



**Irish Tax  
Institute**

**Meet the Members - 2019**

## **Meet the Members – 2019**



- Marie Bradley, *President*
- Martin Lambe, *Chief Executive*
- Anne Gunnell, *Director of Tax Policy & Representations*
- Clare McGuinness, *Senior Tax Policy Manager*
- Mary Healy, *Representations Manager*

# Strategic Banking Corporation of Ireland

*Here to build business*

**John Madigan**  
SBCI Head of Marketing & Research



[sbci.gov.ie](http://sbci.gov.ie)

## How the SBCI works?



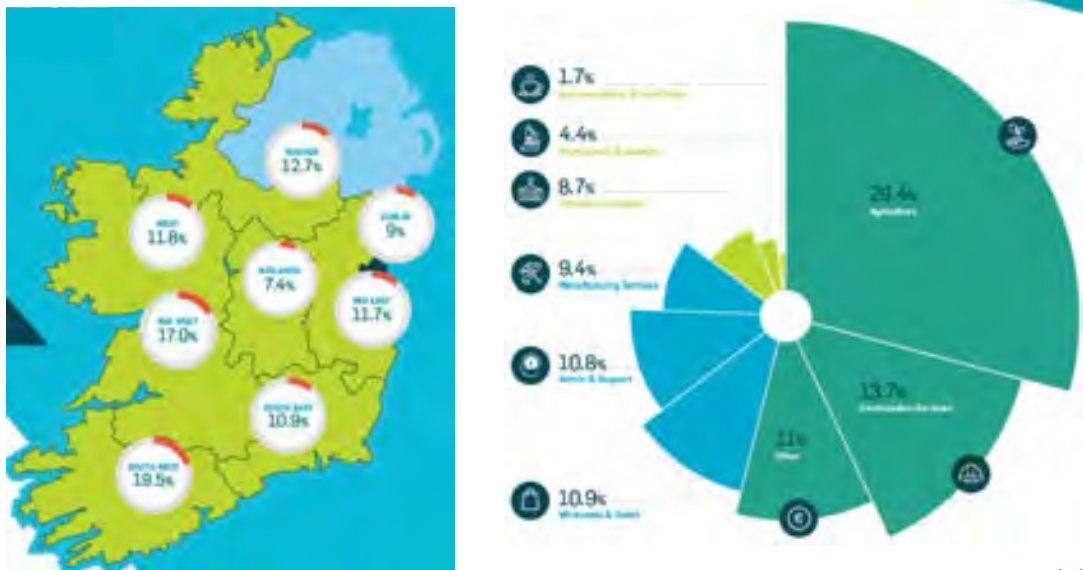
[sbci.gov.ie](http://sbci.gov.ie)

# Key Business highlights (end 2018)



[sbci.gov.ie](http://sbci.gov.ie)

# Key Business highlights (continued)



[sbci.gov.ie](http://sbci.gov.ie)

## Brexit Loan Scheme



The €300m Brexit Loan Scheme provides **affordable working capital finance** to **eligible businesses** that are **Brexit impacted**.

### 1. Who can apply?

- ✓ Must be a viable SME or Small Midcap;
- ✓ Must be Brexit impacted (at least **15%**);
- ✓ Must meet the scheme criteria.



### 2. Loan features

- ✓ Loans range from **€25,000 to €1.5m** for eligible business;
- ✓ Max interest rate of **4%**;
- ✓ Terms ranging from **1-3 years**;
- ✓ Loans unsecured up to **€500,000**.

### 3. Loans can be used for

- ✓ Help Irish businesses **innovate, change** or **adapt** to overcome their Brexit challenge.

## Brexit Loan Scheme (continued)

*How do I apply for the Brexit Loan Scheme?*

### ☐ Eligibility

Check the guidelines provided at [www.sbc.gov.ie](http://www.sbc.gov.ie) to assess if your business is likely to meet the eligibility criteria.

### ☐ Eligibility form

If yes, complete the eligibility form and return it to us by email or post.

### ☐ SBCI Assessment

The SBCI will assess the application and determine if you are eligible or not.

### ☐ Eligible Applicants

Eligible Applicants will be provided with an eligibility reference number. This is valid for **4 months**.

### ☐ Credit Application

Provide the eligibility reference number - along with your updated Business Plan - to your preferred finance provider when completing your credit application.



## Credit Guarantee Scheme



The scheme aims to assist viable SMEs, which under normal lending criteria are **unable to borrow** from their bank. The scheme provides **80% guarantee** on qualifying loans to SMEs.

### 1. Who can apply?

*To be eligible a SME must*

- ✓ Be involved in a commercial activity;
- ✓ Be a sole trader, partnership, franchise, co-operative or limited company;
- ✓ In the lender's opinion have a viable business proposal;
- ✓ Able to repay the facility.

### 2. Loan features

- ✓ Facilities of **€10,000 to €1m**;
- ✓ Max **2%** annual premium (in addition to the interest rate/fee charged by the bank);
- ✓ Terms ranging up to **7 years**;
- ✓ Term Loans, Demand Loans and Performance Bonds.

[sbci.gov.ie](http://sbci.gov.ie)

## Future Growth Loan Scheme



The €300m Future Growth Loan Scheme is available to Irish businesses including the primary agriculture and seafood sectors to **support strategic, long-term investments**.

### 1. Who can apply?

- ✓ SMEs, Small Midcaps and the Primary Agriculture and Seafood sectors.

