

Minutes of Main TALC meeting
24 February 2014
Irish Tax Institute

In attendance

ITI: David Fennell (Chair), Cora O'Brien, Liam Grimes, Mary Healy (Secretary)
Law Society: Caroline Devlin, James Somerville
Revenue: Anne Dullea, Declan Rigney, Gerry Harrahill, Dermot Donnegan
CCAB – I: Brian Keegan, Enda Faughnan, Liam Lynch, Paul Dillon, Norah Collander, Julie Herlihy, Brian Purcell.

Apologies: Pat Bradley

1. VAT Mini One Stop Shop (MOSS) 2015

Revenue gave a presentation to the committee on the Revenue VAT MOSS prototype, highlighting the registration, returns and payment processing functions. It was noted that the European Commission was monitoring Members States progress in developing MOSS systems and that Ireland was well advanced in its development.

It was noted that when issuing a credit note to a customer it is necessary to amend the VAT return for the period in which the invoice to which the credit note relates, was issued. This could cause administrative difficulties for business. Revenue advised that it had raised this issue with the European Commission for consideration.

2. VAT and green fees - refunds

Practitioners queried the position vis-à-vis refunds of VAT paid on green fees following the recent judgment in the European Court of Justice case Bridport & West Dorset Golf Club Limited. Revenue noted that green fees were exempt from VAT from 1 January 2014 and the implementation of the judgment in relation to earlier years is under review. Practitioners emphasised the importance of an early decision on this matter.

3. Chair for 2014

David Fennell took over as Chair of Main TALC for the ITI for 2014. He thanked the Law Society for their excellent Chairing of TALC in 2013.

A recap was provided by the Chair on the administration procedures for Main TALC and its interaction with the TALC sub-committees. These included:

- Publication of an agreed summary note of the outcomes of each Main TALC meeting.

- Development of sub-committee workplans and communication of work plans and issues under discussion to Main TALC. Work plans should include one simplification initiative.
- A procedure for referral of matters to Main TALC when unresolved at sub-committee level.

4. Meeting Scheduling for 2014

Draft meeting dates for 2014 were agreed by the committee. Dates may be subject to change depending on the timing of the Budget and Finance Bill. The secretary will circulate the agreed meeting dates.

5. TALC sub-committee issues/work plan items

The committee reviewed a summary of the matters under discussion and work plan items at the sub-committees.

It was also noted that the adhoc sub-group of practitioners and Revenue formed to address tax administration issues specific to temporary international assignees was being reinstated. The committee would be updated on developments.

Practitioners referred to the meeting of the iXBRL sub-committee. They noted the extension of the compliance burden on holding companies as a result of the requirement to file individual financial statements in iXBRL. The implications of the new accounting framework for Irish GAAP and obligations under iXBRL also need to be considered.

Revenue noted that work on the revised Code of Practice for Revenue Audit was underway.

6. Adoption of minutes of 4 December 2013

The minutes of the meeting of 4 December were agreed.

7. Matters arising

Revenue noted that an operational instruction for Revenue staff is being prepared on the application of Section 58 of Finance (No. 2) Act 2013 i.e. the 6 month rule for VAT. An eBrief will subsequently be published.

Revenue noted that work continued on updating Tax Briefing No. 48 in relation to the procedures for obtaining opinions/confirmations in relation to LCD taxpayers. It is anticipated that this updated Tax Briefing will be available before the next meeting.

A review of the operation of the co-operative compliance framework will commence shortly. Revenue anticipates that this will be completed by the year end.

8. LPT

Revenue referenced the recent announcement that property owners who comply with their LPT requirements by 31 March 2014 would not be subject to interest and penalties. It appeared from Revenue's records that a substantial number of property owners (circa 400,000) had not paid the Household Charge (now collected as LPT). Revenue envisages that a compliance campaign will commence quickly after 31 March.

9. Work plan 2014 items

The committee work plan for the year ahead was agreed. It would include:

- Tax administration of receiverships
- SMEs – simplification of administration
- The new self-assessment regime
- Debt forgiveness
- VAT – the “6 month rule”

In relation to the work plan items:

- The first meeting of the sub-committee to examine administrative aspects of the current receivership regime had been held. The focus of the meeting has been administrative aspects of direct taxes. A second meeting, which will focus on VAT and RCT, has been scheduled. The aim of the committee is to assist in the development of Revenue guidelines on the administration of the current receivership regime.
- Practitioners suggested a number of possible areas of simplification in relation to tax administration for SMEs. It was agreed it would be worthwhile to focus on 2 or 3 key issues. Practitioners agreed to revert with proposed prioritised suggestions.
Practitioners sought an update on developments from the consultation on the taxation of micro-businesses conducted by the Department of Finance. Revenue agreed to update the committee at the next meeting.
- The self-assessment sub-committee is due to meet on 25 February. The sub-committee would meet otherwise when necessary.

It was noted that:

- Revenue is finalising the draft note on debt forgiveness and land dealers/developers. This will be published shortly on the Revenue website.
- From 1 January 2014, where input VAT has been claimed but the supplier of the goods or services has not been paid within 6 months, a clawback of VAT may arise. Revenue is developing operational instructions for staff on the application of this “6 month rule”. An eBrief will also issue shortly with guidance on this provision.
- Practitioners highlighted the tax administration burden for business arising from developments in international reporting and information exchange requirements. Revenue agreed to provide an update on FATCA, BEPS and information exchange at the next meeting following which a decision could be made about supplementing the workplan.

10. New External reviewers

Revenue referred to the Revenue Complaint and Review Procedures. It was noted that 4 new external reviewers have been appointed. These are: -

- Mary Walsh who has a background in tax practice
- Niamh Caffrey who has a background in legal practice
- Michael Roche who has a background in a commercial semi-State
- Roger Blackburn who has a background in industry and practice

11. Process for communicating and applying changes in interpretation

Revenue advised it is working on developing a process to address difficulties in tracking changes to publications and guidance and would revert to the Committee further on this matter once matters have progressed.

Revenue advised that it will clearly indicate the changes to the revised Code of Practice for Revenue Audit when published.

AOB

Practitioners noted that it would be useful to have an updated Revenue organisational chart given staff changes in recent times. Revenue noted the “exceptional contacts” facility in each District if difficulties are experienced in contacting Revenue. Revenue will review the list of contact points to ensure it is up-to-date.

Revenue highlighted that the Department of Finance was conducting a consultation on the taxation of agri-business.