

Minutes of Main TALC meeting

11 December 2019

Chartered Accountants House, 47/49 Pearse Street, Dublin 2 at 2.30pm

Item 1 Dividend Withholding Tax Proposals

The Revenue project team spoke on the Dividend Withholding Tax (DWT) proposals which are included in the public consultation due to close on 12 December 2019. A range of submissions have been received to date in response to the public consultation. Revenue will analyse and publish a report based on the feedback responses in due course.

The proposed new DWT system for 2021 seeks to build upon the success of the PAYE real time system in applying a personalised DWT rate for Irish resident individuals in receipt of dividend income subject to DWT. The proposed system will operate as follows:

- The ultimate payer (being the person who pays the dividend to the beneficial owner of the dividend) will request and obtain the tax reference number for each individual shareholder. The ultimate payer could be an Irish company paying dividends to individual shareholders or qualifying intermediaries and other persons acting on behalf of listed companies, for example, in paying dividends to shareholders.
- It is not intended to change the current DWT regime as it applies to persons who are entitled to receive dividends without deduction of DWT (exempt persons).
- It is expected that the DWT refund system will be reformed.
- The ultimate payer, if not already registered for Irish tax, will be required to register with the Irish Revenue. There will be a new registration/authorisation procedure to bring in Qis, AWA's etc who don't have an existing Irish presence.
- The data exchange between the ultimate payer and Revenue, and Revenue and the shareholder, will be in real time. Drawing on information held within the PAYE Modernisation platform, Revenue's calculation engine will calculate the personalised DWT rate for the individual which takes account of income tax and USC. The personalised rate could potentially vary from zero to in excess of 50%.
- It is currently not decided whether the personalised DWT rate will take account of PRSI applicable to a dividend.
- There is likely to be a default rate of DWT which applies where the ultimate payer, despite reasonable efforts made to obtain the relevant tax number of the shareholder has failed to obtain a tax reference number. The rate has not been decided.
- The current ROS platform will be extended to include reporting DWT in real time. A calculation tool for the appropriate withholding tax rate will be available on ROS to allow application of a personalised DWT rate for self-assessed individuals. Such a rate will be based on the shareholders tax record. If there are changes to the shareholder's circumstances, the withholding tax rate will be updated.
- Shareholders will be able to view their withholding tax rate via ROS or MyAccount.
- As noted above, it is not intended to change the scope of exempt persons who include non-residents who have filed an appropriate DWT declaration with the ultimate payer. It is hoped that the new DWT system could be used to streamline

the current system for operation of refunds for non-residents which currently operates on a paper-based system. Where this is done, it is not intended to require the non-resident to obtain an Irish tax reference number i.e. a PPSN. Their foreign tax reference number should be provided as evidence of their entitlement for a refund.

- GDPR requirements in relation to holding personal data such as a PPSN for shareholders are covered in Finance Act 2019. The ultimate payer can hold the tax reference number for 12 months.
- The reported dividend income will be pre-populated in the shareholder's income tax return.
- There are no plans for look at the operation of encashment tax on foreign dividends.
- There is a specific Revenue project team appointed for the project and Revenue IT resources have been allocated to the project.
- Revenue are considering the security risks associated with tax related data held by the ultimate payer.
- In response to the briefing, practitioners highlighted a number of areas of concern that are likely to arise in the course of implementation. These mainly arise in relation to the availability of DWT rate information to ultimate payers which include private companies and the insights this will afford on the shareholder's income levels and marginal tax rate for the period.
- Revenue are considering if it might be possible to relieve a shareholder from the obligation to file an income tax return if their final liability to tax is fully satisfied via the withholding tax system.

Updates on the DWT project as it progresses will be on the Main TALC agenda for 2020.

Item 2 Minutes of Meeting held on 23 October 2019

The minutes of the Main TALC meeting were agreed.

Item 3 Matters arising

Flat rate expenses

Following the Revenue press release on 5 December 2019 which announced that the implementation of findings from Revenue's review of flat rate expenses was being deferred pending a review by the Tax Strategy Group in 2020, there were no further updates to report.

It is understood that the Tax Strategy Group will review the flat rate expenses regime as part of a wider review of expenses incurred in employment and that this is likely to take place in Q2 of 2020. This is also likely to encompass a review of the deductibility of professional subscriptions in taxing employment income.

Revenue clearance for interest withholding tax on payments to tax transparent entities

Practitioners reported delays in obtaining the necessary Revenue clearance. Revenue confirmed that, in the case of clearances which affect the payment of interest by entities within international fund structures, they have identified a few submissions which are currently in progress. Revenue reported that the delays being experienced by practitioners in these cases is due to information requested by Revenue remaining outstanding. When the information is received by Revenue the submissions will be processed accordingly. Such clearance requests are regarded as rulings on tax matters provided by Revenue and can require review of related tax treaty matters where the clearance is based, in part, on the tax treaty status of foreign claimants of relief from withholding tax.

