

Mr. Martin Lambe
Chief Executive
Irish Tax Institute
South Block
Longboat Quay
Grand Canal Harbour
Dublin 2

By email: MLambe@taxinstitute.ie

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Re: Draft Code of Practice for Compliance Interventions

Dear Martin

I refer to your letter dated 20 September and thank you and your colleagues at the Institute for sharing your views on the draft of Revenue's new Code of Practice for Compliance Interventions.

Revenue has carefully considered the points made in relation to the planned implementation date for the new Compliance Intervention Framework (the Framework). Revenue appreciates the importance of the role that tax practitioners have in managing taxpayer compliance. Furthermore, we understand that challenges facing your members during the COVID-19 pandemic. For these reasons, Revenue will agree to postponing the implementation of the Framework until 1 May 2022. The team are working hard to finalise the draft Code and will be providing a further draft to the TALC Audit Sub-committee shortly.

Your letter also raises concerns about a number of other matters and the following sets out our response in relation to these issues.

1. Revenue's expectations in response to a Level 2 – Risk Review Notification

In relation to the proposed 21 day notification period for a Level 2 Compliance Intervention - Risk Review, we had aligned the notification period for Risk Review to Audit as both sit within Level 2 of the Framework. However, taking your feedback into account, that notification period will be extended from 21 days to 28 days for both Risk Reviews and Audits. I am hopeful that this approach (extending and aligning the notification periods for Level 2 Compliance Interventions) will alleviate your concerns. The existing opportunity to seek additional time in order to prepare a qualifying disclosure remains unchanged. The draft Code has been updated to reflect this position.

I acknowledge the points made in relation to the scope of the disclosure required in the case of a Risk Review. However, I consider it important not to create a culture of piecemeal

disclosure with regard to any given taxhead/period. The extended notification period for Level 2 Interventions coupled with the continuation of the option of a 60 day period for the making of a disclosure, should help to alleviate concerns in that regard. I further note your concerns regarding the publication threshold. This is a concern that Revenue shares and we had requested the Minister and his Department to revise this in Finance Bill 2021. As you will note from the Bill as published today, this is now in progress, subject, of course to the passage of the Bill through the Oireachtas.

2. Communication with taxpayers about Level 1 Compliance Interventions

Level 1 Compliance Interventions are intended to support taxpayers in being voluntarily compliant. Taxpayers should regard all correspondence received from Revenue as important and act accordingly. While the Framework is comprised of three levels, these levels do not represent sequential stages, simply different classes of intervention based on our perception of risk in any given case. It may arise that, in certain cases, the risks identified by an intervention at one level will lead to our initiating a higher level intervention, but I stress that there is no automatic progression through the levels. We are happy to discuss the concerns in relation to this item at the TALC Audit Sub-committee.

3. Conclusion of compliance interventions on the COVID-19 Support Schemes in advance of implementation of the new Code

I am confident that the proposed postponement of the implementation date will ensure that this is the case. The TWSS compliance checks are essentially completed and checking in relation to EWSS, CRSS and BRSS are being done on a more selective real-time basis.

4. The issue of Revenue Investigation Notifications on a broader basis

I note your concerns on this matter. We will discuss further at the next TALC Audit Sub-committee meeting when a draft of the Code of Practice chapter in relation to Avoidance will be considered.

As outlined above, the team are working to finalise the Code and aim to circulate to the TALC Audit Sub-committee shortly. I would hope to organise a meeting in early November.

Once again thank you for sharing the views of the Institute on this matter. I look forward to continuing to work with your representatives at TALC.

Yours sincerely

Brian Boyle