

Minutes of TALC Sub-committee on Collection issues

Date: 22 June 2021

Via Zoom

Agenda Item 1: Minutes of meeting held on 4 March 2021 and matters arising

The minutes were approved and finalised in advance of the meeting in line with new procedures from Main TALC. Matters arising have been included as items in the agenda.

Agenda Item 2: Warehousing of Debt

- Revenue noted the recent Government announcement, in the Economic Recovery Plan 2021, which extended the Debt Warehousing Scheme until 31 December 2021 and extended the Debt Warehousing Scheme to Employment Wage Subsidy Scheme (EWSS) overpayments received by employers which must be refunded to Revenue. Period 1 will run from 1 July 2020 until 31 December 2021; Period 2 will run from 1 January 2022 until 31 December 2022 during which no interest will be charged on warehoused relevant tax from Period 1; and Period 3 will run from 1 January 2023 until the relevant tax is repaid to Revenue during which interest will be charged at the reduced rate of 3% per annum on warehoused relevant tax from Period 1. Revenue noted that all warehouse periods are now aligned which will significantly simplify the process for taxpayers and Revenue.
- In response to questions on the operational aspects of the Debt Warehousing Scheme and Section 997A TCA 1997 when filing the Form 11 2020 and entering Phased Payment Arrangements (PPAs), the following was discussed:
 - Revenue noted it is currently too difficult to quantify how many companies and directors may potentially be impacted where a company's PREM is warehoused when the director files their income tax return. Revenue believe it may be a very small subset.
 - Revenue believe the best option is to adopt a pragmatic approach as it is too difficult to provide answers at this stage given the number of variables.
 - Revenue will adopt a "wait and see" approach with respect to interest, for example, it may be best to set up a PPA for both the company and director, where any debt falls due to the company and director, and waive the charge in respect of the projected interest for the director. Revenue would then adjust both PPAs accordingly as payments are made.
 - Practitioners highlighted, in respect of the filing deadline in October 2021, there may be a larger number of directors/employees that may need to avail of the income tax debt warehouse than is expected by Revenue currently. Responses from Revenue to date indicate that the debt warehousing scheme is available to directors, however, practitioners highlighted that in reality this may not be the case for many.
 - Revenue reiterated it is hard to know what businesses plan to do about addressing their debts i.e., when will a company pay off PREM first etc., and this will need to be monitored.
 - Practitioners noted there will be people who will not meet the conditions for debt warehousing and this number cannot be quantified yet. If these individuals are not eligible for debt warehousing they will crystallise large debts and it is possible these individuals will not file the income tax return to crystallise the debt. This is contrary to what practitioners and taxpayers want, most want to ensure timely filing of their tax returns. Practitioners requested if Revenue could delay the start of collecting

the liability in a PPA or put a stop to the collection to allow the company to pay back the PREM in the interim, or, if there was another option to assist people with an unexpected liability that the company should be and is paying.

- Revenue stated that PPA is available to assist people and there is flexibility with respect to a deferral on the PPA, as this was already an option during the pandemic, and there is scope as to how a PPA is managed for a director. Revenue have shown pragmatism around double charging of interest and will continue to adopt a pragmatic approach. Practitioners welcomed Revenue's commitment to adopt a pragmatic approach, however, noted that even with these options there will still be a cohort of taxpayers that will face unexpected or unforeseen difficulties when they file their income tax return in October, even if it is difficult to quantify this number currently.
- Revenue confirmed that a review of current guidance would be undertaken to ensure that it clearly outlines the conditions of Section 997A for both a company and director/employee and the options available i.e., Debt Warehousing Scheme or PPA.
- Revenue also confirmed that when the director or employee files their ROS income tax return Form 11, the taxpayer can enter the PAYE paid amount as the return is self-assessment. Once the return is filed a Revenue caseworker will carry out background checks of the PAYE claimed against the PAYE paid are and where there is an anomaly there will be follow up by a case worker to Form 11 filers.

ACTION POINT

Revenue to review Tax and Duty Manual in respect of Section 997A and Form 11 guidance and update where appropriate to ensure a standard approach is clearly outlined for taxpayers.

Agenda Item 3: COVID-19 measures

New Business Resumption Support Scheme (BRSS)

Revenue confirmed that legislation for this new Scheme was published today. Revenue guidance will issue shortly, however, need to wait for the Bill to be passed. Revenue confirmed the Scheme will operate similar to the Covid Restrictions Support Scheme (CRSS) and will be accessible through Revenue Online Services (ROS).

