Collection Manual

Guidelines for Phased Payment Arrangements

Document updated October 2023

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

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1 Scope

This document outlines Revenue's approach to the collection of taxes and our approach to assisting previously compliant Customers by allowing Phased Payment Arrangements (PPAs) in certain circumstances.

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The Collector-General's outline of Revenue's approach to PPAs is available at Appendix 1.

Revenue has published information on applying for a PPA on our website.

2 Summary

2.1 The following is a summary of the main points covered in this guideline to assist staff in dealing with requests and making decisions in relation to PPAs.

2.2 Revenue can assist in dealing with tax payment difficulties by agreeing to PPAs in appropriate cases, provided that

- the liabilities are fully quantified,
- there is early, positive and honest engagement by the Customer, and
- the fundamentals of the underlying business are sound.

2.3 Revenue's Debt Management Services (DMS) system has streamlined procedures and standardised requirements for those seeking PPAs in relation to outstanding tax liabilities for VAT, Employers Income Tax, Income Tax, Relevant Contracts Tax, Corporation Tax, Capital Gains Tax, Employment Wage Subsidy Scheme and Temporary Wage Subsidy Scheme.

The system has been further enhanced to facilitate the inclusion of debt which has been warehoused under the COVID-19 support scheme. Customers, who do not have a PPA currently, can apply for a PPA to repay warehoused amounts at the reduced interest rates of 3%, applied from the end of Period 2. Please see Debt Warehousing for details and in particular Page 8 for payment options for Warehoused Debt Repayments.

In October 2022, Revenue announced important changes to the Debt Warehousing Scheme. Warehouse customers that currently have debt in the warehouse have until 1 May 2024 to either pay their warehoused debt in full or agree a Phased Payment Arrangement with Revenue for the warehoused debt. However, customers can make interim payments towards their warehoused debt at any stage. Interest is applied from the start of Period 3 until the final payment date at a rate of 3%.

Where a customer already has a PPA in progress, additional periods, including periods covered by Debt Warehousing and amendments (increases and decreases) to tax liabilities on periods already included in an existing PPA, can be incorporated into that PPA. This is known as PPA Consolidation.

A manual PPA process has also been developed for non e-enabled Customers and Customers requiring a PPA for PAYE liabilities. This process is not accessible through ROS and is managed by the Collector-General's Division in Newcastle West. See Paragraph 16 for details on manual PPAs.

2.4 Key features of a PPA

- All applications for a PPA are self-managed by Customers through the Revenue Online Service (ROS).
- Only Customers with debts greater than €500 (Tax, Interest and Penalties combined) can make an on-line application for a PPA.
- All applicants are required to submit a PPA application along with any required supporting documentation by way of upload through ROS. The documentation requested varies depending on the level of debt outstanding.
- All PPAs must include a minimum down-payment of 25% or 40% (where tax clearance is required) of the total liability outstanding i.e. Tax Interest and Penalties.

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- Details of all requirements and terms and conditions are outlined to the Customer via the phased payment option on the 'Other Services' page of ROS.

2.5 Where a customer requires an agent to apply for and manage the PPA on the customer's behalf, the customer must provide the agent with written authorisation to do so. This authorisation is available for download through a hyperlink on the 'Agent Declaration' Screen in ROS. Once uploaded by the agent, the agent has all the functionality available to the customer to deal with the PPA.

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2.6 When considering the appropriateness of granting a PPA, all data showing the viability of the business and in relevant cases, the capacity to meet the terms of a payment plan together with ongoing compliance in relation to future tax liabilities, is taken into consideration.

2.7 Customers are advised that CG Caseworkers will respond to PPA applications within 10 working days, therefore CG Caseworkers and Managers should deal with all applications as quickly as possible. Applicants should be notified swiftly of any issues requiring clarification or any additional information required through the negotiation facility in DMS (See 4.9).

2.8 A PPA application cannot be initiated by the customer where the customer has outstanding tax returns, as all applications need to address the total liability, i.e. all outstanding tax, full interest and any outstanding penalties. Where returns are outstanding, the ROS system prevents the customer proceeding with the application and notifies them of the returns that are required.

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3 Introduction

3.1 Customers are legally obliged to pay their full tax liability on time. Revenue recognises that, in some cases, this could cause undue hardship and may be impossible for some customers. To facilitate the customer in making payment of the liability, Revenue may grant the extra-statutory concession of paying the liability over a period of time.

