

## TALC AUDIT Sub-Committee Meeting Minutes

**Wednesday 27<sup>th</sup> September 2023 – 10.00am**  
**Revenue Office Bishops Square and MS Teams**

### Attendees:

Revenue:	Sarah Waters	Revenue
	Miriam Scahill	Revenue
	Patricia Lee	Revenue
	Aisling McDaid	Revenue
	Emma Murphy (Secretary)	Revenue
	Martina Mulligan (Presenter)	Revenue
Practitioners:	Jim Kelly (Chair)	Irish Tax Institute
	Mary Healy	Irish Tax Institute
	Fergal Kenzie	Irish Tax Institute
	Liam Grimes	Irish Tax Institute
	Sandra Brennan	Irish Tax Institute
	Gerry Higgins	CCAB-I
	Grainne McDermott	CCAB-I
	Tom Martyn	Law Society
Apologies:	Gearoid O’Sullivan	CCAB-I
	Julie Burke	Irish Tax Institute
	Aidan Lucey	Irish Tax Institute
	Ruth Higgins	Law Society
	Brian Boyle	Revenue
	Eoin Gibson	Revenue

## TALC AUDIT Sub-Committee Meeting Minutes

### Item 1 – Minutes of meeting held on 21<sup>st</sup> June 2022

The chair opened the meeting by welcoming everybody to the meeting and noting the apologies. The minutes of the previous meeting were agreed with no amendments.

### Item 2 – Matters arising from the previous minutes

There were no matters arising from the minutes.

### Item 3 – Update from Revenue's Medium Enterprises Division

Martina Mulligan (Principal Officer) attended on behalf of Medium Enterprises Division (MED). She presented an overview of her division and its current areas of focus.

Martina also provided an overview of the priorities of MED for the remainder of 2023 and 2024 and confirmed that it is business as usual as regards core compliance. She confirmed that MED are taking a group-based approach in assessing/profiling risk and will conduct more Level 1 Profile Interviews to assist with this. Martina outlined that the Level 1 Profile Interview letter had been tailored for use in group scenarios with the approach being to request information which would help MED understand the structure of the group. The request to "self-review" is no longer automatically being included in these letters. However, the letters will confirm that the taxpayer may wish to take the opportunity to self-review with a view to self-correcting without penalty or by making an unprompted qualifying disclosure. It was also confirmed that MED will be initiating more Level 2 compliance interventions. MED will be exploring a whole case management approach to cases and taxpayers should expect multi-faceted interventions across VAT, Excise and Customs (which is outside of the CIF). Martina mentioned that there was still some work being undertaken in relation to EWSS cases. Finally, she mentioned that MED are piloting a CCF. This is confined to the Public Administration Branch for the moment. Early indications are that it is working well.

Martina then provided a list of the areas of risk that MED will be focussing on generally:

- PREM – director's loans, T&S, company vehicles, country money, BIK.
- VAT – Postponed accounting, deductibility, failure to account for VAT on all services from abroad in particular intercompany services by financial services companies, VAT implications of customs duty issues.
- Share buybacks.
- RCT – linkage to VAT.
- Mineral Oil Tax - compliance risk identification, assessment, quantification and prioritization with respect to excise risks.
- eCommerce - engagement with on-line retailers to regularise issues around distance sales of goods to consumers, the new VAT simplification procedures and the online sale of goods through platform operators.

## TALC AUDIT Sub-Committee Meeting Minutes

- CT - S291A relief claims, Capital Allowances, R&D issues - overclaim in respect of subcontractor cost as limit exceeded, failure to deduct EU Horizon grants, claims in respect of expenditure deductible in overseas branches, time Limit issues, accounting test adjustment.
- KDB - failure to make claim correctly, incorrect calculation of profits from qualifying assets, inadequate documentation

