

# Minutes of TALC Sub-committee on Collection issues

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**Date: 21 June 2022**

**Via Microsoft Teams**

## **Agenda Item 1: Minutes of meeting held on 22 February 2022 and matters arising**

The minutes were finalised and approved.

## **Agenda Item 2: Non-Resident Landlords**

Revenue noted that this issue had been discussed at the February meeting of this forum and that the position had not changed. Revenue advised that if issues arise whereby non-resident landlords have neither appointed a collection agent or arranged for the tenant to deduct tax at source for 2021, such cases should contact Revenue, and they will be dealt with on a case-by-case basis. Revenue stated that they would ensure that internal manuals advising case workers on how to deal with such cases would be reviewed and updated if necessary.

Revenue reiterated that the work around that was provided for non-resident landlords to file 2020 ROS Form 11 returns would not be repeated for 2021 ROS Form 11s.

Practitioners expressed concern that if landlords were classed as chargeable persons, they were not being permitted to file income tax returns and highlighted the difficulties being experienced by genuine landlords who want to pay their taxes but are forced to undergo arduous administrative requirements under the legislation. Revenue acknowledged the difficulties and said that it was its duty to implement the legislation. However, it would investigate whether a 'notes' facility could be added to the appropriate section of the Form 11 to enable filers who have not made the appropriate arrangements to set out their case.

Practitioners requested that Revenue's published Tax and Duty Manual (TDM) outline the procedure for filing Form 11 2021 returns for landlords who did not have the relevant arrangements in place in 2021. Practitioners also noted the limited practical information on filing returns using a collection agent and requested that Revenue guidance clarifies the practical implementation of the legislation. For example, taxpayers are uncertain as to the extent of the income information required to be given to collection agents. Revenue agreed to consider this request.

An updated TDM for the Form 11 2021 should issue by early July.

## **ACTION POINTS**

**Revenue to check if note can be included in Form 11 and updated TDM to issue early July**

## **Agenda Item 3: Issue re: Directors Emoluments**

Revenue provided an update regarding the allocation of USC to the year a bonus is earned, stating that USC is strictly applied on an earnings basis.

In terms of the request to Revenue to provide clarification on a disparity between TDM-05-01-08 on Schedule E noting a director's remuneration assessable for a tax year is normally taken as the amount of director's remuneration charged in the company accounts for a year within the tax year (bar certain exceptions) notwithstanding the allocation that seems to be sought in the return, Revenue noted that while it is not aware of any new examples of issues, it will try to enhance the Form 11 for 2022.

ITI noted that it is cumbersome filling out the panels, with some confusion arising between requirements per the TDM and per the panels in the Form 11, and suggested more clarity would be useful, highlighting that directors' emoluments are a focus of Revenue reviews.

In legislative representatives on simplifying tax administration, ITI suggested a change to assessing directors emoluments on a receipts basis to alleviate the difficulties. Revenue requested detail or suggestions of content on the director's remuneration panel in the Form 11 which is causing difficulty so that it may review the TDM with a view to minimising confusion.

## **ACTION POINTS**

**ITI to provide Revenue with detail of content causing difficulty and Revenue to review TDM to minimise confusion.**

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

Revenue provided an update on the compliance campaign which commenced in May with the issue of final notices to warehoused customers with outstanding returns giving 10 days from the date of the notice to file returns. The campaign is part of standard compliance that will continue in coming months to address non-filing of returns for warehoused customer and notices will issue on a rolling basis as cases come to attention with outstanding returns.

Revenue reminded the forum that it is vital that taxpayers availing of debt warehousing file all returns, even Nil returns, and pay current taxes as they fall due otherwise the benefits of debt warehousing will be revoked. Where cases with outstanding returns do not make contact, case workers will initiate a phone contact to discuss any compliance issues. Some case workers have reported difficulties in contacting taxpayers or taxpayers have directed contact to the agents.