### 2. Loan features

- ✓ Loans range from **€100,000 to €3m** for eligible applicants;
- ✓ Loans range from **€50,000 to €3m** for eligible applicants in the **Primary Agriculture** sector;
- ✓ Terms ranging from **8-10 years**;
- ✓ Loans unsecured up to **€500,000**;
- ✓ Initial max interest rate **4.5%** for loans up to €249,999 and **3.5%** for loans equal or greater than €250,000 (variable interest rates are subject to change).

### 3. Loans can be used for

- ✓ Support strategic and long-term investments in general.

[sbci.gov.ie](http://sbci.gov.ie)

## Future Growth Loan Scheme (continued)



*How do I apply for the Future Growth Loan Scheme?*

- ☐ **Eligibility**  
Check the guidelines provided at [www.sbc.gov.ie](http://www.sbc.gov.ie) to assess if your business is likely to meet the eligibility criteria.
- ☐ **Eligibility form**  
If yes, complete the eligibility form and return it to us by email or post.
- ☐ **SBCI Assessment**  
The SBCI will assess the application and determine if you are eligible or not.
- ☐ **Eligible Applicants**  
Eligible Applicants will be provided with an eligibility reference number. This is valid for **6 months**.
- ☐ **Credit Application**  
Provide the eligibility reference number - along with your update Business Plan for loans of €250,000 or more - to your preferred finance provider when completing your credit application.

## For more info on the Schemes...

Visit [www.sbc.gov.ie](http://www.sbc.gov.ie)

Contact us at



**1800 804 482**



Brexit Loan Scheme: **[applications@bls.sbc.gov.ie](mailto:applications@bls.sbc.gov.ie)**



Future Growth Loan Scheme: **[applications@fgls.sbc.gov.ie](mailto:applications@fgls.sbc.gov.ie)**

[sbc.gov.ie](http://sbc.gov.ie)

## Advisor SME and Credit Health Index

- While SMEs are widely surveyed, their advisors are not.
- SBCI will produce **bi-annual research among the SME advisor population**. SME advisors have a strong insight into the running of such firms, their investment appetite and an appreciation of the overall financing landscape.
- Two **Primary Areas** addressed consist of the Advisors View on:
  - ☐ The SME Sector
  - ☐ The Financing Landscape
- This consists of topics under review such as investment gaps, financial literacy, business engagement, importance of capital structure and preferences.
- The methodology is a **quantitative survey**, undertaken via an **online platform**. Participants will be invited to complete the survey via email or through the use of a direct web link.
- The **survey will go live** in early **July 2019**, with **results and findings published** by end of **August 2019**.

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Strategic Banking  
Corporation of Ireland

**Here to build  
business.**

# Relief for Investments In Corporate Trades (RICT)

## *Part 16 TCA 1997*



Sinead McNamara  
Financial Services & Incentives Branch  
Business Taxes: Policy & Legislation

## Old scheme

- Still in operation for investments made up to and including 31<sup>st</sup> December 2018
- Same process as always:
  - Application (Form EII1 and Form EII1 Supplemental) via MyEnquiries
  - Certification by Revenue
  - Relief claimed on Form 11 when certificate received
  - Only on receipt of a certificate can the relief be claimed on the IT Return
- The 10/40 element will also be the same process as is currently in operation for investments up to and including 31<sup>st</sup> December 2018



# WHAT ARE THE RELIEFS...

- EII:
  - Tax Relief for SME's
  - Funding from those not connected with company
  - Lifetime & Annual Limits apply
  - Direct investment or through Designated Fund
- SCI:
  - Tax Relief for early stage micro companies
  - Family members
  - Lifetime limits apply
- SURE:
  - Tax Relief for entrepreneurs
  - Lifetime & Annual Limits apply

## “Recent” changes

- Finance Act15
  - GBER (business plans and 7 years)
- Finance Act17
  - GBER (connected persons)
- Finance Act18
  - Change from certification to self assessment
  - Simplification of concepts and rules
  - Introduction of SCI
  - Redemption window
  - Type of shares / other risk reduction removed
  - Designated fund changes

## FA '15 - Business plans & 7 years

- Cannot restructure to avoid these rules
  - Cannot deprive State Aid rules of their practical effect
  - What is the group? Same name, same driving force, same family, thought of as part of the "group" etc.
- Guidance in TDM 16-00-02 on what to look for in older business plans
  - Details of what the money is to be raised for, not just that it will be raised.
  - Make sure newer business plans foresee any possible future fund raising.
  - New Product/New Market

## FA '17 - Connected persons

- Logic: the State does not need to intervene to encourage you to invest in your own company – you will either do that or not based on your knowledge.
- SCI is the "family and friends" for micro sized enterprises.

## FA '18 - SCI – high level

- SCI only available for micro enterprises
- SCI not available if have partner or linked business
- Carrying on a qualifying new venture: activities not carried on by any other person
- SCI Lifetime limit of €500,000

## FA '18 - Redemption window

- Redemption of shares while investors are still in their holding period triggers clawback
- The redemption window is relevant to companies with Enterprise Ireland shares, phased EII investments or other shareholders looking to exit.
- Redemption does not trigger a clawback if:
  - 18 months since the company last raised EII shares
  - 12 months until the company next raises EII shares
  - Only applies to shares bought back off *other* investors
- Purpose: allow companies wean themselves off expensive EII financing

## FA '18 - Type of shares

- Previously: ordinary shares
- Now: cumulative, redeemable, convertible, preference shares but
  - No put/call options with company or founders
  - No other agreement that substantially reduces the risk that investors will get their capital back / dividend on the shares