3.2 Customers can apply through ROS to make payments against their liabilities on a phased basis. ROS requests the customer to submit their application by uploading the prescribed ePPA1 form together with the relevant supporting documentation. Having considered the information supplied, the CG Caseworker may agree to grant a PPA on the basis that it is the best method of collecting outstanding tax liabilities, i.e. if refusal to do so would result in failure to collect any money.

4 Phased Payment – Application

4.1 The ROS system accommodates the self-management of phased payments by the customer. The customer is deemed to have accepted the terms and conditions by continuing with the application process. Customers may also be required to upload documentation in support of their application.

Completion of the ePPA1 form is a requirement for all PPA applications (all sections must be completed by taxpayers).

4.2 For applications in cases where the **debt is greater than €100,000**, the following criteria apply:

- On-line completion and submission of the Phased Payment Application (ePPA1) through the Revenue Online system (ROS). Full details of Interest charges and repayment schedule will be outlined to you.
- Up to date bank statements (previous 6 months) that will allow Revenue to take a view as to whether there are increasing excesses on the account and to take a view on the extent of the account swing
- Cash flow projections for the following six months
- Up to date management accounts

4.3 For applications in cases where the **debt is between €50,000 and €100,000**, the following criteria apply:

- On-line completion and submission of the Phased Payment Application (ePPA1) through the Revenue Online system (ROS). Full details of Interest charges and repayment schedule will be outlined to you.
- Up to date bank statements (previous 6 months) that will allow Revenue to take a view as to whether there are increasing excesses on the account and to take a view on the extent of the account swing.

In some cases, the following additional information at least may be required:

- Cash flow projections for the following six months
- Up to date management accounts

4.4 For applications in cases where the debt **is less than or equal to €50,000**, the following criteria apply:

- Full completion of the ePPA1 Form
- No supporting documents are required at the application stage. Documentation can be requested by a caseworker as deemed necessary when evaluating the PPA proposal

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4.9 The 'negotiation' facility in DMS should be used to liaise with the Customer while negotiating suitable terms for the PPA.

4.10 Customers are advised of the terms and conditions of the PPA when making their application on ROS. CG Caseworkers should avail of any opportunities to remind customers of the need to file and pay current taxes as they fall due.

4.11 Where a customer wishes to include a period at enforcement in a PPA, the option is not available to them on ROS.

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5 Phased Payment Arrangement Criteria

5.1 The standardised requirements for PPA applications are intended to facilitate speedy and appropriate case working decisions and to minimise the number of contacts with the customer in order to provide a timely level of certainty in relation to addressing their tax difficulties.

5.2 PPA applications arise where factors, largely outside of the control of a business, e.g. economic slowdown, have negatively impacted on its capacity to meet tax obligations in a timely fashion.

5.3 There are certain criteria that must be met before a PPA can be granted. For all applications concerning amounts in excess of €500, the decision to grant a PPA is dependent on a number of factors including:

- **Liabilities Quantified**: All outstanding tax returns must be submitted. ROS does not allow a Customer to proceed with an application while returns are outstanding. **Application Submission:** The application must be completed and submitted by the Customer on the prescribed ePPA1 Form, accompanied by the mandatory supporting documentation as outlined on ROS.
- **Business Viability**: The Customer must demonstrate that the business is viable and has the capacity and commitment to meet all future tax payment obligations when due. In addition to the documentation specified by Revenue, the Customer may also submit other information that they consider relevant to their application.
- **Timeliness**: The granting of the PPA is significantly influenced by the level and timeliness of meaningful engagement with Revenue.
- **Terms & Conditions**: The Customer is made aware of the terms and conditions of the PPA at the outset of the application process. Continuing with the application is deemed as acceptance of those terms and conditions.

5.4 **Realistic Payments:** The PPA made with the Customer must be reasonable to Revenue by addressing the arrears, and also to the Customer, by allowing the business to trade through its difficulties in a manner which allows the phased payments, plus all current and future liabilities to be paid when due. An unrealistic arrangement inevitably fails.

5.5 **Debt Quantified:** One of the pre-conditions for a PPA is that all tax returns are filed to date. ROS does not allow a Customer to proceed with a PPA where returns remain outstanding. When an application is progressed by the Customer, the

Customer is made aware of the full amount of tax, interest and penalties owing and due over the lifetime of an arrangement.

