

Minutes of TALC Sub-committee on Collection issues

Date: 5 March 2020

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

Item 1: Minutes of meeting held 28 November 2019

The minutes were approved. The level of detail was appreciated.

Item 2: Matters arising

Taxation of Non-resident landlords and related matters: Revenue confirmed that the situation outlined in the November 2020 Minutes is the definitive position and that there is no change in policy.

VAT Refund TDM: Revenue confirmed that the VAT Refund Letter has been reviewed with the addition of "...and you can only resubmit your claim if further documentation is lodged". Revenue will circulate amended letter.

PSWT: Practitioners queried why the Revenue website does not confirm where PSWT refund claims are dealt with. Revenue informed the group that cases are directed internally to the relevant area for processing. They confirmed that all MED cases are dealt with in Cork. To speed up the process, Practitioners suggested that the website might direct taxpayers/agents where to send information in particular cases.

ACTION POINT

Revenue will examine its contact information around where to send information on PSWT refund claims

Revenue to circulate amended VAT Refund Letter

Item 3: Debt Management Services Update

Revenue confirmed that they were not aware of any issues and that the system was working well. They are examining the order in which the preliminary tax and current year tax liabilities payments are presented in the SNL. The current presentation presents preliminary tax first in an attempt to minimise the risk of underpayment of preliminary tax and exposure to backdated interest charges. Where the payment is less than both combined liabilities, they propose making payment against the balancing payment in the first instance. Where there is a nil preliminary tax self-assessment they propose flagging this to the filer to ensure that the risk, and consequent interest penalty, of underpaying preliminary tax is understood.

'Request for Payment' letter. Revenue are doing analysis on this but highlighted the need to be careful of GDPR in particular where there is more than one agent.

CCABI queried whether Revenue had considered the difficulties various sectors particularly tourism might encounter in making payments in light of cancelled bookings due to COVID 19. Revenue explained that they will take a pragmatic approach as they did during the economic downturn and will encourage taxpayers to keep filing returns and to talk to Revenue. It is anticipated that Revenue will issue a Statement on the matter.

ACTION POINT

Revenue to continue to look at the mechanics of copying agents on the 'Request for Demand' letter.

Item 4: PAYE Modernisation

Practitioners sought an update on the year end 2019/2020 transition for employers and employee-focused developments on myAccount. Revenue reported as follows:

1. Late submissions for October 2019 pay dates were still being submitted;
2. Employment detail summary issued on 1 January 2020;
3. Preliminary End of Year Statements issued mid-January 2020;
4. Income Tax returns received online (380,000 approx) were currently being processed. This represented a significant increase on last year; 98%-99% returns made online.
5. While there was very little backlog the more complex issues were causing a slight delay. Issues include cases where employers sends in a revised amount after an income tax refund has been made. This then involves a recalculation by Revenue and a revised statement of liability. Revenue confirmed that there is an increase in income tax returns because Revenue have been encouraging taxpayers to apply for same. Individuals are claiming electronically and earlier as they no longer require a P60 Revenue will be communicating with those where their Preliminary End of Year Statement indicates possible under/over payments in May/June.

Practitioners queried the interaction of PAYE and ROS Income Tax Assessment for proprietary directors 2019 bonuses. Revenue confirmed that there was no change to the Form 11 for proprietary directors and that clarity around the mismatch is a legislative issue. Any payment that is taxable to directors is causing an issue. Revenue confirmed that the Form 11 is a self-assessed return and the prefilled information available from Revenue's systems can be overwritten. It was noted that the refund of credit issue will still apply, the issue was raised at TALC Audit, and that Revenue were actively examining the issue.

ACTION POINT

Keep interaction of PAYE and ROS Income Tax Assessment for Proprietary Directors on the Agenda.

