

Minutes
Indirect TALC Meeting
10:30, Wednesday 29 March 2023
Basement Conference Room, Stamping Building, Dublin Castle

Item 1 – Minutes of Previous Meetings

The minutes of the meeting of 23 November 2022 were agreed.

Item 2 – Update on Subgroups

The first meeting of the VAT Groups subgroup took place on 24 January, setting out what the subgroup hopes to achieve. Revenue have received feedback from the subgroup members and will consider that in advance of the next meeting. The next meeting is expected to be scheduled after Easter into early May.

The Co-ownerships and Partnerships subgroup expects to arrange its first meeting in the summer.

Item 3 – EU Update

Revenue outlined the VAT in the Digital Age (ViDA) package. The EU Commission published the legislative proposal for this package in December and meetings have been underway since January. The Commission is proposing three strands of significant changes in VAT administration:

1. Single EU VAT Registration

This proposal would remove the necessity to register for VAT in multiple Member States. Returns would be made through a One Stop Shop.

2. Direct Reporting Requirements

This proposal would, from 2028, require e-invoicing for cross border supplies and reporting within two days which would be then transmitted to an EU database. Under the present proposal, from 2024 all businesses would have to accept e-invoices. The proposal also requires that new domestic DRR regimes would need to be aligned to the cross-border regime.

3. Platforms

Under this proposal, platforms would become deemed taxable persons in relation to sales of passenger transport and short-term accommodation where the sale is made on the platform by businesses which are not registered for VAT. As passenger transport is exempt from VAT in Ireland, the impact of the current proposal would only be the introduction of a reporting requirement. As many small guesthouses are below the services threshold in Ireland, the impact of the current proposal would see the cost of their services increase with VAT being charged, although the businesses themselves would not have to register for VAT.

Revenue will give a presentation on this area at the next meeting.

Item 4 – Finance Bill

Revenue provided a short briefing on the Finance Bill. The Committee Stage took place on 29 March.

There were three VAT items:

1. Extension of the temporary application of the 9% rate to electricity and gas until 31 October.
2. Extension of the temporary application of the 9% rate to the hospitality and tourism sector until 31 August.
3. Making the zero rate on Covid testing kits permanent. The temporary provision expired on 31 December 2022 and has been applied on an administrative basis pending enactment of the new legislation.

In Excise, the Bill extends the temporary reductions in Mineral Oil Tax that were introduced in 2022 and phases these back over three stages on 1 June, 1 September and 31 October, 2023.

Item 5 – The Windsor Framework

Revenue gave a short briefing on the Windsor Framework agreed between the EU and the UK in February. The framework affects both VAT and Excise and seeks to balance flexibility for goods destined for Northern Ireland with protecting the EU Single Market.

VAT:

- The UK can apply reduced rates below those allowed under EU law to goods to be installed in immovable property in Northern Ireland, for example a heat pump being installed in a house.
- The UK is not obliged to apply the new EU scheme for small enterprises coming into force in 2025 in Northern Ireland. If the UK does apply the scheme, it must use the same turnover limit as in EU law.
- The EU and UK will explore a list of goods which are not at risk of entering the EU, and to which EU VAT rules will not apply.
- The EU and UK have agreed to evaluate current VAT arrangements for cross-border refunds.

Excise:

- The UK can depart from EU rules on excise on alcohol (for example, basing the taxation on alcoholic strength) and can apply reduced excise duty rates to alcoholic beverages served for immediate consumption in hospitality venues in Northern Ireland.
- The UK can apply its own small producer's scheme for alcoholic beverages in Northern Ireland. However, small producers of alcoholic beverages in Northern Ireland will not benefit from mutual recognition procedures provided by EU law and the UK will not be able to set duty rates for small producers below EU minima rates.

Indirect Taxes (VAT and Excise):

- The EU and UK will establish an “Enhanced Coordination Mechanism”, where protocol-related VAT and Excise issues can be discussed.

Item 6 – AOB

- **Recent Tax Appeals Commission Case**

A recent TAC case was raised. It was agreed that the matter was not appropriate for discussion at this group.

- **Import One Stop Shop**

Practitioners raised an issue regarding difficulties in amending returns on the IOSS.

Revenue explained that returns could be corrected on the IOSS and any repayments that are generated can take three to four months to be repaid. Member States have a requirement to repay and if businesses are having problems securing a repayment, they should pursue this with the relevant Member State. If there are repeated problems with a Member State, Revenue can raise the issue.

- **Updates on Action Points from the November Meeting**

- *Provide further information on whether the VAT registration query re proof of trading relates to domestic or EU registrations.*

The chair will check with the CCAB-I on the status of this action point.

- *Provide further information about the VAT registration query on using the address of a commercial shared-office firm.*

This has been resolved. An Irish company trading in Ireland should have no problem registering for VAT.

- *Circulate schedule for 2023 meetings.*

The remaining meetings in 2023 will take place on 14 June, 6 September and 22 November.

- *A draft programme of work for 2023 to be prepared.*

The Indirect TALC programme provided to Main TALC contained three items: the VAT Groups subgroup, the co-ownership and partnerships subgroup and the VAT in the Digital Age package.

- *Prepare note to complete the procedures review discussed at the 5 October meeting.*

This will be done for the next meeting.

- *Clarify whether the query [relating to the VAT 56A Accountant's Certificate] relates to use of the previously-agreed wording, or is about requesting a change to the wording.*

This will be raised at the next meeting.

Action Points	Agenda Item	Responsible	Timescale
Organise the next meeting of the VAT Groups subgroup.	2	Secretary	By mid-April
Organise the first meeting of the co-ownerships/partnerships subgroup.	2	Secretary	By next meeting
Give a presentation on e-invoicing plans.	3	Revenue	For agenda at next meeting
Provide further information on whether the VAT registration query re proof of trading relates to domestic or EU registrations.	6	CCAB-I	By next meeting
Clarify whether the query relates to use of the previously-agreed wording, or is about requesting a change to the wording.	6	CCAB-I	By next meeting
Prepare note to complete the procedures review discussed at the 5 October meeting.	6	Revenue	For agenda at next meeting

Attendees

Irish Tax Institute

Oonagh Carney
Vincent McCullagh
Philip Nolan
Lorraine Sheegar

Consultative Committee of Accountancy Bodies - Ireland

Mairéad Hennessy (Chairperson) (attended virtually)
Grainne McDermott (attended virtually)

Law Society

David Lawless (attended virtually)

Revenue

Dermot Donegan
Chad Egan
Ita Foster
Deirdre Hanlon*
Declan O'Hora (attended virtually)
Ciaran Ruane (Secretary)

*Designated Public Official, *Regulation of Lobbying Act 2015*