

# Minutes of TALC Sub-committee on Collection issues

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**Date: 4 March 2021**

**Via Zoom**

## **Agenda Item 1: Minutes of meeting held 17 November 2020**

The minutes were approved.

## **Agenda Item 2: Matters arising**

- The Chair noted the discussions at Main TALC regarding a change to the procedure for approving TALC minutes to allow for agreement of minutes between meetings. Once the relevant procedural process was agreed by Main TALC, it was proposed that the sub-committee would follow this procedure also.
- Practitioners will revert to Revenue on the suggestion raised at the last meeting on the inclusion of additional information on the Employee Detail Summary (EDS), in response to Revenue's request for further information on the business case for the request.
- Revenue referred to practitioners' queries as to whether there was scope for a Direct Debit arrangement for corporation tax to allow for staged payments of preliminary tax and reduce the accumulation of debt. Revenue confirmed that this matter will need to be explored further before any changes can be considered. There may also be policy considerations if altering the timing of the payment of corporation tax would impact on the Exchequer yield. Practitioners noted that this suggestion was in the context of tax payments by SMEs, rather than across the board. It was agreed to keep this matter on the agenda for future meetings.

### **ACTION POINT**

**ITI to provide feedback to Revenue on proposed changes to the Employee Details Summary (EDS).**

## **Agenda Item 3: Workplan 2021**

The workplan for 2021 was agreed.

## **Agenda Item 4: Warehousing of Debt**

Revenue referred to the press release which set out a number of the issues to be covered in this meeting. Any business that has been impacted by the government restrictions can avail of warehousing up to the end of June (bi-monthly period) and the 12 month interest-free period will take effect from that date. There are in the region of 70,000 customers with €1.9bn in the warehouse currently. A core message from the press release is that businesses must file returns even where the business has been shut or the return is a nil return. 60% of customers are filing returns as they fall due but close to 40% have one or more return outstanding. Approximately 26,000 customers are also availing of EWSS and CRSS.

Revenue confirmed that letters will be sent to businesses availing of the Debt Warehousing Scheme. The letters will advise businesses that the scheme remains available, remind them of the importance of continuing to file their tax returns and advise those that have outstanding returns of the consequences if the tax returns are not submitted. Revenue will circulate sample letters to this sub-committee. Revenue noted that the consequence of not filing outstanding

returns is withdrawal of tax clearance, with the resulting ineligibility for debt warehousing and loss of access to the other Government support schemes, such as EWSS and CRSS. The timeframe proposed in the letters to file outstanding returns is expected to be 21 days.

## **ACTION POINT**

**Revenue to provide sample copies of letters to issue to taxpayers with outstanding tax returns.**

### **Agenda Item 5: COVID-19 measures**

Revenue confirmed that both the EWSS and CRSS have been extended to the end of June 2021. Revenue is receiving approximately 55 CRSS applications per day and the turnaround time for queries has improved. Businesses that do not meet the eligibility criteria for the CRSS, may wish to note the new Government support schemes, the Tourism Business Continuity Scheme operated by Fáilte Ireland and the COVID-19 Business Aid Scheme (CBAS), run by local authorities.

### **Agenda Item 6: Debt Management Services (DMS) update**

Revenue confirmed that debt enforcement activity, while still suspended, will recommence shortly and Revenue will focus on the small number of businesses, that have not been impacted by the COVID-19 pandemic and have continued to operate at their usual or, in some instances, at enhanced turnover levels throughout the pandemic, and that are not meeting their timely tax return filing and payment obligations. Revenue confirmed that these businesses will be contacted beforehand (by phone) to note Revenue will be writing to them.

Revenue will also shortly recommence real-time updating of the tax clearance system. Tax clearance will be withdrawn where tax returns are not up to date which will have a significant impact for businesses claiming EWSS and CRSS, as tax clearance is a key eligibility requirement for participation in the schemes.

Revenue's long standing approach to taxpayers with payment difficulties remains that these businesses should engage with Revenue as soon as possible if they are facing payment difficulties.

