

**Minutes of 74th meeting of the TALC Sub-Committee on Collection Issues
7 December 2016
Office of the Revenue Commissioners, Dublin Castle, Dublin 2 at 10.45am**

Item 1: Approval of minutes of meeting held 1 June 2016

The minutes of the 73rd meeting were approved as proposed.

Item 2: Revenue Items and Updates

e-Tax Clearance (“eTC”)

Revenue stated that there have been approximately 250,000 applications in the last 12 months to the eTC system with 95% of applicants having their status confirmed. Overall, the picture was very positive in relation to eTC and customer service delivery was at approximately 98%. Practitioners agreed that the system has indeed been successful.

Local Property Tax (“LPT”)

Revenue confirmed that LPT compliance is at approximately 97% and is in line with previous years. Revenue proposed that LPT be taken off the TALC Collection agenda going forward as it is now very much mainstreamed into ‘*normal business*’.

Practitioners had no particular issues to report in relation to LPT and agreed that it could be removed from the agenda for 2017.

Personal Insolvency

Revenue confirmed that it has participated in 248 Personal Insolvency agreements to date. Revenue also reconfirmed its commitment to the process but reiterated that it cannot partake in any such arrangement where there are outstanding tax returns, as the total tax liability cannot be quantified.

Revenue suggested that Personal Insolvency be removed from the TALC Collection agenda for 2017. This was agreed by all members. Revenue committed to keeping TALC Collection apprised of any issues that might arise in this regard.

Revenue Online Service (“ROS”)

Revenue confirmed that there have been system updates in relation to CRO letters, Employer filing P46 and Pay and File 2016. It was noted that Pay and File 2015 went well and Revenue have a number of improvements scheduled for 2017.

e-Relevant Contracts Tax (“eRCT”)

Revenue stated that there have been a number of developments here. The eRCT functionality has been amended to allow the payment notification period to be changed to a period other than 12 months. In addition, new registrants are automatically set at 20% however they can, as normal, self-review and change the applicable rate if they are new to RCT and they meet the criteria for 0%. In relation to persons filing

early or an instalment arrangement, the system will be changed in June 2017 so that manual changes or contact with districts will no longer be required.

Capital Acquisitions Tax (“CAT”)

- In relation to practitioner queries on Revenue contacts for CAT, Revenue confirmed that details of the CAT contacts have been circulated to practitioners after the last Direct Taxes TALC meeting.
- Form IT38: Revenue noted that the “two-signature” requirement is causing some confusion among taxpayers. Revenue explained that the Form IT38 only requires one signature but that the Grant of Probate requires two signatures because there are two original copies of this which must be signed. Revenue proposed changing the website content and explanation in relation to this in order to assist with this. Practitioners agreed that additional website content and guidance would be useful.

Revenue referred to the Double Taxation Agreement (“DTA”) CAT ROS calculation issue that was discussed at the previous TALC Collection meeting and confirmed that the required amendment is on the list of technical items to be addressed in 2017 but stated that this would be occurring in the second half of the year. It was also confirmed that CAT collection will come within the remit of the Collector General next year.

Practitioners queried whether ‘new’ Revenue CAT case workers would be aware of the DTA calculation issue in light of the fact that correspondence regarding penalties is still being sent to taxpayers even though the problem is with the system. Revenue confirmed that districts are aware of the issue and that this will be addressed in 2017. It was also highlighted that CAT payment functionality is now available on RevPay.

Practitioners queried the timing of the release of the CAT return form as it is not always available to practitioners when they need to make the return. Revenue confirmed that the timing of the release of the form is linked with the Budget changes each year but stated that they will look into this and confirm the general timeframes.

PAYE Consultation Paper

Revenue has received up to 30 submissions on this. The development of PAYE is of huge significance to Revenue and will require the deployment of significant numbers of resources, which may impact on the timing of delivery of other developments. Revenue has already met with many of the key stakeholders including payroll software providers etc. and all feedback is still welcome. It was proposed that PAYE modernisation should stay on the TALC Collection agenda for 2017 given the importance of the issue to both tax practitioners and employers. Revenue also proposed that Ruth Kennedy (of the Revenue system design team) could provide a presentation in 2017 and practitioners agreed that this would be very useful given the importance of this matter to employers and employees.

System Updates

Revenue confirmed that the process of redesigning its website (www.revenue.ie) is now well advanced and that the intended enhancements will make the user experience much more intuitive and will optimise the use of the most up to date technology, including mobile technology. Revenue committed to making a presentation on the completed system to TALC Collection in due course.

Practitioners queried what action will be taken in respect of out of date guidance. Revenue confirmed that this will be removed from the website at some point in the future but there is no timeline for this yet.

Practitioners noted that a general google search can bring up old material and Revenue confirmed that it is looking into the technical aspect of addressing this without removing key historic material which will continue to be of relevance to practitioners.

