

Minutes

Indirect TALC Meeting

10:30, 15 May 2024

Dame Annex Conference Room, Stamping Building, Dublin Castle

Item 1 – Minutes of the Previous Meeting

Draft minutes of the meeting on 6 March 2024 were discussed.

The Law Society requested that the draft minutes be updated to reflect the fact that the issue they raised under item 6.1 of the March agenda is only related to the application of reverse charge VAT.

Item 2 – Matters Arising

2.1 TALC Sub-groups

VAT Groups: Revenue is in the process of finalising an internal report for senior management on the matters discussed. Once the report has been considered and relevant decisions have been made, the next meeting of the sub-group will be scheduled. Revenue noted that it is difficult to give a definite timeline however, it is expected that a meeting of the sub-group will be scheduled for September to discuss the next steps, if any.

Partnerships & Co-ownerships: The first meeting of this sub-group will be convened when the VAT Group sub-group's work is near completion.

VAT Modernisation: see point 4 below.

2.2 VAT 56A Applications Update

In March Revenue agreed to have a further meeting with CCAB-I and representatives from ITI in attendance to progress the issues relating to Section 56A accompanying letters. Due to scheduling difficulties on both sides it was not possible to meet until 7th May.

Revenue set out their understanding of the issue, noting that in 1993, it was agreed with the Accountancy bodies that in absence of their members signing the Accountant's Certification on the form, an accompanying letter could be issued that stated, "*in our opinion.*"

It was noted that changes to the Professional Standards ISRS 4400 seem to no longer permit practitioners to express an opinion in support of the Section 56A application as the professional body consider that the Section 56A review work should be presented under a Findings Report, however the legislative requirement states that the Section 56A application should still be supported by an opinion by a statutory auditor.

Revenue reiterated that it was important for them to gain an understanding of the underlying tasks that are performed by practitioners in submitting a Section 56A application.

It was agreed that Revenue will discuss the wording with the Operational Divisions' Case Managers and prepare a draft for discussion and circulate this shortly to CCAB-I and ITI.

The ITI expressed the opinion that the requirement to match turnover figures to the Return of Trading Details form may not be appropriate as there may be differences in how the returns are completed.

All parties expressed the hope that the matter would be resolved before the end of the summer.

2.3 Reverse charge VAT on property-related transactions

Following discussions at the March meeting, the Law Society provided a note to Revenue with some typical scenarios and the VAT treatment they believe should apply in those scenarios. Revenue have been engaging with the Law Society on their submission. The Law Society confirmed that matter was not related to "turnkey" properties and was only concerned with build and site sale contracts.

Revenue advised that they are liaising with Personal Taxes Policy and Legislation Division as the issue is related to RCT. It was noted that RCT treatment of certain property related transactions is also being discussed at Direct & Capital Taxes TALC. At the meeting of that group on 25 April 2024 the practitioner bodies agreed to forward a comprehensive note on actual RCT issues that are currently being experienced. Revenue advised that they are continuing to review the issue raised by the Law Society and invited the representative bodies to submit any additional information that they would like considered. They were also encouraged to ensure that submissions are made to Direct & Capital Taxes TALC in relation to the RCT issue so the matter can be progressed. As the issue is linked to the RCT treatment, the VAT analysis cannot be progressed in isolation.

2.4 Second Sale Post Completion/Two Year Rule

This matter was raised at previous meetings of Indirect TALC. Detailed examples of the issues were provided to Revenue in advance of the March 2024 meeting. Revenue agreed to consider the examples provided and the intent of the legislation and revert at the next meeting.

Revenue advised that the matter is currently being considered by the VAT Policy & Legislation Branch.

Item 3 – EU Matters

Revenue provided an update on VAT-relevant EU matters:

ViDA File

At the Economic and Financial Affairs Council (ECOFIN) meeting on 14th May, the Finance Ministers failed to reach political agreement on the ViDA file. Estonia used its veto vote, seeking a compromise for Member States to opt-in only to Transport & Accommodation Platform deemed supplier obligations. This is the main element of the Platform Economy strand.