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5.6 **Failed PPA:** The onus for fulfilling the terms of the PPA is entirely on the Customer. If current taxes are not paid and returns are not filed by the due dates, the CG Caseworker has the option to cancel the PPA.

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5.7 **Interest & Penalties:** Revenue will have established that collection of the full liability in one sum is not practical and therefore a PPA offers the best prospect of collection. Full '**accrued**' and '**projected' interest** and any appropriate penalties owing and outstanding must be included in every PPA. Where part payments have already been made against periods included in the PPA, any Interest on late payments due in relation to those payments are calculated and included in the accrued interest figure.

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5.8 **Negotiation Timeframe**: The application process for a PPA has a clear time-frame to ensure the application is dealt with in a timely manner. The application process cannot be completed unless the Customer submits all the required documentation for decision.

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Where a CG Caseworker enters into a negotiation phase with the Customer, the Customer must respond to the CG Caseworkers notification within five working days or the arrangement is disapproved automatically.

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5.9 **Down-Payments:** Negotiations should strive to maximise the down-payment amount, and the minimum amounts required are 25% or 40% (where tax clearance is required) of the combined total of the Tax, Interest and Penalties outstanding. Customers should be made aware that a higher down-payment reduces the projected interest payable over the lifetime of the PPA.

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5.10 **Tax Clearance:** If the Customer is seeking a PPA in order to obtain Tax Clearance, the minimum down-payment is 40%. However, a larger down-payment can be requested depending on the circumstances of the case.

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5.11 **Methods of Down-Payment**: Down-payments must be made by Direct Debit (DD) from the Customer's bank account. The facility to pay the down-payment by bank draft or credit card is not available. The down-payment is deducted from the Customer's bank account 3 working days after the application has been approved by the CG Caseworker. Once deducted, the PPA is considered to be 'in progress'. Where the down-payment fails, the PPA is automatically cancelled and the Customer is notified through the Customer's ROS inbox.

5.12 **Payment Timeframe:** PPAs should be completed within the shortest possible timeframe.

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5.13 **Direct Debit:** The granting of a phased payment arrangement is conditional on the liabilities being paid by DD from any SEPA enabled bank account (including foreign bank accounts). Post-dated cheques, ROS payments, offsets and payment transfers are not acceptable as a means of paying liabilities under an arrangement. The DD payments cover both the initial down-payment and the monthly payment amounts. Bank details are entered by the Customer as part of the application process. Post-dated cheques are not acceptable and should be returned to the Customer immediately.

6 Factoring and Invoice Discounting

6.1 The difference between factoring and invoice discounting, in brief, is that factoring is a disclosed facility where debtors are informed that the client has assigned its debt to a Factor and debts are paid directly to the Factor. The Factor keeps the ledger of account debtors and collects the receivables. Invoice Discounting is a confidential form of debt purchasing, where the invoice discounter acquires the debts from the client, but the client collects the debts as the undisclosed agent of the discounter.

6.2 The legal basis of both factoring and invoice discounting is the purchase of receivables. As debt purchasing results in the transfer of ownership of the debts rather than a charge on the assets, the assigned assets fall outside the domain of any security. Ownership of the debts through factoring and invoice discounting provides lenders with an alternative to the burden of trying to obtain a fixed charge on debts.

6.3 With regard to obtaining details of the factoring or invoice discounting arrangement, it should be noted that as factoring is a purchase arrangement and not a security interest, no registration is required. The nature of the arrangement will however be detailed in the Contract of Sale or Master Agreement or Assignment between the Factor and Company. It is only through sight of this Master Agreement that it would be possible to clarify that all funds in the account are subject to the arrangement.

6.4 Although Customers must indicate on the ePPA1 whether they avail of a factoring or invoice discounting arrangement, they are not requested to supply details of factoring or invoice discounting arrangements as part of the supporting documentation supplied with a PPA. However, CG Caseworkers can request the documents to be uploaded during the 'negotiation' phase.

6.5 Factoring and invoice discounting arrangements will not prevent a company from availing of a PPA provided Revenue is notified of the exact terms of the arrangements.

