

Minutes of 73rd meeting of the TALC Sub-Committee on Collection Issues

1 June 2016

Office of the Revenue Commissioners, Dublin Castle, Dublin 2 at 10.45am

Item 1: Tax Registrations Presentation

Revenue gave a presentation on tax registration issues and the programme for further implementation and improvements to eRegistration.

Paper Tax Registration Applications

Delays in tax registration are one of the main complaints raised by taxpayers and practitioners when dealing with Revenue. Some factors for these delays include the requirement to use paper registration applications in certain instances where eRegistration is unavailable. This is mainly seen in cases where non-resident directors are involved who do not have Irish PPS numbers.

Another cause for delays, which applies both to eRegistration and paper applications, is the submission of incomplete applications which necessitates further queries from Revenue.

As such, Revenue is proposing a comprehensive systems update to address these issues and to issue further and updated guidance on such issues.

Aside from non-resident applications, most tax registration applications required to be made via paper forms are in respect of:

- Liquidators applying for a new tax registration number in respect of a company placed into liquidation;
- Receivers applying for a new tax registration number in respect of a company placed into receivership;
- Not for profit organisations and charities;
- Self-registration (if an individual is already tax registered, he/she cannot register a partnership or a company through ROS through the "Manage Tax Registrations Section" unless he/she is a partner or director thereof.); and
- Individuals re-registering for VAT.

Revenue confirmed that Districts are asking certain follow up questions as standard in respect of certain tax registrations (particularly where a VAT registration is being applied for). To counteract delays, it is being proposed that such queries will now be asked upfront and this may be done by way of additional fields to be completed as part of the eRegistration process.

It is intended that the relevant 'questions' will become mandatory as part of the eRegistration process and that applications will not be completed where all fields are not completed.

Revenue agreed that applications submitted with details of non-Irish residents (being individuals not previously issued with an Irish PPS number or non-Irish incorporated vehicles) cause the most difficulty in processing applications. In such scenarios, Revenue needs to validate the identity before processing the application. Revenue also acknowledged that certain tax registration applications pose little risk in comparison to others. For example, non-resident PAYE employer applications are considered a low risk category and this must be taken into account as part of the overall design.

Revenue reiterated that VAT is categorised as a very high risk tax registration application that requires a thorough vetting process in respect of all registration applications. Revenue acknowledges that this creates delays in VAT registrations but this does not override the imperative to prevent fraud.

Revenue anticipates that the overall package of enhancements should free up resources to ensure a faster turnaround of VAT registration applications without curtailing the checking process.

Revenue confirmed that its internal IT development teams are currently costing the scale of development and it is anticipated that the enhancements will come on stream over the first half of 2017.

Questions from Practitioners

Practitioners queried whether non-residents that already have a VAT number issued from an EU Member State could have an Irish VAT registration application fast tracked on the basis that validation and fraud prevention checks have previously been carried out? Revenue stated that this was not possible and each application must be critically reviewed. Revenue reiterated that it must always seek to balance the requirement between fraud prevention and customer service initiatives.

Practitioners also queried which tax registration applications would not be moving to eRegistration? Revenue confirmed that non-resident applications will not fully move to eRegistration and certain types of non-residents will still have to apply via paper forms. However, it is anticipated that some low risk non-resident applicants may be gradually phased in to the eRegistration process but the exact methodology around this initiative still needs to be scoped out.

Practitioners questioned whether they would see any practical changes prior to 2017? Revenue confirmed that some small incremental changes may be introduced earlier than envisaged but for the most part no major overhaul of the system will take place until 2017.

Practitioners queried with Revenue the specific documents it will be looking for in respect of tax registration applications e.g. leases on rented premises? Revenue confirmed that it may look for this level of information but also confirmed that all required documents will be capable of electronic upload and as such will not be overly onerous.

Practitioners stated that they had asked before for a checklist of the standard information requested by Revenue for VAT registrations so that such information could accompany the VAT registration application. They queried whether this checklist was forthcoming and whether it could be published by way of eBrief? Revenue agreed that this is a very useful idea and the publication of such an eBrief will be brought up at the next meeting of the main TALC committee. In the interim, a checklist will be circulated to practitioners.

Tax Reference Numbers for Partnerships

Revenue noted that many taxpayers and agents have previously reported that the eRegistration fields in respect of Partnerships is not clear and the labelling of the fields is very confusing. Practitioners also reiterated the difficulty this issue causes in respect of tax clearance certification. Revenue committed to clarifying all of the issues involved including the status of the Partnership 'business name' and the names of the individual partners and will issue guidance as quickly as possible. Revenue also confirmed that it would ensure all Districts adopted a consistent approach.

Practitioners noted that it was not logical where a husband and wife who jointly own a residential investment property and are subject to joint assessment for income tax purposes are being treated by Revenue as partnerships and Revenue require the submission of a Form 1 as it holds up tax clearances for the taxpayers. Revenue agreed that guidance around partnerships should be updated to address this issue as they do not want unnecessary partnerships.

Item 2: Approval of minutes of meeting held 15 March 2016.

The minutes of the 72nd meeting were approved as proposed.

