

Minutes
Indirect TALC Meeting
10:30, Wednesday 20 November 2024
Basement Conference Room, Stamping Building, Dublin Castle

Item 1 – Minutes of Previous Meetings

Minutes of the special Finance Bill briefing meeting on 15 October were agreed. The ITI suggested changes to the draft minutes of the quarterly meeting on 4 September; following discussion, it was agreed that a revised draft would be circulated shortly and could be agreed via email if all members are satisfied with it.

Item 2 – Matters Arising

2.1 TALC Sub-groups

The VAT Modernisation subgroup met on 18 November and will have a further meeting early in the new year – details at point 4 below. Further to the deliberations of the subgroup on VAT Groupings, a report on this topic is under consideration by Revenue senior management and the subgroup will meet again when there is a decision. The subgroup on Partnerships and Co-ownerships will get underway in Q1 2025.

2.2 VAT 56A Applications Update

Revenue is continuing to consider the best way forward, but the accelerated Finance Bill process resulted in this having to be put to one side temporarily. Both policy and operational Divisions kept the situation under review during the renewal period to ensure the process ran smoothly. The matter has since been revisited and will be referred to Revenue senior management for consideration next week.

The ITI and CCAB-I noted the work done by Revenue to ensure that the renewal process ran smoothly and expressed the hope that normal procedures and authorisation periods of up to 3 years could resume soon.

2.3 Reverse charge VAT on property-related transactions

Revenue issued a reply on 5 November to Indirect TALC, which was copied also to Direct & Capital TALC. The Law Society, who initiated the query, thanked Revenue for the reply and confirmed that it satisfactorily responded to their VAT questions, but noted that the RCT position contained in the reply does not align with their understanding of RCT legislation.

On 19 November, the ITI raised some additional questions further to the Revenue reply. Following discussion among representative groups, ITI undertook to circulate a revised submission with clarified wording. Revenue will consider this and revert on the questions it raises.

Revenue advised that current guidance would be updated shortly, reflecting the responses to the recent queries. When a revised TDM is published it will supersede the 5 November note.

2.4 Second Sale Post Completion/Two Year Rule

Revenue advised the representative bodies that the Law Society submission remains under consideration. The existing approach to the rules remains in place.

2.5 OSS & IOSS Returns 'partial save' function on ROS

In response to this query from the ITI, Revenue provided the representative bodies with a document showing the steps required to save a partially completed return. A copy of the document will be emailed so that it can be distributed to practitioners.

On a separate matter which also relates to the OSS, the ITI asked if the online system could allow for division of work so that the details of an OSS return could be input by one staff member in a practice but signed off and submitted by another (typically more senior) staff member. They referenced that such an approach is possible for standard VAT returns. Revenue undertook to refer the query to the relevant area for consideration.

2.6 Co-operative Borrowers

Following a query raised at the Finance Bill meeting on 15 October, Revenue advised that a co-operative borrower would not be entitled to input credit on costs incurred by the borrower relating to the supply of assets under the control of a receiver/liquidator/etc.

2.7 Deductibility of expenditure on food and drink

Following a query raised at the Finance Bill meeting, Revenue confirmed that a business running an event (e.g. a conference) is not entitled to an input VAT deduction in relation to food, drink, or accommodation provided to its own staff who are working at the event. This is already the situation, and the Finance Act provision does not change it.

Item 3 – EU Matters

Revenue provided an update on EU matters relevant to VAT.

Commission Mandate: The EU Commission's mandate document is expected shortly. It will set out the new Commission's priority work plan for the coming years across all areas, including taxation.

Upcoming Presidencies: In the Council, Hungary's presidency is drawing to a close. It will be followed by Poland in H1 2025, and then Denmark (H2/2025), Cyprus (H1/2026) and Ireland (H2/2026).

Travel and Tourism Package: Although this featured in the 2020 Tax Action Plan, work was paused during the ViDA discussions. The new Commission's mandate will reveal whether it is to be resumed.

Financial Services: Similarly, the Commission mandate is awaited to see whether this topic will be progressed, the file having previously been delayed for political and technical reasons. In anticipation of such developments, work commenced in the summer on a fresh EU-level study of the financial services sector; such work would be necessary to inform any future VAT proposal for the sector, having regard to the fact that the previous impact assessment needs to be updated to take into account the changed technological and economic landscape since it was completed. This study is expected to be completed by the end of next year.

VAT in the Digital Age: At the ECOFIN meeting on 5 November, agreement was reached on the ViDA file, which has been the main focus of work at Council over the past 2 years. Procedurally, the file will now return to the EU Parliament for reapproval and will come back to Council for final acceptance. That is expected to happen in Spring 2025, and it will then be published and come into legal effect 20 days after that.

Revenue outlined the main features of the ViDA agreement, indicating some of the notable amendments compared to the initial proposal, which was published by the Commission in December 2022. ViDA's key changes to VAT rules will be:

- 2030 – introduction of digital direct reporting requirements (DRR) for intra-EU B2B and B2G transactions.
- 2030 – introduction of mandatory e-invoicing for B2B and B2G intra-EU transactions, to support the DRR.
- 2035 – any Member States with existing systems for domestic DRR must align with ViDA.
- shortly after publication (expected to be Spring 2025) – Member States who wish to introduce mandatory e-invoicing will no longer require a derogation.
- 2027 and 2028 – the scope of OSS will extend, first to encompass B2C supplies of electricity and gas, and then a further range of B2C and domestic services
- 2030 – online platforms facilitating short-term accommodation services and passenger transport services by road must account for VAT on the supplies, unless the underlying supplier charges VAT or an SME exemption applies. Member States may choose to apply this provision from July 2028.