7 Preliminary Income Tax

7.1 Apart from cases in which Direct Debit (DD) is used to pay Preliminary Tax (PT), only payments made on or before 31st of October qualify as PT payments for the current tax year. Therefore, it is not possible to pay PT by instalment arrangement, as any payment made after 31st of October does not qualify.If a Customer is unable to pay a sufficient amount by 31st of October, the CG Caseworker should outline the possibility of payment through the DD scheme. DD for Income Tax is not mandatory because it involves the payment of a portion of the tax in advance, but it should be offered to Customers as it will be attractive to many. To minimise the interest charge, the Customer should pay the maximum amount possible by 31st of October and submit the balance of tax liability for the year as quickly as possible thereafter. If appropriate, interest charges will be raised and pursued by Revenue in due course.

8 Variation of PPA Direct Debit Payments

8.1 Customers have the ability to make amendments to their PPA through ROS. There are two types of amendments - Standard and Non-Standard amendments.

Standard amendments:

- Customers can change the preferred deduction date (day of month) for future instalment payments.
- Customers can change the bank account from which future instalment payments are debited.
- Customers can pay the arrangement in full.
- Customers can request a payment deferral.

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Non- Standard amendments:

- Customers can apply for a payment break. A payment break will enable customers to suspend future payments for up to 12 months.

- Consolidate Phased Payment Arrangement – Allows the customer to incorporate additional and/or reduced debt into a PPA

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9 Unpaid PPA Direct Debit Payments

9.1 Where a PPA Direct Debit (DD) is cancelled or unpaid, the system re-presents the request for payment 21 days later. The Customer is notified via the Customer's ROS inbox, that the payment has failed and the date of the next deduction.

9.2 Where the second DD goes unpaid, the system automatically cancels the PPA due to consecutive missed payments and the Customer is notified through their ROS inbox.

9.3 Where the second DD is successful, the initial missed payment is logged by the system as a missed payment. A Customer can have ten missed payments over the lifetime of a PPA. Where ten missed payments are logged, the system automatically cancels the arrangement and the Customer is notified through the ROS inbox.

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10 PPA Consolidation

10.1 An enhancement to ROS and the DMS system was introduced in mid-2022 to allow Customers greater flexibility in the management of their PPA. Previously Customers were unable to add additional liabilities to their existing PPA. Where a Customer wished to add additional periods to a PPA, the Customer had to cancel their existing PPA and apply for a new PPA. Where the liability on a period contained within a PPA changed, whether as a result of an amended return, or transferred payment, this could not be catered for within the DMS/ROS system previously. The requirement to be able to add additional taxes arose, due to the necessity to incorporate Debt Warehousing debt into a PPA at the end of the Debt Warehouse Period 2. As only one PPA is permitted per Customer and many customers were already availing of a PPA, the ability to add extra periods to a PPA became a necessity.

10.2 A customer can apply for consolidation by selecting 'Phased Payment Arrangement' on ROS and select to view the existing arrangement. The system will display the

details of the current arrangement and the customer has the option to amend the details. By selecting 'Amend' the customer is brought to a menu option where the option to 'Consolidate Phased Payment Arrangement' is available.
The customer enters the repayment duration they require for the consolidated PPA and the date they wish the payment deducted. The system will generate a new repayment schedule based on the new duration requested.

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10.5 Interest applied to the Consolidated PPA is consistent with interest application on the original PPA. Please refer to Section 5.7.

10.6 Once 'In progress', the Consolidated PPA will operate in the same manner as an original PPA.

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11 Interest payments at end of PPA

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12 Replacement Arrangements

12.1 Where an arrangement is cancelled, either automatically or by CG Caseworker intervention, due to unpaid current taxes, there is no facility to re-instate the PPA. The Customer must commence the application process again. Customers are unable to re-apply until 24 hours have elapsed since the original arrangement has cancelled.

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13 Interim Arrangements

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14 Personal Insolvency Arrangements

All instalment payments under a Personal Insolvency (PI) arrangement must be made by Electronic Fund Transfer (EFT). All PI practitioners will be provided with Revenue's EFT details by the Personal Insolvency Unit.

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15 Audit Settlements

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16 Manual Phased Payment Arrangements

A manual PPA process has also been developed for non e-enabled Customers and Customers requiring a PPA for PAYE liabilities.

The same terms and conditions apply to the Manual PPA as apply to those on the ROS system:

- Missed/Cancelled Payments: 2 consecutive missed payments or 10 missed payments over the lifetime of a PPA will result in the PPA cancelling. A letter will issue to notify of missed payments.

