

Minutes of Main TALC Meeting

24 October 2016

Office of the Revenue Commissioners, Dublin Castle, Dublin 2 at 12pm

Item 1 – Approval of minutes of meeting held 10 June 2016 and conference call held 17 October 2016

- The minutes were approved.

Item 2 – Finance Bill 2016

Administrative aspects of the Bill were discussed as outlined below. There will be further discussion on these issues at the meetings of the TALC Direct/Capital Taxes sub-committee on 25 October 2016 or the TALC BEPS Implementation sub-committee on 26 October 2016, as appropriate.

Section 8 Help to Buy – this provision is to assist first time buyers of new homes to fund the deposit required under the Central Bank macro-prudential rules. It will also assist those looking to build once-off houses for their own occupation.

Section 21 Amendment of section 110 of Principal Act (securitisation) – practitioners had a number of detailed technical queries. Revenue will develop detailed guidance for the implementation of these new provisions following finalisation of the measures.

Section 22 Amendment of Part 27 of Principal Act (unit trusts and offshore funds) – practitioners advised that in its current form, this provision potentially imposes a tax on historic profits earned prior to the introduction of the legislation. As this is a policy matter, practitioners advised that the various stakeholders would follow up with the Department of Finance.

Section 23 Amendment of section 891H of Principal Act (country-by-country reporting) – this provision amends section 891H TCA 1997 to reflect the additional country-by-country reporting requirements under Council Directive (EU) 2016/881 (DAC4). Revenue indicated that the country-by-country reporting Regulations will also require amendment in light of DAC4.

Section 24 Amendment of Part 38 of Principal Act (returns of income and gains, other obligations and returns, and Revenue powers) – this provision is subject to a Commencement Order by the Minister for Finance. Council Directive (EU) 2015/2376 (DAC3) is being transposed by way of Regulations and primary legislation will be introduced to supplement the Regulations.

Section 45 Amendment of section 61 of Principal Act (apportionment for dual-use inputs) – this provision makes a change to the apportionment of deductibility of dual-use inputs to provide that the turnover method is the primary method, but other methods can be used where they more correctly reflect the taxable use of the inputs. Revenue explained that this is to further align domestic legislation with the VAT Directive.

Section 53 Tax treatment of married persons and civil partners – this provision amends the tax treatment of jointly assessed taxpayers to allow either spouse or civil partner to submit an electronic return of taxes on behalf of the couple. This amendment applies to PAYE employees only.

Section 54 Penalties for deliberately or carelessly making incorrect returns, etc. – this provision allows for changes in the treatment of offshore tax evasion, particularly in the light of the new international measures for the automatic exchange of information which are currently coming on stream. The release of the so called “Panama Papers” earlier this year showed how defaulters use offshore structures and accounts to avoid paying tax. In relation to offshore tax evaders, it is no longer acceptable for people to avail of mitigated penalties and to avoid criminal prosecution by coming forward voluntarily. If tax evaders come forward to voluntarily disclose offshore related tax defaults in advance of Revenue receiving information about their offshore assets, income etc. then they can avail of the benefits of the existing disclosure regime but they will have no such opportunity after the 1st May 2017.

Item 3 – Public Consultation on PAYE Modernisation

- Practitioners requested further information in relation to Revenue’s public consultation on PAYE modernisation announced by the Minister for Finance in his Budget Statement of 11 October 2016. The consultation paper is published on the Revenue website at the following link: <http://www.revenue.ie/en/spotlights/payee-modernisation.html>
- PAYE Modernisation will be the most significant reform of the administration of the PAYE system in over 50 years. The consultation relates to the modernisation of the collection of income tax through the PAYE system. Policy matters relating to income tax and any associated tax credits/reliefs are within the remit of the Minister for Finance and his Department and are not the main focus of this consultation.
- The objective of PAYE Modernisation is that Revenue, employers and employees will have the most accurate, up to date information relating to pay and tax deductions and to reduce the number of tax returns associated with the PAYE system.
- Revenue is interested in the views of employers, employees, payroll providers, payroll software providers, tax practitioners, bookkeepers and other stakeholders on PAYE Modernisation. Submissions to the public consultation should be forwarded to Revenue before 12 December 2016 to payemodernisation@revenue.ie or alternatively, by post to PAYE Modernisation, Revenue Commissioners, Bishop’s Square, Redmond’s Hill, Dublin 2.
- Apart from this public consultation process, Revenue intends to engage directly with relevant representative bodies on PAYE Modernisation, especially as the detailed arrangements underpinning PAYE Modernisation are being developed.

Item 4 – AOB

- Practitioners expressed concern that the necessary legislative amendments required to give effect to the Companies Act 2014 as identified by the TALC Ad-hoc Sub-Committee on the Companies Act 2014 established between Revenue and practitioners in 2016 are not included in the Finance Bill. Practitioners queried whether the Government intends to progress a second Finance Bill to capture these and other technical amendments that remain outstanding. Revenue advised that this is a policy matter within the remit of the Department of Finance.

- Practitioners requested a progress update on the status of the transmission of appeals to the Tax Appeals Commission (TAC) in accordance with Section 31 of the Finance (Tax Appeals) Act 2015. Revenue has an obligation to transmit existing appeals to the TAC as soon as practicable after the Act's commencement date of 21 March 2016. Before transmitting such appeals, Revenue is required to ascertain whether the taxpayer wishes to explore a potential settlement of the appeal by agreement. This is an opportunity for taxpayers to settle open cases.

Revenue advised that Section 31 Settlement Letters have issued. In those cases where there is no response to the 'Section 31' letter within 30 days, Revenue intends to transfer the appeal to the TAC. Revenue estimates less than 10% of cases have been settled to date as a result of the letters and expects circa 1,500 – 1,600 appeal cases (involving circa 1,100 – 1,200 appellants) to transfer to the TAC.

- The last Main TALC meeting for 2016 is scheduled for 12pm on Tuesday, 13th December 2016.

Approved by Main TALC Committee Members

Attendees at the meeting of 24 October 2016

CCAB-I	Sharon Burke, Enda Faughnan, Brian Purcell, Norah Collender
ITI	Kieran Twomey, Tom Maguire, Sandra Clarke, Mary Healy
Law Society	James Somerville
Revenue	Eugene Creighton – Chair, Declan Rigney, Brian Boyle, Gerry Howard, Gerard Moran, Céire Moynihan

Apologies

CCAB-I	Brian Keegan, Paul Dillon, Julie Herlihy, Crona Brady
ITI	David Fennell, Cora O'Brien
Law Society	Pat Bradley, Caroline Devlin
Revenue	Michael Gladney