ECOFIN did agree to the two other strands, Digital Reporting Requirements and the Single VAT registration, however as ViDA contains three strands it can only pass with all three strands securing unanimous agreement so a compromise will need to be reached with Estonia.

The current Belgian Presidency of the EU Council is likely to reattempt agreement with Estonia by the next ECOFIN meeting on 21st June 2024, before Hungary take over on 1 July.

Travel & Tourism Package

Revenue advised that there was no further update from the last meeting in relation to the Travel & Tourism Package, as work is stalled pending the new Commission mandate.

Financial Services File

As discussed at the March meeting, preparatory work is ongoing, including an external study (the last study was carried out in 2017), taking into account the new economic context and the reflection for a wider review of the taxation framework for the financial sector, also ahead of the new Commission mandate.

It was noted there will be a new Commission appointed after the Parliament election on 7 June, and apart from the new College of Commissioners, there may likely to be a lot of changes of senior personnel within the Commission.

Item 4 – VAT Modernisation

Revenue advised that they intend to publish a Report on the Public Consultation responses shortly. The first draft of the report has been reviewed by senior management and the final edits are currently being made.

Revenue noted that they had expected the ViDA file to have been agreed at the May ECOFIN meeting but noted that the general perception is that, it will now be agreed at the June ECOFIN meeting. Revenue advised that in order to commence work on the early stages of mapping out the Irish domestic reporting system, and in order to align it with what will be required for intra-EU reporting, they will need to have a good understanding of the EU Commission technical requirements. On that basis, once the ViDA file is agreed by all Member States, then the discussions regarding the technical agreements can commence.

It was agreed that the next meeting of the VAT Modernisation Sub-group possibly may take place in September dependent on agreement being reached on the ViDA file at the June ECOFIN.

Item 5 – 2024 Work Plan

The Indirect TALC Work Plan for 2024 was agreed. The workplan is as follows:

1. VAT Modernisation (including the VMOD Subgroup)
2. VAT Grouping Subgroup
3. Partnerships/Co-ownerships Subgroup
4. EU Developments (including VAT in the Digital Age Proposal)

Item 6 – Any Other Business

6.1 VAT treatment of service charges

Revenue agreed to review the VAT treatment of service charges following a query raised at the last meeting of Indirect TALC. Revenue reviewed the matter and concluded that the treatment of mandatory service charges under the Payment of Wages (Amendment) (Tips and Gratuities) Act 2022 does not have any impact on the current Revenue position in respect of service charges. Revenue confirmed that they are satisfied that the current treatment is in compliance with legislation and CJEU case law on the matter.

6.2 Registrations

The ITI noted that at the previous meeting an issue was raised regarding registrations correspondence not being directed to the email address linked to the registration application. Revenue's operational Branch dealing with VAT registration agreed to look into the issues raised by the members. This investigation is still ongoing.

The ITI noted that the issue was also discussed at TALC Collections.

Action Points	Agenda Item	Responsible	Timescale
Update March minutes to reflect point raised by the Law Society regarding agenda item 6.1	1	Revenue	For next meeting
Revenue to provide an update on issues raised regarding Second Sale Post Completion/Two Year Rule	2.4	Revenue	For next meeting
Revenue to provide an update on query raised by the Law Society regarding default agent email addresses	6.2	Revenue	Before next meeting

Attendees

Consultative Committee of Accountancy Bodies - Ireland

Mairéad Hennessy

Gearóid O'Sullivan

Irish Tax Institute

Oonagh Carney - Chair

Vincent McCullagh

Lorraine Sheegar - Secretary

Michale Tansley

Law Society

Matthew Broadstock

Donal Kennedy

Patricia McCarvill (attended virtually)

Revenue

Chad Egan

Ita Foster

Patricia Lahert

Amy Prendiville