

Minutes of TALC Sub-committee on Collection Issues

Date: 12th March 2019.

Conference Room 1, Ground Floor, Blocks 8-10, Dublin Castle, Dublin 2.

Item 1: Minutes of meeting held 6th December 2018.

The minutes were approved.

Item 2: Matters arising

Revenue provided a CAT update. [See Appendix 1]

VAT Refund TDM requires to be updated to reflect that the refund will be disallowed until the information Revenue has requested is provided.

ACTION POINT:

Revenue to update VAT Refund TDM

Item 3: PAYE Modernisation.

Revenue provided an update:

- Payroll submissions received YTD – 1.13m
- Payroll submission for March only – 170,000 received.
- 153,000 employers have made submissions which covers 2.56 m employees.
- Statements generated on 1st March – 201,000

Large number of employers with no employees – 24,000 Nil statements in January and February for employers with no employees. Revenue advised that registrations should be ceased if there are not employers and they can be re-registered if they hire employees.

Revenue advised that practitioners should keep a watch on the 'Hot Topic' section on website, see link below.

<https://www.revenue.ie/en/employing-people/pay-modernisation/hot-topics/index.aspx>

Revenue addressed the queries submitted by the Practitioners, **Q&A available at Appendix 2.**

ACTION POINT:

Question 6, Appendix 2, Revenue to examine further.

Item 4: Debt Management Services (DMS)

Revenue made a presentation on the new Debt Management Services system.

Revenue outlined the key features to the new system:

- 24th March 2019 is the launch date for Debt Management Services
- Increased online services for customers and agents, Online Phased Payment Arrangements and Statement of Account.
- Customer must be registered for ROS to apply for a Phased Payment Arrangement.
- Customer can pay early, apply for a payment break, or defer a payment date.
- Minor Changes made to Revenue Output, for example “Request for Payment” letter replaces the Demand Notice.

Revenue responded to queries raised by the practitioners:

- the minimum amount for an Online Phased Payment Arrangement is €500.
- submission of supporting documentation is in line with the value of debt subject to the Phased Payment Arrangements, Bank Statements, Accounts etc.
- practitioner or customer can upload the ePPA1 and Agent Consent Form.
- agent must obtain consent of customer where they are not the agent on file for a tax head that forms parts of the Phased Payment Arrangement.
- each instalment payment covers tax & interest.
- systematic approach to interest on late payments Interest.
- Revenue will provide a dedicated hunt line for each Debt Management Unit; any member of the team can deal with the query from agents/customers.
- All arrangements will now be formal

- **ACTION POINT:**
- **Revenue advised that agent copies are only issued for IT reminders but will examine the position in relation to final demands and interest demand letters as requested by the practitioners.**
- **Circulate DMS presentation**

Revenue outlined the core compliance process from date of issue of estimate, followed by a request for payment 7 days later and a further 7 days before final demand is issued.

Practitioners enquired of the correct procedure for paying preliminary income tax by direct debit. Revenue advised that the direct debit payment option for Preliminary income tax is allocated to the year when the payment is made.

See **Appendix 3** for further details on Direct Debit.

Item 5: My Enquiries and Revenue’s Customer Engagement Strategy

Practitioners raised the issues with the response time to My Enquiries and the need for a tracking system to see the status of the enquiry and the name of the caseworker.

Practitioners advocated that outbound calls should be made by caseworkers where further enquiry or an update might be provided.

Revenue advised that queries get mis-directed to the wrong area of Revenue, assigned to the wrong category.

ACTION POINT:

Revenue will further examine the automated response that issues and concept of outbound calls

Practitioners enquired if more options could be made available in My Enquiries. They requested an Offset option to allow them to direct where the offset goes, for example if you had a CT offset and the facility to offset against Preliminary Tax,

Revenue advised that they issued a note previously on offsets and that you cannot offset to a period not due.

Practitioners queried the layout of the Statement of Net Liability layout.

ACTION POINT:

Revenue advised it will review the layout, i.e. Balancing Yr. first and Prelim second.

Revenue advised that a sub group on Customer Engagement were meeting on 15th March to examine MyEnquiries issues and an update would be provided at next TALC Collection meeting.

Item 6: VAT

Revenue provided an update on two-tier VAT registration. The core principle behind the project is that applicants for new VAT registrations, including applicants who were re-registered for VAT, would be required to specify whether they wish to register for domestic VAT purposes only, or, for intra EU VAT registrations, which would facilitate intra community acquisitions from, and intra community supplies to, all EU Member States including Ireland.