### **Agenda Item 7: ROS Issues**

#### **CT1 2021 Developments**

Further to Revenue's presentation on the proposed Form 11 2020 changes, Revenue made a short presentation on the proposed changes to the Form CT1 for 2021. The CT1 for 2021 is expected to be available on ROS from 27/29 March 2021. The changes to the Form CT1 are in relation to the Extracts From Accounts, 'Accounts' sub-section. The changes mainly relate to the mandating of certain fields, additional validation checks and a layout change, such that the 'Balance Sheet and Capital Reserve Items' will appear after the 'Adjustments made to Profit/Loss before tax per Accounts' section.

Revenue noted the changes to the tax returns are intended to improve the integrity of data, by reducing inaccuracies, which will in turn improve risk profiling and minimise unnecessary contact with compliant taxpayers. Practitioners sought the development of a metric to be able to determine whether these requirements do reduce such interventions over time. There should be a quantifiable benefit for taxpayers, given the additional time and cost in completing additional fields on the tax return. Revenue acknowledged the importance of such a measurement.

A Revenue team is examining other tax forms with regards to simplifications and making returns more user-friendly and will update practitioners on plans in due course.

Practitioners queried whether the full paper Form CT1 can be made available via ROS as currently the ROS CT1 output only shows the fields that have been completed. Revenue noted that software providers have the capacity to produce the paper Form CT1. There are currently no plans to make the paper Form CT1 available in ROS, as the majority of taxpayers would not wish to print out the full form, which is in excess of 20 plus pages.

#### **eCG50 update**

Revenue presented an update on the enhancement of the eCG50. By the third week of June copies of the CG50 should be available in the ROS inbox for agents. Revenue is working to streamline the CGT registration process and to facilitate applications where multiple vendors need access to the system.

Practitioners queried whether the 2021 CGT returns are available as, for example, non-residents will suffer tax withheld on the sale of property unless the CGT return is filed and CGT paid. Revenue confirmed the 2021 CGT Return is not yet available. Revenue's systems roll over for the current year to reflect Budget changes but the returns are always on a prior year basis. In live cases, details can be sent to Revenue and a case worker will work the case manually.

Practitioners also noted that the capacity to include a future date of disposal had been raised with Revenue in relation to the eCG50 development and queried whether this had been implemented. Revenue will check whether this amendment has been implemented.

#### **ACTION POINT**

**Revenue to review issue with the future date of disposal in the eCG50 development.**

#### **Exercise on Personal Division records of Form 11 filers**

Revenue confirmed that work is ongoing to identify cases where an individual was previously registered for Income Tax but is no longer a chargeable person nor required to file a Form 11. Revenue will be writing to these individuals and their tax agents, if one is appointed, to notify them that the income tax registration will be ceased.

#### **Issue with Form 12 and 53 weeks**

Practitioners queried instances arising of the non-application of the week 53 standard rate cut off point (SRCOP) and tax credit in some employees' assessments, where week 53 treatment was expected to apply. Revenue noted that this is largely due to the way in which the employer has reported the payroll. For example, where an employee was paid in respect of the last two weeks of the year, in one payment in the second last week of December, Revenue cannot apply the week 53 SRCOP and tax credit to the payment. The pay date must have been on 30 or 31 December. Some employers scheduled the payments in advance to be made to the employee on 30/31 December and this is correctly reflected in the payroll pay date.

Practitioners requested that Revenue consider applying some concession in the cases raised, as the employees are, in effect, being penalised due to an error in how the payroll was reported at a pressurised time for employers. Revenue considered that the date on which the payment was made to the employee is a question of fact and dictates the treatment. It is not possible to amend the pay date in such cases and the legislation and PAYE Regulations do not permit week 53 treatment in such circumstances. As such, Revenue cannot apply discretion in such cases and reminded of the importance of employers correctly following the PAYE Regulations

to avoid such instances in the future. In light of the difficulties that arose in 2020 due to the COVID-19 pandemic, practitioners asked Revenue to consider not withholding the week 53 SCROP and tax credit for genuine weekly payrolls whereby the 2 weeks were paid on 24 December. Revenue agreed to consider this but noted the difficulty of adopting a practice outside of legislation.

