

Minutes
TALC Audit Sub-Committee Meeting
Tuesday 25th September 2018 – 10.00am
Revenue Commissioners, Planning Division, Bishops Square, Dublin 2.

Attendees:

Practitioners: <i>Ruth Higgins</i>	<i>Law Society</i>
<i>Norah Collender</i>	<i>CCABI</i>
<i>Gerry Higgins</i>	<i>CCABI</i>
<i>Brid Heffernan</i>	<i>CCABI</i>
<i>Mary Healy</i>	<i>Irish Tax Institute</i>
<i>Jim Kelly</i>	<i>Irish Tax Institute</i>
<i>Aidan Lucey</i>	<i>Irish Tax Institute</i>
<i>Julie Burke</i>	<i>Irish Tax Institute</i>
<i>Sandra Brennan</i>	<i>Irish Tax Institute</i>
<i>Liam Grimes</i>	<i>Irish Tax Institute</i>

Revenue: *Kathleen Redmond (Chair)*
Brian Boyle
Stephen Flynn
Padraigh Donnelly
Katie Ryan (Secretary)
Fay Kearney

Apologies: *Paul Dillon (CCABI)*

Item 1 – Minutes of meeting held on 12th June 2018

The minutes of the meeting of 12th June 2018 were agreed.

Matters Arising:

Actions points from that meeting were reviewed.

Delays in Closing IVs

Practitioner representatives stated that members continue to inform them of delays in closing audits. They do not feel that the statistics as provided by Revenue at previous TALC Audit meetings in relation to the reasons behind the delays in closing interventions are reflective of what is going on in practice. They stated that they have had cases whereby Revenue had taken a number of months to respond and then requested a reply within 28 days.

Revenue stated that it remains focused on ensuring that interventions are brought to a conclusion without undue delay. Revenue reminded practitioners that the internal review process is available and can be used. In addition, practitioners can contact the appropriate District Manager with a view to progressing an intervention if necessary. Revenue noted that closing cases expeditiously is a business objective and that it would welcome contact in cases of unnecessary delay.

Item 2 – Work Plan 2018

Foreign Income and Asset Disclosure Regime

Revenue provided an update on the disclosures received under the Regime. Over 2,050 of the cases have been closed, with a further 55 in the final approval stages. There are 438 that have not yet been started.

Code of Practice for Revenue Audit and other Compliance Interventions (the Code)

Revenue confirmed that the Code will be updated for PAYE Modernisation. This will be done in consultation with this TALC Sub-Committee before the end of 2018. The practitioners stated that a published effective date would be appreciated to ensure that individuals are using the correct Code.

National/Regional Projects

Medical Locums Project

Revenue provided an update on this project which is concerned with the tax affairs of companies and their directors where the main source of income is a contract for the provision of medical services through an intermediary and where, in most cases, the directors are the only employees of the company.

The main areas of focus of the project will be Travel and Subsistence, other expenses claimed as a deduction, payments to family members and VAT.

A letter has issued to the representative bodies of medical practitioners advising of the project and reminding of the opportunity to self-review returns and the benefit of making a qualifying disclosure prior to an intervention letter issuing. Revenue to circulate this letter to the members of this Sub-Committee.

Practitioners requested Revenue to consider the timing of the commencement of this project as it may coincide with the Income Tax deadline. Revenue to give this consideration.

Short Term Accommodation

Revenue stated that letters had issued to 12,000 taxpayers in a Service for Compliance campaign relating to income from AirBnb. These letters reminded taxpayers that this income is taxable. The letters received under this campaign do not constitute an intervention.

The letter also referred taxpayers to the PAYE Code and the Code of Practice for Revenue Audit and other Compliance Interventions.

Revenue to circulate a copy of these letters to the members of this Sub-Committee.

Construction

Revenue confirmed that the VAT RTD check will be included in the next bulk rate review in April 2019. Failure to file the VAT RTD will then impact the RCT deduction rates. Revenue stated that there will be a change management campaign, the details of which have yet to be confirmed. Practitioners stated that writing to those taxpayers that will be affected by this, and giving advance warning would be of great benefit.

Practitioners also stated that some businesses have difficulty in the completion of the online VAT RTD and that improved guidance around it's completion may be required. Revenue noted this.

Employer Compliance Campaign

Practitioners raised concerns relating to the application of the fixed penalty of €4,000 in cases selected under the Employer Compliance Campaign in advance of PAYE Modernisation. They stated that in some cases, the tax at risk was negligible, the breach may have been a result of an innocent error, and that the overall compliance record of the taxpayer was not being taken into consideration.

Revenue stated the cases selected for intervention under this campaign were taxpayers who had failed to respond to Revenue correspondence in relation to employer records and obligations. A fixed penalty of €4,000 can be applied to each regulation breach, but the instructions that issued to Revenue caseworkers stated that this can be mitigated to one penalty of €4,000.

Practitioners stated that in some instances a €4,000 penalty was not reflective of the breach and asked Revenue to desist from it's application and to be more mindful of the taxpayer and their business. They reminded Revenue that from 1 January 2019, employers will have significantly increased obligations and that a more collaborative approach to rectifying employer records would be of benefit to all.

The ITI suggested that an overall review of fixed penalties may be in order.

Practitioners queried what Revenue's approach will be in early 2019 in relation to special treatment during the first few months of PAYE modernisation. Revenue confirmed that as with any other new initiative in the implementation phase, any taxpayers making their best endeavours in early 2019 to comply will be supported by Revenue in doing so.

Item 3 – Items raised by Practitioners (not on the Work Plan)

The ITI queried if Revenue had issued an instruction relating to broadening the scope of Profile Interviews. Revenue confirmed that the most appropriate intervention is selected to match the risk identified. If the risk doesn't warrant an audit or investigation, a profile interview or aspect query may be selected.

Item 4 – AOB

Form 12 Reminder Letters

Revenue confirmed that letters had issued to 24,000 PAYE taxpayers reminding them to file a Form 12.

Revenue Structure

Revenue stated that its organisational structure was continuously evolving to meet prevailing needs and to ensure consistency in Revenue response. Revenue is currently looking at its shape and structure and is proposing to have a special sitting of Main TALC in November to discuss realignments. Revenue confirmed that it is business as usual at the moment.

Action Point	Responsible	Timeframe
Code of Practice – PAYE Modernisation <i>Revenue to forward proposed changes to the Code of Practice to TALC Audit for consultation</i>	Revenue	When available
Short-Term Accommodation Letters <i>Revenue to circulate a copy of the letter that issued to taxpayers</i>	Revenue	Immediately
Medical Locum Project <i>Revenue to circulate a copy of the letters that issued to the representative bodies</i>	Revenue	Immediately

The next meeting of the TALC Audit Sub-Committee is scheduled to take place on **Tuesday 27th November at 10.00am.**

Submitted for approval by Secretary – 31 October 2018

Approved by **TALC Audit Sub-Committee Members** – 27 November 2018