Traders, who initially register for domestic purposes only, can subsequently apply to have their registrations extended to cover use in the EU. Implementation is June 2019, but system developments may defer it to September. Revenue will issue further communication in advance of the 'go live' date.

Where an intra-EU application is approved, the registration will also cover domestic activity. The vast majority of domestic only applications will be approved without delay.

Practitioners expressed dissatisfaction with a system, where, if one is registered for Domestic VAT, and, one wants to extend it for EU registrations, one has to make a new application

Revenue advised that the two-tier approach is an opportunity to improve the approval process for VAT registrations. The registration for which one is applying will be clearly flagged.

VAT Registration Details

Practitioners enquired whether the VAT registration details required to register a business for VAT have changed. They presented a list of questions that arose while trying to register a small start-up business for VAT. They outlined while a number of the requirements are

standard and would have been in the original tax registration form, a lot are not, particularly from the funding questions onwards.

Revenue's response is set out in **Appendix 4**

VAT 58

Practitioners enquired of Revenue on whether the information on the new electronic VAT 58 could be saved so one can print and send to client for signature and then submit.

Revenue advised that the new Uvat application system does not allow for the preparation and storage of the claim in advance of signing and submitting the application. The application cannot be saved and then submitted later. There is currently no work around.

ACTION POINT:

Revenue will explore further.

Practitioners advised that you cannot make a claim via the new form unless the VAT amount you are claiming is over €125

Revenue advised that the restriction on amounts greater than €125 has been disabled since early February and claimants can apply for refunds for amounts less than €125.

Item 7: ROS Updates.

Revenue provided the following updates:

- RCT Bulk rate review will take place 05/04/2019.
- CT1 2019 will be available from 08/04/2019
- 2018 Form 11 is already available but there will be a Version 2, this will be available in June.
- Tax & Duty Manual for Form 11 2018 will be available in June also.

ITEM 8: Treatment for Tax purposes of certain unpaid remuneration (S996 TCA 1997).

Practitioners requested Revenue's view on the application of Section 996 TCA 1997 in situations where a company has gone into liquidation. For example; A company has gone into liquidation and employees went unpaid for a number of months – in the hope that the company would raise further capital. The money was never raised. A P35 was submitted showing the employees had been paid all their earned salaries. Subsequently a revised P35 was filed showing the actual amounts paid. Then an assessment was raised on employees for taxes "earned but unpaid" on income under Section 996 TCA 1997. It does not appear that the intension of Section 996 TCA 1997 is to catch employees who have gone unpaid in liquidations/Receiverships/Examinerships. Clarity would be welcome on the issue.

Revenue advised that Section 996 TCA 1997 *Treatment for tax purposes of certain unpaid remuneration*, provides that remuneration, which is deductible as an expense in the computation of the profits or income of a trade or profession for a particular accounting period or period of account but which remains unpaid at the end of the period, is deemed to have been paid at a particular date in relation to that period.

The PAYE provisions apply to the payment as if it has been paid at that particular date. The provisions of the section do not apply to unpaid remuneration which is paid before

- the end of 6 months from the relevant date, or
- within 18 months from the 1st day of the period of account (where that period exceeds 12 months).

The query received by Revenue in advance of Collection TALC indicated that some amounts were paid to the employees, however, it was not clear as to when exactly these were paid nor what trading deduction the employer took in respect of the remuneration. That information would help determine whether Section 996 is appropriate or not in a particular case. If specific details from a practitioner were supplied then a check with the Division that raised the assessments can be made. S996 follows S994 (Priority in Bankruptcy) and S995 (Priority in winding up of certain amounts). Accordingly, it's presumed that there is a liquidation involved and therefore it'd be useful to have a better understanding of the specifics. Additionally, it would be relevant for Revenue to have additional details about whether or not there were connected parties involved.

Appendix 1 – CAT queries

Date of Grant

The IT38 requires a grant date to be inserted. In cases where the date of death is the date of the benefit, a grant may not have issued. In many cases, where all the significant assets are owned jointly, a grant may never be applied for.

Revenue advised that this is not mandatory when filing IT38. It has been checked on ROS offline and online and in ITP. If there was a problem with a case, can you provide specific details and Revenue will examine further.

