

Minutes of Main TALC meeting

10th December 2012

Dublin Castle

IN ATTENDANCE

Revenue: Gerry Harrahill - Chairman
Declan Rigney
Gerry Smyth
Anne Dullea

Law Society: Caroline Devlin
James Somerville

ITI: Liam Grimes
Cora O'Brien
Mark Barrett
Michael McGivern

CCAB – I: Brian Purcell
Enda Faughnan
Brian Keegan
Liam Lynch
Kim Rowan

Minutes of the meeting of Wednesday 19th September 2012

These were approved. The following matters arose:

1. Receivership Consultation

The urgency of addressing the range of issues arising with receiverships including how past actions are to be viewed by Revenue was stressed by practitioners. As Revenue and Department of Finance work through the issues there will be consultation with practitioners in early January 2013, as necessary, on practical examples of problems arising in the current regulatory regime.

2. iXBRL

A submission had been made by one of the bodies. This will be dealt with at the iXBRL sub-group meeting on Wednesday 12th December 2012. This item will remain on Main TALC's work plan for 2013.

Budget 2013

- The matter of Marginal Relief for PRSI and USC payable on wages slightly above the exemption limit of € 18,304 (PRSI) and €10,036 (USC) was raised and practitioners were advised to bring the issue to the attention of the Department of Finance.
- Revenue noted concerns expressed by practitioners regarding the application of 3% USC surcharge on Foreign Pensions and earnings and said that they would bring this to the attention of the Department of Finance

- It was agreed that the proposed means of collection of PRSI on Investment Income from 2014 would be discussed as part of 2013 Collection TALC agenda.

- Revenue advised that the countries now included in the Foreign Earnings Deduction (FED) followed representations to the Department of Finance.

The pro-rata distribution of the charitable donation limit of € 1m when more than € 1m is contributed across a number of charities is to be clarified by Revenue.

- Revenue will clarify whether the PRSI exemption on termination payments is to remain.
- Revenue confirmed that Top Slicing Relief will not apply on any portion of a lump sum if the payment is over € 200,000. Clarification is to be provided in relation to whether the €200,000 limit applies to Gross or Net amounts.
- Practitioners noted a reference in the Minister's speech in relation to Film Relief and the desire to pass relief from the investors to the producers. Practitioners cautioned on the potential impact in terms of decreased investment levels. Revenue agreed to clarify the position.
- Revenue will confirm if a consultation process on the carried interest provisions review is envisaged. In the absence of same, submission should be made in writing to the Department of Finance.
- Revenue will confirm whether the Farm Restructuring Relief will extend to Stamp Duty.
- On R&D credits, Revenue undertook to actively consider publishing guidelines on accepted methodologies around the accounting test as a means to assist practitioners and taxpayers in the process of making valid claims that would require a minimum level of follow up action by Revenue to validate the claim. Revenue will consider what might be an appropriate level of discussion with practitioners, in the context of preparing the guidelines, towards the process of ensuring that key questions in the application of the guidelines are addressed. Practitioners agreed to send on material related to the accounting test.
- Practitioners emphasised the importance of workable legislation underpinning the Real Estate Investment Trusts (REITS).
- Revenue will confirm whether the ability to withdraw from Pensions Funds is limited to AVCs only and whether such withdrawals will be liable to PRSI and USC as well as marginal rate income tax.
- Revenue advised that a consultation process is not envisaged on the introduction of pension changes in 2014. A number of interested parties have already been consulted.
- Revenue advised that the reference in the Minister's Budget speech to regeneration in targeted areas is expected to apply to Georgian property, and so will be a limited relief.

Local Property Tax

Revenue confirmed that the Local Property Tax legislation second stage will be in the Dail on Friday 14th December; it will go to the Seanad the following Tuesday 18th December and work its way through on Wednesday and Thursday, and be enacted before Christmas.

Practitioners expressed caution with the swift introduction of legislation dealing with a new and contentious tax.

Some of the features of the administrative arrangements summarised by Revenue are as follows:

- It is likely that no new return will be required between 2013 and 2016. However, local authorities have the ability to change the rate from 2015.
- There is no requirement to register on ROS when making an online payment. The system will be similar to Motor Tax online with a PIN issuing from Revenue
- While unpaid amounts attach to the property, it is not yet certain how clearance prior to sale will work. It is not envisaged to revert to the RPT clearance system or CAT Clearance regime. The ability to use one email address for more than one person's liability is to be considered in the system design. This was not a feature of the Household Charge regime
- There is no de-minimus level for deduction from salary or Social Welfare where a return and payment is not made. Such action will be taken promptly after the deadline for payment has passed. The core SW payments would be the subject of deduction, as necessary
- Form P2C (Employers' Tax Credit Cert) will include details of the amount to be deducted from salaries, with no details of the property involved. The onus is on the employee to advise of the appropriate payment option so if there are insufficient wages to make the payment, the employer will not be penalised.
- 2013 payment date will be 21st July if paying by a Bank Single Debit Authority
- The 2014 payment date is not yet finalised but is likely to be 21st March.
- Revenue's power to enter properties (subject to enactment of the legislation) will be in exceptional circumstances. It is expected that a valuer will attend in such instances
- Practitioners voiced concerns about the capacity of the Appeals system to cope with additional work from LPT.
- Revenue agreed to consider the issue of 'self-build' in relation to the exemptions.

Directors Fees

Revenue confirmed that it had received two submissions on this matter since the September meeting.

The Central Banks' letter in relation to Management Company directors dated December 2011 was read by Revenue but practitioners pointed out that while it is noted that this letter did state that 'rent a director' schemes are not acceptable, this referred to regulated entities, only. They also stressed that this was a taxation issue, separate totally from a Central Bank regulation issue.

Revenue advised that nothing has changed from Revenue's perspective and the Tax Briefing clarifying the current legal position stands. In relation to prior years, these issues are currently dealt with in accordance with the Code of Practice on Revenue Audits.

Practitioners indicated that they would review the issue further in the light of Revenue's stance and determine how best to progress matters.

Personal Insolvency

Revenue emphasised its commitment to positively engaging with taxpayers availing of any of the debt resolution procedures upon implementation of the proposed new legislation. Discussion of the new personal insolvency arrangements and their impact on tax collection and recovery action by Revenue will be discussed as necessary as part of the Collection TALC agenda for 2013.

Revenue drew attention to the fact that in all arrangements envisaged under the legislation Revenue has the option to opt out. If Revenue opts out, then it will be engaging with the tax payer outside of the scheme. If Revenue opts into a DSA or PIA, it will get paid their

preferential debts taxes, with the unsecured portion treated the same as all other unsecured creditors.

Each case will be reviewed on a case by case basis with significant input from the Revenue caseworker who was involved in the case prior to the scheme being entered into as they have best knowledge of the circumstances

RTS Review

Ownership for overall oversight and evaluation of the RTS is now with RLS Divisions. Each Region will continue to process the queries emanating from within their own customer cohort. The implementation of the agreed recommendations from the review will now be progressed speedily by Revenue.

Self-Assessment Modernisation

A briefing note was circulated prior to the meeting and was noted by the meeting

Internal/External Review

New procedures will be published Friday 14th December and will take effect from 1st January 2013.

2012 Review.

Reviewing the 2012 Work-Plan for Main TALC, the following is the current position of each item:

- RTS review – see above
- Administrative Burden reduction – completed. Refer to September minutes.
- Self-Assessment – this is in progress with good progress noted.
- iXBRL – this is in progress with a meeting of the sub-group planned for 12 December
- Mandatory e-filing – planned actions completed.
- Internal External Review – revised procedures will be published 14 December.
- CCCTB – nothing of note happened in 2012.

Reports from the sub-groups (other than Capital Taxes which will follow) setting out their work for 2012 and plan for 2013 were distributed. These will be discussed at the first meeting in 2013 if there are any issues of specific concern.

2013 Arrangements

Caroline Devlin is taking the Chair for 2013 on behalf of the Law Society. Schedule of meetings to be finalised and circulated in due course.

Arising from a preliminary discussion on the Work Plan for 2013, the following were agreed as items for inclusion – Operation of RTS, Sub-Committee Action Plans and Reports, iXBRL, Self-Assessment Procedures, Local Property Tax (through Collection TALC) and Implementation of new Personal Insolvency legislation

It is possible, after Finance Bill 2013 is published that additional items will be included.

AOB

Anti-Avoidance

Practitioners noted that EU Member States met recently in relation to Anti-Avoidance and that a positive view was taken of Ireland's anti-avoidance legislation and legal framework.

Compliance Project

Revenue advised that a compliance project will be undertaken in early 2013 around self-employed who have not returned Social Protection income in prior years.

Closing remarks

The Chair thanked everyone for their contribution and very positive engagement in a successful 2012 engagement at Main TALC. He referred to the valued work of each of the Coordinators of the TALC participating bodies in facilitating clearance of minutes and Summary Notes and liaison between meetings. The Chair noted in particular the excellent work of Anne Dullea as Secretary to Main TALC for 2012 and on behalf of the Committee thanked her for her efficiency and professionalism. In conclusion he wished the Law Society a successful term in 2013.
