

## Draft Minutes

### TALC Audit Sub-Committee Meeting

Thursday 2 June 2016 – 10.00am

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

**Attendees: Practitioners:**

Gerry Higgins	CCABI (Chairman)
Norah Collender	CCABI
Mary Healy	Irish Tax Institute
Jim Kelly	Irish Tax Institute
Julie Burke	Irish Tax Institute
Tom Martyn	Law Society

**Revenue:**

Declan Rigney  
Paddy Faughnan  
Conor Kennedy  
Padraigh Donnelly  
Katie Ryan  
Enda Murphy (Secretary)

**Apologies:** Mary Deeley Revenue

#### Item 1 – Minutes of meeting of 20 April 2016

Minutes were agreed.

**Matters Arising:**

**Review Procedures:** Revenue informed members that anonymised review cases had been published on the Revenue website on 1 June 2016.

**RCT Penalty Guidance:**

Revenue stated caseworkers had been advised to take cognisance of the *Technical Adjustment/Innocent Error* provisions included in the *Code of Practice for Revenue Audit and other Compliance Interventions* when considering the level of penalties to be applied in settlements. They asked that Practitioners revert if this was not their experience in practice.

**eAudit notification timeframe:**

Revenue informed members that the timeframe for notification of an eAudit had been considered at a recent National eAudit Steering Group meeting and the consensus of the group was that the current timeframe was adequate. They stated the group had not been made aware of any issues in relation to the notification timeframe. They informed members that caseworkers had been instructed to take a reasonable approach where circumstances dictate that they should, and confirmed that penalty mitigation for cooperation would not be withdrawn in cases of genuine delay.

**Capital Acquisitions Tax:**

Revenue stated a meeting of their CAT Policy Branch had recently taken place and informed members that reliefs, clawbacks and poor return completion were amongst the common issues identified in the course of interventions. Revenue agreed to provide a more detailed list of issues at future meetings of the group.

**R&D Audits:**

Revenue confirmed that technical experts were engaged on the same basis as Revenue Officials and would be subject to the provisions of S851A TCA 1997 in the event of breach of confidentiality. They agreed to examine the content of confidentiality agreements and to keep the matter under review.

## **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*, Revenue stated it was constantly under review and would be updated as necessary. They stated practitioners would be informed of any amendments made. Revenue informed members that some practitioners were being considered for referral to their professional body, as provided for under Section 851A, TCA 1997. They also agreed to provide updated statistics on the use of their Operational Instruction surrounding *Failure to cooperate fully with a Revenue Intervention*, at the next meeting of the group.

### ***National/Regional Projects:***

#### ***Construction -***

Revenue stated they continued to focus on the construction sector and that emerging risks were being tackled in real time. They stated that an extensive programme of site visits was in place and that risky cases were identified using their various risk systems, together with local knowledge.

As part of their education programme, they stated they had met with the CIF and had prepared comprehensive RCT guidance for the School Boards of Management, which was available on the Revenue website.

Revenue stated they would welcome practitioner views as to what may require Revenue attention.

Practitioners pointed out that the potential “raft” of penalties for incorrect or non-operation of the VAT system was disproportionate to the other taxes and suggested Revenue might undertake an advertising campaign, in an effort to educate taxpayers surrounding risks in this regard.

The risks surrounding the granting of VAT numbers to taxpayers who were not engaged in bona fide businesses was also discussed. Revenue agreed to check if they had issued guidelines surrounding due diligence procedures for business.

#### ***Shadow Economy-***

Revenue informed members there was a continued focus on the minority who refuse to be compliant. They stated that whilst there was a commitment to focus on all sectors on the basis of risk, the current focus on the “white collar” sector was due to potential risks involved.

As part of this discussion, practitioners asked if there was selective enforcement in relation to 3<sup>rd</sup> Party information.

Revenue stated obligations to report 3<sup>rd</sup> Party information were set out in legislation and any interventions in relation to that information would be based on risk assessment.

They also confirmed that the Medical Consultants project was still ongoing.

