

Minutes
Indirect TALC Meeting
10:30am, Wednesday 26 February 2025
Basement Conference Room, Stamping Building, Dublin Castle

Item 1 – Minutes of Previous Meetings

Minutes of the September and November 2024 meetings were agreed. The minutes from the October Finance Bill meeting had been agreed at the November meeting.

Item 2 – Matters Arising

2.1 TALC Sub-groups

- VAT Groups – This matter is progressing internally.
- VAT Modernisation – A meeting of the sub-group was held on 6 February. Revenue delivered a Presentation on the ViDA Legislative changes followed by discussion.
- Partnerships/Co-ownerships – the first meeting has been arranged for 1 April 2025.

2.2 VAT 56A Applications Update

Revenue is continuing to progress this issue internally.

2.3 Reverse charge VAT on property-related transactions

Revenue issued a response on 25 February to the ITI's additional queries from 19 November 2024. The ITI will review the response and consider if additional submissions are required.

Revenue advised that RCT guidance is being updated by Personal Taxes Policy & Legislation Division but could not give a timeline on when the guidance will be published. Revenue confirmed that VAT guidance will be updated by Indirect Taxes Policy & Legislation Division once matters have concluded at this forum. When a revised TDM is published it will supersede the 5 November 2024 and the 25 February 2025 notes.

2.4 Second Sale Post Completion/Two Year Rule

Revenue advised the representative bodies that the Law Society submission remains under consideration and is progressing. The existing approach to the rules remains in place.

2.5 OSS & IOSS Returns

Revenue advised that the matter raised at the last meeting has been flagged internally and will be considered when future updates are being made in that area.

The ITI advised that some additional OSS issues were raised at TALC Collections. It was agreed that this matter would now be closed at Indirect TALC to allow it to progress via TALC Collections.

Item 3 – EU Matters

Revenue provided an update on EU matters relevant to VAT.

- **Electronic VAT Exemption Certificate**
 - New legislative package adopted by the Council on 18 February 2025.
 - The main effect of this is to put certain VAT exemptions onto a digital footing – relating to the VAT exemption for diplomats and related entities.
 - Member States shall transpose the new law by 1 July 2031 and shall operate the new system by 1 July 2032.
- **Discussions concluded under the Hungarian Presidency of the Council of Europe**
 - With a partial agreement brought to Ecofin in December 2024, on the direction of travel on discussions “incentivisation of the IOSS as an alternative to a mandatory IOSS”.
 - Discussions on other measures to provide for the expansion of the IOSS Scheme will continue under the Polish Presidency.
- **Programme of the Polish Presidency of the Council of Europe**
 - The priority for the Polish Presidency will be to further tighten up VAT in the e-commerce sector, in particular to counter irregularities in the case of distance sales of imported goods via electronic interfaces.
 - They will continue to work on the reform of the Customs Union, including the creation of the EU Customs Authority.
- **Commission work programme 2025**
 - Revenue précised the VAT and Customs proposals included in the Commission Work Programme these include;
 - Proposal for a Council Directive as regards VAT rules relating to taxable persons who facilitate distance sales of imported goods.
 - Proposal for a Council Regulation as regards the elimination of the €150 customs duty relief threshold.
 - Proposal for a Regulation of the European Parliament and of the Council establishing the Union Customs Code and the European Union Customs Authority.
- **The Definitive VAT System**
 - It was mentioned that the Commission confirmed that it has withdrawn its proposed Definitive VAT System reform. This proposal sought to tackle missing trader fraud by introducing the destination principle for VAT liabilities on intra-community goods transactions.
- **Revision of EN 16931 e-Invoicing**
 - The EU Standards Body CEN, has started work to amend the EU standard on e-invoicing – EN 16931. A new version of this standard is expected by June 2025.

- Among the new information which will be required is:
 - Adding bank account IBAN details
 - Mentioning use of triangulation simplification
 - Corrective invoice sequential numbering
- ViDA Progress
 - On 12 February 2025 the EU Parliament approved the ViDA Package. Formal Council ratification is expected in March 2025.
 - Some provisions will be transposed immediately. The immediate ViDA Directive changes will allow Member States to implement domestic mandatory e-invoicing without the requirement to seek a derogation.
 - Further information was given during the ViDA Legislative Changes Presentation which is summarised at Item 4 below.

