

Minutes
Indirect TALC Meeting
10:30, 6 March 2024
Basement Conference Room, Stamping Building, Dublin Castle

Item 1 – Minutes of the Previous Meeting

Draft minutes of the meeting on 22 November 2023 were agreed.

Item 2 – Matters Arising

2.1 TALC Sub-groups

The new sub-group on VAT Modernisation had its first meeting on 18 December 2023, while the public consultation was underway. Its next meeting will take place when the consultation submissions have been analysed and made available – probably June. (See also item 4 below re VAT Modernisation.)

Owing to other recent priority work, Revenue has not yet completed the internal report for senior management on the matters discussed at the sub-group on VAT Groups. When that internal report is considered and relevant decisions made, the next meeting of the sub-group will be scheduled – expected to be late Q2. As agreed previously, the work of the sub-group on Partnership/Co-Ownerships will then get underway.

2.2 VAT 56A Applications Update

Arising from a revision of an accountancy profession standard, ISRS 4400, there are three categories of engagement under which CCAB-I members can undertake a piece of work:

- An audit engagement that will result in an “opinion”.
- An assurance engagement that will result in a “conclusion”.
- A related services engagement that will result in a “findings report”.

CCAB-I and accountancy firms consider the Section 56B engagement should be carried out under a “Related Services” engagement”.

It was noted that there have been several meetings on this matter to date. Revenue are seeking to fully understand the three levels, especially the related services engagement, and are keen to understand the level of work and the tasks that are undertaken when a Section 56B piece of work is carried out. To assist this understanding, it would be helpful for Revenue to know what other pieces of work undertaken by CCAB-I members might typically be carried out under a “Related Services” engagement. This understanding will help Revenue ensure the appropriateness into the future of Section 56 processes and compliance.

It was agreed that it would be useful to have a further meeting with technical experts, involving CCAB-I, Revenue and other Indirect TALC members. Revenue agreed to restate their specific queries/area of concern in advance of the meeting. All parties were keen to ensure that the present matter is clarified soon, so as to help ensure an appropriate and workable way forward for compliance with Section 56. An update will be brought to the next meeting of Indirect TALC.

2.3 Section 94(8)(b) VATCA 2010 – expected timeline for updated guidance

In early March, Revenue published a suite of new and updated TDMs on various construction-related VAT matters, and it was noted that the section 94(8)(b) query previously raised at Indirect TALC is now covered in the updated guidance. Revenue also advised that the VAT Rates Database is in the process of being updated to delete superfluous information that is now contained in the TDMs.

Item 3 – EU Matters

Revenue provided an update on VAT-relevant EU matters:

- The ViDA package remains the current priority at EU level. There were two Council working party meetings on it in January and February. Feedback on the Digital Reporting Requirements is mostly positive, although some countries are still not in agreement, but the Commission and the Belgian Presidency remain committed to making progress on the package. Revenue have been involved in bilateral meetings, as well as meetings with the Commission with a view to making further progress.
- The European Elections are being held in June and there will also be a new EU Commission.
- Work on the Travel & Tourism Package is stalled pending the new Commission mandate and is not expected to recommence until after the new Commission is up and running.
- The Financial Services Review has also been paused and the Commission's view is that the Impact Statement (published 2017) is now out of date so that will have to be updated before further work on the review.

Item 4 – VAT Modernisation

Revenue discussed progress on VAT Modernisation. The recent Public Consultation process had been extended to 31 January 2024, and a significant number of submissions were received from a broad spectrum of VAT-registered businesses (of various sizes and sectors) and a wide range of other entities with an interest in the topic. Over 70% of the Business respondents who made submissions indicated their turnover is below €700,000. All the submissions are now being reviewed and analysed, and it is expected that a report on the Consultation will issue in Q2; the sub-group will meet again when this is available. As indicated in the Consultation paper (October 2023), Revenue plans that the recent Consultation is just the first of a series of such engagements with the VAT community, which will continue over the coming years to continuously inform the programme of VAT Modernisation as proposals take clearer shape, and move into detailed development and then implementation.

Asked if VAT Modernisation will mirror the content and timelines of the EU ViDA proposal, Revenue indicated that any future modernisation of Ireland's domestic VAT administration would fit with any changes agreed at EU level. Revenue emphasised that, through its planned continued engagement and consultation with businesses and stakeholders, any decisions on specific changes, including timeframes, will be fully informed by the realities of implementation, and will be well flagged in advance.

Revenue acknowledged the very helpful support of the TALC representative bodies (esp. the sub-group members) and professional firms in promoting participation in the recent Consultation. Some had also conducted their own surveys/questionnaires among their membership/client-base and used these to inform their own submissions.

Item 5 – VAT Registrations

The Chair welcomed Declan Hayes and Paddy Hayes who lead Revenue's operational Branch dealing with VAT registration.

