

Record of Meeting

Meeting	Minutes of TALC BEPS Sub-Committee - Implementation of Pillar Two, Meeting 1		
Location	DFIN Offices, 7-9 Merrion Row	Meeting Date	30/05/2023
D/Finance Attendees	Deirdre Donaghy; Rafal Saniternik; Michael Cantwell; Evan Lombard		
Revenue	Jeannette Doonan; Keith Noonan; John Quigley; Brendan O'Hara; Rory Noone^		
ITI	Anne Gunnell; David Fennell; Emma Arlow; Peter Reilly; Gareth Bryan		
CCAB_I	Enda Faughan; Gearoid O'Sullivan; Kevin Doyle^; Paschal Comerford		
Irish Law Society	Andrew Quinn; Philip Tully		
^ Attended remotely via WebEx			

Purpose

To discuss the administrative issues raised in the responses to the Pillar Two Feedback Statement.

Minutes

The Department of Finance opened the meeting and set out the context of Pillar Two implementation currently and how the views and input of stakeholders at this forum can help that process. Everyone was reminded that ordinarily TALC is not a forum to discuss matters of policy but with regards to the Implementation of Pillar Two an exception is being made.

Agenda item 1: Administration/Compliance aspects of Pillar Two

Revenue summarised the proposed approach being taken to administration/compliance aspects of Pillar Two as set out in the Feedback Statement published in March. Revenue thanked stakeholders for the responses they submitted, which have now been analysed. Aspects of the responses were touched on during the meeting.

The discussion covered the following administration/compliance topics:

Qualified Domestic Top-up Tax (QDTT)

- There was a discussion regarding the proposed adoption of a qualified domestic top-up tax (QDTT) in Ireland, including whether such a QDTT may be creditable against tax in foreign jurisdictions if it were considered to be a corporation tax.
- Linked to this discussion, practitioners suggested that the administration of the Pillar 2 taxes remains separate from the administration of corporation tax.
- Practitioners suggested that simplified reporting for a QDTT should be considered where no top-up tax arises.

Registration/deregistration process for Pillar Two

- Discussion of registration timelines, group registrations and whether it would be a one-off process. Agreement to look at options to streamline the process if possible.

Group filings / payments

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- Discussion of potential for filings for Irish constituent entities to be on a group basis, and where liability would lie in such cases. Widest approach would be for liability and responsibility to be on an entity by entity basis, but Finance/Revenue noted that, if feasible, options for group filing could be considered. There was discussion of options for, and practicality of, joint and several versus primary and secondary liability for pay and file. Practitioners agreed group filing would be beneficial, and it would be preferred if each individual entity had primary liability for its own liabilities.

GloBE Information Return (GIR)

- Practitioners were in agreement with the proposed deadline for filing domestic top-up tax returns to coincide with the filing of the GloBE Information Return (GIR).

Record Keeping

- Revenue/Finance noted that developments from the OECD are awaited in relation to record keeping. There was a general discussion regarding the types of documents that may need to be kept for compliance purposes.

QDTT impact on Safe Harbours

- Practitioners enquired as to when further updates on safe harbours are expected. Revenue / Department of Finance replied that further guidance is expected by the end of the Summer.

Revenue's Enquiries / Assessments

- Practitioners expressed the view that unless there are changes on a global level, it makes sense to stick with the current procedures that are in place regarding Revenue enquires / assessments.

4-year time limit when there is an appeal

- Practitioners suggested that there needs to be international agreement reached with regard to the four-year time limit for collection of tax under the QDTT as proposed in the EU Minimum Tax Directive with regard to scenarios where tax is not collected due to an ongoing appeal.

Penalties

- Practitioners sought to have transitional penalty relief measures in place for the initial phase of the new rules, given the complexity of the rules, ongoing development of guidance, and systems development required to get the necessary data.
- Practitioners enquired as to whether the penalty system will be kept separate to the current domestic corporation tax penalty system, and if there will be some sort of leeway shown to entities when it comes to scenarios where penalties could apply, such as issues with interpretation and data gathering.
- The Department of Finance stated that this was currently under consideration but it would be important to be able to distinguish between when companies are intentionally or carelessly non-compliant versus when companies make an honest effort to comply and errors or genuine differences of interpretation occur. The requirement for penalties to be dissuasive and proportionate was also noted by Revenue and the Department of Finance.

Agenda item 2: Correlative Adjustments / MAP Procedures

The ITI had submitted a supporting note re their query as to how Pillar Two will work/interact with MAP procedures/correlative adjustments.

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Revenue/DoF stated that dispute resolution is on the OECD agenda for future discussion, probably behind safe harbours as a priority. Dispute resolution procedures re Pillar Two will need structures/procedures to be put in place, possibly including future domestic legislative provisions.

Action points

Practitioners emphasised that accounting issues, which are on the agenda for the next meeting, are key from their perspective.

Practitioners agreed that they will send over material (slides / scenarios), in advance of the next meeting to facilitate a full discussion, relating to accounting issues.

Signed

Evan Lombard