Item 4 – VAT Modernisation

A presentation was given on the key aspects and dates relating to the VAT in the Digital Age Package. Slides will be shared with the members in due course.

Key Dates for all three strands of ViDA :

Early 2025: Member States can implement mandatory domestic e-invoicing systems without seeking European Commission approval.

January 2027: One Stop Shop (OSS) for B2C distance sales of goods/services expanded to include energy related supplies.

July 2028: OSS will now include all B2C supplies and intra-EU stock transfers.

Member States are required to mandate that Platforms facilitating short-term accommodation rentals (≤30 nights) and passenger transport by road are to be regarded as 'Deemed Suppliers' for VAT (unless certain exclusions apply) and these platforms will be obliged to charge and remit VAT on these accommodation and transportation services .

January 2030: Digital platforms when held as Deemed Suppliers, must collect and remit VAT where they facilitate short-term accommodation rentals (≤30 nights) and passenger transport by road (Mandatory implementation).

July 2030: EInvoicing and Digital Reporting mandatory for intra-Community transactions, the introduction of mandatory provisions re the definition of eInvoice, the acceptance of eInvoices, the timing of the issue of eInvoice, timing of reporting the data and compliance of the Intra-Community eInvoices with the European Standard.

Member States have the option to establish a domestic DRR.

January 2035: All existing domestic Digital Reporting Requirements (DRRs) must align with ViDA standards.

Item 5 – Any Other Business

5.1 Clarification of current position following the High Court decision in Killarney Consortium C v The Revenue Commissioners

Revenue is currently considering the judgement in this case.

5.2 The application of VAT on the microgeneration of electricity by businesses with solar panels and similar technology.

Revenue informed the members that the method of self-billing is subject to prior agreement with the supplier. The customer who assumes responsibility for preparing the invoice must be VAT registered. Self-billing is not a mandatory system rather it is an alternative method for issuing invoices that is available to the relevant parties, subject to conditions. Revenue pointed to guidance on the Revenue website in relation to self-billing and confirmed that it does not apply to non-taxable persons.

The CCAB-I will revert to the member who raised the query and ask if further information is required.

5.3 VAT treatment of share transactions and trading platforms

Revenue advised that they would look at the current guidance in this area with a view to amending it to provide further clarification.

5.4 VAT status of companies in liquidation

Revenue asked the ITI what had triggered this query as there has been no change to guidance or policy in this area. Revenue advised that they are not aware of any issues with regard to liquidators and their entitlement to deductibility subject to normal rules. Revenue confirmed that the changes in Finance Act 2024 did not impact current guidance or policy in this area.

5.5 VAT Scheme for SMEs

Revenue advised that the transposition of the Directive is close to finalisation. The cross-border element of the scheme has been in operation since 1 January 2025. The domestic element, specifically changes around when to register for VAT as a result of the transposition of article 288 on foot of the amendment to article 284, will come into effect on signing of the SI. Guidelines will be issued in due course.

5.6 Rates Directive

The SI which transposed the Rates Directive provision amending the place of supply rules for attendance at virtual events has been finalised and published.

5.7 Postponed Accounting

Revenue advised that there will be an update to the VAT3 Form on ROS in relation to the Postponed Accounting field. Changes to increase the number of digits that can be entered into the Postponed Accounting 1 (PA1) field and ES1 field on the VAT3 are currently being tested. The PA1 field will also now be mandatory to be completed on filing. The fields will be able to accept 10-digit values. These changes will be implemented no later than the end of April 2025.

5.8 TDMs

Revenue advised that a number of TDMs have been published since the Finance Bill in October 2024, including a TDM on the VAT treatment relevant to taxi drivers.

