

TALC AUDIT Sub-Committee Meeting Minutes

Wednesday 6 December 2023 – 10.00
Revenue Office Bishop's Square and MS Teams

Attendees:

Revenue:	Brian Boyle	Revenue
	Sarah Waters	Revenue
	Miriam Scahill	Revenue
	Patricia Lee	Revenue
	Aisling McDaid	Revenue
	Emma Murphy (Secretary)	Revenue
	Mary Breen (Presenter)	Revenue
	Aine Blackwell (Presenter)	Revenue

Practitioners:	Jim Kelly (Chair)	Irish Tax Institute
	Mary Healy	Irish Tax Institute
	Fergal Kenzie	Irish Tax Institute
	Aidan Lucey	Irish Tax Institute
	Gerry Higgins	CCAB-I
	Grainne McDermott	CCAB-I
	Ruth Higgins	Law Society

Apologies:	Gearoid O'Sullivan	CCAB-I
	Julie Burke	Irish Tax Institute
	Liam Grimes	Irish Tax Institute
	Sandra Brennan	Irish Tax Institute
	Eoin Gibson	Revenue

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Item 1 – Minutes of meeting held on 27 September 2023

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

The previous minutes action points included a review to be undertaken by Revenue into settlement offer letters. This review is still ongoing and an update will be provided when available. It was agreed to keep this item as an action point.

Item 3 – Update from Revenue’s Large Cases Division

Mary Breen (“**MB**”) (Principal Officer) and Áine Blackwell (“**AB**”) (Principal Officer) attended on behalf of Revenue’s Large Corporates Division (“**LCD**”). MB and AB presented an overview of the operation of LCD, including a summary of several of the key areas of focus for LCD for each of the Divisional sector specific branches in 2023 and 2024.

MB began the presentation by providing an overview of the operation of LCD. There are currently 970 groups / 18,500 companies in the Division. LCD has 15 branches of which 10 are sector specific. MB is in charge of the Large Corporates Divisional Office which provides training, statistics, and resources and other support functions to the Division.

LCD operates a Co-operative Compliance Framework (“**CCF**”) Co-Operative Compliance is the creation and development of a relationship between the taxpayer and the tax authority or tax administration based on trust and cooperation from both parties in order to achieve the highest level of voluntary tax compliance and certainty. LCD confirmed = there are currently 125 groups participating in the CCF.

The operation of the CCF provides Revenue with an opportunity to gain insights into the group and / or sector thus allowing Revenue to focus its resources on the higher risk cases. Both taxpayers and Revenue benefit from engaging in the Co-Operative Compliance Framework process, however, it does require an investment of resources from both sides in order to operate effectively.

AB (LCD ICT 1 Branch) presented the second part of the briefing from LCD. She provided an overview of some of the key CT risk areas for ICT e.g., Section 291A TCA 1997.

In addition, AB provided a summary of the following specific areas of focus across the LCD sectoral branches generally e.g., the conduct of VAT and PREM audits, the review of foreign income streams, the review of capital allowance claims, a supply chain analysis of large public and private capital projects, customs audit and / or post clearance checks (focusing on GB Origin and Returned Goods Relief).

There was a discussion around the operation of a Risk Review (under the Compliance Intervention Framework) vs an Aspect Query (under the previous Code of Practice for Revenue Audit and Other Compliance Interventions), in particular, how this aspect of the CIF is working. The use of a risk review, in particular, its’ status as a focused Level 2 intervention, which allows Revenue examine a risk or a small number of risks on a return was noted.

The practitioners thanked MB and AB for the presentation. A number of questions were raised around CCF and whether or not the operation of the CIF is having any impact on taxpayers deciding to sign up for the CCF. AB confirmed that the team in

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LCD conducted a number of informational roadshows to raise awareness of the CCF in late 2022/early 2023 and remains available to provide additional information in relation to the operation of the framework to any taxpayers eligible to participate in the framework. MB and AB thanked the members of the TALC Audit Sub-Committee meeting for their time and attendance.

The practitioners enquired if pillar 2 will be moving to LCD. AGSPD confirmed this is still under review and not yet confirmed.

The practitioners also asked for an update on the IDEA software tender. They were advised that Revenue is currently reviewing the market to see if we need one or two tenders as ideally the software will also have data analytics capabilities. IDEA remains in place for use by e-auditors. A general discussion was had on the Supreme Court Judgment in the Karshan (Midlands) Ltd. t/a Domino's Pizza case and the implications of same. It was agreed that the ruling was helpful as it set out the five questions that must be asked in order to determine if a contract is one "of service" or "for service". Revenue advised the practitioners that they have set up a cross-Divisional group to review the Judgment and its implication. Revenue would encourage any business which currently engages contractors on a self-employment basis to self-review their arrangement in light of this Judgment.

Item 4 – Compliance Intervention Framework

In advance of the meeting the practitioners had highlighted the ongoing issue around the 60-day extension request and the push-back that they are receiving from caseworkers when a disclosure is not forthcoming. It was agreed that there is no legislative basis for this, and it is likely that the wording in the Code of Practice is the issue. It was suggested that in cases where no disclosure is required, the agent could talk through testing/review completed with the caseworker. Revenue undertook to review the wording around the 60-day extension as a part of the updates to the code.

It was agreed that any changes made to the Code of Practice in 2024 will be highlighted in an appendix for quick reference. This was welcomed by the practitioners.

Item 5 – PMOD Compliance

The practitioners questioned if there was any change in the policy around staff entertainment expenses as they had seen a hardening of positions in recent months. Revenue confirmed that there is no change of policy and from Revenue's point of view the rules are very clear.

Item 5 – DAC 7 – joint audits

Revenue confirmed that it is still to be confirmed who will manage this, it could be LCD or International Taxes Division within Revenue Legislation Services. Once the "owner" is identified separate detailed guidance will be provided while a note would need to be included in the Code of Practice.

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Item 6 – Work Plan for 2024

Work Plan for 2024 was discussed and it was agreed to include the following items:

- Compliance Intervention Framework (CIF)
- PMOD / Enhanced Employer Reporting (EER)
- Operational Divisions – update on compliance initiatives
- General Briefings on compliance matters, when appropriate
- DAC 7 – Joint Audits

The practitioners also queried how the Enhanced Employer Reporting (EER) will fit into the CIF. The CIF is based on the fundamental concepts of disclosures and tax-gearred penalties. Revenue confirmed that the return was an information only return and will give rise to fixed penalties only and therefore sits outside the CIF. The relevant section was still awaiting commencement by way of Ministerial Order. The returns will have to be evaluated over time.

There was also a discussion around the use of the small benefits and PSA. The practitioners would like guidance around this issue. Revenue confirmed that they will provide the feedback to the relevant areas.

Item 7 – AOB

The chair thanked Tom Martyn, law society, for his contribution to TALC Audit as he is now retiring from the committee. A replacement member from the law society will be appointed in due course.

The dates for next year will be circulated in January. The chair confirmed that Gerry Higgins, CCAB-I will take over the chair of the TALC Audit Sub-committee for 2024.

On behalf of all of the committee Brian thanked Jim Kelly for being chair for 2023 and commended him on the good job done in the role,

Action Points from this meeting	Responsible	Deadline
Revenue to review settlement offer letter	Revenue	Ongoing
Practitioners to continue to provide Revenue with examples of any issues arising with the operation of the CIF.	Practitioners	Ongoing
Revenue to review wording around the 60-day extension in the code to make it clearer.	Revenue	Throughout 2024

The date for the 2024 meetings will be circulated in January.

Submitted for approval by Secretary

Approved by TALC Audit Sub-Committee