CRSS

Revenue provided an update on CRSS. There were approx. 22K businesses registered at the start of May and this number continues to decrease as businesses continue to reopen. Once businesses make a claim for the "Restart Week" payment the business will no longer have access to the CRSS. On ROS, the business must select a "tick box" for the "Restart Week" payment and a message will appear confirming that the business is recommencing trading and therefore no longer eligible for the scheme. A business must claim the "Restart Week" payment within 8 weeks of reopening, as provided in Revenue's Guidelines on the operation of the Covid Restriction Support Scheme.

Agenda Item 4: Debt Management Services (DMS) update

Revenue confirmed that Debt Management has resumed on an incremental basis, and to date Revenue has not been made aware of any issues. Practitioners queried how Revenue will engage with the new Examinership 'lite' process i.e., the Companies (Small Company Administrative Rescue Process and Miscellaneous Provisions) Bill 2021. Revenue stated that it fed into wider discussions on the drafting of the Bill and the Bill is due to be published shortly.

Revenue confirmed that proposed legislation includes a provision to ensure that the process adviser will give notice to a creditor where an eligible company has excludable debt. The creditor must inform the process adviser, within 14 days, if they object to the inclusion of the excludable debt in the rescue plan. Excludable debt pertains to unpaid taxes and liabilities with respect to Revenue and the Department of Social Protection (DSP) and other liabilities arising from the Redundancy Payments and Protection of Employees Acts. State creditors such as the DSP and Revenue may opt out of the process on specified statutory grounds.

Where debt has been warehoused Revenue may opt out for the process and the company would have to exit the debt warehousing and enter another repayment arrangement with Revenue.

Agenda Item 5: ROS Issues

eCG50 update

Revenue provided an update on a number of developments since the previous TALC Collections Sub-committee meeting and confirmed work is underway to refine and enhance the eCG50:

- Queries were raised about the fields for entering the names and addresses for the vendor, purchaser and the property on the application being restrictive. Revenue confirmed that generally there is a standard length / limit on the number of characters on the eCG50.
- The application requests the inclusion of a “City” for the purchaser and vendor which is not always relevant but is a mandatory field for completion. Revenue agreed to review this.
- The vendor on the application is confined to the name of the entity registered on ROS. Practitioners highlighted that in some cases the vendor’s name on the contract might be slightly different and this can cause an issue. Revenue agreed to review this.
- In the case of simultaneous signing and completion you cannot enter a date in the future for the date the contract is signed. Revenue confirmed the option to include a future date is still on the list for development and is expected to be finalised and delivered by July.
- Practitioners raised concerns where applications submitted default to a “1 January 1970” date of contract which needs to be manually overwritten by Revenue with the correct contract date before the clearance certificate issues. Revenue was not aware of scenarios where the eCG50 date of contract has defaulted to 1 Jan 1970 date and requested further details from practitioners.
- Practitioners had requested the removal of the details of an asset’s original purchase cost from the clearance certificate (due to its sensitive nature). Revenue confirmed this is under development and is expected by September (if capacity permits).
- Revenue confirmed the ability to receive a copy of the eCG50 Certificate via the ROS inbox was supposed to happen in June but this development was delayed. Revenue confirmed this will be available in July.
- Practitioners raised an issue with the message that appears on ROS when the application is submitted, as the message appears to say the certificate has been approved and is causing confusion as it may be incorrectly identified as the CG50. Revenue stated this message should be helpful and in any event the PDF certificate will be in the ROS inbox shortly after so issues should not arise.

ACTION POINT

Practitioners to provide more detail to Revenue in respect of cases where the eCG50 application defaults to 1 January 1970 date.

Completing Form 11 for non-resident landlords

Further to discussions from the previous TALC Collections Sub-committee meeting, practitioners requested whether Revenue could facilitate the filing of 2020 non-resident landlord returns by the taxpayer/their agent on ROS.

Revenue is currently working on updating the Form 11 Tax and Duty Manual to include additional guidance with respect to the two mandatory options/fields presented on the ROS Form 11, especially in cases where a Collection Agent has not been appointed and tax has not been withheld and returned by the tenant. Revenue has confirmed the ROS Form 11 2020 guidance will include additional information on a temporary measure to facilitate the filing of the returns in such situations.

Revenue has acknowledged that the guidance on any temporary measure needs to be clear and will confirm that selecting the particular option/field suggested does not constitute the filing of an incorrect return.

Practitioners also noted feedback from their members highlighting that the guidance states money should be paid to the Collections Agents bank account as opposed to the non-resident landlord. Revenue confirmed it will follow up with Revenue Legislation Services (RLS) but stated there are a number of mechanisms of collecting money. Revenue would not be prescriptive on how money is collected or paid. Revenue requested separate correspondence on this matter to consider further.