5.9 Waiver of Exemption

A query was raised by the Law Society in relation to a provision of the VAT Act 1972 which was not carried over into the VAT Consolidation Act 2010. The provision related to waivers of exemption on property acquired post 1 July 2008. Revenue advised that there has been no change in this regard and pointed to existing guidance.

5.10 Guidance re Mergers by Acquisition and Absorption

The Law Society pointed out that there is no mention of VAT in the existing guidance even though all other taxheads are covered. They asked if Revenue would consider updating the guidance to include a section on VAT. Revenue confirmed that they would consider publishing a VAT TDM on this topic in the future.

5.11 Meeting Dates for 2025

The following meeting dates were agreed:

- 11 June 2025
- 10 September 2025
- 19 November 2025

As in previous years, there will be an ad hoc meeting to discuss the relevant Finance Bill provisions in October 2025.

Action Points	Agenda Item	Responsible	Timescale
Send slides of ViDA presentation to members	4	Revenue	By next week
CCAB-I to clarify query regarding the microgeneration of electricity by businesses with solar panels and similar technology	5.2	CCAB-I	Before next meeting
Revenue to confirm guidance re waiver of exemption post 1 July 2008	5.9	Revenue	Before next meeting
Send invites for 2025 meetings	5.11	Revenue	By end of week

Attendees

Consultative Committee of Accountancy Bodies - Ireland

Mairead Hennessy
Noreen Lehane

Irish Tax Institute

Oonagh Carney
Gabrielle Dillon
Eamonn McCallion
Lorraine Sheegar

Law Society

Matthew Broadstock
Donal Kennedy
David Lawless

Revenue

Anne Dullea
Chad Egan
Ita Foster
Deirdre Hanlon*
Patricia Lahert
Amy Prendiville - Secretary

*Designated Public Official, Regulation of Lobbying Act 2015

Appendix 1 – Revenue Reply to Indirect TALC (5 November 2024)

Revenue response to Indirect TALC query regarding the application of the VAT reverse charge on property-related transactions

In September 2023 and March 2024 at the TALC Indirect Taxes Sub-committee, the Law Society raised concerns about some instances involving the VAT and RCT treatment of property-related transactions. The issue concerned the applicability of the VAT reverse charge on single contracts for the sale of a site and the supply of building services to an Approved Housing bodies/Local Authorities (hereafter referred to as AHB/LA).

The Law Society undertook to revert with more information including specific examples of the application of reverse charge on these types of property-related transactions and in March 2024, submitted four scenarios to Indirect TALC. Revenue received additional information from the Law Society on the 17 of April 2024 and the 10 and 11 of September 2024. The purpose of this paper is to reply to these four scenarios.¹

From a RCT perspective, the key question is whether a particular contract(s) come within the definition of relevant contract in section 530(1) TCA 1997. It is necessary to examine each contract(s) based on its wording for the purposes of ascertaining the RCT treatment.

Typically, from a VAT standpoint, the supplier is responsible for accounting for the VAT. However, where RCT applies, the person accountable for VAT depends on the RCT position of each agreement. Essentially, the recipient of the supply acting as a principal contractor for construction operations must account for the VAT directly to Revenue as if they had made that supply. This is otherwise known as the VAT Reverse Charge.

The scenarios submitted by the Law Society to Indirect TALC are outlined in the table below and the Revenue reply on the applicability of RCT and VAT in so far as possible, based on the general scenario described, has also been included. It is important to note that while the scenarios below represent the position in some of the cases seen by Revenue, there may be other cases which fall outside the scenarios below. The Revenue reply is subject to the caveat that the application of RCT to a contract will depend on the facts of each case and the contractual arrangements between the parties.

¹ To note, separate submissions with different examples were also made by the Law Society and the ITI, to Direct & Capital Taxes TALC. Revenue responded to these queries on 4th of September 2024.