CCAB-I queried whether the non-filing of VAT RTDs or Form 46Gs and other statistical returns impacts on the process. Revenue confirmed that while non-filing of VAT RTDs and other informational returns does not revoke the benefits of debt warehousing, if other returns are also outstanding the outstanding informational returns will be included in the list notified to the taxpayer.

Revenue will not be writing at this time to taxpayers who submitted their outstanding returns by 30 April 2022 confirming their warehoused debt as the ROS screens should provide all the relevant information.

For the majority of businesses in the Debt Warehousing Scheme Period 2 will end on 31 December 2022 and Revenue intends to contact taxpayers in October 2022 requesting they make arrangements to repay the warehoused debt.

Revenue reiterated that taxpayers must engage with Revenue before Period 2 ends to outline their plans to pay the warehoused debt. Should a Phased Payment Arrangement (PPA) be required it must be applied for through the normal online channels, with caseworker approval. It is also possible to pay off the debt in advance of Period 2 end date at the applicable 0% interest rate. Revenue reassured practitioners, who outlined the trepidation that some taxpayers may have regarding inability to meet the payment schedule, that Revenue's approach will be flexible and pragmatic to take account of the financial circumstances of the business.

In terms of PPAs, Revenue confirmed that both warehoused and non-warehoused debt can now be consolidated within the same PPA. Practitioners asked for clarity on whether the requirement to pay a down payment of 25% or 40% (depending on tax clearance status) applied to warehoused debt. Revenue confirmed that this was the case but said that they would take a flexible and pragmatic approach depending on the circumstances of each case.

### **Agenda Item 5: ePSWT**

Difficulties raised previously by Practitioners on the allocation of PSWT withheld in the medical sector where the treating doctor is employed by a practice or is one partner in a partnership that is assessable on the GMS income were again noted. By way of background, issues include practice visibility on tax withheld in relation to practice income as the credit is visible on MyAccount to the treating doctor only and inability to claim the PSWT credit against practice income according to the partnership arrangement. Practitioners queried whether Revenue had an update on the matter.

Revenue acknowledged receipt of CCAB-I submission on this issue and again noted the recent TAC determination (01TACD2022) which demonstrated the GMS contract followed the treating doctor, copper-fastening the HSE's viewpoint. Revenue noted that RLS were examining this ruling in the context of the tax treatment of treating doctors who are employees. ITI noted that they had made a submission on the issue.

Revenue noted that they were aware of 200 cases impacted with this issue and indicated that the Department of Social Protection is also looking at the matter. Revenue is unsure that a 'work-around' is warranted for so few. Practitioners reiterated that this issue is impacting agents trying to file tax returns correctly and a work around is warranted.

CCAB-I referenced Revenue's previous interactions with the Department of Agriculture, Food, and the Marine (DAFM) regarding similar contracts held by the DAFM with veterinary surgeons and queried why Revenue did not implement the same procedure for HSE contracts. Revenue suggested CCAB-I make a submission to RLS in this regard.

Revenue noted that a planned meeting between Revenue's RLS division and practitioners had been postponed but is in the process of being rescheduled.

#### **ACTION POINTS**

**CCAB-I to make a further submission to RLS.**

### **Agenda Item 6: Customs & Excise Agent Access**

Revenue confirmed that agents should be able to access Customs & Excise weekly print outs for imports on ROS by Q3 of 2022.

### **Agenda Item 7: VAT RTD**

Revenue confirmed that a new TDM on VAT Return of Trading Details (RTD) is being developed and a draft version will issue for practitioner review before finalisation. ITI had submitted some suggested areas for clarification in guidance.

#### **ACTION POINTS**

**Revenue to issue draft TDM for review.**

### **Agenda Item 8: Tax clearance certificates**

Revenue noted that for many businesses, their tax clearance status remained valid during the period of Covid. Since the end of the pandemic however, Revenue confirmed that it has reviewed 100,000 tax clearance certificates, which included a targeted phone campaign, without any particular issue arising. Revenue noted that they will return to the normal level of reviews by the end of July 2022.