Revenue advised that the TDM related to withholding tax clearances on interest is to be reviewed and updated as a matter of priority.

Item 4 Update to guidance on the short-term business travellers

Earlier on 11 December 2019, Revenue published an updated TDM on the application of the tests applicable to foreign resident individuals exercising employment duties in Ireland. The revised days-based tests will apply to a year of assessment instead of a multi-year test. A new paragraph has been inserted to reflect this position. It is likely that additional changes to the TDM will follow in 2020.

Item 5 MyEnquiries and update on the work of the subgroup

Revenue updated the committee on the recent meeting of the MyEnquiries subgroup noting that;

- Considerable work has been carried out to date
- Recent developments following the work of the subgroup include;
 - enhancement to the ROS Form CT1 functionality to allow a change in accounting date
 - guidance on letters of residence for assessable spouses
 - Solicitor ROS access has been widened
 - The introduction of a category on MyEnquiries for non-residents who do not have an Irish PPSN in order to facilitate access for such persons
- Revenue analysis of queries submitted via the service has highlighted areas requiring improvement and development.
- Review of the service is scheduled for 2020 and it is hoped that a re-build of the platform will permit enhanced functionality in future.

Practitioners highlighted the difficulties experienced by users of the service and some of the quick fixes that should result in an improvement of the service.

The committee also discussed Revenue telephone services. Practitioners requested a platform solely for tax practitioner queries, recognising that while Revenue must balance the rights of all taxpayers, the needs and time demands of tax practitioners warrants a separate service.

Practitioners also requested a ROS development to allow the creation of payment instructions for corporation tax preliminary tax earlier in the compliance cycle, e.g. when a tax return for the prior tax accounting period has been prepared following period end. ROS currently does not facilitate a preliminary tax payment instruction until comparatively close to the preliminary tax payment deadline which necessitates another intervention on the part of the agent or taxpayer to put the appropriate payment instructions in place. Revenue agreed to investigate this further.

Item 6 VAT number validation facility on ROS

Revenue responded to representations from practitioners and confirmed that the requested facility to validate domestic VAT numbers will be made available on ROS in the first half of 2020.

Item 7 Letters of No Audit

Revenue advised that the subgroup will meet in January 2020, date and time to be confirmed. Practitioners noted that the position of non-residents and declarations to be provided by non-residents under the proposed eCG50 online service should be considered in tandem to ensure that there is an alignment of approach. This is a matter to be considered within TALC.

As part of the discussions on this item, Revenue confirmed that a summary of updated and agreed processes applicable to the non-liability to tax for representatives in relation to CGT and CAT in the case of non-residents and the administration of estates is to be published in the Law Society gazette.

Item 8 AOB

Practitioners queried the terms of reference of the TALC Direct/Capital Taxes subcommittee noting that at the time of merging the business of the Capital Taxes subcommittee with matters dealt with under Direct Tax Technical TALC, it was intended that administrative matters related to CAT that did not fall within the ambit of TALC Collections should be dealt with by this sub-committee. It was reported that recent matters concerning CAT administration which were requested to be added to the agenda for discussion had not been dealt with. The remit of this sub-committee and that also of the TALC Collection sub-committee were discussed and it was noted that capital taxes administration matters should be raised at the TALC Direct/Capital subcommittee. The committee moved on to discussions on role of TALC generally. It was agreed that a workplan item for main TALC in 2020 is to include a review by main TALC of the TALC operational guidelines and terms of reference.

Practitioners requested that there be a timely meeting of the TALC BEPS subcommittee in January 2020 to allow for discussion and development of guidance on measures adopted in Finance Bill 2019 in response to ATAD and other international tax developments. It was noted that the current chair of TALC BEPS has retired. His contribution to the committee was noted and best wishes extended for his retirement. A new chair is yet to be confirmed.

The chair thanked the committee for their significant contribution and work during 2019 and welcomed Revenue to the position of chair for 2020.

Revenue thanked the chair for her contribution and management of the committee during 2019. The secretary was also thanked.

The incoming chair requested the members consider priorities of the committee for 2020 and submit any suggestions to the Revenue liaison in advance of the next meeting.

Attendees:

CCAB-I

Sharon Burke (Chair)
Kim Rowan (Secretary)
Brid Heffernan
Enda Faughnan
Brian Purcell
Paul Dillon

ITI

David Fennell
Anne Gunnell
Mary Healy
Pat Mahon
Sandra Clarke
Kieran Twomey
Tom Maguire

Law Society

James Somerville
Pat Bradley
Caroline Devlin

Revenue

Brian Boyle
Eugene Creighton
Philip Brennan
Joe Howley
Sharonne O'Reilly
Barry O'Dwyer

Revenue DWT project team

Alan Carey
Marie McGuirk
Karen Byrne