They gave a presentation on VAT registration matters focussing particularly on aspects that are relevant to queries that have been raised in Indirect TALC discussions over the last while, including screening of applications, common reasons for refusals, 'intention to trade' applications, and postponed accounting. During the discussion there were questions regarding backdating of applications, issues with proving establishment, problems faced by new entities, and some administrative issues faced by taxpayers and agents during the application process.

It was agreed that presentation slides would be provided, which Indirect TALC members might wish to circulate within their bodies.

Item 6 – Any Other Business

6.1 RCT and application of reverse charge VAT on property-related transactions

At a previous meeting of the TALC Indirect Taxes Sub-committee meeting in September 2023, the Law Society raised the issue of the inconsistent application of reverse charge VAT on certain property sales. The issue concerns situations where there is a single contract comprising site sale and supply of build services where an Approved Housing Body is the principal for Relevant Contract Tax (RCT). The Law Society explained issues that may be faced due to inconsistencies in the application of RCT and reverse-charge VAT by the Compliance Branches.

It was noted that the matter is being raised at Direct TALC – as that sub-committee deals with RCT – and will be discussed there. It was agreed that the Law Society would put together some scenarios about the VAT issue, that Revenue can use to inform an internal discussion between relevant areas.

6.2 Second Sale Post Completion/Two Year Rule

Revenue thanked the Law Society for the detailed note provided on 2 February 2024. Revenue is considering the matter and will provide an update at the next meeting.

6.3 VAT treatment of service charges

The ITI suggested that Revenue's guidance on the VAT treatment of service charges does not align with Section 4D(1) of the Payment of Wages (Amendment) (Tips and Gratuities) Act 2022, as that legislation indicates that any mandatory service charge included on the bill should be treated as a gratuity, and thus would not be chargeable to VAT. Revenue advised that the legislation cited is not relevant to the definition of "consideration" for VAT purposes, and that VAT guidance set out in the TDM is correct; however, they will consider the point raised by the ITI.

6.4 Negotiation Services TDM

The Chair welcomed the recent publication by Revenue of the TDM on the VAT treatment of negotiation services in respect of financial services. It was noted that this guidance would be very useful to practitioners.

6.5 Central Electronic System of Payment Information (CESOP)

Revenue advised that the CESOP Directive and Regulation had, as planned, been transposed into Irish law in December 2023. The transposition was made via two sets of ministerial regulations made under the European Communities Act (S.I.s 650/2023 and 651/2023) which insert seven new sections (s.84A – 84G) into VATCA. A TDM on the new legislative provisions was published in December.

CESOP is an EU arrangement which entered into force on 1 January 2024, requiring payment service providers (e.g. banks, credit unions, credit card companies) to report certain details to the national tax authority where a person or entity has more than 25 cross-border payment transactions in a calendar quarter. It is designed to help combat fraud due to the growth in e-commerce and the use of platforms, and, therefore, was progressed as under VAT law. Registrations opened on 1 January and the first reporting period is Q1 2024 with filing during April. Revenue has published guidance on registration and filing.

6.6 Indirect TALC End-of-Year Report and Work Plan

The TALC Operational Guidelines for Chairpersons provide that at the end of each year, the work plan shall be reviewed, and a brief report from the Chairperson of each sub-committee on the progress achieved during the year on the agreed objectives in the work plan. Revenue prepared a draft 2023 report that the Chair approved and provided to Main TALC. The end-year report was copied to members for their information.

It was agreed that the work plan for 2024 would be prepared by the Chair for approval by the members. The main items will be the continued work of the existing sub-groups with an additional one to be set up later in the year.

Action Points	Agenda Item	Responsible	Timescale
VAT56A – A meeting will be organised with Revenue, CCAB-I and the Chair with the aim of resolving outstanding issues	2.2	Revenue/CCAB-I/ Indirect TALC Chair	March 2024
Revenue Registrations Branch to look into query raised by the Law Society regarding default agent email addresses	5	Revenue	N/A
Revenue to distribute a selection of relevant slides from the Registrations presentation	5	Revenue	March 2024
Revenue to consider issues raised regarding Second Sale Post Completion/Two Year Rule	6.2	Revenue	Before next meeting
Revenue to consider the point raised by the ITI regarding the VAT treatment of service charges	6.3	Revenue	Before next meeting
Work plan for 2024 to be prepared and agreed	6.6	All members	Before next meeting

Attendees

Consultative Committee of Accountancy Bodies - Ireland

Mairéad Hennessy (attended virtually)

Gráinne McDermott (attended virtually)

Gearóid O'Sullivan

Irish Tax Institute

Oonagh Carney - Chair

Brian Colfer

Philip Nolan

Lorraine Sheegar

Law Society

Matthew Broadstock

Donal Kennedy

David Lawless

Patricia McCarvill

Revenue

Chad Egan

Ita Foster

Deirdre Hanlon*

Declan Hayes

Patricia Lahert

Paddy Ryan

Amy Prendiville (Secretary)

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