Revenue re-iterated that taxpayers deal with outstanding compliance issues to ensure they retain valid tax clearance status.

Revenue agreed to explore the matter of electronic tax clearance for non-Irish shareholders without Irish PPSN/tax number but will keep the system as it is for now.

Revenue had no updates to raise or mention regarding enhancements of the “e” tax clearance process. ITI requested that in the event of Revenue enhancing the process that the non-Irish shareholders be included.

#### **Agenda Item 9: ROS**

Revenue advised that approximately 30-35 practitioners had taken part in the Return Preparation Facility (RPF) pilot and feedback was provided by 12/13 and was generally positive. The RPF will eventually replace the ROS offline service.

Some technical issues arose regarding time-outs, validations, scrolling and unsupported browsers. These matters will be addressed before the system goes live. Revenue plan to offer the RPF option for Form 11 2022 in January 2023, as an eventual replacement for ROS Offline.

On a separate matter, practitioners requested clarification on what can and cannot be amended/self-corrected on ROS. Revenue is aware of the limitations arising regarding what can be self-corrected using ROS and intends to provide clarity. However, any guidance will need to be reviewed in tandem with Revenue Legislation Services (RLS). Revenue noted that it would also need to be mindful of the new Compliance Intervention Framework.

#### **ACTION POINTS**

**Revenue to revert to practitioners on the matter of self-correction using ROS.**

#### **Agenda Item 10: eCG50**

Revenue confirmed that the amended wording provided by the Law Society provided was incorporated into TDM 42-03-01a. Revenue plan to issue updated TDM shortly. Revenue confirmed that there are still issue regarding the size limit of 10MB for file submissions and was investigating a fix.

#### **ACTION POINTS**

**Revenue to issue updated TDM and investigate a fix for size limitation.**

#### **Agenda Item 11: CG50**

The Law Society identified issues regarding non-resident entities disposing of an interest in security over Irish land where the Irish land makes up less than 50% of the overall security package.

Revenue agreed to forward the issue to RLS for consideration.

#### **ACTION POINTS**

**Revenue to contact RLS for review of issues.**

### **Agenda Item 12: Non-resident DWT refund claims**

CCABI-I highlighted the additional requirement for non-residents making DWT refund claims as Revenue will not accept a Tax Pack as evidence of DWT deducted. Revenue outlined to its need to verify the authenticity of a claim and the chain of ownership, particularly in situations with complex dividend flows. Hence its requirement for exacting supporting documentation and strict implementation of its procedures.

CCAB-I outlined the disparity of treatment in these instances as Tax Packs from Irish investment managers appear to be acceptable supporting documentation, yet non-Irish Tax Packs are not. As the non-Irish broker has already indicated that more specific documentation will not be provided Revenue agreed to raise the matter again with the specific unit.

#### **ACTION POINTS**

**Revenue to raise this issue with specific unit dealing with the case.**

### **Agenda Item 13: RTSO Payments**

Agents are experiencing difficulties when trying to make RTSO payments on ROS.

Revenue accept the current system limitations for agents and customers when paying RTSO. The necessary system enhancement will be included in the development schedule for early 2023, the schedule for the remainder of this year has now been finalised.

### **Agenda Item 14: VAT**

Practitioners requested an update from Revenue on the planned modernisation of real-time reporting of VAT. Revenue noted the work ongoing at EU level on its 'VAT in a Digital Age' programme.

Revenue confirm that it is evaluating its processes to reform the administration of VAT and will engage further following EU recommendations in Q3.

### **Agenda Item 15: Ulster Bank/KBC exit from Irish banking market**

Revenue asked that practitioners remind taxpayers to update their bank details for both online payments and repayments where they have changed banks as a result of Ulster Bank and KBC exiting the market. Revenue noted that there may be a need to update the details under more than one tax head and where different bank accounts are used for both tax payments and refunds. To maintain customer awareness Revenue will include messaging in all bulk issues such as the ROS Pay & File reminders. CCAB-I noted that they would also remind their members via Tax News on a regular basis over coming months. .