Benefit of Mixed Property

Drop down menu for type of property does not allow mix. This is not practical for residuary legatees. Could a new drop-down item called residuary estate be included or an option for mixed property?

Revenue advised that the requested development to include new drop-down item of Residuary Estate will be included in an ICT release scheduled for 15th June 2019

Appendix 2 PMOD Q&A

1. On ringing the employer helpline, I gave my TAIN number and the client number and then I was asked additional security questions, for example, the client address, the frequency of their P30s and the November P30 liability. I am agent-linked to the client for PREM and I have never been asked these questions before. Is this a new protocol?

It has always been protocol to ask security questions. The TAIN may have been a security question but agents would have been asked additional questions.

2. I had employers with both monthly and weekly payrolls and red warning appeared for entries on ROS.

Assuming red warning refers to Action Required in Statement of Account. This has now been removed following feedback from the first payment due date.

3. There was some confusion as to whether selecting "Pay Now" meant the payment would be deducted straight away or on the RDI date of 23rd of the month and differing views on the helplines in January. I take it from the published guidance on payments that "Pay Now" defaults to the 23rd of the month.

It depends on the payment method. Payment date defaults to the current date when paying by credit / debit card or when paying by bank account. It defaults to the 23rd of the month for RDIs.

4. The acknowledgement/receipt for payment did not include any date, it just stated that the liability was paid. This is an unwelcome change from the P30 scenario.

Payment Notification Inbox document was updated on the 7th of March based on feedback to include Payment Date, Payment Method and the period being paid. (screenshot below)

https://roswebcss-sys192/revpay-web/revpay-main?execution=e1s1 - Revenue Commissioners

Registration Number: 03563352FH
Payment Reference Number: 4733876305

Acknowledgement for Payment Instruction

Return

Below is a copy of the payment instruction received by ROS on the 23/06/2019. If you have any questions or problems, check out the FAQs on the ROS site for the answers or, alternatively, you can get our contact details from the Help section at the top of each page on the ROS site.

Declaration Amount	
Income Tax	€4,000.00
PRSI (Employer & Employee)	€4,000.00
USC	€4,000.00
LPT	€4,000.00
Total	€16,000.00

Payment Details	
Period:	01/05/2019 - 31/05/2019
Payment Date:	23/06/2019
Payment Method:	RDI
Account Name:	FRAN
IBAN:	IE63AIBK*****2493
BIC:	AIBKIE2D
Mandate ID:	R430393

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- Employees are paid every Friday, so the payroll is processed and reported to Revenue every Thursday (with the payment file sent to the bank to ensure employees are paid each Friday). There is no issue when Thursday and Friday are in the same month but in January the 31st was a Thursday and 1st was a Friday. The PSR was successfully submitted on the 31st but circa 10 days later the client noticed an "action required" on the statement of account. The Employer Helpline said that the processing and payment date MUST be in the same month. Revenue proposed the clients redo that week's payroll with a pay date of Thursday 31st which does not seem correct. I would imagine that payroll which is processed at month end with a payment date in the following month will run into similar problems going forward. Definition of pay date is very clear. It is the date the funds are made available to the employees. The pay date is reported in the payroll submission and in this instance, it should have been Friday 1st of February and the deductions would have formed part of the February statement. The data on the submission must be correct and if it is not the employer / agent must correct it. The action required on the statement of account is separate and was to do with payments or returns not the payroll submission. This has now been removed following feedback from first month.
- PAYE monthly payments no longer appear in the Client Revenue Record on ROS. If I review the Client Revenue Record, Charges and Payments the last information on PAYE relates to the year 2018. In order to view the payments, I have to go in to Client Services, Employer Services, Statement of Account. But this is not in a printer friendly format. (Details of returns due and submitted are still available in the Client Revenue Record). The Client Revenue Record surely should contain details of all submissions and payments?
Details of payments, charges and returns are available in the Client Revenue Record.