## FA '18 - Designated fund

- Previously:
  - Fund fully paid up before first investment
  - All investments must qualify for relief (all companies and all investors)
  - Relief available in year of investment in fund or year of investment in company
- Now:
  - Closed funds continue to be treated as before
  - Fund must invest in qualifying company (<7 yrs, carrying on trade) but every investment doesn't have to qualify for relief (e.g. there may be business plan issues)
  - Non-closed funds (capital call as and when required) permitted

## FA '18 - Simplification and tidy-up

- Example:
  - There were numerous "groups" in Part 16 – now there is one ("RICT group")
  - The carry forward of relief was very complex – now it is straight forward
  - "relevant period" now split and the main one renamed as "compliance period"
  - Ability to list on enterprise security market (or EEA equivalent) within the compliance period provided listing wasn't foreseen at the time of the EII fundraising

## FA '18 - R&D+I

- Pre-trading companies were eligible if they carried out R&D (within the meaning of the R&D tax credit)
- Now pre-trading companies are eligible if they are carrying out R&D+I
  - "... the implementation of a new or significantly improved production or delivery method..." or "*the implement of a new organisational method in an undertaking's business practices, workplace organisation or external relations...*"

## What didn't change

- Annual and life time limits
- Requirement to be a trading company (or R&D+I if pre-trading)
- Clawbacks if return of value to shareholder
- Clawbacks if return of value to other investors
- Amount of relief
- Requirement for the company not to be under the control of another company

## Eligibility for relief

- A Qualifying Company
  - Activities of company & other businesses in RICT Group
  - Purpose
  - Relevant period
  - Subsidiaries
  - Control
  - Share Capital
  - Conditions on date shares are issued (GBER)
  - RICT Group (GBER)
- A Qualifying Investment:
  - Eligible Shares
  - Minimum Investment
  - Initial, Follow-On, Expansion
  - Business Plan (GBER)
- A Investor who fulfils the criteria
  - Cannot be connected\*
  - \*SCI is different

## The administration of EII

- Company perspective
  - GBER confirmations
  - Statement of qualification
  - Reporting requirements
- Investor perspective
  - Claiming relief (30/40 & 10/40)
- Other

## The administration of EII

- Company perspective
  - GBER confirmations
  - Statement of qualification
  - Reporting requirements
- Investor perspective
  - Claiming relief (30/40 & 10/40)
- Other
  - RICT group (What is the undertaking)
  - Business plan (initial, follow-on, expansion)
  - Undertaking in difficulty (financial intermediary)
  - SME
  - Deggendorf rule

## The administration of EII

- Company perspective
  - GBER confirmations
  - Statement of qualification
  - Reporting requirements
  - Items the company can know / judge
  - Given when 30% of the money raised is spent on a qualifying purpose
  - If incorrect, clawback will be on the company
- Investor perspective
  - Claiming relief (30/40 & 10/40)
- Other

## The administration of EII

- Company perspective
  - GBER confirmations
  - Statement of qualification
  - Reporting requirements
  - Within 60 days of spending 30% of the money on a qualifying purpose – Form RICT (excel)
  - CT1 for the year
  - Notify Revenue of any event whereby relief is no longer due (e.g. buy back of shares etc.)
- Investor perspective
  - Claiming relief (30/40 & 10/40)
- Other



## The administration of EII

- Company perspective
  - GBER confirmations
  - Statement of qualification
  - Reporting requirements
  - 30/40: Once Statement of Qualification received, can claim relief in year investment was made
  - 10/40: Once statement of Qualification follow-on received, can claim relief
- Investor perspective
  - Claiming relief (30/40 & 10/40)
- Other

## The administration of EII

- Company perspective
  - GBER confirmations
  - Statement of qualification
  - Reporting requirements
  - DWT on distributions or buy-back of shares (depending)
  - Income tax or CGT on disposal of shares (depending)
- Investor perspective
  - Claiming relief (30/40 & 10/40)
- Other

## Clawbacks

- If statement of qualification is wrong, a Case IV assessment on the company (the tax on which will be equal to 40% of the amount raised) For the year the relief was given.
- If investor claims incorrect amount, a Case IV assessment on the investor to recover the tax relief given. For the year the relief was given.
- Code of Practice for Revenue Audit and other compliance interventions now applicable
  - Interest, Penalty, Publication

## SURE

- Starting own company
- IT Refund Up To 40% of capital you invest under SURE
- Potentially over the 6 years prior to year you invest
- Can be two 'relevant investments' under the scheme
- MUST:
  - New Company, qualifying trade
  - Mainly PAYE income in previous 4 years
  - Take up F/T employment in new company
  - Invest cash by purchase of new shares\*
    - If paid company expenses from own resources it may qualify
    - If considered a Dr's Loan, has to be converted within 12 months to share capital.