- Amendments: Customers can request the following amendments to the PPA by contacting the Collector-General's Division, who will input the requests on the system on the Customer's behalf:

  - Amend Payment Date
  - Amend Bank Details
  - Payment Deferral
  - Payment Break
  - Pay in Full

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Appendix 1 - The Collector-General outlines Revenue's approach

Introduction

Revenue, as the Irish tax and customs administration, plays a critical role in securing and delivering most of the financial resources required by Government to provide services and facilities that improve the quality of life of all our citizens. Tax laws are administered to ensure, inter alia, that tax revenue is collected on time, bearing in mind that a shortfall in revenue or delays in its collection, impact on the level and timeliness of financial resources available to Government. A delay in collection also facilitates those who by withholding tax payments and using those monies to improve cash flow, attempt to secure unfair competitive advantage. At a more macro level, delays in collection of tax revenues properly due adds to the level of Government borrowing and public debt interest.

Revenue expects that taxpayers and businesses organise their financial affairs to ensure that they pay their tax debts by the due date. If a taxpayer or business does not pay what is due on time to Revenue or, when particular difficulties arise with the payment of tax, does not engage with Revenue in a timely fashion, then Revenue will proceed with appropriate collection and enforcement action to recover the debt.

Revenue is, however, conscious that difficulties or delays experienced by a business in getting paid for goods or services from its customers in turn puts additional pressure on businesses in meeting their obligations to their customers, including Revenue. However, the legal obligations for payment of tax on a timely basis are the same for all businesses. Revenue is sympathetic to occasional cash flow difficulties caused by exceptional events but cannot accept an ongoing failure to meet tax commitments and allow a business to continue to trade and accumulate further debts. Crucial to Revenue's ability to work with a business towards restoring timely payment of tax debts is the quality and timeliness of engagement by the business. Where that engagement is tardy or less than frank and realistic then Revenue will have little option but to initiate the necessary collection and enforcement measures needed to address that problem. Any other prudent creditor would take a similar approach to dealing with such a situation. Revenue cannot simply allow a business experiencing difficulties in paying its tax debts, to stop paying and continue trading. Businesses or taxpayers who do not pay their taxes as they fall due, or pay them late, are in effect using Revenue as an unauthorised source of credit. Apart from the unacceptability of such an attitude, in the interest of fairness and equity for businesses that pay on time, Revenue must respond in an effective way.

What should a business do when problems arise paying its taxes?

Simply sitting tight until things get better is not an approach that Revenue will accept. So, what are some key actions for a business or taxpayer in a credit squeeze? Firstly, it is really important that a business understands what precisely is giving rise to the particular difficulties in meeting its tax payment obligations. It is quite surprising and not least very worrying on occasions to find that a business will have only a general awareness that it is having difficulty but be unable to pinpoint the precise source of those difficulties.

Statements like, "We are finding it difficult to get payments from our customers," without clear facts and details to support such a contention are not particularly helpful in a

discussion with Revenue about how to manage an expected or actual delay in paying a tax debt - Which customers precisely are overdue in making their payments? What is the extent of the debts owed by those customers? When is payment expected? What measures have been taken to collect the debts from overdue customers? Are those problems of a short or long term duration? All of these questions raise key issues that a business will be expected to have addressed in the engagement and dialogue with Revenue. The answers to those and similar or related questions [depending on the particular case circumstances] will determine the scope for positive action and measures by the business itself to overcome those difficulties and will ultimately dictate the scale of the challenge it faces.

In summary, recognising or accurately identifying the specific pressure points will give Revenue a clearer understanding of key issues relevant to deciding on an agreed approach into the future. The extent of the debts owed by customers, whether a payment pressure relates to a particular customer or a category of customers, what attempts have been made to secure payment from those customers, whether payment has been promised and by when, and what steps have been taken to prevent the debt owed by a customer rising further are key pieces of information to have when approaching Revenue. Apart from the importance of these questions in determining the options for managing the challenge at hand the ready availability of such information in discussions with Revenue will show in a very tangible way the serious commitment of the business to managing the challenge overall and to dealing with the problem in a transparent and meaningful way. In the majority of cases the difficulties that businesses encounter that result in significant tax debts or significant delay in capacity to meet on-going tax obligations do not happen overnight. They are often a product of a deteriorating situation over a considerable period. Early, honest and realistic engagement with those difficulties maximises the possibilities for successfully applying remedial measures that are acceptable to Revenue and will enable the problem of non-payment of tax to be addressed.

