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23 December, 2014

Ms Josephine Feehily  
Chairman  
Revenue Commissioners  
Dublin Castle  
Dublin 2

Registered Office  
South Block  
Longboat Quay  
Grand Canal Harbour  
Dublin 2

Tel.: +353 1 663 1700  
Fax: +353 1 668 8387  
Email: [info@taxinstitute.ie](mailto:info@taxinstitute.ie)  
Web: [www.taxinstitute.ie](http://www.taxinstitute.ie)

**Re: Code of Practice for Revenue Audit and Other Compliance Interventions**

Dear Josephine,

The Institute is a committed participant in the TALC (Tax Administration Liaison Committee) process and this commitment has been demonstrated particularly in the past 12 months during our period as Chair of TALC.

However, during this period a difficult issue has arisen which is of concern to the Institute. It concerns a proposal by Revenue to insert a reference in the Code of Practice for Revenue Audit and other Compliance Interventions. The reference covers the potential reporting of members to their professional body where Revenue forms the view that the member's work did not meet the professional standards of the particular body.

The Institute applies the highest professional standards to its members, as outlined in our Code of Professional Conduct & Recommended Best Practice Guidelines and our Bye-laws. Where these standards are not met, any member of the public, which includes Revenue, can make a report to the Institute and it will be considered under our disciplinary regime. This course of action has been open to Revenue for many years and remains the situation.

However, the current proposal involves insertion of a reference to the complaints mechanism in the Revenue Audit Code. Since this suggestion was first tabled by Revenue earlier in the year, Institute representatives (and other TALC representatives), have strongly opposed such inclusion.

Our experience in practice is that both Revenue and ITI members adopt a constructive and open approach as part of audit related matters. It is always the case that there is appropriate level of challenge from both sides, but this is done with a focus on the taxpayer's position and the substantive issues under discussion.

The Minister of Finance advocates that Ireland needs to “play fair” as part of our tax policy. We believe that this should also be the case with Revenue powers. The inclusion of reporting in the Audit Code could potentially be used as a negotiation lever in an audit when the complaint is unrelated to the audit process or the taxpayer. This could result in an injustice.

It is in the interests of all Irish business that Revenue audits are handled in a clear, transparent, and efficient manner, and that taxpayers are entitled to fair administration. We cannot envisage any Revenue internal review process that could eliminate the above risk. If there are matters to be raised by Revenue, they should be raised following the completion of the Revenue audit, and Revenue should be aware they are entitled to make use of the existing complaints procedures. Any other approach could potentially impact the right of a taxpayer to unhindered representation.

I understand that this matter was most recently raised again at the Main TALC meeting of 10 December when Revenue representatives advised TALC they would be proceeding with moves to include this text, despite the repeated concerns raised by all other TALC participants. The Institute requests that Revenue reconsider this course of action, which could undermine the excellent co-operative work that has otherwise taken place on the Audit code.

Yours sincerely,

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**Andrew Gallagher**  
President