Item 5: ROS issues

Revenue provided an update as follows:

1. RCT: An RCT bulk rate review is scheduled for 28 March 2020. 8,000 subcontractor cases are expected to move to a higher deduction rate due to outstanding VAT returns. Revenue expect to issue 16,000 test review letters. The TDM 180205 and ROS Help have screen shots outlining how to self-review the deduction rate and outlining the reasons for that rate. The issue with RCT offsetting for corporates is to be fixed in June (not March). Revenue flagged to practitioners that they are removing the option to offset RCT credit to a VAT estimate. To avoid the issue of a surcharge applying inadvertently when analysing old returns an “amend and apply surcharge” prompt will be given before clicking OK;
2. CT1 2020 will be released on 6/4/2020: Further updates to TDM need to be drafted;
3. ROS changes and enhancements: entities other than corporates can change address in ROS from early April. A link with CRO is proposed to automatically update a companies’ official address details. An agent can change their own address on the pre-filled profile page. The option to change the client’s address is available but not pre-filled;
4. The VAT basis of accounting will be available on ROS – client revenue record in April. The VAT taxhead will specify either cash or invoice in parentheses.
5. MyEnquiries tracking: the Enquiries Record will include an extra column on ‘Status’, which will show tracking from Pending to Completed;
6. Form 11 2019 version 2 will add pre-filling in June 2020;
7. Agents inputting their own tax reference on the Form 11 for a client’s spouse to obtain the marriage credit is still an issue. Revenue pointed out agents were submitting a false declaration and this could lead to a client obtaining an agents information. Revenue flagged that this creates GDPR issues. Revenue pointed out that taxpayer can update their marital status using Manage My Records in MyAccount but both spouses have to confirm the change in status;
8. Case Base Review and Update - There are a significant number of cases of individuals returning a Form 11 where it is not required i.e. where there was no non-PAYE income or have non-PAYE income less than €5k. The non-agent group were contacted first and those represented by agents will be the next phase. Those that have non-PAYE income up to €5,000 will be advised of the more appropriate and easier option to use Form 12. Where the Form 11 process is ceased it can be renewed where circumstances change. A copy of the relevant letter will be circulated to agents.

Practitioners sought guidance on how total income is calculated for the purposes of the €5,000 person’s threshold for PRSI calculation. They pointed out that there was conflicting information on the Revenue website, Citizens information website and Social Welfare website. It was not clear if it was reckonable income or gross income. CCABI were requested to submit the particular query for Revenue to review with the possibility that the TDM/FAQ section could be expanded upon.

ACTION POINT

Revenue to consider additional guidance or FAQ’s to clarify what total income is comprised of for purposes of €5,000 limit for PRSI purposes (practitioner to submit information on the issue)

Revenue to circulate ROS issues presentation.

Practitioners raised a query on the CT change of accounting period: Revenue said that if the accounting period has been shortened it is simply a matter of inserting the shortened period. The system can update the period of the return but only within a 366-day period. If a period is over 18 months a nil return can be lodged for the shorter period, with the detail of the 12 month's trade filed in the return for the correct accounting period.

Practitioners commented that the Form 12 for commercial packages cannot upload to ROS and there is no offline version or batch facility. Revenue are aware of the issue.

Item 6: Reporting Requirements for Main TALC

On reviewing the guidance for the governing of sub-committees it was agreed at Main TALC that sub-committees must submit a yearly work plan, a summary of the main points from each meeting and highlight items that Main TALC need to consider. It was also agreed that the MyEnquiries sub-group will deal with all MyEnquiries items and report to this group iXBRL will now be dealt with on the agenda of this group. It was also agreed that draft minutes be circulated within two weeks.

It was agreed that this group would hold a meeting in September and to include the following on the Work Plan:

1. ROS
2. PMOD
3. Reporting on subgroups – My Enquiries/iXBRL
4. DMS
5. PSWT (update)

ACTION POINT

The Chairperson to organise a September meeting in 2020 and to send the Work Plan and Summary Points to Main TALC secretary

Practitioners pointed out the importance of ensuring individuals had an opportunity to pay taxes outstanding and obviate the need for referral to the sheriff for enforcement. . Revenue noted that at times there might be a lack of communication between client and agent leading to enforcement Revenue acknowledged an increase in enforcement referrals since the introduction of Debt Management Services and its expanded coverage of the customer case base, however it advised that it was too early to draw definitive conclusions as to whether the earlier referrals to enforcement would continue.

Item 7: Administration of the USC threshold increase

Revenue informed the group that a public interface testing software is in place to deal with change in USC rate. They reported that 2.6 to 2.8 million RPN's are due to issue effective from 1 January with employer notices issuing this weekend. MyAccount will not be available for 21 hours over a weekend while updates are made to RPN to ensure no changes to credits take

place during updating period. Revenue pointed out the complexity of the process because it is an in-year process.