## Check before submit application....

- THE SMALL STEPS TO TAKE TO AVOID UNNECESSARY DELAYS
  - Incomplete Applications
  - Not completing supplemental application for investments made after 02.03.17
  - Not providing all the requested supporting documentation
  - Redacting documentation
  - Not providing details of companies in the group
  - Business Plans are not insufficient – provide other documentation if it exists
  - Incomplete B5's
  - If something is unusual – explain it. Ex: Incidental Income

## The administration of Reliefs

Home → Investing & Business → (Relieved for Start-up Businesses and SMEs)

### Relief for Investment in Corporate Trades

- Overview
- Qualifying Company
- Qualifying Investment
- Reliefs available
- Qualifying Investment Relief
- Filing requirements
- Qualification of participation
- Company details

#### Filing requirements

From 1 January 2016, companies that issue shares from the schemes below must provide Revenue with certain information:

- Employment Investment Incentive (EII)
- Start-up Capital Incentive (SCI)
- Start-Up Relief for Entrepreneurs (SURE)

The information required includes:

- The company that issued the shares
- Amount raised through the share issue

#### Related forms

- Form SCAR 1**  
Statement of Qualification – Employment Investment Incentive
- Form SCAR 2**  
Statement of Qualification – Start-up Capital Incentive
- Form SCAR 3**  
Statement of Qualification – Start-up Relief for Entrepreneurs
- Form SC 1**  
Return for Investment in Corporate Shares (Company Statement)
- Form SC 1 - Supplemental**  
Return for Investment in Corporate Shares (under Part 16 of the 1997 Act)
- Form SC 1A**  
Return for Investment in Corporate Shares (under the additional relief)
- Form RCT**  
Return of Qualifying Investments in a Qualifying Company

## Tax & Duty Manuals

- Relief for investment in corporate trades: as it applies to companies [IDM Part 16-00-02](#)
- Relief for investment in corporate trades: as it applies to investors [IDM Part 16-00-03](#)
- Will continue to be updated.....

THANK YOU



## Activity over last 12 months

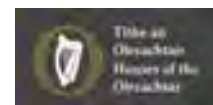


- Extensive activity since previous Members Tour
- Policy agenda – ongoing focus on tax incentives for Irish business and international tax developments
- Revenue activity – ongoing focus on services
- Update you today on the latest developments
- Welcome your views and feedback

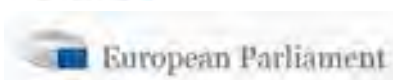
## What's going on in the institute?



## Engaging with a broad range of stakeholders



An Coimisiún um Achomhairc Chánach



## Tax Administration Survey, Dec 2018



- Hundreds of members shared their views with us – thank you!
- Discussed survey feedback and ways to progress the issues with the Revenue Board
- Detailed feedback given on your experiences of MyEnquiries and RTS/technical supports
- Letter from the Revenue Chairman on RTS recent developments and future plans....

***“....all areas responsible for the working of RTS cases have been advised of the importance the Revenue Board attaches to the service and of the need to deliver as timely and efficient a service as possible” Revenue Chairman, 19 June 2019***



## Taxpayers' rights and obligations



- Overwhelming support in the Tax Administration Survey for more independent oversight
- Member event in April on *The Balance of Powers & Taxpayers' Rights and Obligations* in April with the US Taxpayer Advocate and the UK Adjudicator and panellists
- Institute Taxpayers' Rights Working Group has been established to consider the whole oversight framework in Ireland



## Future of the Profession - Member Needs Survey, May 2019



- Extensive feedback from members and students in surveys carried out in May
  - Key to the Institute's strategy for the next 3 years
- Areas of work changing due to technology in next 5-10 years:
  - ✓ Tax compliance – biggest change
  - ✓ Professional skills – least change
- Important areas for continuing development of the CTA qualification:
  - ✓ Tax technical skills - vital to maintain
  - ✓ Research and communications – develop
  - ✓ No appetite for specialisms within the CTA – should be post-qualification



Tax Policy Agenda



- International tax reform and changing tax landscape



- Ongoing focus on tax incentives for the indigenous sector



- Review and improvements to the tax appeals regime



International tax reform and changing tax landscape



BEPS implementation in Ireland – the journey continues



- Sept 2018: Ireland's Corporation Tax Roadmap published
- Sept 2018: Institute responded to the Feedback Statement on the introduction of CFC rules
- Finance Act 2018: New CFC rules and exit tax provisions – submissions on Revenue guidance at TALC BEPS
- January 2019: Institute responded to the public consultation on hybrids and interest limitation rules
- April 2019: Institute responded to the public consultation on Ireland's transfer pricing rules
- Anti-hybrid rules and extended transfer pricing provisions will be included in Finance Bill 2019

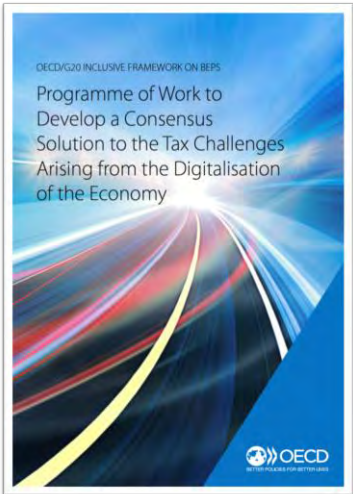
Global Tax Policy Conference, May 2019 – Address by the Minister





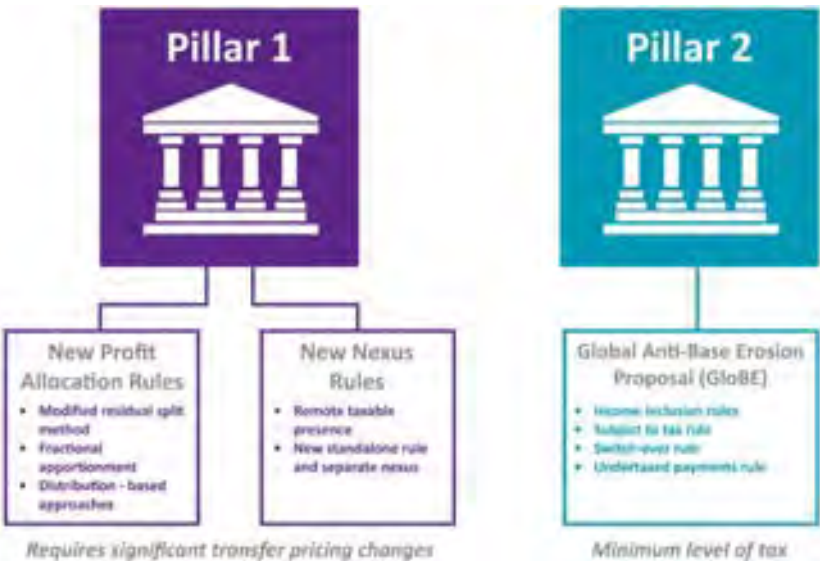
# OECD’s ongoing work to address the tax challenges of the digitalisation of the economy