Revenue Response

Revenue’s overall approach to working with businesses and taxpayers experiencing cashflow difficulties, including in appropriate cases agreeing to Phased Payment Arrangements, has worked well in developing and maintaining a strong voluntary compliance culture and in guiding the response to late or non-compliance. The case working principles informing that approach continue to have relevance in a challenging economic climate and remain valid for the vast majority of cases.

Arising from the economic downturn some financially viable businesses and taxpayers did experience particular difficulties in meeting their tax payment obligations. This had been due, for example,

- to particular cash flow problems arising from extended and ongoing late payment by their debtors, or
- from bad debt(s) that had been exceptionally incurred, or
- from a tightening of credit and overdraft facilities by financial institutions.

Such types of difficulties can continue to severely restrict the capacity of the business or taxpayer concerned to meet immediate financial obligations, including timely payment of tax debts as they fall due.

Phased Payment

Permission from Revenue to pay a tax debt by way of a Phased Payment Arrangement is a concession and must be fully justified by reference to the circumstances of each individual taxpayer or business. Every Phased Payment Arrangement will include interest. This can, therefore, entail substantial additional financial costs for businesses. Accordingly, it is in the interest of a business or a taxpayer to minimise its exposure to interest by paying as much of the debt up front and any balance over the shortest possible timescale.

Where a Phased Payment Arrangement is requested, then the business or taxpayer will be required in every instance to provide sufficient information, to justify such an arrangement. All arrangements will include interest. The information required is determined by the size of the debt – as set out below:

For applications in cases where the debt **is less than or equal to €50,000**, the following criteria apply:

- Full completion of the ePPA1 Form
- No supporting documents are required at the application stage

Documentation can be requested by a caseworker as deemed necessary when evaluating the PPA proposal.

For applications in cases where the **debt is between €50,000 and €100,000**, the following criteria apply:

- On-line completion and submission of the Phased Payment Application (ePPA1) through the Revenue Online system (ROS). Full details of Interest charges and repayment schedule will be outlined to you
- Up to date bank statements (previous 6 months) that will allow Revenue to take a view as to whether there are increasing excesses on the account and to take a view on the extent of the account swing

In some cases, the following additional information at least may be required:

- Cash flow projections for the following six months
- Up to date management accounts

For applications in cases where the **debt is greater than €100,000**, the following criteria apply:

- On-line completion and submission of the Phased Payment Application (ePPA1) through the Revenue Online system (ROS). Full details of Interest charges and repayment schedule will be outlined to you

- Up to date bank statements (previous 6 months) that will allow Revenue to take a view as to whether there are increasing excesses on the account and to take a view on the extent of the account swing
- Cash flow projections for the following six months
- Up to date management accounts

Contact with the Taxpayer, Business and or Agent

Customers must complete and submit an Agent Consent Form where they require their Agent to apply for and manage the Phased Payment Arrangement on their behalf. Once the application for a Phased Payment Arrangement is received it will be considered as quickly as possible and any issues requiring clarification will be raised in a timely fashion with the taxpayer, business or agent through the Revenue on-line system. Any additional information requirements will be clearly explained and a timeframe for their submission made explicit.

Approval of a Phased Payment Arrangement

Once approved by Revenue, the Phased Payment Arrangement will commence as per the terms and conditions agreed by the customer in the application process.

Refusal of a Phased Payment Arrangement

Where a Phased Payment Arrangement is being sought, it is the responsibility of the taxpayer, business or agent concerned to provide all of the necessary information with the initial application or where there are follow up requirements to provide the information in a timely fashion. Incremental filing of new or irrelevant information to delay or frustrate the collection and or recovery process will not be facilitated and in such instances appropriate collection, recovery and or enforcement action will proceed. A decision to refuse an application for a Phased Payment Arrangement will be advised by way of notification to the customer's ROS inbox, together with a brief explanation of the basis for Revenue's refusal decision and a notification that outstanding debt may be enforced by Revenue.

Breakdown of or Anticipated Difficulties with Phased Payment Arrangements

Revenue's normal expectation and experience is that the taxpayer or business concerned complies with the terms and conditions of the Phased Payment Arrangement and timely compliance is secured into the future.