On a separate point Revenue also stated that additional guidance may be included in the Form 11 TDM to highlight, in respect of the concession to disapply BIK where the employer pays the TWSS liability for the employee, that taxpayers can calculate their income tax liability with and without the TWSS on ROS (without submitting either version) and compare these liabilities to arrive at the correct TWSS liability to provide to their employer (if the employer wishes to pay). Practitioners noted this would be helpful for some taxpayers but that many may already be carrying out this exercise. It was noted that some employees may not want to provide a calculation to their employer if it contains sensitive information, such as other sources of income. Revenue noted that the inclusion of the information in the guidance is only to assist taxpayers that may wish to calculate the TWSS liability and is not mandatory.

ACTION POINTS

Revenue to include a note in the Form 11 TDM to confirm that selecting the option that states withholding tax was withheld, even where it was not, will not constitute an incorrect return.

Practitioners to provide additional information on the issue raised in respect of the guidance stating money should be paid to the Collection Agents bank account. Revenue to consider this and follow up with RLS.

Claiming R&D Tax Credit for Small and Micro companies

A field for the small and micro Research and Development (R&D) Tax Credit special rate of 30% was included in the corporation tax return Form CT1 for accounting years ending in 2021, however, the enhanced R&D Tax Credit for Small and Micro companies is subject to a Ministerial Order. Practitioners requested how Revenue will treat corporation tax returns which have been filed with claims for the 30% R&D tax credit. Practitioners also requested whether Revenue will allow companies who mistakenly include a claim for the 30% rate to claim an automatic credit at 25%. Revenue requested additional examples on this matter to consider it further.

ACTION POINT

Practitioners to provide additional examples to Revenue of Small and Micro companies filing tax returns and selecting the 30% R&D Tax Credit rate.

EII reflection of increase in relief on ROS Form 11

Practitioners highlighted an issue with the ROS Form 11 for 2020, which is restricting Employment Investment Incentive (EII) relief to €150,000 and not the extended relief amount of €250,000 for 2020 onwards. Revenue is working to update the ROS Form 11 in respect of this and will revert to practitioners as soon as possible.

Agenda Item 6: PAYE

Update on request for concession with Form 12 and 53 weeks

Practitioners requested an update on the request for a concession for employers who incorrectly operated the 53 week basis for tax credits in 2020, given the challenges faced by employers in 2020 due to COVID-19 disruption. Revenue confirmed this matter is still under consideration and will revert separately.

Update on request for the development of a summary of payroll submissions on ROS

In relation to the request for the development of a summary of payroll submissions processed, to be made available through ROS, Revenue confirmed this matter is still ongoing and will revert separately. Revenue confirmed development of this is planned for the end of the year to be ready early in 2022.

COVID-19 Pandemic Unemployment Payment (COVID-PUP) practical issues/advice when ceasing claims

Revenue stated the key message is that as soon as someone resumes work they must notify the Department of Social Protection (DSP) to confirm the COVID-PUP claim is closed. Some anecdotal evidence shows some people do not notify DSP in an attempt to get paid a week in arrears, however, the way the COVID-PUP payments work means that people are paid a week in arrears so they will not be without pay for the week they recommence employment. Revenue noted the new RPN process i.e., Revenue check with DSP on Tuesdays and the new RPNs are available on the Wednesday week after the person goes back to work.

Revenue also stated that people will not return to a Cumulative basis of taxation in general, but that a review will be carried out in August to assess this position. For example, where someone is on the full rate of COVID-PUP (€350 per week) the standard tax credits will have a shortfall of around €6.80 a week and therefore Week 1 basis should apply in this scenario. Where someone is on the lower COVID-PUP rates an underpayment may arise and this is where Revenue may change the individual from Week 1 to Cumulative basis of taxation.

SCSB based on normal salary or salary paid under TWSS

Practitioners requested whether Revenue could confirm if a worker can base their Standard Capital Superannuation Benefit (SCSB) calculation on their normal salary per the employment contract or must the SCSB reflect actual salary paid while the employer claimed the Temporary Wage Subsidy Scheme (TWSS). Revenue is still considering this issue and will revert as soon as possible.

Agenda Item 7: Reporting on subgroups – My Enquiries/iXBRL

iXBRL

Revenue confirmed the late filing surcharge will recommence from 1 July 2021.

