

Minutes of TALC Sub-Committee on Collection Issues

Date: 27 February 2024

Via Microsoft Teams

Agenda Item 1: Minutes of meeting held on 28 November 2023 and matters arising therefrom.

The participants confirmed that they had no further comments on the draft minutes from the meeting held on 28 November 2023. Accordingly, the minutes were agreed for publication on the Revenue website. Action points arising from these minutes were reviewed.

Agenda Item 2: Debt Management Services

Revenue advised that standard debt collection activities are proceeding as normal for non-warehoused debt. This includes the issuing of requests for payment, final demand letters and VAT estimates (in the absence of a VAT return on record). Revenue noted that, as always, the advice is that taxpayers should not ignore this correspondence from Revenue. If difficulty arises with the making of a tax payment, taxpayers should engage with Revenue as early as possible to address these difficulties.

Revenue flagged that the Debt Management Services now manage the income tax and corporation tax non-filer programme. A bulk reminder issued in January to all customers with outstanding income tax and corporation tax returns. A notification was also sent to tax agent's ROS inboxes with a listing of their clients who have received one of these reminders. A customer service phone campaign is to commence to raise awareness for non-filing of income tax and corporation tax returns. Revenue is encouraging taxpayers (and agents) to act on these reminders and to arrange for outstanding returns to be filed as soon as possible.

There was a query from CCAB-I in relation to this agenda item. CCAB-I queried that persons who are no longer chargeable persons would also have received these reminders. Revenue noted that these reminders will continue for so long as a taxpayer is registered for income tax and corporation tax. The onus is on the taxpayer to deregister for income tax and corporation tax.

Agenda Item 3: Debt Warehousing Scheme

Revenue provided an update on the Debt Warehousing Scheme to the end of January 2024, noting that there was €1.7 billion of warehoused debt across 57,000 customers. Revenue noted that almost 30,000 customers have warehoused debt of less than €1,000 (of which most have less than €500). The bulk of the warehoused debt is with approximately 5,200 customers (who have greater than €50,000 debt individually) with a total of €1.4 billion in debt for these customers. Revenue advised that the majority of the warehoused debt still remains in the wholesale and retail sector, the accommodation and food sector, the construction sector and the scientific sector.

Revenue acknowledged the announcement by the Minister for Finance, Michael McGrath, on 5 February 2024 that the interest rate charged on the warehoused debt would be reduced to 0%. However, Revenue stressed that 1 May 2024 remains a key date whereby customers must, by this date, pay off the warehoused debt or have submitted a Phased Payment agreement (PPA) application to Revenue in order to continue to avail of the 0% warehoused debt arrangement. Revenue emphasised that customers should not avoid engagement with Revenue, and that the submission of a PPA application is the only manner in which Revenue can measure engagement with regards to the warehoused debt. Revenue will work with customers to put a suitable payment arrangement in place, noting that there is enough flexibility in the PPA system to allow customers commence the repayment arrangement after 1 May 2024 even where the application is submitted in advance of 1 May 2024. As

a result, customers should not delay in making their PPA applications over a concern that repayments would have to begin immediately upon the making of their PPA application.

Revenue provided an update on the refund of interest to customers to whom a refund is due as a result of the interest on the warehoused debt being reduced to 0%. Revenue is currently reviewing the cases that qualify for a refund of interest and have identified 475 customers who are due refunds totalling €500,000. Revenue are still working through the process in terms of customer contact required, bank details to be used and the refund process itself. There is no definite timeline for the process, but there is an expectation that the refunds will begin to issue in the coming weeks. Revenue noted that some cases will be reviewed on a case-by-case basis where the case in question is more complex. For any PPAs still in progress with the 3% interest rate, a notification (marked as priority) will issue to those customers in the coming days whereby the customers will be invited to accept a new repayment schedule with the 0% interest rate. It is important that the taxpayers sign and submit the changes to their repayment schedule on ROS to benefit from the interest rate reduction.

Revenue were asked if they anticipate any changes to the approach they take to agreeing the terms of a PPA with a customer. Revenue does not anticipate a change in approach, and they will look at each case on a case-by-case basis having regard for the customer's proposal (downpayment amount, duration of repayments etc.). The ability of a customer to draw up a suitable repayment proposal should now be simplified due to the 0% interest rate. Revenue will be flexible in agreeing the terms of a repayment proposal to ensure that customers can meet both the repayment of current taxes and warehoused debt simultaneously.