### **eAudit**

Revenue reminded members that the Revenue File Transfer (RFT) system was the preferred method for transferring large volumes of data, such as EPOS system data, but was not to be used for other purposes at present. They stated they were constantly looking at software packages with a view to shortening pre-audit meetings. The RFT system will be referenced in the *Code of Practice for Revenue Audit and other Compliance Interventions* at a future date, when a number of amendments are due to be made. As previously stated in the meeting, Revenue pointed out that any changes to the Code of Practice would be flagged to members.

### **CAT & Stamp Duty:**

CAT was discussed under matters arising from the minutes of the previous meeting. No Stamp Duty issues were identified for this meeting.

### **REAP**

Revenue stated the current REAP rules were being reviewed.

Practitioners asked if Revenue could explain the interaction between the REAP system and the use of advanced analytics.

Revenue agreed to provide an overview of the use of analytics at the next meeting of the group.

### **Item 3. Items identified by practitioners**

#### *Revenue review of case base:*

Practitioners asked if Revenue could update them in relation to the ongoing review of the case base. They asked if some of the major changes, such as the focus of new Districts and the names of District Managers, could be communicated to them with a view to informing their members.

Revenue stated the review was at an early stage, arrangements were still fluid and that there was no timeline for a revised organisation chart. They stated the name of the District Manager would appear on any correspondence issuing, that the matter was under discussion at Main TALC and that they hoped to bring some clarity to the matter soon.

### **Item. 4 AOB**

#### *New Appeal Procedures*

Practitioners asked if Revenue could provide an update in relation to the number of appellants whose appeal had not previously been progressed to the Appeal Commissioners and who could still enter into negotiation with a view to settling their appeals by agreement. They stated that where there are genuine issues surrounding technical matters, requests for proposals to settle are not helpful if a resolution is not entered into. They also expressed concerns as to when the matter might eventually be heard by the TAC, and the consequences for interest and penalties.

Revenue did not have an update on the numbers requested but stated that Regions were open to settling cases. They also confirmed that cases not settled by 1 September 2016 must be referred to the TAC.

Practitioners asked if Revenue could inform them regarding the number of appeal cases handed over to the TAC, when that information becomes available.

#### *Phased Payment Arrangements:*

Practitioners mentioned this matter had been raised at the TALC Collection Sub-Committee and asked if such arrangements were agreed through the caseworker or the Collector General's office.

Revenue stated structures are in place for the making of phased payment agreements and that caseworkers and the Collector General's office work in tandem in relation to this matter. They pointed out that any arrangement made by a caseworker must have CG approval.

#### *CT Non-Filer reminder letters:*

Revenue stated that approximately 13,500 letters would issue in July 2016 to companies who were due to file returns for accounting periods ended in the six month period to 30/6/2015, but had not yet done so.

<b>Action Points</b>	<b>Responsible</b>	<b>Timescale</b>
<b>Capital Acquisitions Tax:</b> Revenue to compile a list of common CAT issues	Revenue	As soon as possible
<b>R&amp;D Audits:</b> Revenue to review content of confidentiality agreements with Technical Experts	Revenue	Immediately
<b>Code of Practice for Revenue Audit and other Compliance Interventions:</b> Revenue to provide updated statistics on the use of their Operational Instruction surrounding <i>Failure to cooperate fully with a Revenue Intervention</i> .	Revenue	Next meeting of the group
<b>Issue of VAT Numbers:</b> Revenue agreed to check if they had issued guidelines surrounding due diligence procedures for business.	Revenue	Immediately
<b>Revenue use of Advanced Analytics</b> Revenue to provide overview at next meeting	Revenue	Next meeting of the group
<b>New Appeal Procedures</b> Revenue to provide number of cases referred to the TAC.	Revenue	When available

The next meeting of the TALC Audit Sub-Committee will take place on **Tuesday 27 September 2016**.at 10.00am in Bishops Square.

Submitted for approval by Secretary – 15 June 2016

Approved by **TALC Audit Sub-Committee Members** – 27 September 2016