Martina then provided some feedback to the practitioners in terms of what MED are experiencing as regards their case base. Firstly, Martina confirmed that in some instances there was considerable time taken to revert to Revenue, however it was acknowledged that the issue can arise on the Revenue side also. The issue of incomplete disclosures was also discussed. Martina confirmed that disclosures were being submitted which could not be accepted as qualifying which obviously leads to lengthier interventions, much higher penalties and the possibility of publication in the quarterly list of defaulters. The right to make a prompted qualifying disclosure is outlined in the intervention letter and is flagged both at the pre-Audit meeting and the outset of the audit. Sarah mentioned that one of the key objectives of the CIF was to achieve a consistent, graduated response which is based on taxpayer behaviour and we have to be mindful of this when dealing with disclosures. Finally, Martina mentioned that there have been some issues with the proper keeping of books and records including linking documentation and asked practitioners to keep this in mind.

The practitioners thanked Martina for the presentation. A number of questions were raised around the R&D specified return and Martina mentioned that she would provide examples of where the returns were being completed incorrectly. This information will be forwarded to the practitioners separately.

A discussion was had around the scope of disclosures required for Level 2 compliance interventions. The practitioners asked whether it would be possible to confine the disclosure to the focus of the intervention. It was confirmed that the required scope for either an unprompted or prompted disclosure is outlined in the Code and is based on the legislative provisions. It was confirmed that any change to this would be a tax policy matter for the Department of Finance.

The practitioners confirmed that a number of Level 2 Risk Reviews were being issued in respect of multi-tax heads and that even with a 60-day extension to make a prompted qualifying disclosure this was presenting difficulties. Sarah confirmed that it was never the intention that Risk Reviews would cover multi tax-heads/periods and this is not in line with the Code. She asked for specific examples to be provided in order to resolve. She confirmed that a general reminder would issue to caseworkers. The practitioners also confirmed recent push-back as regards requests for 60-day extensions and queried whether there had been a policy change in this regard. Sarah confirmed that no policy change has taken place.

Revenue then provided some stats that had been presented at the Revenue /ITI joint conference earlier in the year. These stats illustrated the low level of disclosures that Revenue have been receiving.

### Item 4 – Compliance Intervention Framework Update

The ITI advised that it recently conducted a survey of its members on their experience of the CIF and shared some of the insights with the group. Many of the issues were those which had already been discussed. A couple of other issues had emerged from the survey including the failure to include the relevant Level (particularly in Level 1 cases) on the intervention level and also the failure to issue closure letters in a number of cases. Revenue confirmed that a closure letter should issue in all interventions.

Revenue confirmed that they are still reviewing the code with a view to making necessary amendments, for example, the change for self-correction without penalty for PMOD cases.

## TALC AUDIT Sub-Committee Meeting Minutes

There was also a discussion around settlement offer letters, particularly with regard to the requirement to have the letter witnessed. Revenue agreed to take this item away for further consideration.

### Item 5 – PMOD Compliance

There were no items to discuss under PMOD compliance.

### Item 5 – DAC 7 – joint audits

Revenue confirmed that it was expected that the part of DAC 7 as it relates to joint audits would be transposed in Finance Bill 2023. While a note would need to be included in the Code of Practice for Revenue Compliance Interventions, separate detailed guidance would need to be provided by the relevant business area.

### Item 6 – AOB

The practitioners queried how the Enhanced Employer Reporting will fit into the CIF. The CIF is based on the fundamental concepts of disclosures and tax-gearred penalties. Sarah confirmed that her understanding was that the return was an information only return and has no impact on liabilities included in the PMOD returns. On this basis, it is likely that any return issues would not lead to tax-gearred penalties and the concept of disclosures would not be relevant. She expected that it may be the case that fixed penalties may arise in non-filer cases. She confirmed her understanding that the relevant section was still awaiting commencement by way of Ministerial Order.

Action Points from this meeting	Responsible	Deadline
Revenue to review settlement offer letter	Revenue	ASAP
Revenue to invite a representative from an operational Division to attend the next meeting	Revenue	Throughout 2023
Practitioners to continue to provide Revenue with examples of any issues arising with the operation of the CIF.	Practitioners	Ongoing

The date for the next meeting is December 6<sup>th</sup> 2023.

Submitted for approval by Secretary

Approved by TALC Audit Sub-Committee