It was noted that a lot of focus has been put on the reduction of the interest rate, and that customers may have lost sight of the 1 May 2024 deadline. It was noted that customers needed to be aware of the 1 May 2024 deadline and the consequences of not engaging with Revenue before that deadline. Revenue noted that a reminder letter would issue to customers in mid-March which emphasises the 1 May 2024 deadline and sets out a schedule of the customer's debt. Revenue continues to engage with customers (by outreach, telephone, and webinar) and will continue to do so over the coming months leading up to the 1 May 2024 deadline. It was noted that agents do not receive correspondence relating to clients who have warehoused debt or who have not engaged with Revenue prior to the 1 May 2024 deadline. Revenue noted that it was unlikely that such correspondence could be arranged from a systems point of view. Revenue have not identified the point in time when debt will be excluded from the debt warehouse. However, this is expected to be a number of weeks after the 1 May 2024 deadline. Where a customer has not engaged with Revenue in the PPA process, their debt will be removed from the debt warehouse after receipt of a final reminder letter.

Finally, it was noted by CCAB-I that, while Revenue intends to remove the calculator function for computing liability under the Debt Warehousing Scheme (due to the 0% interest rate), it might be helpful to retain this function for customers wishing to agree a PPA for non-warehoused debt. Revenue will look into making this calculator function available more generally.

ACTION POINTS

Revenue to revert on making the calculator function available more generally.

Agenda Item 4: ROS

A query was raised regarding the payment of preliminary corporation tax and whether this amount could be authorised and paid with the filing of the corporation tax return for the prior period (similar to the facility available for income tax customers). Revenue advised that they are looking into this and that it has been raised with the Revenue Legislation Services and the Collector General's Division.

Practitioners were advised to raise the issue as a Main TALC priority where it can be reviewed and costed for development if required.

A separate query was raised regarding the availability of the Form IT38 on ROS. Revenue confirmed that the Form IT38 will be released on the Return Preparation Facility (“RPF”) on ROS on 26 February 2024. The initial release will only include the Form IT38 for the return filing period 1 September 2023 to 31 August 2024. All other filing periods will be released to the RPF on 26 March 2024. The offline version of the Form IT38 will still be available for a few months to allow time for the change to be communicated.

Agenda Item 5: PAYE

An issue was raised whereby it was noted that a non-assessable spouse is unable to amend their tax credits via the MyAccount facility where the assessable spouse is subject to self-assessment because the MyAccount facility requests details of any other income. It was noted that it was sometimes not possible to provide details of the other income for the assessable spouse meaning that the non-assessable spouse could not amend their tax credits via the MyAccount facility. The entire form must be completed before the tax credits can be amended. There is a worry that it is the incorrect approach for a non-assessable spouse to declare no additional income (even where this might not be the case) in the interest of completing the entire form. It was stated that clearer guidance is required if this is the correct and only approach available in these circumstances.

Revenue noted the issue and are to report back on same.

ACTION POINTS

Revenue to report back on issues faced by taxpayers.

Agenda Item 6: Taxation of Share Options

It was queried when Revenue would issue the updated guidance in relation to the taxation of share options to incorporate the amendments in Finance (No. 2) Act 2023. Revenue confirmed that the updated guidance has been published to the Revenue website.

Agenda Item 7: Reporting of Subgroups – MyEnquiries and ERR Subgroups

Revenue confirmed that the MyEnquiries Subgroup meets twice a year and there has been no meeting since the last TALC Collections Sub-Committee meeting. Minutes of the most recent MyEnquiries meeting in 2023 are to be forwarded to the group. Both ITI and Revenue acknowledged that the ERR subgroup reports to Main TALC directly and so should be removed as an agenda item for TALC Collections.

ACTION POINTS

Revenue to circulate minutes of the most recent MyEnquiries meeting to the group.

Agenda Item 8: Local Property Tax (“LPT”)

Revenue noted that the LPT filing deadline for 2024 was 10 January 2024 meaning that property owners were required to have a payment method in place for their 2024 liability by that date. If a property owner intends to pay by Annual Debit Instruction (“ADI”), the deadline to have the ADI in place was 10 January 2024. The ADI will be debited from customers’ accounts on 21 March 2024 and reminder letters will be issued to customers who have elected to pay by ADI via post and MyEnquiries within the next week.

