From: [redacted]
Sent: Tuesday 9 January 2024 11:14
To: VAT Modernisation <vatmodernisation@revenue.ie>
Subject: [External] Modernising Ireland's Administration of Value-Added Tax - Public Consultation Response

Dear VAT Modernisation Branch,

I outline some issues/suggestions in response to the above.

VAT Statement of Account
Automatic VAT statements can only be ordered dating back two years. Tax Payers and Agents who require statements dating back for longer periods need human intervention from Revenue Commissioners employees to administer the documentation. This exhausts Revenue Commissioners time.
Real Time Reporting needs to offer instant access to all historical records as this will reduce time/costs for both the Revenue Commissioners employees and the taxpayer as they do not need to seek records of past filings made digitally.
It is also beneficial if taxpayers are informed that Revenue Commissioners have amended these statements by way of a statement numbering system, for example when other taxes (maybe RCT) are redistributed by the Revenue Commissioners via offsets.
This would allow accountants to reconcile VAT more effectively through greater transparency and accessibility.

VAT Returns/Compliance not synchronised
As VAT returns (mainly Bi-Monthly) are inherently examined in conjunction with annual corporation tax (CT) returns in respect of revenue audits, other areas of VAT compliance are currently out of step. For example, the annual return of Trading Details (RTD) is locked in from date of initial VAT registration which means its comparative qualities are mostly redundant. A streamlined RTD year with CT year would yield more efficiencies to the tax payer as the compliance is aligned and would yield more efficiencies to the Revenue Commissioners as the figures are easily understood and succinct.

Tax Payer Traceability
As financial privacy rules prevent the Revenue Commissioners from easily accessing customers banking records, there are still ways to identify a customers' purchase with a suppliers' sale using data analytics. For example, the einvoice amount and timestamp can help identify the activity of one customer with one supplier without the need of financial access, however as different accounting software's round figures to a different decimal place the sale on once software may be a cent or two out to the purchase at the other end. These small differences may mean data analytics carried out by Revenue Commissioners in cross-referencing gets missed or takes longer to determine.

Onus Shift on Revenue Audit Penalties
With reference to Modernising Ireland's Administration of Value-Added Tax: document issued 13th October 2023 (1st paragraph on page 6) "It will also offer Revenue the capability to respond swiftly and effectively to discrepancies in the reported data by businesses that can arise due to innocent error or omission" – While this quoted sentence offers comfort to a tax payer, it may also deflect some of the perceived responsibility away from the tax payer over to the Revenue Commissioners. This may enhance a taxpayers argument to lower Revenue Audit Penalties in the case on an audit.

Furthermore, any weaknesses in the Revenue Commissioners response to errors/omissions could then be targeted more aggressively by fraudulent businesses.

Award System

Would it be possible to reward compliance of a tax payer by enhancing their tax clearance certificate status (to include VAT compliance status)? This status may bring comfort to suppliers when they administer credit.

Suppliers in turn may offer better credit terms or better prices and the tax payers may aspire to this via a greater willingness to report in a more timely fashion.

Regards,

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