Item 3: Work Plan for 2016

e-Tax Clearance ("eTC")

Revenue stated that at 30 May 2016 there were approximately 115,000 customers using the eTC system. Current analysis confirms that clearance is automatically provided for approximately 93% of applicants while the remaining 7% either go for 'review' or are refused certification due to outstanding compliance issues, for example outstanding payments or returns. Revenue also confirmed that there are currently in excess of 100 data management agreements in place with relevant stakeholders for example Public Service Bodies.

The introduction of automatic population of eTCs form details provided in Forms CT1 is currently being actioned.

Practitioners queried as to whether an ongoing Audit could be used to hold up issuing tax clearance. Revenue confirmed that generally tax clearance is not held up by an Audit until it is finalised and agreed.

Practitioners also questioned whether liquidators could choose an option in applying for an eTC in their capacity as liquidator of a specific company? Revenue answered that this was not built into the current eTC system and that the relevant liquidator needs to apply for an eTC in their own capacity.

Practitioners queried whether there is any possibility that eTC forms could be partially saved and then amended? Revenue stated that there is no requirement for such functionality as the eTC system operates in real time and the application process is very straightforward.

Practitioners queried whether there is any update on the introduction of more “official” looking eTCs? Revenue stated that the PDF option when printed down meets all of the requirements in terms of appearance etc.

Local Property Tax (“LPT”)

Revenue confirmed that LPT compliance at 30 April was at 90% with collection slightly ahead of target and Revenue also confirmed that the compliance rate is in line with other years having due regard for the slightly later bulk issue. Revenue also confirmed that it had no particular concerns in regard to LPT compliance at this point.

Personal Insolvency

Revenue confirmed that it has to date agreed to in excess of 230 personal insolvency arrangements and is also in discussions with Personal Insolvency Practitioners (“PIP’s”) in regard to a number of other cases. Revenue reiterated that it cannot agree to partake in such arrangements where the overall debt cannot be fully quantified, for example due to missing returns etc. In this regard Revenue requested the practitioner representatives to restate this position to their various members.

Revenue On-Line Services (“ROS”)

Revenue confirmed that since the March Collection TALC meeting, the 2015 Form CT1 has issued. Some required system amendments to the Form CT1 are being released later this month (June).

Revenue also confirmed that 50,000 Forms 11 in respect of 2015 have already been filed. There are a couple of minor issues in respect of the Form that will be rectified later this month (June).

Once the integration of the CRO system with Revenue’s system is completed (expected to occur this month), Revenue want a similar version to the Form 11F filed online to allow Revenue to query companies which have been registered with CRO but have not registered for Irish taxes.

Revenue will be sending letters to company secretarial agents to follow up with them on the reasons for the non-registrations for tax of Irish incorporated companies. There is an estimated 10% to 20% gap in Irish incorporated companies per the CRO records and those actually registered for Irish taxes. This contact will be made in July or August 2016.

e-Relevant Contracts Tax (“eRCT”)

Revenue confirmed that as part of the April eRCT review, there were 7,000 cases where the RCT rates applicable to certain sub-contractors were increased. As of now, there are three appeals ongoing on the increase in rates while the remainder of appeals lodged were settled by agreement.

Revenue is currently costing the implementation of an online 12 month payment notifications

enhancement and is confident that this could be introduced in the next six months.

Practitioners enquired as to whether Revenue would be amenable to a consultation with RCT compliance agents and taxpayers at various levels to review the user friendliness of the eRCT system and to consider what improvements that could be made? Revenue agreed that such a meeting would be very useful and will revert to practitioners as soon as possible.

Item 4: Revenue Items and Practitioner Issues

Stamp Duty

The Revenue Collection TALC representatives have discussed the Stamp Duty return issues (namely the printing of all details and the introduction of a signature block) as previously raised by practitioners with its National Stamp Duty Office (“**NSDO**”). The NSDO advised that such a return as envisaged by the practitioner representatives could run to 16 pages if all such items were included and to 8 pages for the proposed ‘shorter’ version. The NDSO also confirmed that the proposed changes would require substantial development to the eStamping system in order to introduce the option of a long and short version of an eStamping return.

Given that this was an issue raised in particular by the Law Society, it is proposed that Law Society and Revenue representatives would meet informally outside of Collection TALC to consider the best approach having due regard for all priorities.

Capital Acquisitions Tax (“**CAT**”)

Revenue provided updates in respect of filing and systems issues for CAT as previously raised by practitioners. Specifically Revenue confirmed that:

- It is proposed to introduce an enhancement at a date to be advised which will facilitate the filing of multiple CAT returns for a single period; and
- Tax agents should be able to complete payments on behalf of their clients by October 2016.

Practitioners enquired as to whether glitches on the system are being fixed, such as long-running issue with ROS in calculating Double Taxation Agreements (“**DTA**”) tax credits incorrectly. Revenue stated that a fix for the DTA issue has been ‘scoped’ out but due to IT scheduling issues will not be in place for the October 2016 filing deadline.