Debt Management Services ("DMS")

Revenue confirmed that since 28 November 2016 debt collection is now dealt with on a risk segmentation basis with every case assigned to a particular debt management team. Existing case relationships will change for many cases but this for the most part will be limited to the medium sized cohort (Tiers 3 and 4) rather than the large (Tier 1) and smaller (Tier 5) cases. Revenue also confirmed that this development is part of a wider 3 year programme to modernise the debt collection process.

Practitioners queried if the current tier system will be removed and Revenue confirmed this to be the case.

Practitioners queried whether the new case worker (assigned to a case under the segmentation process) will have all up to date information on the case. Revenue confirmed that the relevant case worker would have access to all up to date information including all of the relevant historic notes and intervention history.

Other System Updates

- It is now possible to have 2 VAT agents on the system;
- Given the timing of increases to DSP payments, amended P2C's will be issued in March 2017; and
- P2C's in respect of new employments will continue to be issued to ROS employers up to year end.

New PAYE Online Service

Revenue confirmed that PAYE Anytime will be replaced in 2017, beginning on 3 January with improved functionality. Individuals in multiple employments will now see greater clarity on how to divide tax credits etc. Also, users will be prompted to consider all tax credits and their summary tax position before submitting applications.

Practitioners queried whether many PAYE individuals are using PAYE Anytime. Revenue stated that about 300,000 individuals out of approximately 500,000 will use it in January 2017 to claim tax back on medical expenses. Revenue confirmed that passwords can now be retrieved by text message which will encourage usage. There will also be more media coverage of this to inform people further of the service. In addition, letters were recently issued by Revenue to individuals who had never claimed any expenses which also encouraged contact with Revenue.

Practitioners queried whether it is still necessary to contact the relevant local tax district to obtain a PAYE tab for an agent. Revenue confirmed that once the Form A1 has been submitted, the tab should be available.

P46 Processing

Revenue confirmed that since 26 November any P46 coming in is automatically processed. If there is enough information provided, Revenue can automatically process the P46 and issue a Week 1 Certificate. If there is not enough information provided, the system will prompt the supply of more information. As a result of this, the turnaround on P2C's will be faster. However, individuals will still need to contact their district if they want to change from a Week 1 to cumulative.

Pay and File 2016

Revenue stated that it will be doing work on Pay and File in 2017 which will include access via the my account option for some tax payers. In 2017, there will be two releases of the Form 11. The new Form 11 will populate the data directly into the relevant fields as opposed to a separate table of information and the tax payer simply confirms the information contained in the form if it is correct. The 2016 Form 11 will be available in January 2017 and a second version will be available in June 2017.

Revenue mentioned the receipts tracker now available on Revenue's mobile app and explained how this will make the information available for the Form 11 and Form 12. When it comes to populating the forms, Revenue can pull the information from the cloud into the forms and the tax payer just needs to confirm the information.

In relation to mandatory electronic refund cases, Revenue confirmed that there are now only around 13,000 customers due refunds and the main reason for this is that bank details have not been provided to Revenue allowing it to process the refund. Revenue asked agents to encourage tax payers to supply bank details to Revenue for this purpose.

Practitioners raised with Revenue the issue of bank mandates going 'stale'. Revenue stated that there are currently now only about 950 cases of this (down from about 440,000). Revenue confirmed that this is a banking issue (and not a Revenue problem) and advised that the ROS Payments Helpline will address any cases of this arising (on phone number 1890 226336). Revenue advised that tax payers could call this number instead of the bank in the first instance to resolve any issues with mandates.

Practitioners queried whether Revenue would apply surcharges as a result of this issue. Revenue stated that tax payers should contact the district and the surcharge will be removed if one was applied as a result of an issue with the mandate.

Practitioners asked if the Revenue is now seeing less instalment arrangements being put in place. Revenue stated that it is seeing less. There has been a 25% increase in electronic payments and the filing rate is up 5%.

Item 3: CCAB-I Issues

Partnership Registrations

Practitioners asked if there was an update on this issue and Revenue stated that guidance was issued on 8 June 2016 in relation to this. Practitioners stated that they sought guidance on the issue regarding spouses and partnership registrations specifically and whether a Form 1 is required by Revenue in such cases. Revenue confirmed that if there is a partnership, a Form 1 is required as part of the process. Revenue stated that it is not possible to programme the system not to look for this in certain cases, it can only advise case workers to not actively pursue this if they are getting the information and tax due from the individual's tax returns.

E-stamping System – Update on Discussions between the Law Society and Revenue

The Law Society confirmed that this is being actioned and that it is arranging a meeting with Revenue in January 2017 in relation to the e-stamping system.

Instalment Arrangements – Collector General/My Enquiries

Practitioners referred to instances of individuals being advised to deal with instalment arrangements through My Enquiries. Revenue confirmed that this is not normal practice and would look into this. Revenue requested that examples of such practice should be forwarded to Lucy Mulqueen to facilitate appropriate follow up.