### **Agenda Item 16: LPT Update**

Revenue report significant compliance rates for LPT for 2022, with 90% returns compliance to date and an estimate of 95% payment compliance for some two million properties. Revenue engaged in 500,000 phone calls relating to LPT compliance so far in 2022.

Revenue noted that a late filing surcharge in respect of income tax, corporation tax and capital gains tax can be applied where a liable person is not fully compliant with his or her LPT obligations and notices advising non-compliant cases will be issued in September/October 2022. There are currently circa 30,000 Form 11s exposed to the LPT surcharge.

Practitioners congratulated Revenue on its success of the overall LPT campaign.

### **Agenda Item 17: Debt Management Services**

Revenue noted that standard debt management has resumed for cases in Large Cases Division, MED & High Net Worth Divisions, and intends to resume for cases in Business and Personal Divisions from August.

### **Agenda Item 18: PAYE**

Revenue provided an update on PAYE activity, noting its continued interaction with the Department of Social Protection.

Revenue noted that it has commenced a campaign to write to identified PAYE taxpayers that has overpaid and/or underpaid tax for the years 2019 to 2021 inviting them to file tax returns to finalise their position and claim any additional tax credits that they may be entitled to and declare additional income.

Regarding the misapplication of 2% USC rate on RPNs for individuals over 70 with income over €60,000 Revenue stated that it has processes in place to ensure the exemption does not get applied in these cases, they have identified exceptions where this has arisen in error but that these instances are minimal. It is however planning further developments this year to attempt alleviate further if not eliminate the problem. ITI noted the difficulties such cases will experience if hit with an unexpected tax bill. Revenue acknowledged this and also advised that individuals do have a responsibility to be aware of their tax position and where possible make efforts themselves to identify and notify Revenue of a change in circumstances which may impact their tax position.

### **Agenda Item 19: Reporting on subgroups – MyEnquiries/iXBRL**

Revenue noted that the TALC MyEnquiries sub-group meeting which was due to take place on 15 June 2022 has been re-scheduled to 22 June 2022.

The TALC iXBRL subgroup has not met in 2022. Revenue advised that one agent had requested for outstanding iXBRL returns to be made available on ROS to enable identification of clients with outstanding iXBRL returns.

### **Agenda Item 20: VAT 58; ROS Offset Functionality**

Revenue reported that data breaches are occurring caused by situations where information is uploaded to an incorrect customer account when users are filing VAT 58s. Care was urged by Revenue in this regard.

Revenue also advises that since May 2022, the ROS offset functionality allows the taxpayer the option to offset refunds against warehoused periods.

### **Agenda Item 21: AOB**

- Revenue advised that letters will issue to taxpayers with outstanding 2020 income tax returns at the end of June 2022, followed by a bulk issue of letters to taxpayers with outstanding 2020 corporation tax returns.
- ITI reported that a late return surcharge is applying to 2021 Form 1 returns when using ROS offline although the return is not late. Revenue confirmed it is aware of the issue, staff are manually amending the returns and a “fix” will be implemented this week to remove the glitch.
- Revenue advised that ROS 2021 Pay & File letters will issue in bulk in July.
- The next meeting will take place virtually on 6 September 2022.

In attendance:

**CCAB-I**

Gerry Higgins (Chair)

Carla Manning

Cróna Clohisey

Gráinne McDermott (Minutes Coordinator)

Gearóid O'Sullivan

**Law Society**

Ruth Higgins

Deirdre Barnicle

**ITI**

Lorraine Sheegar

Mary Healy

Andrew Thompson

Paul Wallace

**Revenue**

Maura Conneely

Maureen Marray

Davena Lyons

Lucy Mulqueen

Geraldine Hegarty

Katie Clair

Pat Murphy

Sinead McNamara