Practitioners queried whether Revenue would introduce functionality for dedicated agent links in respect of CAT as the system currently doesn’t allow for agent links. This means tax agents do not receive any correspondence or notifications in respect of CAT once a filing is made. Revenue stated that there is currently no plan to action this.

MyEnquiries

Revenue confirmed that there are currently no plans to increase the 2,000 character limit to the MyEnquiries functionality. If practitioners need to make a submission in excess of this character limit,

they should submit it as an attachment to the enquiry. Each submission can include a maximum of 10 attached files of up to 10Mb each. This in effect means that any enquiry can have up to 100Mb's of space. In Revenue's view this should be sufficient for the vast majority of queries.

Practitioners requested that the MyEnquiries system facilitate an acknowledgement system that gives them assurances that their query is being dealt with, including confirming the Revenue official dealing with it. Revenue confirmed that such a development would require very significant development and would be very costly. Regarding delays in response to queries, Revenue is actively following up on this issue with all of the operational areas and will revert to Collection TALC at its next meeting.

Practitioners also requested that MyEnquiries provides for a more user friendly and presentable printout of the correspondence chain in MyEnquiries so that it is easier to retain on client records. Revenue confirmed that this enhancement would be available from the end of October 2016.

Form CG50 PDF

Further to the issues raised at the previous Collection TALC meeting, Revenue confirmed that all Revenue Regions have been notified to accept PDF copies of contracts and Forms CG50.

Offsets

Practitioners queried whether it may be possible to perform offsets of tax overpayments against tax liabilities across other taxheads via ROS as opposed to having to contact Revenue to request an offset. Revenue confirmed that such offsets take place automatically via its integrated taxpayer IT system. The only exception in this regard relates to preliminary tax payments because a return will not be on record to confirm the correct amount due for the applicable year. Only where an actual return is filed will the system perform an offset.

Phone Service

Revenue confirmed that there has been good feedback to the 1890 number recently deployed in the Border Midlands West ("**BMW**") Region for Self-Assessed customers. Revenue also confirmed that a similar service will be launched in the Dublin region from 1 July 2016.

Statement of Affairs

Revenue asked that Practitioners stress to their clients that any requests for a Statement of Affairs must be fully complied with. Failure to comply may result in prosecution by Revenue against the client. Revenue also confirmed that for the most part such Statement of Affairs are required before any phased payments can be agreed to.

RevPay

Revenue confirmed that RevPay is on schedule to go live on 16 June 2016. All system development and testing is fully on schedule. Revenue also confirmed that access to RevPay can be either through ROS or MyAccount depending on the status of the taxpayer i.e. business tax or personal tax. Revenue will provide a comprehensive post live release report at the next Collection TALC meeting.

Tier 5 Project Update

Revenue confirmed that all strands of the Tier 5 project, which focuses on smaller tax debts, is on schedule. Revenue intends to deploy additional resources, including IT and staff to the project as the migration to a new debt management system (“**DMS**”) allows.

Practitioners queried which of the three options previously outlined by Revenue in regard to the Tier 5 contacts had proven the greatest success in encouraging taxpayer compliance. Revenue confirmed that the harder type letter confirming the various sanctions etc. had proved to be the most effective. Revenue also confirmed that direct telephone contact was also proving to be a very successful compliance tool.

Regional Tier 2 Update

Revenue outlined its new Tier 2 approach for District level cases that are just below the Large Cases Division (“**LCD**”) threshold. Unlike the LCD model, taxpayers in Tier 2 will not have a dedicated Revenue case manager for each taxpayer or taxpayer group. Instead, there will be a dedicated team in each of the 4 Regions assigned to manage the tax affairs of certain entities or sectors. To date, Revenue has established 2nd Tier Districts to manage construction cases (Dublin), the motor industry (ESE), large tax practitioner and legal firms (SW) and Government Departments/Public Bodies (BMW). Revenue confirmed that the migration of cases to the new 2nd Tier structure is still in its early stages and there may be further realignments in the future.

AOB: Nothing Identified

Action Points	Responsible	Timescale
Revenue to produce checklist for Practitioners of standard additional queries and requested documentation in respect of tax registration applications, particularly VAT registrations.	Revenue	Immediately
Revenue to discuss the publication of an eBrief in respect of standard additional queries and requested documentation in respect of tax registration applications, particularly VAT registrations.	Revenue	Next Meeting of Main TALC
Revenue to update guidance for their staff in respect of situations where spouses should and should not be required to register as partnerships.	Revenue	Immediately
Implementation of a steering group to consult with Practitioners and eRCT users on issues and improvements to the eRCT system.	ITI / Revenue	74 th Meeting
Revenue and the Law Society to discuss with the NDSO improvements to the eStamping system on a bi-lateral basis.	Law Society / Revenue	74 th / 75 th Meeting

Attendees at the meeting of 1 June 2016

Mr Leonard Burke (Acting Chair in absence of Mr Justin McGettigan, Law Society))
(Revenue)

Mr Mark Scully (Secretary) (Law Society)

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

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

Mr Mick Gladney, Mr Pat Molan, Ms Lucy Mulqueen and Ms Maura Conneely (Revenue)

Apologies

Mr Justin McGettigan (Law Society)