Scenarios and Replies

Examples Submitted from the Law Society to Indirect TALC	RCT Position	VAT Position
No. 1 Example: - A contracts to sell and sells site to AHB - B contracts to supply and supplies build services to AHB - Connected contracts - A and B unconnected parties VAT: - A charges VAT on the site sale consideration - AHB pays this VAT to A – A issues VAT invoice to AHB - B does not charge VAT on the build service consideration – AHB accounts for VAT on the reverse charge basis on the build service consideration/Section 16(3) – B issues a Section 66(4) VAT document to AHB	A relevant contract exists between AHB and B, so payments by AHB to B is subject to RCT. The sale of land is not a construction operation, so no relevant contract exists between AHB and A and therefore RCT does not apply to the payments relating to the sale. <i>The wording of each contract will need to be examined to determine the correct position in relation to RCT.</i>	The sale of the site is not a construction operation between AHB and A. A should charge VAT on the sale of the site to AHB and issue a corresponding VAT invoice to AHB. VAT should be accounted by A on the sale of the site to AHB in the normal way. Where there is a relevant contract for construction services VAT is accounted by the AHB on the reverse charge basis for the build services from B. B does not charge VAT on the build services and should issue a section 66(4) document to AHB.
No. 2 Example: - A contracts to sell and sells site to AHB - B contracts to supply and supplies build services to AHB - Connected contracts - A and B connected parties VAT: - A charges VAT on the site sale consideration - AHB pays this VAT to A – A issues VAT invoice to AHB - B does not charge VAT on the build service consideration – AHB accounts for VAT on the reverse charge basis on the build service consideration/Section 16(3) – B issues a Section 66(4) VAT document to AHB.	Same as example 1, the fact that A and B are connected parties and that the contracts are connected does not impact on the RCT position. <i>The wording of each contract will need to be examined to determine the correct position in relation to RCT.</i>	Same as Example 1.

Examples Submitted from the Law Society to Indirect TALC	RCT Position	VAT Position
No. 3 Example - A, in a single contract, contracts to sell site and supply build services and sells site and supplies build services to AHB - Contract specifies separate considerations for sale of the site and the supply of the build service	A is providing construction operations to AHB and a relevant contract exists between the parties, RCT should be applied to payments for the construction services. As in example 1, the sale of land is not a construction operation,	The sale of site is not a construction operation between A and AHB. A should charge VAT on the sale of the site to AHB and issue a corresponding VAT invoice to AHB. VAT would be accounted by A on the sale of the site to AHB in the normal way.

VAT: • <i>A charges VAT on the site sale consideration - AHB pays this VAT to A – A issues VAT invoice to AHB</i> • <i>A does not charge VAT on the build service consideration – AHB accounts for VAT on the reverse charge basis on the build service consideration/Section 16(3) – A issues a Section 66(4) VAT document to AHB</i>	therefore RCT does not apply to the payments relating to the sale. <i>The wording of each contract will need to be examined to determine the correct position in relation to RCT.</i>	A supplies construction services to AHB under a relevant contract, VAT is accounted by the AHB on the reverse charge basis for these services. A does not charge VAT on the build services and should issue a section 66(4) document to AHB.
No. 4 Example: • <i>A, in a single contract, contracts to sell site and supply build services and sells site and supplies build services to AHB.</i> • <i>Contract specifies a single consideration for sale of the site and the supply of the build service.</i> VAT: • <i>A must apportion the consideration between that attributable to the site and that attributable to the build service</i> • <i>A charges VAT on the portion of the consideration attributable to the site sale - AHB pays this VAT to A – A issues VAT invoice to AHB</i> • <i>A does not charge VAT on the portion of the consideration attributable to the build service – AHB accounts for VAT on the reverse charge basis on the build service consideration/Section 16(3) – A issues a Section 66(4) VAT document to AHB.</i>	As in the previous examples RCT applies to payments made in respect of the provision of construction operations and RCT does not apply to the sale of land. The wording of each contract will need to be examined to determine the correct position in relation to RCT.	The consideration for the sale of the site and the supply to build services must be apportioned between that attributable to the sale of the site and to the build service. The sale of site between A and AHB is not a construction operation. VAT would be accounted by A on the portion attributable to the sale of the site in the normal way. A should charge VAT on the portion attributable to the sale of the site to AHB and issue a corresponding VAT invoice to AHB. A supplies construction services to AHB under a relevant contract, VAT is accounted by AHB on the portion attributable to the construction services on the reverse charge basis. A does not charge VAT on the portion attributable to the build services and should issue a section 66(4) document to AHB.