Payments:

Tax Regn./Trader No.	Tax Type/Duty	Receipt No.	Period	Payment Method	Cheque No.	Amount	Date Lodged
[REDACTED]	PAYE-EMP	921787	01/02/2020 - 29/02/2020	RevPay SOA		80.00	20/02/2019
[REDACTED]	PAYE-EMP	785799	01/03/2019 - 31/03/2019	RevPay SOA		20.00	20/02/2019
[REDACTED]	PAYE-EMP	436860	01/02/2020 - 29/02/2020	RevPay Cdt Card		80.00	15/02/2019
[REDACTED]	PAYE-EMP	275032	01/01/2020 - 31/01/2020	RevPay Ddt Card		130.00	15/02/2019
[REDACTED]	PAYE-EMP	932160	01/02/2019 - 28/02/2019	RevPay Ddt Card		28.00	15/02/2019
[REDACTED]	PAYE-EMP	224827	01/01/2019 - 31/01/2019	RevPay Cdt Card		4.00	15/02/2019

Information correct as at 08/03/2019

Charges & Payments:

SARA-ER-FISHER GROUP - Charges & Payments

Tax Regn./Trader No.	Tax Type/Duty	Charge Type	Period	Liability	Collections	Balance	Payment Due Date
<input type="checkbox"/>	PAYE-EMP	In Advance	01/03/2019 - 31/03/2019	20.00	20.00	0.00	
<input type="checkbox"/>	PAYE-EMP	In Advance	01/02/2019 - 28/02/2019	28.00	28.00	0.00	
<input type="checkbox"/>	PAYE-EMP	In Advance	01/01/2019 - 31/01/2019	4.00	4.00	0.00	

Information correct as at 08/03/2019

Returns:

SARA-ER-FISHER GROUP - Returns

Tax Regn./Trader No.	Tax Type/Duty	Document Type	Period	Due Date	Issue Date	Date Filed	Action
<input type="checkbox"/>	PAYE-EMP	Return	01/02/2020 - 29/02/2020	14/03/2020		15/02/2019	
<input type="checkbox"/>	PAYE-EMP	Return	01/01/2020 - 31/01/2020	14/02/2020		15/02/2019	

Information correct as at 08/03/2019

- We received a few calls from a Revenue compliance unit querying why we did not submit returns for a number of clients in January. The clients did not take a salary and that was the end of it in most cases. However, one caller told us if the client did not de-register for PAYE or did not submit NIL returns, the compliance team would call every month until they did. The Employer Helpline was very clear that no submission is required if no emoluments are paid. Will the compliance team call every month?

It is correct that if you have not made any payment of emolument there is no submission required and the nil statement will be deemed your return. The compliance teams will not be calling each month to check. The initial calls were due to the reporting regime being new and ensuring all employers and agents were aware of their obligations.

8. How is Revenue monitoring Submissions/Statements and then Settlements of liabilities i.e. is there an automated cross reference, so errors and anomalies can be picked up?

Revenue is monitoring submissions made in the initial months and looking at submissions that have errors reported. Revenue is contacting employers to ensure they correct errors. These errors are returned to the payroll software and visible to the employer via ROS, so it is imperative that employers / agents review errors and correct as these records are not included in the statement.

Debt collection of balance outstanding will proceed as it always has.

9. Have automated mechanisms for penalties been built into the system for PAYE non-compliance?

In line with our service for compliance policy during the transition there will be no automatic penalties applied. The policy around the application of penalties is being developed and any associated developments would be scheduled based on this policy.

10. What is the take up on the new Variable Direct Debit option for employers?

Approx. 16,000 employers have signed up for Variable Direct Debit.

Appendix 3: DIRECT DEBIT – NOTE FOR COLLECTION TALC

The direct debit payment option for Preliminary Income Tax is allocated to the year when the payment is made.

For example, direct debit payments made in the months of January to December 2019 are allocated to the Preliminary Income Tax for 2019.

Even where there are older Income Tax periods with a liability outstanding the direct debits are only allocated to the current year.

There is a requirement for a **minimum of 3 debit payments in the first year of joining the scheme**, and a **minimum of 8 debit payments in each subsequent year** as set out in Section 959AP of the Taxes Consolidation Act 1997.

To meet the requirement for a minimum of 3 debit payments in the first year, the direct debit to pay the mandate should be set up by the end of September to allow for direct debit payments to be made in October, November and December of the first year.

All deductions (including the November and December direct debit payments) will be credited to the Preliminary Income Tax liability for the current year. In second and subsequent years, there should be a minimum of 8 direct debit payments.

If more than one direct debit mandate was in place in the same calendar year for Preliminary Income Tax, debits on all mandates are included when validating the three and eight payments rules. For example, a customer sets up a direct debit Instruction in February and makes two debit payments and cancels the direct debit Instruction. The same customer sets up another direct debit Instruction in September. The debit payments on both direct debit mandates will be counted when validating the three and eight payments rules.