Revenue also noted instances where a property owner is paying LPT, often through deduction at source, but has not filed the required LPT return. A LPT return must be filed to declare the correct valuation band of the property, regardless of whether the LPT is paid, or the owner agrees with the Notice of Estimate that Revenue issued. Revenue advised practitioners that if they are acting for residential property owners for LPT purposes to ensure that a return is on record.

Revenue advised that properties that became suitable for use as a dwelling after 1 November 2022 and on or before 1 November 2023, became liable to LPT for the first time in 2024. Owners of newly liable properties are required to base their valuation of their property as if it had existed on 1 November 2021. Revenue have published guidance for valuing newly liable properties, including ‘discount factors’. These ‘discount factors’ are designed to help property owners convert the value of a newly built residential property into a value as at 1 November 2021.

Revenue are undertaking compliance exercises in relation to valuations for LPT purposes. Revenue are particularly focused on properties where a decrease in value was declared following the introduction of the new LPT bands. Revenue are also reviewing the uninhabitable properties listed to determine if the uninhabitable status is correct. Revenue have established a project team who are tasked with reviewing the list of uninhabitable properties with a view to determining if it is appropriate that properties retain their uninhabitable status. The project is expected to identify habitable properties which are vacant and may be subject to the Vacant Homes Tax. These compliance exercises will continue throughout 2024 and customers can expect to be contacted directly by Revenue.

Agenda Item 9: Vacant Homes Tax (“VHT”)

Revenue have established a register of vacant homes. There are currently 5,856 properties declared as vacant of which almost 3,500 are liable for VHT. An exemption has been claimed in respect of the remaining almost 2,400 properties. The total net liability to VHT for 2024 is approximately €2 million.

Revenue are continually monitoring and working to update the register of vacant homes to ensure compliance with the VHT. In addition to the compliance work undertaken in relation to the list of uninhabitable properties, Revenue are this week writing to property owners who own over 20 properties. These property owners are being requested to log onto the portal to confirm that the property is occupied and where it is not occupied, to complete a VHT return and pay any resulting VHT liability. Revenue will continue to carry out further analysis and issue correspondence to customers in relation to VHT throughout 2024.

Agenda Item 10: Non-Resident Landlords

CCAB-I outlined that there is concern amongst practitioners with regards to the transition year 2023. The preference is that taxpayers will have to file only one return in respect of 2023.

Revenue confirmed that the proposed solution will enable the filing of a single return. A facility will be provided, whereby the filer will be able to notify Revenue that the collection agent and the liable person for Non-Resident Landlord Withholding Tax (NLWT) are the same taxpayer. Revenue are still in the process of confirming the details of the proposed scheme but the draft plan for the scheme is in progress. Revenue will share details of the proposed solution soon.

CCAB-I raised a query in relation to scenarios where a non-resident landlord owning multiple properties has opted to be assessed to income tax under the name of their collection agent under s1034 TCA 1997 in respect of their Case V income, but has also appointed a letting agent to manage the tenancy and collect the rent for one of those properties. The query concerned whether the letting agent can pay the rent to the collection agent, chargeable on behalf of the landlord, without operating withholding tax. Revenue confirmed that this can be done. If there is a collection agent in place under the 'old' system, the obligations of the collection agent as a chargeable person for the purposes of s1034 TCA can continue. If the collection agent wishes to be released from the obligations of being chargeable, then they will be required to operate NLWT. This is confirmed in the relevant TDM.

ITI queried whether the proposed Revenue solution will cover a scenario where a non-resident landlord has other Irish income in addition to Case V income. Revenue confirmed that if the taxpayer has non-Case V income, they will already be filing a Form 11 so the Case V income will be included in the Form 11.

Revenue confirmed that they would like discussion with industry groups to commence shortly in order to improve communication in this area. Revenue confirmed that collection agents are increasingly engaging with the NLWT system and that 40,000 to 50,000 rental notifications have been received from collection agents to date.

ACTION POINTS

Revenue to provide details of plan for filing of a single return in respect of the tax year 2023.

Agenda Item 11: Rent Tax Credit

CCAB-I raised a query in relation to the extension of the Rent Tax Credit to children of a landlord residing in an RTB-exempt letting. CCAB-I noted that it would be helpful to include a box marked "*RTB Exempt Letting*" which could be ticked by a taxpayer seeking to claim the Rent Tax Credit in these circumstances. Revenue explained that an update to Revenue's systems for claiming the Rent Tax Credit would incur costs and a business case would have to be made for any such update.