Conclusion

In summary, as previously mentioned from a VAT perspective, in general, the supplier is responsible for accounting for the VAT. However, where RCT applies, the person accountable for VAT depends on the RCT position of each agreement. Essentially, the recipient of the supply acting as a principal contractor for construction operations must account for the VAT directly to Revenue as if they had made that supply (VAT reverse charge). Where a single contract includes the sale of land and the provision of construction operations to an AHB/LA, VAT on the sale of the land should be accounted for by the supplier. VAT on the construction operations should be accounted by the recipient under the reverse charge mechanism.

The above position is subject to the caveat that whether RCT will apply to contracts entered into by AHB/LA will depend on the facts of each case and the contractual arrangements between the parties will need to be examined.

Appendix 2 – Revenue Reply to Indirect TALC (25 February 2025)

Revenue Response to RCT and VAT issues raised in the ITI Submission of 19 November 2024 to the TALC Indirect Taxes Sub-Committee

Revenue circulated a response on 5 November 2024 to practitioners' queries raised at TALC Indirect Taxes Sub-committee regarding the application of RCT and the VAT reverse charge on certain property-related transactions. The ITI made a subsequent submission dated 19 November with additional queries on a number of RCT and VAT issues, and provided further details on 20 December. This note responds to the points raised by the ITI.

The ITI submission states *“RCT legislation deals with “contracts” and if construction services are included in a contract with a Principal, the entire contract is within the scope of RCT, along with all the payments”*.

Response: The RCT legislation and the operation of RCT is based on the concept of a “relevant contract”. In the context of the issues raised, a relevant contract relates to the provision of construction services. The RCT legislation does not state that if construction services are included in a contract with other supplies that the entire contract is within the scope of RCT.

The ITI submission points out that examples 3 and 4 in Revenue's 5 November 2024 document, seem to contradict Revenue's published Guidance Note for Boards of Management Relevant Contracts Tax / Value Added Tax.

Response: Following queries raised by practitioners at Direct TALC and at Indirect TALC earlier in 2024 about RCT treatment of single contracts covering the supply of land and of construction services and involving Local Authorities / Approved Housing Bodies, Revenue reviewed the treatment. Revenue confirms that the RCT position in examples 3 and 4 of the document dated 5 November is the correct position. This differs from the material in the Guidance Note relating to the operation of RCT where there is a single consideration paid for both construction and non-construction operations. Revenue is updating its published guidance on the operation RCT where there is a single consideration paid which relates to construction operations and the sale of a site, and this will be published shortly (once any outstanding queries at TALC on foot of the Revenue response have been resolved).

The ITI submission requests the inclusion of a further scenario *“being the sale of a completed / turnkey unit under a contract for sale for a supply of completed immovable goods, which had not been included in the examples submitted in writing to Revenue for consideration.”*.

Response: The question as to whether RCT will apply to such contracts will depend on the facts of each case and the contractual arrangements between the parties in each case will need to be examined. Generally speaking, the sale of completed properties does not come within the scope of RCT.

However, Revenue has seen contracts that, while purporting to be for the purchase of completed turn-key properties, include paragraphs and conditions which indicate there is a relevant contract in place between the parties. These contracts would include the following paragraphs or similar versions of the paragraphs:

- The Employer is desirous of constructing housing units on the site in accordance with the plans
- The Contractor has agreed to carry out the works in accordance with the plans for the contract price.
- The Contractor will for the contract price build and completely finish in a good, substantial and workmanlike manner to the Employer the works on the site in accordance with the Plans.
- The works are defined as *“the construction of the units pursuant to the planning permission and specified in the plans together with such ancillary works and services as required for such use and/or enjoyment of the units and as may be necessary to render the units habitable when completed, including such works necessary to ensure all associated common areas, roads, footpaths, access routes, infrastructural works and services, benefitting the Site are completed to a standard acceptable for taking charge by the local authority”*.
- Contract Price is defined as *“the sum of €xxxx being the price of the works and the assurance of the units”*.