#### **Agents setting up a payment for a Form 12 filer**

Practitioners requested whether ROS could be amended to permit tax agents to arrange payments on ROS in respect of their PAYE clients i.e. to set up an RDI similar to the process for other tax payments. This would be beneficial as some PAYE taxpayers may wish their agents to arrange payment of their outstanding 2020 balance, arising from the TWSS. Revenue confirmed that currently only the PAYE customer can make a payment online. However, Revenue will examine the matter further to consider what development could be possible.

#### **Guidance on completing Form 11 for collection agents/non-resident landlords**

Practitioners queried whether practical guidance could be provided in relation to the filing of Form 11 for non-resident landlords, in particular in light of the new fields on the ROS form for 2020. Revenue agreed that the guidance needs to be updated to clarify the position for non-resident landlords. Revenue requested feedback from practitioners to assist with website updates and updates to the guidance.

#### **ACTION POINT**

**ITI to provide further details of issues where guidance on Form 11 filing in relation to non-resident landlords is sought.**

#### **Availability of a summary of payroll submissions on ROS**

Revenue confirmed that a summary of payroll submission on ROS, as suggested by practitioners, would be beneficial and have included this as a proposed development for this year. Revenue is currently putting together proposals for development for 2021 and requested that practitioners provide details of what could usefully be provided in a summary.

Revenue will update the sub-committee on their plans for developments in due course, which will include simplifying the online process for employees.

#### **ACTION POINT**

**CCAB-I to engage with Revenue with suggestion on the development of a summary of payroll submissions on ROS.**

#### **Update on ROS planned developments for 2021?**

Revenue provided an update on ROS planned developments in a slide presentation including the proposed update to the 2021 Form CT1, enhancements of the eCG50 and update on ePSWT (discussed below).

#### **Agenda Item 8: PAYE**

##### **The 4-year agent authorisation renewal process**

Practitioners requested a simpler process for renewal of the PAYE agent authorisation, instead of resubmitting the form(s) every 4 years and pointed to practical issues in renewing current authorisations that have expired. Revenue noted that this change was made in

response to feedback from customers that PAYE agent authorisations should not be valid indefinitely. Revenue decided a 4-year validity period would be appropriate. This period applies on a prospective basis and the release of the recent Manual was to highlight that existing relationships will need to be revisited in 4 years' time. Revenue is open to considering feedback in due course, on simplifications to the renewal process and confirmed the new time-limit only applies in relation to PAYE clients.

### **General update request PAYE activity**

Revenue gave a general update on PAYE. This quarter is the busiest quarter for income tax returns with over 450,000 returns filed in January (99% filed online). Where refunds are due the majority were processed in 3-5 working days. There were some delays in cases where further information was requested. Where PAYE customers had underpayments for 2020 especially relating to the COVID-PUP or TWSS, these are being coded forward for 4 years from 2022. Revenue confirmed the majority of queries received over the phone were queries primarily from PAYE customers relating to how the COVID-PUP and TWSS are taxed and also in relation to 2021 where the credits are reduced to take account of COVID-PUP.

Where an individual returns to work they need to notify the Department of Social Protection (DSP) immediately. The DSP notify Revenue where an individual has closed their claim for the COVID-PUP. This notification is made after the last COVID-PUP amount has been processed for the individual by the DSP. Individuals returning to work are placed on a "Week 1" basis by Revenue in order to mitigate a tax underpayment at the end of the year. However, Revenue will consider requests to place an individual on a cumulative basis, where appropriate.

Practitioners highlighted an issue where a non-assessable spouse is in receipt of PAYE income and also TWSS in 2020, and the Form 11 is denying the employee tax credit on the portion of income that is TWSS. Revenue confirmed that an update to the ROS Form 11 is currently in progress in respect of this matter.

