, Sandra Clarke, Cora O' Brien, Mary Healy.
CCABI: Enda Faughnan, Sharon Burke, Brian Purcell, Julie Herlihy, Paul Dillon, Brian Keegan, Norah Collander
Law Society: James Somerville
Revenue: Gerry Smyth, Gerry Harrahill, Declan Rigney, Anne Dullea
Apologies: Caroline Devlin, Pat Bradley

1. Approval of previous minutes

The minutes of the meeting of 30 April were approved and would be circulated to committee members.

2. Matters arising

The work of the iXBRL TALC sub-committee was acknowledged. It was agreed that prompt resolution of some of the matters under discussion at the sub-committee was important, in light of the roll out of the next phase of iXBRL filing on 1 October. Revenue will be communicating with corporates shortly about this phase of mandatory iXBRL filing.

It was queried whether adoption of the new GAAP FRS 102 would be reflected in the Finance Bill. It was thought some companies may adopt the new GAAP early due to external factors.

Revenue's new Revenue Technical Service (RTS) guidelines were released in July. Queries must now be submitted by secure email and in a specific format. RTS queries will be answered by teams in the regions. Where there are areas of genuine uncertainty these will be referred by RTS to RLS (Revenue Legislation Services). Other than in the circumstances set out in the guidelines, RLS will not deal directly with queries from practitioners.

Practitioners queried two aspects of the new Code of Practice for Revenue Audit and other Compliance Interventions - the inclusion of agents and IT support as "expected attendees" at audits, and the removal of a reference to Notices of Opinion requiring the express written approval of a Principal Officer or higher.

Revenue advised that the removal of the approval procedure for Notices of Opinion from the Code did not reflect a change in Revenue practice i.e. Notices of Opinion still require approval from a Principal Officer or higher. Revenue advised that this procedure will be reflected in the published Revenue manuals.

Revenue also advised that the inclusion of “expected attendees” is aimed at addressing delays that can arise where an audit has commenced but a taxpayer/business owner is unable to answer Revenue’s queries or direct Revenue to the information sought. It is clear in some cases that the taxpayer /business owner is in a position to answer Revenue’s queries and the absence of an agent does not impact on the progress of the discussion or audit. As e-Audits are becoming more commonplace an IT specialist may be needed at hand to address particular IT systems queries that Revenue may have.

Practitioners had queried whether the updates to Revenue’s R&D guidelines would apply on a prospective or retrospective basis. Revenue clarified via email that some updates will reflect areas which were not covered in previous editions of the guidelines but on which Revenue’s position has been clarified in practice. Other updates may involve amendment to existing guidelines to bring them more clearly into line with the legislation or to correct error. To the extent that the new guidelines amend a previous practice which was regarded by taxpayers as more beneficial, Revenue will not seek to apply retrospection to the new approach.

3. Reporting to professional bodies

Revenue and practitioner bodies outlined their views, as discussed at the preliminary meeting between practitioner bodies and Revenue, on reporting of members to professional bodies. Concerns about differing treatment of practitioners within and outside the scope of Section 851A TCA 1997 were reiterated. Practitioners strongly advocated that any reporting process should not be included in the Code.

Revenue proposes to advance the matter with a view to having discussions concluded and the position finalised by the end of the year. Further meetings will be held and developments will be reported at Main TALC. Practitioners emphasised that they would not participate in any discussions, arrangements, practices or protocols of any nature which could result in their members being at a disadvantage to any unregulated agents, or any agents outside the scope of Section 851A TCA.

4. Update on TALC sub-committee issues/work plan items

The committee reviewed the summary note of work underway at TALC sub-committee level.

5. Tax Briefing No.5/2012

Practitioners raised concerns about the scope and practical aspects of Revenue’s “control framework” set out in Tax Briefing No.5/2012 (Revised Arrangements for PAYE Tax Agency Services). Revenue noted that this framework was implemented to apply to all agents acting for PAYE taxpayers as a transitional measure in Revenue’s PAYE compliance risk programme. Revenue will be reviewing the results of the programme with a view to informing any refinements to the policy.

6. Update on co-operative compliance

The results of the recent survey on co-operative compliance are currently being reviewed and analysed.

7. Consultations update

Revenue noted that the submissions in response to the recent Department of Finance consultations were with the relevant teams for consideration.

8. Travel expenses – eBrief No.61/14 non-executive directors attending board meetings

Practitioners raised concerns about the implications of the tax treatment set out in eBrief No. 61 of 2014. Revenue indicated that it believed that the treatment set out in the eBrief represented the correct application of the current law. Any change in treatment would require legislative change.

9. Receiverships

The draft Revenue guidelines on the tax administration of receiverships are currently with the Irish Banking Federation for their feedback. Revenue is considering developing the guidelines into a Statement of Practice in relation to receiverships, in the absence of new legislation. It was agreed that devising a legislative response that met with general approval had proved impossible to date. In these circumstances, a suitable Statement of Practice seemed the best way forward. Practitioners noted that the engagement at the TALC sub-committee had been useful in developing a consistent approach to aspects of the administration of receivership. However, they considered that Revenue's interpretation of aspects of the current legislation is impacting on commercial decisions.

10. Workplan 2014

- Tax administration for SMEs
Practitioners outlined a number of areas of administration where they considered simplification was merited.
 - 1) The proposals to simplify the PSWT regime will be assigned to the TALC Collections sub-committee for consideration as a significant project in 2015 with a view to reporting back to Main TALC.
 - 2) Revenue is not open to removal of the requirement for small businesses to file a VAT RTD (Return of Trader Details), as requested by practitioners. Information on the VAT RTD informs Revenue's risk evaluation systems. However there is scope to discuss any specific proposals to make it easier to complete, through TALC Collections.
 - 3) Aspects of the audit and interpretation of the R&D tax credit regime could be raised at the TALC Audit sub-committee for discussion. Revenue agreed that it would be useful to highlight the "common errors" identified by Revenue in R&D

- audits.
- VAT “6 month rule” - A clarification sought in relation to intra-community acquisitions would be circulated to the committee.

AOB

Practitioners sought clarity on the implications of “e-Day” for taxpayers. Revenue implements government policy in moving to electronic channels for tax payments/refunds. A high percentage of business taxpayers are already using electronic channels and Revenue will be intensifying awareness of these channels and encouraging their use. An eBrief will issue in this regard.

Revenue clarified that payment by Electronic Funds Transfer, is in compliance with government policy on ending cheque usage.

Practitioners raised the challenges that would be presented for some taxpayers in any move to end cheque usage for tax payments across the board.