MyEnquiries

The MyEnquiries subgroup met on 16 June and practitioners noted it is helpful to have regular meetings. Practitioners also recognised the huge amount of effort that has gone on behind the scenes in Revenue to respond to queries. Revenue advised where the query is quite long/complex changes have been made to make it easier to move the query up to a supervisor.

Queries were raised in relation to issues where a team is working on something and a junior member of the team interacts with Revenue and may be on annual leave or study leave when a response is received through MyEnquiries, the other team members cannot access the message on MyEnquiries. Revenue confirmed it is looking at this in the background but highlighted one of the functions in MyEnquiries already is where a “team email” can be set up by the ROS administrator.

Revenue will consider adding guidance where staff leave/retire. Practitioners also raised potential issues with the new compliance intervention framework where something is raised through My Enquiries.

Agenda Item 8: PSWT

Practitioners raised issues with the new electronic Professional Services Withholding Tax (ePSWT) system where the specified person is not the chargeable person. An example of this is where the HSE requires a doctor to be appointed to each medical card patient, rather than just a GP practice and this results in the employee being the specified person.

Revenue noted this is an issue that is a cause for concern and confirmed that the updated TDM had been drafted specifically to address PAYE only specified persons. Revenue does not want to create confusion for a particular sector and ePSWT is highlighting practices Revenue were not aware of. Revenue is unsure how someone can pass on a PSWT credit that is claimed by another entity, and while an agreement may be in place Revenue stated this does not align with the ePSWT legislation.

Revenue confirmed other updates to ePSWT, such as, allowing PAYE persons in MyAccount to have similar access to the link that shows the deduction and Payment Notifications and this is due to go live on 24 June. Revenue is trying to take paper out of the system and make it more efficient for people.

Practitioners are not sure how the system would work in practice and some taxpayers, such as doctors, are being placed in a position outside of their control. Revenue confirmed it wants to get the system “up and running” and address the issues as they arise as this issue is about a particular sector. Revenue will work to make any necessary changes, therefore the go live date of 1 July is not changed.

Revenue also noted that the Form 11 for 2021 will not be pre-populated with the ePSWT information but envisage that the Form 11 for 2022 will be pre-populated. Revenue did not expect that anyone filing a Form 12 would claim a PSWT credit therefore a review of this is now needed.

Agenda Item 9: AOB

Request for guidance on the accounts menu for the Form 11 2020

Revenue confirmed an appendix has been drafted for the draft TDM which will answer practitioners' questions and will be published shortly.

Demand for balance of income tax due

Practitioners noted recent cases where a Form 11 2020 has been filed and a demand has been issued for immediate payment of tax, even where the preliminary tax conditions were met. Revenue requested details of these cases for review.

ACTION POINT

Practitioners to provide details of cases where demand notices have issued for immediate payment of Form 11 2020 liability.

RCT Bulk Rate Reviews in September

Revenue advised that an RCT Bulk Rate Review (BRR) is scheduled for September 2021. Normally, the BRR is conducted twice annually, but the BRR scheduled for September 2020 and March 2021 did not go ahead due to the pandemic. Revenue reminded that subcontractors and agents can carry out a "self-review" on ROS in advance of the BRR to check if any payments or returns are outstanding in order to rectify the position before the BRR and ensure the RCT withholding rate does not increase. Revenue advised those using the self-service feature can now check their rate and compliance position but should not request/apply a new rate, or the new rate will apply immediately.

Bank Accounts

Revenue advised a project has been underway to transfer Revenue bank accounts to a single bank provider (Danske Bank). Revenue advised that the two Bank of Ireland accounts used for electronic funds transfers (EFT) will close on 30 June 2021. Approximately 810 taxpayers use these two accounts for EFT payments and Revenue has written to this cohort of taxpayers to notify them that the accounts will close on 30 June.

Local Property Tax

Practitioners stated that the recent announced changes to Local Property Tax (LPT) may need to be discussed in more detail at the next meeting.

Irish Tax Institute	Revenue
Mr Stephen Gahan (Chair)	Mr Joe Howley
Ms Mary Healy	Mr Leonard Burke
Mr Paul Wallace	Ms Maura Conneely
Mr Andrew Thompson	Mr Pat O'Shea
Ms Lorraine Sheegar (Minutes Co-ordinator)	Ms Sinead Sweeney
	Mr Pat Murphy
Law Society	Ms Geraldine Hegarty
Ms Ruth Higgins	Ms Katie Clair
Ms Deirdre Barnicle	
CCAB-I	
Ms Norah Collender	
Mr Gerry Higgins	

Ms Carla Manning	
Ms Maud Clear	