The dates and structure of this schedule for making the various changes to VAT rules differ in several respects from the Commission's initial proposal. Also, the DRR strand that has been agreed will now require suppliers to issue invoices within 10 days of the date of supply (or date of payment, if earlier) and to report the invoice immediately. In addition, the agreed ViDA will now allow a Member State the option of not requiring reporting by an invoice recipient, subject to certain conditions. The SME option that Member States may adopt under the Platform strand is a further development on the original proposal.

Revenue offered to make a full presentation to the Group on the final agreed shape of the entire ViDA legislation at the next meeting in Q1 2025, and this was agreed.

Current discussions in Council: Discussions in Council are currently focussed on proposals to amend the VAT Directive to secure, expand and incentivise the use of the eCommerce schemes (OSS and IOSS). There is also engagement with negotiations on the Customs Reform Package, as the mandatory IOSS element of the original ViDA proposal was removed from ViDA and deferred for consideration in the Customs Reform context. These discussions will continue under the Polish Presidency next year.

Item 4 – VAT Modernisation

Revenue noted that the agreement of the EU ViDA file at ECOFIN (see item 3 above) now provides certainty on the EU legislative framework for DRRs among Member States, and this is essential context for the work underway to develop Ireland's approach to direct reporting for domestic and cross-border transactions. Revenue indicated that this VAT Modernisation work is still at a very early stage, and reiterated its previous commitments to continue to consult and engage regularly with businesses, professional bodies, and other stakeholders as the work progresses. The engagement process will be informed by the consultative approach used from the outset of the PMOD programme design, which was vital to shaping development of the project and securing stakeholder understanding and participation.

There was a meeting of the TALC VAT Modernisation subgroup on Monday 18 November for a detailed discussion of the Findings Report published recently by Revenue, which had reported on the Public Consultation on modernising our domestic VAT reporting process. That consultation process had yielded over 1,100 responses, and the Report presented an analysis of the respondents and their submissions.

Revenue suggested holding a further meeting of the subgroup early in 2025 to discuss the recently-agreed VAT Directive changes under ViDA which will be relevant to the VAT Modernisation project and the DRR in particular. This was agreed.

Item 5 – Any Other Business

5.1 SME Scheme

Revenue advised that its work is continuing on the transposition of the SME scheme which comes into effect across the EU from 1 January 2025.

5.2 Change in place of supply rules for virtual events

Work is also continuing on the transposition of this Rates Directive provision which also comes into effect from 1 January 2025.

5.3 Finance Bill

Revenue noted that the Finance Bill was signed into law by the President on Tuesday, 12 November 2024. The VAT provisions in the Act reflect those in the Bill as initiated, with the addition of a Committee stage amendment which was introduced to provide a statutory basis for the continued application of the 0% rate to oat milk, almond milk, rice milk, coconut milk, hemp milk, cashew milk, soy milk, pea milk, hazelnut milk, flax milk, potato milk and other similar milk substitute drinks.

5.4 Chair for 2025

It was noted that the Chair will pass to the Law Society for 2025 and Matthew Broadstock will take on the role. The Group thanked Oonagh Carney for her work in the role of Chair on behalf of the ITI in 2024.

The Chair's end of year report for Main TALC will be prepared in the coming days; ITI and Revenue will engage on the draft.

5.5 2025 Schedule

Meetings dates for 2025 will be scheduled shortly, and will have regard to Main TALC dates.

Action Points	Agenda Item	Responsible	Timescale
Revise the draft minutes of 4 Sept meeting, with agreement via email if revised draft is satisfactory to all; otherwise table for Q1 meeting.	1	All	Issue by early December
Schedule opening meeting of the Partnerships/Co-ownerships sub-group for Q1 2025	2.1	Sub-group	Agree date by mid-December
<ul style="list-style-type: none"> • Provide updated submission to Revenue with further questions re VAT reverse charge on property transactions • Consider ITI's further queries and respond 	2.3	ITI Revenue	By end week By next meeting
Complete consideration and respond to Law Society submission re property second sale post completion/two year rule issue	2.4	Revenue	By next meeting
Consider ITI request to enable functional split of OSS return input and submission on ROS	2.5	Revenue	By next meeting
Presentation on ViDA	3	Revenue	At next meeting
VAT Modernisation sub-group to discuss relevant parts of ViDA changes to the VAT Directive in Q1	4	Sub-group	Agree date by mid-December
Prepare Chairperson's end year report to Main TALC	5.4	Chair (with ITI and Revenue support)	By early December
Schedule the quarterly meetings for 2025, to fit with reporting timelines for Main TALC meetings. Circulate to membership.	5.5	Incoming Chair (with Revenue support)	By mid-December. (If Main TALC dates not available, then set date for Q1 meeting only.)

Attendees

Consultative Committee of Accountancy Bodies - Ireland

Gearóid O'Sullivan (attended remotely)

Irish Tax Institute

Oonagh Carney - Chair

Barry McNamara

David Duffy

Lorraine Sheegar

Law Society

Matthew Broadstock

Donal Kennedy

David Lawless

Patricia McCarvill

Revenue

Anne Dullea

Deirdre Hanlon*

Amy Prendiville - Secretary

*Designated Public Official, Regulation of Lobbying Act 2015