In relation to issuing of updated guidance to incorporate the amendments to the Rent Tax Credit introduced pursuant to Finance (No.2) Act 2023, Revenue confirmed that they have been in touch with the Revenue Legislation Services (RLS) and that updated guidance will be published shortly.

Revenue provided an update in relation to the uptake of the Rent Tax Credit by taxpayers in 2022 and 2023. Revenue confirmed that the Rent Tax Credit was claimed by 209,520 taxpayers in returns filed for 2022. The Rent Tax Credit has been claimed in 119,242 returns filed for 2023, noting that not all returns for 2023 have been filed to date.

ACTION POINTS

Revenue to publish updated guidance to incorporate the amendments to Rent Tax Credit introduced pursuant to Finance (No. 2) Act 2023.

Agenda Item 12: ePSWT

As per the Agenda, CCAB-I had raised some queries in relation to TDM Part 38-01-04H Section 3.1 - *Professional Services Withholding Tax*.

CCAB-I confirmed that the warning message which appears where the values entered into the first three fields of the PSWT of the Form 11 in respect of tax year 2022 do not match those in the pre-populated table of PSWT information was causing confusion for taxpayers.

Revenue noted that they understood that this issue had been resolved. CCAB-I confirmed that this is not the case. The TDM states that the first three fields should match one row in the corresponding pre-populated table and that this is not correct. PSWT in the ROS Form 11 is pre-populated from ePSWT, which is recorded on the cash receipts basis while most taxpayer's accounts are prepared on an accruals basis so discrepancies will arise between the two figures. Revenue noted that that this query has been raised previously and that they will look at previous responses and advise accordingly.

ACTION POINTS

Revenue to review previous responses and advise accordingly.

Agenda Item 13: VAT RTD

As per the Agenda, CCAB-I noted some discrepancies in the Revenue TDM in respect of VAT RTD. CCAB-I confirmed that as much clarity as possible would be welcome in this regard.

Revenue noted the discrepancies highlighted by CCAB-I and confirmed that the TDM will be updated in this regard.

ACTION POINTS

Revenue to update TDM.

Agenda Item 14: Letters of No Objection

A query was raised by the CCAB-I regarding the length of time it is taking Revenue to issue Letters of No Objection ("LONO") to taxpayers for strike off purposes. The CCAB-I noted that in some cases it was currently taking Revenue up to 6 weeks to issue a LONO to a taxpayer, whereas previously these would usually issue within 2 weeks. The CCAB-I contended that these delays are causing taxpayers to miss the cut off for strike-off, which is causing taxpayers to incur additional costs.

Revenue noted that the National Companies Unit (the "NCU") is aware of the large volume of cases at present and is monitoring the caseload closely. In many cases, there is a substantial amount of correspondence before all required information is received to enable Revenue to issue the LONO. Revenue provided statistics to demonstrate that 20% of all queries dealt with in January 2024 related to LONO, and in quarter 4 2023 that 82% of queries relating to LONO were responded to within 30 days.

Revenue noted that they are taking steps to address the caseload. In recent weeks Revenue have allocated extra resources to the NCU. In addition, to help reduce the number of incomplete applications,

a downloadable checklist is now available on the Revenue website to help applicants provide all required information in their initial application. Revenue advises all applicants to make the application for a LONO well in advance of their filing deadlines, noting that they often receive urgent requests from applicants who are close to their filing deadline. Revenue also flagged that the CG Exceptional Contact facility is available to practitioners to enable them contact Revenue in urgent situations or if an item has not been dealt with within the Customer Services Standards timeframes.

Agenda Item 15: eTax Clearance

A query was raised by the CCAB-I concerning the rescinding of eTax Clearance without pre-notification to the taxpayer from Revenue. The CCAB-I noted that this was impacting cashflow for tax compliant taxpayers. CCAB-I have asked Revenue to consider pre-notifying taxpayers of its intention to rescind eTax Clearance.

Revenue confirmed that a taxpayer must keep its tax affairs current in order to retain eTax Clearance on an ongoing basis. Revenue periodically re-assesses taxpayers for eTax Clearance. Applicants who are no longer tax compliant will have their eTax Clearance rescinded. A taxpayer receives a notification to its ROS inbox or via MyEnquiries to confirm that its eTax Clearance has been rescinded. This notification also confirms the reason why the eTax Clearance has been rescinded. The taxpayer will have to make a new application to have its eTax Clearance reinstated.