- Spring 2019: Policy Note and Consultation Paper issued
- March 2019: Institute responded to the public consultation
- May 2019: OECD/G20/Inclusive Framework issued a programme of work to reach global agreement
  - > Consensus-based solution needs ‘political steer’ informed by an economic analysis and an impact assessment



- **Next steps:**
  - > Agree core elements of 2 pillars by January 2020
  - > Countries implement agreed approach by end 2020

## The current proposals to reform the international tax rules



## Ongoing focus on tax incentives for the indigenous sector



### Tax measures to support the indigenous sector

- Continuing focus in the Institute's Pre-Finance Bill and Pre-Budget submissions
- Active engagement on the key issues throughout the year:
  - › Nov 2018: Institute submission to the Minister for Finance
  - › Member of the Dept. of Business SME and Entrepreneurship (SMEe) Consultation Group
  - › May 2019: Responded to Dept. of Finance public consultations on 3 tax incentives for SMEs
    - › EII, SURE & SCI schemes
    - › KEEP
    - › Entrepreneur Relief
  - › Reiterated members' views on the three reliefs at the Dept. of Finance Stakeholder Consultation Day on 6 June





## Employment Investment Incentive (EII)

- Meeting with Revenue in April 2019 to raise ongoing difficulties members are experiencing with EII applications
- Public consultation held in May 2019
  - Institute endorsed the full implementation of Indecon recommendations (Oct 2018 Report)
    - Full relief in year one, allow for offset of losses and raise the investment limit
  - Emphasised the need for an effective scheme
    - Appropriate and adequate resourcing
    - Enhanced Revenue guidance on key GBER concepts
    - Customer service standard for EII applications essential
  - Technical amendments re Finance Act 2018 changes



## Key Employee Engagement Programme (KEEP)



- Public consultation held in May 2019
- Proposals reflected recommendations made by the Institute to the Minister for Finance on KEEP in our policy submissions over the last year
- Reiterated need to tackle current limitations due to low uptake (only 38 employees)
- Institute recommendations on the qualifying criteria for individuals, the design of the cap on share options, the narrow definition of holding company and providing assured liquidity in KEEP shares

## CGT Entrepreneur Relief



- Public consultation held in May 2019
- Institute recommended increasing the lifetime limit, removing restrictions for 'angel investors' and addressing technical issues limiting its use in five common situations
- NB: Maintain both CGT Entrepreneur Relief and Retirement Relief



## Review of the R&D tax credit - June 2019

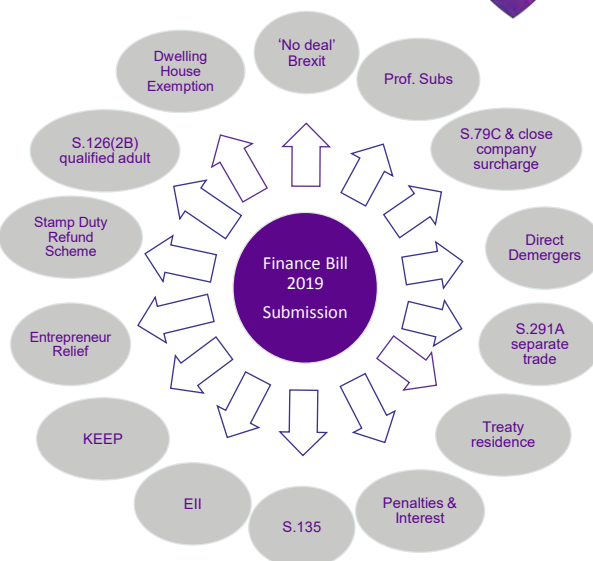
- Institute survey of members and businesses on the operation of the R&D tax credit informed the six recommendations:
  1. A pre-approval process for first-time R&D tax credit claims by small/micro companies
  2. Sector specific guidance
  3. SME-friendly guidance
  4. Condense the 3-year R&D tax credit refund to one year for SMEs
  5. Remove the outsourcing restrictions in the R&D tax credit
  6. Continually review and reinforce the policy and operational aspects of the credit to ensure it can remain best in class internationally
- Emphasised the importance for R&D audits and interventions being proportionate and conducted in a timely and efficient manner
- Highlighted the need for technical experts opining on the science test to have experience of applying science in a business environment



## Other technical issues for businesses



- Finance Bill 2019 Submission
- 5 broad policy areas:
  1. Measures to support the growth of the indigenous sector
  2. Measures to alleviate the potential impact of a 'no deal' Brexit
  3. Measures to provide tax certainty for business
  4. Measures to help address issues in the housing sector
  5. Tax technical matters arising from recent decisions of the High Court





## Brexit - Customs

- Huge uncertainty on Brexit - potential for 'no deal' on 31 October
- Low level of uptake on Customs registrations by small business (1<sup>st</sup> step)
- Potential immediate impact if steps not taken to prepare:
  - > Christmas market imports
  - > Imports/exports not permitted on ferry if proper documentation not available



## Issues to discuss with clients

1. Obtaining an Economic Operators Registration and Identification (EORI) registration for them (on ROS)
2. Who will submit the Customs declarations? *Specialist software required cannot be done on ROS*
3. Do they know the information they will need to supply to their agent e.g. commodity code, value, country of origin of imports?