Common Direct Debit User Errors That May Result in an Interest Charge

To minimise the risk of interest being charged, the payment of Preliminary Income Tax must be at least:

- 90% of the final tax liability for the current year of assessment, or
- 100% of the tax liability for the preceding year of assessment, or
- 105% of the pre-preceding year for SEPA Direct debit payers only (this option does not apply where the Income Tax payable for the pre-preceding year was NIL).

The return of income together with any balancing payment for the current year of assessment must be submitted, irrespective of the payment method, on or by the 31st October of the following year.

There is a filing date extension of approximately two weeks [mid-November] for customers who Pay and File their Income Tax return using ROS.

The necessity to satisfy the Preliminary Income Tax liability is the same regardless of the number of payments or when the taxpayer joins the scheme.

Interest charges arise where the taxpayer fails to pay sufficient Preliminary Income Tax as set out in Section 1080 of the Taxes Consolidation Act 1997.

Agent's Guide to the Collector General's Division This is a guide to the Collector-General's Division and contains contact details for various areas of work.

Appendix 4: Can Revenue confirm if the VAT registration details required to register a business for VAT have changed?

Background:

The VAT registration process from a Revenue perspective is two pronged, in that it involves a customer service aspect and a risk management aspect. The customer service aspect involves the processing of the VAT registration applications in a timely and efficient manner and having regard to need to facilitate business in making the process as straightforward as possible. To this end the eRegistration system enables appropriately registered practitioners to register their clients online. However, VAT registrations also carry a significant element of risk for Revenue which requires appropriate application review. The risks include customers who are not carrying on a taxable (VAT) activity obtaining a VAT registration and persons who are seeking to obtain a VAT number for the purposes of fraud e.g. Missing Trader Fraud or Carousel Fraud. Thus, all applications for VAT registration are subjected to tax risk review.

It is in the Exchequers interest that such VAT risks are mitigated and in the interest of compliant taxpayers that non-complaint companies do not gain an inappropriate commercial advantage.

Specific question:

The minimum VAT registration details required to register a business for VAT have not fundamentally changed. There have been a number of enhancements to the eRegistration system and these are publicised by Revenue, additionally Revenue is constantly reviewing the application of its registration procedures with a view to improving the service while addressing VAT risks.

The accompanying table identifies the questions that are required on an application form. Questions similar to the remaining questions could be asked in specific cases in order to allow the applicant the opportunity to provide suitable supporting evidence of trading and intent or ability to trade.

If information is required on application and has not been provided, then this will create a delay in the processing of the application while the necessary information is sought or in some cases where the application is returned for completion by the customer/practitioner. Where additional Information is considered necessary to process an application and to appropriately examine tax risk then it will also be sought. The questions relating to additional information are either case or business specific and thus it is not possible to cover all possibilities in an application form/screen.

Practitioners can assist Revenue process the application as quickly as possible practitioners by:

1. Completing the application form/screen in full, and
2. Uploading/submitting additional information (lease documents, contracts, copies of licences etc.) in support of their application, at the time of application.

	TR1	TR2	TR1FT	TR2FT
1. Please confirm the name and address and PPSN number details of directors and shareholders?	N/A	Items 15 to 17	N/A	Items 17 to 19
2. Please confirm the shareholders and their holdings	N/A	Items 15 to 17	N/A	Items 17 to 19
3. Please confirm where the manufacturing of the product will be located or conducted?	No	No	No	No
4. Is the premises leased or owned? If leased please provide a copy of the lease?	Item 30	Item 19	Item 28	Item 13
5. What funding has the company in place?	No	No	No	No
6. Please confirm the expected turnover?	Item 27	Item 25	Item 35	No
7. Can you supply details of customers?	No	No	No	No
8. Can you supply details of suppliers?	No	No	No	No
9. Can you provide business projections and / or feasibility studies for the business being registered?	No	No	No	No
10. Please provide the web address or details of social media profile which is being used to market the products to customers?	No	No	No	No
11. Are there copies of contracts entered into available?	No	No	No	No
12. Is this business an established business or a new start-up?	Item 30	Item 20	No	No
13. There is no commercial vehicle registered to you can you please confirm the vehicle registration number?	No	No	No	No
14. Please confirm the experience of the directors in this trade?	No	No	No	No