

Main TALC

Minutes of Meeting held 29 October 2015

12pm, Chartered Accountants House

Attendees:

CCAB-I: Paul Dillon (chairman), Kimberley Rowan (secretary),
Grace Doyle, Brian Purcell, Brian Keegan

Revenue: Eugene Creighton, Céire Moynihan, Brian Boyle, Gerry Howard

ITI: David Fennell, Mary Healy, Michael McGivern, Cora O'Brien

Law Society: Caroline Devlin

Apologies: Enda Faughnan (CCAB-I), Julie Herlihy (CCAB-I)

1. Minutes of previous meeting

The minutes of the meeting held 15 September 2015 were approved.

2. Finance Bill 2015

Administrative aspects of the Bill were discussed, including:

Section 6 – The provision is to incentivise non-resident directors to sit on boards of Irish companies, there is no indication of any policy change to extend the provision to resident directors. Revenue clarified that the “full time working director” requirement applies in relation to the Irish company.

It is expected that there will be no charge to USC or PRSI; this will be confirmed by Revenue.

Legacy cases will be treated under the current rules – the exemption per section 6 will apply (subject to enactment) from 1 January 2016.

A response from the Department of Finance to the consultation on expenses is expected.

Section 10 – The new provision is expected to be effective from 1 January 2016. While there is media speculation that the provisions will be introduced prior to Christmas, there is no Government decision to this effect at present. The current annual small benefit exemption of €250 continues to apply for now but Revenue will not permit an employer to apply both the small benefit exemption and the new provision.

Section 16 – Practitioners queried the practical application of the State Aid rules whereby companies operating seven years or more may no longer qualify for the relief. Revenue are reviewing the position under the EU General Block Exemption Regulations and will revert. Practitioners also questioned expenditure on buildings, Revenue’s position is that such expenditure is on “capital assets” and will not qualify.

Revenue are reviewing all the issues and expect to be in a position to provide clarity at the TALC Technical meeting the following Monday. Guidance will be published; practitioners will be consulted prior to publication.

Section 19 – This provision is not in response to a specific case. Revenue noted their interest in remittance basis generally.

Section 25 – Clarification is needed on the application of the new provision. The TALC Technical committee will discuss in more detail.

Section 31 – Regulations are expected by the end of the year. Revenue are agreeable to consultation with practitioners prior to publication.

Section 33 – Practitioners said that the full time working director requirement, particularly where a directors works across many companies, will exclude many entrepreneurs from availing of the relief.

Section 38 – According to Revenue the new bona fide test reflects the current Revenue position as set out in guidance.

Section 51 – Revenue confirmed that the VAT exemption will continue to apply to all educational training which previously qualified.

Section 66 – Practitioners consider that the UK statutory references may not be correctly quoted.

Section 69 – Revenue were asked to clarify the five year requirement.

Section 71 – Practitioners consider that Revenue are given extensive trawling powers. Revenue said that the provisions bring them in line with the standards set by the Global Forum on Tax Transparency.

Section 75 – Revenue confirmed that the amendment is to cover Taiwan.

Section 84 – The FED is subject to the High Income Earners Restriction from 2016, it is not subject to the restriction in 2015, confirmed Revenue.

3. iXBRL

Practitioners noted that some Revenue Districts are refusing to accept draft financial statements in iXBRL format where the final accounts are not available as the audit is not finalised. This is causing considerable difficulties for practitioners.

The imposition of surcharges and holding of refunds and tax clearance in respect of the iXBRL financial statements in cases where Revenue will have received the Form CT1 and any associated tax payments is also causing difficulties for practitioners.

Revenue agreed to consider the points raised. There will be further discussion on these issues, any others, at the meeting of the TALC iXBRL subgroup the following week.

4. Regulation of Lobbying Act 2015

There was further discussion on the impact of the Act; specifically the requirement, or not, to report TALC meetings. The procedure and format of reporting discussions held at TALC by each representative body is a particular area requiring further consideration. Publication of TALC subcommittee minutes on the Revenue website was explored.

Each body will consider the points made and the position determined at the next meeting.

5. Updates on TALC subcommittees

The secretary noted the key items discussed by the TALC Technical and TALC Indirect subcommittees at the recent meetings. The other subcommittees are due to meet later in the year.

6. AOB

Practitioners queried Revenue's approach to the tax treatment of employees' vouched business entertainment expenses and if there has been a change in approach to reimbursed expenses, as had been experienced in dealing with certain Tax Districts in recent times. Revenue confirmed that a revised instruction has not been issued to Districts. The nature of an expense determines the appropriate treatment, not the method of payment. The tests

under section 114 TCA 1997 of “wholly, exclusively and necessarily” incurred “in the performance of those duties” continue to apply.

Practitioners asked Revenue if income tax returns posted Monday, 2 November, will be accepted as on time given that the deadline of 31 October falls on a Saturday. Revenue agreed to confirm the position with the Collector General.

Practitioners noted recent Revenue eBriefs setting on Revenue’s position on a tax provision which seems to conflict with previous confirmations from Revenue. Revenue said that any confirmations from them are case specific and cannot be relied upon by other taxpayers.

The next meeting is scheduled for Monday 14 December at 12.30pm.