Unpaid Directors PAYE

Practitioners referred to instances where both the director and the company are being pursued by Revenue. Revenue confirmed that there is a lot of Revenue guidance on this and that it will continue to pursue such cases. Practitioners queried whether the company is relieved of its obligation to pay if the director pays the tax due. Revenue stated that the company must file an amended return in this situation.

Tax Payment Delays showing up on the Revenue System

Practitioners raised the issue of delays in updating the system when money is paid to Revenue and asked if there is any leeway here or should tax payers allow for a few days when making payments to Revenue. Revenue stated that this is a banking issue and noted that with the SEPA system there will always be a 3 day delay in money actually hitting Revenue's bank account.

Practitioners stated that clients become worried that they will be charged penalties for this delay or will have a bad record with Revenue. Revenue confirmed that tax payers would never be charged penalties that quickly (with the exclusion of CAT and surcharges) as Revenue will allow for the 3 day delay with SEPA payments.

Errors on ROS – Multiple Tax Registrations Shown

Practitioners raised the issue of multiple tax registrations and lists of outstanding tax returns being incorrectly shown on ROS. Revenue confirmed that this is just displaying the option for the tax payer to pay these taxes if they are required to pay them. It does not necessarily mean that the tax payer is liable under all of these tax heads.

Item 4: ITI Issues

VAT Registrations – Update

Practitioners asked if there was any update on this since the previous meeting. Revenue confirmed that it is on the list of items to be dealt with in the second half of 2017.

Practitioners stated that tax payers are still having issues with very long delays in VAT registrations.

The Law Society raised the issue of the business address requirement which particularly impacts on certain companies particularly new companies in the foreign direct investment or FDI sector. All practitioners noted that this is a matter where one size does not fit all. Revenue confirmed that it would facilitate a meeting on this in January 2017 possibly with the North City/City Centre district in order to assess what can be done. Revenue also suggested that following this meeting, maybe a protocol could be put in place for registering such companies.

Multiple ROS Certificates for Groups

Practitioners raised the issue of a separate ROS certificate being required for each company in a group which causes an administrative burden in terms of pay and file liabilities for the group. Revenue advised that it would need more detail on this. As each company would have a different tax number, Revenue would need to consider this issue from a technical perspective. Revenue stated that it may be necessary for it and the ITI to speak separately on this.

Item 5: Additional Law Society members for 2017

The addition of two new Law Society members to the TALC Collection Committee (Tracey O'Donnell and Aisling Meehan respectively) was approved.

Item 6: Chair and Secretary rotation for 2017

It was agreed that the ITI would chair TALC Collection in 2017.

AOB

Jobs and Pensions

Practitioners raised the issue that agents do not have access to this and that Form 12A's are being returned by districts as a result. Revenue confirmed that agents are not intended to have access to this but agreed that there may need to be a separate process put in place for foreign executives. Revenue stated that it would look into this and consider what can be done for this group of people pragmatically but confirmed that this issue will not be changed on the system.

Minerals Tax and Carbon Charge

Revenue advised that a Minerals Tax and Carbon Charge is being introduced in 2017 which will be mentioned at the next main TALC meeting.

Action Points	Responsible	Timescale
Revenue to change the website content and provide additional guidance in relation to the Form IT 38 in order to address the confusion regarding the two signature requirement.	Revenue	Immediately
Revenue to address the CAT DTA calculation issue.	Revenue	Second half of 2017
Revenue to confirm the general timescales for the release of CAT forms in 2017.	Revenue	Immediately
Revenue to arrange for Ruth Kennedy (system design team) to make a presentation on the upcoming changes to the PAYE system.	Revenue	2017
Revenue to meet with the new chair and practitioner representatives to discuss the 2017 TALC Collection Agenda in light of the changes to the PAYE system.	Revenue/ ITI and practitioner representatives	Early 2017

Revenue to update guidance for their staff in respect of the registration of spouses as partnerships.	Revenue	Immediately
Revenue to meet in early 2017 with the North City/City Centre district in order to address VAT registration issues.	Revenue	Early 2017
Revenue and the Law Society to discuss with the National Stamp Duty Office (“ NSDO ”) improvements to the eStamping system on a bi-lateral basis.	Law Society / Revenue	75 th Meeting
Revenue to consider the issue of agent access to Jobs and Pensions in the context of foreign executives working in Ireland.	Revenue	75 th Meeting

Attendees at the meeting of 7 December 2016

Mr Justin McGettigan (Chair) (Law Society)

Ms Natasha Farrell (Secretary) (Law Society)

Mr Gerry Higgins, Ms Crona Brady and Mr Ray Kilty (CCAB-I)

Ms Margaret Sheridan, Ms Mary Healy and Ms Sandra Clarke (ITI)

Mr Mick Gladney, Mr Leonard Burke, Ms Lucy Mulqueen and Ms Maura Conneely (Revenue)