

TALC Audit Sub-Committee Meeting

Tuesday 20 April 2016 – 10.00am

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

Attendees: Practitioners:

<i>Gerry Higgins</i>	<i>CCABI (Chairman)</i>
<i>Crona Brady</i>	<i>CCABI</i>
<i>Paul Dillon</i>	<i>CCABI</i>
<i>Julie Herlihy</i>	<i>CCABI</i>
<i>Mary Healy</i>	<i>Irish Taxation Institute</i>
<i>Jim Kelly</i>	<i>Irish Taxation Institute</i>
<i>Julie Burke</i>	<i>Irish Taxation Institute</i>
<i>Tom Martyn</i>	<i>Law Society</i>

Revenue:

Declan Rigney
Paddy Faughnan
Denis Barry
Stephen Flynn
Jack Golden
Mary Deeley
Padraigh Donnelly
Sean Nolan
Katie Ryan
Enda Murphy (Secretary)

Apologies: *Norah Collender* *CCABI*

Item 1 – Minutes of February meeting

Minutes were agreed.

Matters Arising:

Review Procedures: Revenue provided an analysis of Stage 2 (Local Review) requests dealt with in 2015. Details to be circulated with minutes of this meeting.

RCT Penalties: Practitioners welcomed summary RCT penalty guidelines circulated in advance of the meeting. Revenue confirmed the document would be amended if changes of significance became evident.

Revenue agreed to consider if cross references to the *Technical Adjustment/Innocent Error* paragraphs of *Code of Practice for Revenue Audit and other Compliance Interventions* should be included in the guidelines.

Code of Practice for Revenue Audit and other Compliance Interventions:

Revenue informed members that Regions/Divisions had been visited and amendments to the 2014 Code of Practice had been highlighted. They provided statistics surrounding use of the “*Failure to Cooperate Fully with a Revenue Compliance Intervention*” operational instruction, as promised at an earlier meeting of the group, and stated no referrals had yet been made to any professional body, as provided for under Section 851A, TCA 1997.

Revenue stated that Practitioner requests for an extension to the timeframe for notification of a Revenue Audit, in particular an eAudit, and the timeframe to apply for an additional 60 days to prepare a qualifying disclosure, had been considered and were not deemed appropriate. Revenue pointed out that caseworkers take a reasonable approach to re-scheduling audits in situations where there are genuine reasons for such requests.

Practitioners expressed concern that requests for re-scheduling could be seen as lack of cooperation. They reiterated the view that a timeframe of 21 days to conduct a self-review, partake in a pre-audit meeting and prepare a disclosure in respect real-time transactions was far too tight in the case of an eAudit.

Revenue agreed to raise the concerns expressed, internally.

Stamp Duty: Practitioners stated they had made a submission to Revenue Stamping Branch and noted that Revenue had clarified that Stamp Duty correspondence would issue to the accountable person, not the Solicitor, unless specifically requested.

Item 2 – Work Plan 2016

Code of Practice for Revenue Audit and other Compliance Interventions

No issues were identified in relation to operation of the *Code of Practice for Revenue Audit and other Compliance Interventions*.

National/Regional Projects:

Construction Project: Revenue stated this project was ongoing and informed practitioners that any opportunity to educate those involved in this sector was taken. A discussion took place surrounding how those returning to the sector might best be educated in relation to their obligations. Revenue stated they would contact their Press Office to see if they could inform an approach. They stated that eBrief 33/2016 recently issued in an effort to clarify a number of matters in relation to obligations for those involved in the sector.

Shadow Economy:

Revenue stated the following remained a focus for them:

- Tax compliance in the construction sector and, in particular, the VAT reverse charge as it applies in that sector;
- Determining the correct status – employed or self-employed - of individuals engaged by others;
- the targeting of ‘white collar’ non-compliance and the use of third party data to detect non-compliance.

There is now a facility on the Revenue website through which reports of tax evasion / shadow economy activity may be made. Full details are at <http://www.revenue.ie/en/business/shadow-economy/reporting.html>

eAudit

This item had been discussed under matters arising from the minutes of the previous meeting. Revenue informed members that the Revenue File Transfer (RFT) system, launched in December 2015, was the preferred method for transferring data stating that, whilst USB keys were still being used, the RFT was more secure.

CAT & Stamp Duty:

Practitioners asked if Revenue could provide any statistics surrounding CAT Interventions and identify the main issues discovered in relation to the filing of CAT returns. They stated that this would be useful information for solicitors and would resolve practical issues.

Revenue stated common issues arising would be identified and could be discussed at future meetings of this group.

REAP:

Revenue provided an overview of data included in the National Risk Run released in February 2016.

Audit of R& D Claims:

Revenue stated they would like to be informed of any issues relating to the audit of R & D Claims.

A discussion took place surrounding the engagement of experts and Revenue agreed to confirm if confidentiality/non-disclosure agreements were copied to taxpayers.

Item 3 – Items identified by Practitioners

Revenue review of case base:

Practitioners noted there is an ongoing review of the case base in LCD and Revenue districts and that some taxpayers were now managed by a different Region or Division. They asked if Revenue could clarify if this would affect the types of interventions to be carried out in relation to taxpayers now being managed by different Regions/Divisions. They expressed concerns surrounding compliance costs associated with the issue of “self-review” type letters. They also asked if Revenue intended to issue an eBrief to clarify the changes in operational responsibilities within Revenue.

Revenue stated that this matter had also been raised at Main TALC. They pointed out that the process was still evolving and they were not in a position to provide a definitive organisational chart at present. They stated all interventions would be risk driven.

Item 4. AOB

New Appeal Procedures:

Revenue confirmed they will, as required by law, write to all appellants (whose appeal had not previously been progressed to the Appeal Commissioners) requesting whether such appellants wish to have their appeals handed over to the new Tax Appeals Commission (TAC) or whether they wish to enter into negotiation with a view to settling their appeals by agreement. Revenue also informed the sub-Committee that if, following such negotiations, the appeals are not settled by agreement, they will be handed over to the TAC.

Action Points	Responsible	Timescale
Review Procedures – Revenue to circulate analysis of Stage 2 reviews.	Revenue	With minutes of meeting
RCT Penalty Guidelines – Revenue to consider if cross-reference to the Code of Practice provisions for Technical Adjustment/Innocent Error should be included.	Revenue	Immediately
eAudit – Revenue to raise the issue of timeframe for notification of an eAudit at internal meetings.	Revenue	Immediately
CAT – Revenue to identify common audit issues arising with a view to discussing these at future meetings of the group.	Revenue	Ongoing
Audit of R&D Claims – Revenue to confirm if confidentiality/non-disclosure agreements were copied to taxpayers.	Revenue	Before next meeting

The next meeting will take place on Thursday 2nd June 2016 at 10.00am in Bishops Square.

Submitted for approval by Secretary – 30 May 2016

Approved by **TALC Audit Sub-Committee Members** – 2 June 2016