The inclusion of the above paragraphs or paragraphs with similar wording would indicate that a relevant contract for construction services exists and that RCT should be applied to the payments stated as the contract price. Nevertheless every case needs to be decided on its own merits by examining the contracts and agreements that are in place between the parties.

On foot of the ITI’s submission, Revenue is now providing a response on examples of two further scenarios, as outlined in the following pages. These should be read alongside the examples in Revenue’s 5 November 2024 document.

**Indirect Taxes Policy and Legislation Division / Personal Taxes Policy and Legislation Division
Revenue**

25 February 2025

Examples ² submitted from the ITI to Indirect TALC	Revenue Response	
	RCT Position	VAT Position
Example 5: Sale of the site to the AHB is completed upfront (title transfers) and then the construction services are provided to the AHB. ITI view – RCT: • RCT should apply to all of the payments made by the AHB including the consideration for the site (as all of the payments would be made under a single contract which includes the provision of construction services). VAT: • The vendor must account for VAT on the sale of the site. • Reverse-charge VAT would apply to the construction services provided.	RCT applies to the payments for construction services only, even if a single contract covers both the sale of the site and the provision of construction services. RCT does not apply to considerations paid for the sale of the site. <i>The wording of each contract will need to be examined to determine the correct position in relation to RCT.</i>	The consideration must be apportioned between the sale of the site and the construction service. The normal VAT rules apply to the consideration attributable to the supply of the site. Where there is a relevant contract for RCT purposes, the AHB is obliged to account on the reverse charge basis for VAT on the consideration attributable to the construction services.

² On 5 November 2024, Revenue issued a note outlining the RCT and VAT treatment applicable to four scenarios (Examples 1 to 4) submitted by the Law Society to Indirect TALC. This present note is Revenue's response outlining the RCT and VAT treatment applicable to two further scenarios (here named as Examples 5 and 6) that were submitted by the Irish Taxation Institute on 20 December 2024.

(continued)

Examples submitted from the ITI to Indirect TALC	Revenue Response	
	RCT Position	VAT Position
Example 6: The site is not sold to the AHB until after construction of the residential units has been completed (title does not transfer before the construction services). ITI view – VAT: • The vendor must charge VAT on the sale of the completed units (i.e. the full amount payable by the AHB under the contract). • The application of RCT does not impact on the VAT treatment in this case. Depending on the wording in the contract and the specific fact pattern, we understand that it is possible that RCT could apply to the payments (as the wording in RCT legislation is very broad) but this does not mean that VAT reverse-charge should apply as in our view the vendor does not supply construction services (for VAT purposes) to the AHB but instead supplies a completed property (immoveable goods). • In VAT terms, the purchaser is not contracting to acquire a site and separate services but the output of both being a completed property. We consider that the VAT determination of the supply must be made taking	RCT does not apply to the acquisition of completed properties. However, there can be cases where, notwithstanding that the contract states that it is for completed properties, the terms indicate it is, in effect, a relevant contract for RCT purposes. See the paragraphs and conditions noted above. In such instance, RCT does not apply to the consideration attributable to the sale of the site. <i>The wording of each contract will need to be examined to determine the correct position in relation to RCT.</i>	Where the AHB/LA is purchasing a completed property (a ‘turnkey property’), the normal VAT rules for the supply of properties apply to the transaction. Each case will depend on the facts and the contractual arrangements between the parties will need to be examined. Where the contract is not, in effect, a supply of turnkey properties (even if the contract states it is), then the construction element of the contract will be subject to RCT, and the VAT reverse charge rules will apply to the consideration attributable to the supply of construction services. The normal VAT rules will apply to the supply of the site.

account of Irish VAT law, EU VAT principles concerning composite/multiple supplies and the RCT rules cannot change what is a supply of a good in VAT terms into a service noting under VAT law (S16(3) of the Act) the RCT reverse charge only applies to ...“services consisting of construction operation”. Both taxes (VAT and RCT) can apply independently of each other.		
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