Revenue information resources [www.revenue.ie/en/brexit](http://www.revenue.ie/en/brexit)

**Irish Tax  
Institute**

## Reform of the Tax Appeals Process

## Review and improvements to the Tax Appeals regime

- July 2018 - Institute met with Ms Niamh O'Donoghue, as part of her review of the workload of the Tax Appeals Commission (TAC)
- Oct 2018 - O'Donoghue Report published:
  - Recommendations on resourcing, governance, dealing with existing backlogs, process improvements and proposed legislative amendments
- Nov 2018 - Institute submission to Dept. of Finance re Finance Bill 2018 amendments to the powers of the TAC
- 2019 additional resources:
  - New premises with three hearing rooms
  - TAC Budget and staff almost doubled
  - Three new temporary Commissioners appointed in May 2019
  - New Chairperson to be appointed shortly
- May 2019 - Institute provided feedback to the Oireachtas pre-legislative scrutiny of the Heads of Finance (Tax Appeals) (Amendment) Bill 2019
- Dealing with the backlogs in the appeals process continues to be a key focus e.g. "stop the interest clock" and ADR



## Tax Appeals - progress

- Average of 353 days for TAC to close an appeal (includes appeals settled, withdrawn or refused)
- Published determinations:
  - 22 in 2019 (to date)
  - 33 in 2018 (note: no hearing room facilities for 6 months)
  - 34 in 2017
- Case management:
  - Outstanding determinations – letters to relevant parties by Q2 2019 re timeline for issuing determination
  - Scheduling unit
  - Case managers - drafting determinations in less complex appeals with guidance from the Commissioners
- Legacy cases
  - Commissioner Kennedy
  - Case Management Conferences
  - Anticipated 150 legacy appeals will be set down for hearing this year







## Tax Appeals – Extract from the 2018 Annual Report

Year	Total	Legacy	Pre-Enf	Current		
				2016	2017	2018
2016						
Appeals received in 2016*	2,346	1,163	282	901		
Closed in 2016	(200)		(4)	(196)		
Balance (31/12/16)	2,146	1,163	278	705		
2017						
Appeals received in 2017	1,751				1,751	
Closed in 2017	(693)	(182)	(30)	(222)	(259)	
Balance (31/12/17)	3,204	981	248	483	1,492	
2018						
Appeals received in 2018	1,689					1,689
Closed in 2018	(1,440)	(253)	(83)	(204)	(407)	(491)
Balance (31/12/18)	3,453	728	163	279	1,085	1,198
Summary						
Appeals received	3,786	1,163	282	901	1,751	1,689
Appeals Closed	(2,333)	(435)	(119)	(622)	(666)	(491)
Balance (31/12/18)	3,453	728	163	279	1,085	1,198

## Representations and Developments



### Revenue's realignment

- The new divisional structure
- Institute meetings with the divisions



### Revenue services

- Work on MyEnquiries
- Technical supports
- Telephone



### PAYE modernisation

- Latest developments
- Employee
- Employer



### Topical issues

- VRT registrations
- VAT RTD
- Audit representations



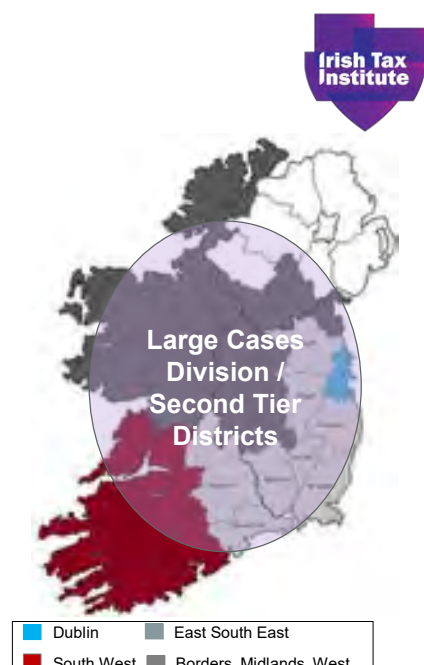
✓ Keeping you up-to-date on developments



## Revenue's realignment – the new structure

### A recap on the pre-existing structure

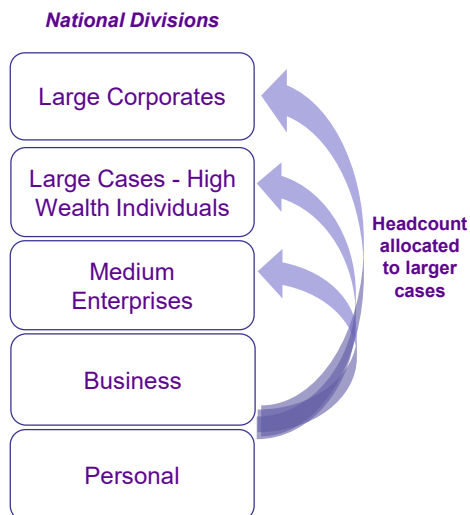
- Structure in place since 2003
- A geographic model broken down into 4 regions
- Each region was responsible for taxpayers within its geographic remit
- Some exceptions:
  - **Large Cases Division:** responsible for the largest corporates and high net worth individuals at a national level
  - **Second Tier Districts:** established in 2016 to monitor the compliance of the largest corporates in each region and certain sectors on a national level