### **Agenda Item 9: My Enquiries/iXBRL**

#### **MyEnquiries**

Revenue confirmed a meeting of the MyEnquiries sub-group took place this week and will circulate the actions points from that sub-group to this TALC sub-group.

#### **Update on iXBRL filings due on 23 December**

Revenue plan to reintroduce the late filing surcharge from 1 July 2021, for returns currently availing of the surcharge suspension. In respect of submissions for the 2020 year just under 10% were outstanding in January. Revenue noted the CRO extension to 28 May. Practitioners appreciated the forbearance adopted by Revenue to date on iXBRL returns. Issues surrounding a business continuing as a going concern due to the pandemic has impacted on the finalisation of some financial statements for 2019.

Revenue confirmed that iXBRL financial statements are considered in determining a taxpayer's tax clearance status. Therefore, if any 2019 iXBRL returns are outstanding this could affect a taxpayer's tax clearance position and eligibility for the support schemes.

### **Agenda Item 10: PSWT**

Revenue provided an update on ePSWT "light" in a slide presentation and confirmed the commencement of ePSWT is planned for 1 July 2021. The Revenue website has been updated with information which will be added to on an ongoing basis. Revenue is happy to engage with interested stakeholders on communicating the development. Letters will be sent to circa 509 accountable persons outlining the changes and Revenue is considering hosting sessions to help with adopting to the new system. It is expected ePSWT should streamline processing of F45s by the second half of the year.

## Agenda Item 11: Other Matters

### Delay to tax registrations as a result of the new CRO system

Practitioners noted they found that the Revenue system was not compatible with the new CRO system and that this was causing delays to registrations. Revenue confirmed that the CRO made changes to its system in November and Revenue subsequently revised aspect of the eRegistration process. The data was only updated at the weekends, so it was causing delays in some cases. From 22 February the systems are now aligned so this issue should now be resolved.

### Guidance on including TWSS, EWSS, CRSS on CT1/Form 11

Practitioners requested that Revenue's guidance be updated to include information on how employers should disclose the amounts of TWSS, EWSS and CRSS received in the accounts extracts in the Form 1, Form 11 and Form CT1. Revenue stated that the guidance will be updated for these returns to help taxpayers complete the returns.

#### **ACTION POINT**

**Revenue to update guidance on Form 1, Form 11 and Form CT1 on the disclosure of TWSS, EWSS and CRSS in the accounts extracts.**

### Change in card payment policy

Revenue advised that the current policy with regard to card payments is changing in April. Currently Revenue accepts debit and credit cards from all customers and absorbs the full costs of processing such card payments. In some instances, the processing costs can be up to 2% of the payment amount which can incur very significant costs to the Exchequer. Given the continuing financial demands on the Exchequer, and in order to manage the increasing costs of processing such card payments, it has been decided to make the credit and debit card payment facility available to customers in Personal and Business Divisions only. Customers whose tax affairs are managed in MED, LCD and LC-HWID will no longer be able to avail of the card payment facility. Customers in these divisions will be requested to use ROS Debit Instructions for making their tax payments to Revenue. A further update and direct communication with the customers within these Divisions who use the facility, will issue with the implementation date for the change, once the necessary updates have been made to Revenue systems.

### ROS Pay and File Deadline

Practitioners queried whether the ROS Pay and File deadline for 2021 had been confirmed. Revenue noted that there was no update on this date, as yet.

<b>Irish Tax Institute</b>	<b>Revenue</b>
Mr Stephen Gahan (Chair)	Mr Joe Howley
Ms Mary Healy	Mr Leonard Burke
Mr Paul Wallace	Ms Maura Conneely
Mr Andrew Thompson	Ms Lucy Mulqueen
Ms Lorraine Sheegar (Minutes Co-ordinator)	Mr Pat O'Shea
	Mr James Fagan
<b>Law Society</b>	Mr Justin Walsh
Ms Ruth Higgins	Ms Leanne Comer
Ms Deirdre Barnicle	Mr Pat Murphy
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