Item 8: VAT Offset Process – observations

Practitioners queried why the VAT 3 Option to tick a box for offset of a VAT refund doesn't give the option to offset against prior periods. Revenue advised that this issue was fixed in February and is now available.

Practitioners enquired why the PAYE/PRSI reconciliation statement for an accounting year is no longer available since PMOD introduced. They explained that it is useful for preparing reconciliation statements/control accounts for employers to demonstrate where the offsets have been allocated between VAT/RCT/PREM. Revenue agreed to explore this issue.

ACTION POINT

Revenue to explore reinstating the issuing of Reconciliation Statements

Item 9: Offset of Refunds against oldest liability where that liability is with the Sherriff

Practitioners sought clarification whether the default option (that refunds are offset against the oldest debt first) recognises that a debt is with a Sheriff for collection or does it require a manual intervention by a caseworker and if so, what are the procedures. Revenue informed that the offset process looks at current taxes outstanding first before it looks at periods at enforcement. Revenue said that if practitioners had a relevant case to be reviewed to forward.

Item 10: eCG50

Revenue confirmed they had dealt with the queries raised by Ms Mary Healy in email dated 12 February, 2020 and will circulate response. Practitioners queried the reference in the slides to the declaration that "all tax liabilities owing that relate to this asset paid in full" and Revenue informed practitioners that this relates to the removal of the requirement to obtain a letter of no audit. Practitioners queried whether that declaration is relevant to the new return under discussion at LONA subgroup and not the eCG50 noting that subgroup is currently awaiting sight of the documentation being drafted by Revenue and a further meeting of the subgroup. Revenue also offered to deliver the eCG50 presentation to Law Society reps if required. eCG50 is to be rolled out in June.

ACTION POINT

Revenue to circulate response to practitioner's email of 12 February 2020

Item 11: Facility for payment of LPT on behalf of a client from a solicitor's nominated bank account

Practitioners asked if there was a facility to pay LPT from a solicitor's nominated account to avoid having to pay by cheque or credit card. Revenue said that the only other option would

be for solicitors to obtain the property ID number/PIN number from client and discharge tax from the solicitor's nominated bank account.

ACTION POINT

Revenue to circulate information on LPT payment for review by practitioners

Item 12: Surcharge applying to PAYE Director:

Practitioners raised a query regarding a PAYE Worker, not a director or shareholder, who submitted a claim for the Home Carer Tax Credit for 2015, 2016, 2017 and 2018. The claim was submitted pre end December 2019 and return filed. A charge was applied on the basis that the returns were filed late which had the effect of cancelling the refund arising from claiming the credit. Practitioners asked if this was a ROS issue or a technical matter. Revenue informed the group that it was not a general issue and that there is no facility to apply a surcharge on a Form 12. Practitioners pointed out that maybe it was a software issue in that a Form 11 return may have been lodged automatically. Revenue agreed to follow up on this particular query, if the details were provided to enable follow-up.

ACTION POINT

Practitioner to send query details to Revenue for follow up

Item 13: AOB

Tax refund – status: Practitioners questioned why the SARP refunds are taking more than 6 months at the moment and reports of significant delays for VAT refunds to become available for offset/refund. Practitioners requested upfront guidance on what supporting documents are required for RCT/SARP refunds to avoid delays. Revenue pointed out that non-resident employees were often not aware of requirement to make a claim for a refund.

ACTION POINT

Revenue to provide guidance on supporting documentation for refunds

Practitioners questioned whether ROS payments came under EU (Payment Services) Regulation 2018 and if so, it raises the issue of requirement to register with Central Bank if making payments on behalf of someone else.

ACTION POINT

Practitioners agreed to circulate details and Revenue will review.

Revenue pointed out that clients may need to be reminded to update their email addresses on MyAccount/ROS if they are no longer using Eircom (who are now charging for emails) or changing providers generally.

Attendees

Law Society	Revenue
Ms Ruth Higgins (Chair)	Mr Leonard Burke
Dr Rachael Hession	Ms Maura Conneely
	Mr Gearoid Murphy
Irish Tax Institute	Ms Lucy Mulqueen
Ms Mary Healy	Mr Joseph Howley
Ms Sandra Clarke	
Mr Paul Wallace	CCAB-I
	Ms Kimberley Rowan
	Mr Gerry Higgins