## Revenue's new organisational structure



- 5 new national divisions have been established, segmented by taxpayer type
- Taxpayers' customer service and compliance affairs are managed by one division
- Reallocation of resources to larger cases
  - *Old structure:* Large Cases Division and Second Tier had 13% of resources
  - *New structure:* LCD, LC-HWID and MED have 23% of resources
- Objectives of realignment
  - Greater alignment of resources and risk
  - Greater consistency in treatment of taxpayers

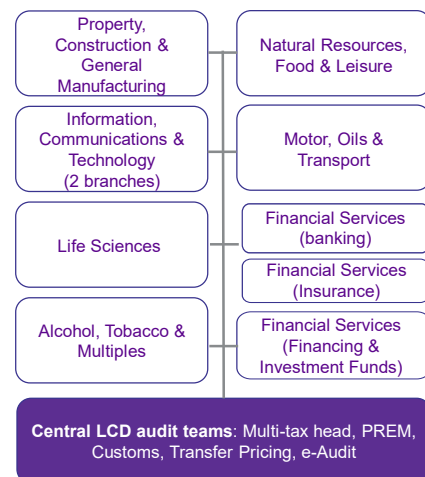


## Large Corporates Division ("LCD")



- LCD = corporate arm of the old Large Cases Division
- It will continue to operate on a national sectoral basis
- A new branch has been established to deal with aircraft leasing, REITs and section 110 companies
- The entry criteria remains unchanged:
  - €190m turnover, and/or
  - total tax of €18m
- Specialised LCD hubs have been established outside Dublin

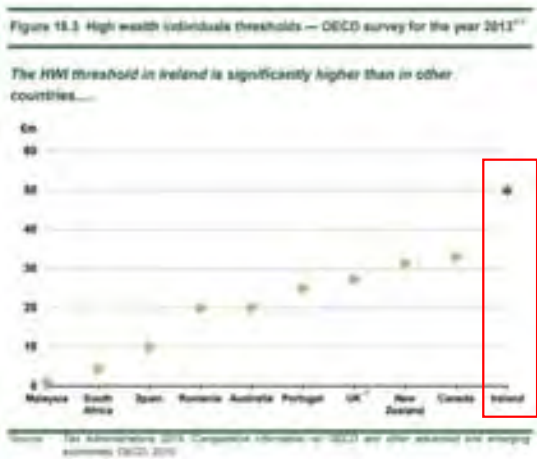
### LCD Sectoral Branches



## Large Cases - High Wealth Individuals Division (“LC-HWID”)



- LC-HWID is a spin-out of the Large Cases Division districts that managed high net worth individuals
- LC-HWID is responsible for:
  - Individuals with net assets > €20m
  - Non-resident individuals with “substantive economic activity” in Ireland
  - Pensions and anti-avoidance matters
- LC-HWID entry threshold now reduced from >€50m to >€20m



## Medium Enterprises Division (“MED”)

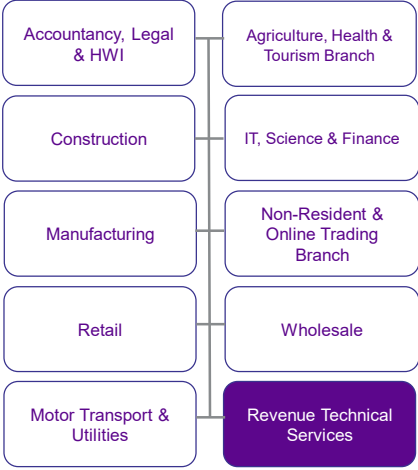


- Replaces the Second Tier Districts but some differences:
  - Manages both customer service and compliance
  - Case base includes both corporates and individuals

Corporates	Individuals
Turnover > €3m	Proprietary directors of MED entities
Turnover > €1m and employees > 100	Total income on Form 11 > €500k and effective tax rate < 30%
RCT contract value > €3m	Capital transaction with total consideration > €700k and total capital losses > €500k
Large legal and accountancy firms, Government/public bodies	Total property transactions value greater than €3m over last 3 years

- Manages (non-LCD) claims for the R&D Tax Credit and the Knowledge Development Box
- RTS

### MED Sectoral Branches





## Business and Personal Divisions

### Business Division

- Responsible for entities with a turnover of < €3m
- Also deals with Proprietary Directors of entities in the Business Division
- Division is segmented into a number of clusters of counties/districts gathered into Branches

### Personal Division

- Responsible for:
  - PAYE individuals (inc. those with investment income but not trading income)
  - Charities, sporting bodies
  - Trusts and CAT
- The Division also has specific responsibility for Stamp Duty and Local Property Tax



## What might the new structure mean in practice?

- Revenue developing sectoral knowledge
- More focused interventions and more national projects
- Each division profiling its case base over 2019 to prioritise “risks”
- Departure from dealing with your “local office” and “local auditor”
- “Branch managers” managing multiple Revenue offices
- Increasing decision-making role of Assistant Principal
- Institute meetings with four divisions
- Circulating notes on key discussion points in a Tax Policy & Reps Bulletin