Non-compliance or anticipated non-compliance with the terms of an agreed Phased Payment Arrangement means that a case is considered as an immediate increased risk from a Revenue standpoint. Where problems of compliance with the terms of an agreed arrangement are encountered, the expectation is that the taxpayer, business or agent concerned will be proactive in approaching Revenue when those problems start to emerge.

The taxpayer, business or agent concerned will be expected to set out clearly the basis for non-compliance with the terms of the original arrangement, the steps that will be taken to restore compliance on the original basis agreed and the timeframe for such restoration.

Where the basic viability of the business into the future is not re-established to Revenue's satisfaction or where current taxes are not being paid as they fall due, then the case will be actively considered for cancellation of the original Phased Payment Arrangement followed by appropriate collection/enforcement action.

Minor rescheduling of the Phased Payment plan may be appropriate given the overall duration of the arrangement and the extent of the short-term difficulties. The Online Application facility on ROS will allow the customer or agent to defer payments, move payment dates or take payment breaks over the term of the arrangement. Minor amendments will be facilitated. Where a payment break is requested, the customers concerned must clearly set out their difficulties and reasons for the payment break to Revenue. Revenue will consider the matter having regard to all the circumstances and the risk of default.

Enforcement Action

Enforcement action to recover a tax debt, including interest, is taken by Revenue where a taxpayer or business fails to engage in a satisfactory manner with Revenue in relation to that tax debt. Revenue has available to it a range of enforcement powers to effect recovery of a debt. The most frequently used enforcement options are Sheriff, Solicitor, Attachment and Liquidation.

Recovery action by the sheriff is the most frequently used enforcement option by Revenue. My Division and indeed Revenue uses the services of thirteen sheriffs to deal with the bulk of cases where enforcement action is required to secure the collection of unpaid taxes.

As an alternative to sheriff action we may refer tax debts to one of six external solicitor firms contracted by Revenue for the purposes of pursuing collection through the court process. Subsequent to a judgment in Revenue's favour by the Courts and where the debt remains unpaid, Revenue will seek to recover the debt by way of enforcement of that judgment whether by way of forced sale of an asset that is the subject of a judgment mortgage, by way of Instalment Order granted by the Court followed in appropriate cases by committal to prison in the event of non-payment or by way of Bankruptcy petition. Recovery by way of Attachment allows Revenue to collect the debt of a business or a taxpayer from a third party in debt to the taxpayer or business.

A decision on whether to refer a debt to the sheriff or one of the external firms of solicitors will be influenced by a range of factors including the individual case circumstances, the success of previous enforcement actions that might have been taken in respect of the same customer or business, the quantum of the debt and whether the defaulter might have seizable assets. Attachment is used less frequently than sheriff and solicitor referral and would not normally be an enforcement option of first recourse.

Where a company has significant debts to Revenue or has significant debts and continues to trade and during the course of trade, adds to those debts, Revenue may have little alternative but to petition the High Court to wind up the company on the grounds that it is unable to pay its debts. This is particularly effective in submitting the actions of directors to the scrutiny of the Courts where concerns about possible fraudulent or reckless trading arise.

Conclusion

Revenue is charged with the responsibility of collecting and securing the majority of the revenues required by Government to fund state services. It is recognised that the majority of taxpayers readily fulfil their obligations to pay what is due and on time.

Revenue requires that taxpayers and businesses meet their tax obligations on time. While taxpayers and businesses can and do encounter cash flow problems, these problems must be addressed so that timely tax compliance is assured. Addressing those problems in consultation with Revenue at the earliest opportunity is essential so as to avoid a situation where debt problems become insurmountable or where avoidable interest or enforcement costs are incurred. Bottom line is that early positive and realistic engagement with Revenue is necessary when tax compliance problems begin to emerge. With such an approach you maximise the opportunity of arriving at a successful and early resolution of those compliance difficulties in a way that will meet with Revenue's approval. Tardiness in recognising or addressing tax compliance problems merely serves to exacerbate the compliance challenge for business and taxpayers.

Appendix 2 - ePPA1

ePPA1

Appendix 3 - Agent Link

Authorisation for Agent Link

Appendix 4 - Paper PPA1

Phased Payment Application Form PPA1

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