Revenue also confirmed that a new application for eTax Clearance is required upon expiry of a current eTax Clearance. Applications for grants are currently valid for 1 year and all other applications are currently valid for 4 years. Applications will remain in place until expiry as long as the taxpayer remains tax compliant. Revenue are exploring an IT development to request that a notification will be given to the taxpayer in advance of its eTax Clearance going out of date and being rescinded due to expiry.

ACTION POINTS

Revenue to provide an update on the possibility of an IT development in this regard.

Agenda Item 16: E-Stamping Numbers

An issue was raised by the Law Society regarding the application for an e-stamping number for a US LLC where Revenue insisted in some situations that the declaration form for a foreign body unincorporated be provided (rather than the declaration form for a foreign body incorporated), notwithstanding that in the particular cases the practitioner confirmed that the US LLC in question was a body corporate. This was on the basis that the US LLC has a Certificate of Formation rather than a Certificate of Incorporation. Revenue were requested to confirm that the appropriate declaration in these circumstances is the declaration for a foreign body incorporated. Revenue noted that the TDM sets out the specific forms and documentary evidence to be provided. Revenue requested that a specific example be provided so that they could explore whether the TDM was clear in this regard.

The Law Society also pointed out that the following standard wording has been included in email responses from Revenue for e-stamping numbers for foreign bodies corporate/unincorporated. "Please send correspondence via Revenue's secure online services MyEnquiries by logging into your ROS account or MyAccount. This is our preferred method of communication that allows you to send, receive and track correspondence to and from Revenue." The Law Society noted that many constituent members do not have access to MyEnquiries, accordingly, it is important that the process for obtaining e-stamping numbers for foreign bodies corporate/unincorporated bodies continues to be available by

email going forward. Revenue confirmed that the stamp duty email address will remain active to accept e-stamping number applications and that this is just standard wording included in email responses.

ACTION POINTS

Law Society provided a specific example to Revenue on 27 February 2024. Revenue confirmed by email that their internal procedures and documentary requirements for registering foreign entities are now under review.

Agenda Item 17: Form CG50A Issues

Revenue confirmed that they will update the TDM (Part 42-03-01) to confirm that where the transferor is a charity on the list of registered charities published by the Charities Regulator, a purchaser can be satisfied that no CC50A Certificate is required.

The Law Society raised an issue in relation to situations of simultaneous signing and closing, where the closing date of a contract slips such that a taxpayer or agent is required write to Revenue to confirm that the purchaser can continue to rely on the CG50A Certificate as issued (where the only change is date of the final signed contract). The ITI also confirmed that it had come across similar issues, and that while it is not a frequent issue, it occurs occasionally and is difficult to resolve when it does occur resulting in further delays to the closing date. The Law Society noted this issue could be resolved by updating the TDM to note that the CG50A Certificate could be relied upon where the date of the final signed contract differs slightly from the date included on the CG50A Certificate (by five business days for example) where all other details including the parties, assets and consideration remained the same.

ACTION POINTS

Revenue to update the TDM where the transferor is a charity.

Law Society to provide further context in relation to issues regarding simultaneous signing and closing. This was provided on 20 March 2024.

Agenda Item 18: AOB

A few minor additional issues were raised. The ITI noted an issue with the online Form 11 whereby the DSP income section was not fully populated. The CCAB-I also confirmed that its members had experienced similar issues. Revenue noted that the DSP income should be fully populated. However, they would ask their IT department to investigate this matter further. Revenue requested a PPS number (on a no names basis) for a specific example in which this issue occurred, so that their IT department could investigate and diagnose the issue correctly.

Revenue confirmed that it would be the 24-26 April 2024 before the updated Form CT1 for 2023 would be released. Revenue are still finalising some updates to the Form CT1 for 2023.

The ITI queried whether issues relating to the Employment Detail Summary had been resolved. Revenue confirmed that they are still looking into this and would provide an update in due course.

The meeting concluded with the next meeting scheduled for 18 June 2024.

In attendance:

Law Society

Deirdre Barnicle (Chair)
Cian O'Rourke (Minutes Coordinator)
Jack Shannon (Minutes Coordinator)

Revenue

Elaine Byrnes
Maura Conneely
Alan Greaney
Geraldine Hegarty
Maureen Marray
Aisling Ní Mhaoileoin

CCAB-I

Carla Manning
Gráinne McDermott

ITI

Mary Healy
Lorraine Sheegar
Andrew Thompson
Paul Wallace