## Revenue Services

### Revenue Services - MyEnquiries



- Revenue/practitioner TALC group focused solely on improving MyEnquiries
  - Circa 25,000+ queries per month from tax agents
  - “Root and branch” examination of the service
- Work underway on:
  - Quality assurance checks and recommendations
  - More active query management
  - Query categorisation
  - Query assignment and routing
  - Increase in issue of “completion” notifications
  - ROS enhancements, to accommodate the most common requests
  - Turnaround time – meet and shorten service standard
- Institute seeking query tracking system and priority channel for tax agents



#### Your help

- Use **exceptional contacts** where query is open in excess of service standard (20/25 working days)
- Hold off sending acknowledgments of Revenue responses



## Revenue Services – Telephone

- Institute representations to ComReg and Revenue on cost of 1890
- Replacement of 1890 with internet based phonelines using “01” prefix
- Calls treated the same as landlines in phone bundles
- National phonelines
  - Revenue can see the number of calls in the queue
  - Add staff during peak demand
  - Handle large volume of calls



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**PAYE modernisation**



## PAYE modernisation – Employees

- Employee view available on MyAccount, updated on the 15<sup>th</sup> of every month
  - Over 30,000 employees viewing pay and tax information
  - Revenue holding information sessions for employees to familiarise them with MyAccount
  - New “self-service” developments on MyAccount in June 2019
    - Claim unemployment repayments
    - Update basis of assessment/civil status
    - Divide credits and rate bands equally between employments
    - Upload documentation for certain relief e.g. PRSA, AVE, RAC, incapacitated child credit
  - **Next steps**
    - Employee allow banks/financial institutions access to extracts of pay information
    - Development of end of year statement
    - Exploratory work on in-year reconciliations
- 

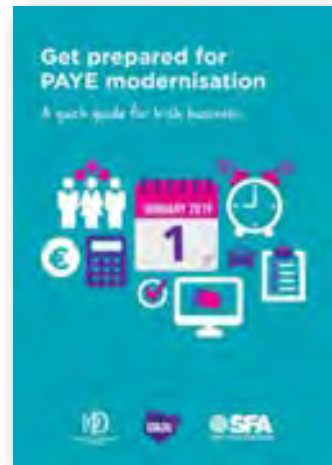


## PAYE modernisation – Employers

- Over 165,000 employers submitting payroll: €35 billion gross pay
  - Revenue monitoring submissions since January 2019
    - Contacting employers where issues arise
    - “Nil” statements i.e. employers with no employees, employers not submitting, seasonal businesses
  - Revenue published eBrief on recurring issues (No.93/2019)
  - Communicating with software developers
  - Revenue will be visiting some employers and payroll agents
    - **NOT a compliance intervention** (“assistance visit”)
    - Focus on recurring issues identified
    - Visits to businesses of all sizes
    - Contact from Revenue in advance
    - Revenue cross divisional data quality team carrying out visits
-

## PAYE modernisation - Institute engagement

- Employer awareness of preparations required
- Ongoing engagement with Revenue on developments
- Engaging at TALC on “self-correction” period
- Pressing for continuation of “assistance-based” approach
- Updates and clarifications in TaxFax and ITR
- Seeking legislative change on penalties



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**Topical issues**



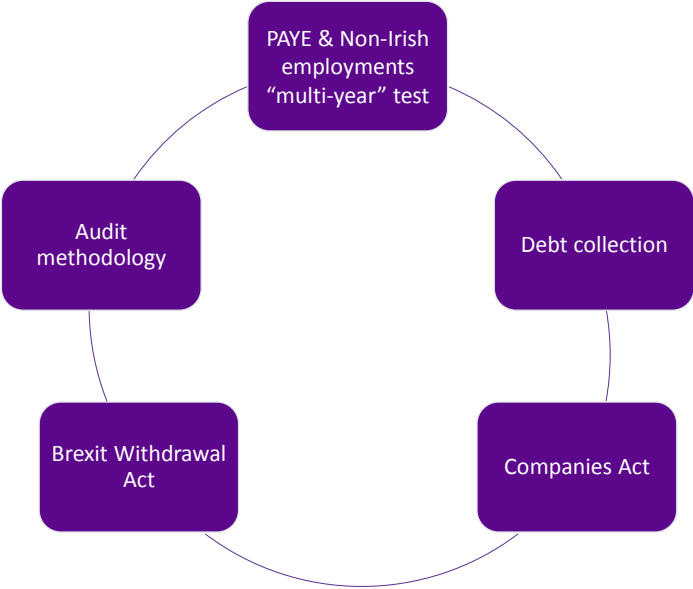


Topical issues – ones to watch

Issue	Key developments
Clearance procedures - secondary liability for solicitors and personal representatives	<ul style="list-style-type: none"><li>TALC sub-group discussing new procedures covering 3 key scenarios:<ul style="list-style-type: none"><li>Personal representatives</li><li>CGT and non-resident vendors</li><li>CAT and non-resident beneficiaries</li></ul></li><li>Procedures expected to be published shortly</li></ul>
VAT RTD	<ul style="list-style-type: none"><li>Incorporated into RCT BRR for the first time this year</li><li>Revenue letters to subcontractors</li><li>Greater focus by Revenue – using VAT RTD</li><li>Institute engaging on gaps in guidance and help for small business</li></ul>
VAT registrations	<ul style="list-style-type: none"><li>New Revenue Manual on 14 June launching two-tier approach</li><li>Fast track for domestic-only registration, <b>but</b> limited use (i.e. Ireland)</li><li>Additional information sought on form for intra-EU numbers</li><li>Institute seeking clarifications (TaxFax 21 June)</li></ul>



Institute input on topical matters



And finally.....



- Professional Indemnity Insurance
- AML Guidelines

