



Update on ITI Branch Network Meeting with Revenue in East South East Region

A meeting between ITI branch representatives and Revenue in the East South East (ESE) region took place on 7 December at which a number of matters were discussed, in particular:

1. Unannounced Visits

Revenue noted that unannounced visits to cash businesses were continuing in the region. Revenue reminded practitioners that under Section 905(2) TCA 1997 an authorised officer may at all reasonable times enter any premises or place where the authorised officer has reason to believe that any trade, profession or other activity, the profits or gains of which are chargeable to tax, is or has been carried on, or any records relating to any trade, profession, other source of profits or gains or chargeable gains, or any tax liability, is or has been located. The authorised officer may require any person on the premises, other than a customer, to produce records or property required. If the authorised officer has reason to believe that any of the records or property which he or she has required to be produced have not been produced, may search the premises or place for those records or property. Records may also be removed and retained for a reasonable time for further examination or for the purposes of legal proceedings. ITI branch representatives expressed the view that Revenue should speak to the most appropriate person in relation to their queries i.e. the owner/manager rather than a member of staff. Revenue noted that they would ask a staff member present on the day to phone the owner/manager but where the owner/manager was not contactable they would proceed and address their queries to the staff in charge.

In relation to cash businesses the matter of recording of transactions at Sunday Markets was raised. In particular, the difficulty sellers may have in recording every transaction at very busy times. Revenue considered that they would expect a note of each transaction to be taken nonetheless.

2. Locums

Practitioners asked Revenue for feedback on their approach to the tax treatment of locums in the ESE region. Revenue confirmed that the "Code of Practice for Determining Employed or Self-employment Status of Individuals", available on

Revenue's website, sets out relevant factors used in determining employment status. Revenue noted that they would be writing to private doctor practices in the New Year to ask them to review the status of locums used by them. They noted that where they have identified cases where locums have incorrectly been treated as self-employed the employer is being asked to rectify the position on a going forward basis. This may not be the case where non-application of PAYE is discovered in the context of an audit.

3. *Refunds*

It was acknowledged by practitioners that the turnaround time for refunds has much improved in the region.

4. *Secure email*

Revenue reminded practitioners that secure email is available for use for communication with the Districts, not just for RTS. Where an email is sent to a District outside of the secure email system, for data security reasons Revenue cannot reply with client specific details.

5. *Audit Programme*

Revenue pointed to the meaning of "Co-operation" in the Audit Code of Practice and noted that they would be interpreting this on a strict basis.

Co-operation under the Code for the purposes of mitigating penalties includes:

1. Having all books, records and linking papers available to the Auditor at commencement of the audit.
2. Responding promptly to all requests for information and explanations.
3. Responding promptly to all correspondence.
4. Prompt payment of the audit settlement liability.

Revenue also asked that practitioners advise them if they are no longer representing a client so that correspondence is addressed to the correct person.

6. *Update on Revenue Projects*

Revenue noted that they have received a large volume of information from financial institutions under the deposit interest reporting initiative and are working to identify those cases requiring their attention, where for example the income tax return or records of capital transactions do not support the level of interest being earned. Follow up on these cases will be by way of an enquiry letter. The Audit Code of Practice will not apply in such circumstances. Reporting of credit union interest in relation to 2009 will be provided to Revenue in early 2010.

Revenue noted that they are receiving information from many third party sources which is feeding in to REAP. The majority of interventions will be selected based on risk and using all third party information available to Revenue.

No new areas have been identified as yet for sectoral reviews for the region for 2010.

Revenue also alerted practitioners to a campaign currently underway to clampdown on the sale of counterfeit cigarettes and coal.

7. *REAP*

A run of REAP was done in the last few weeks which interrogated 800,000 files. Revenue noted the importance of full completion of returns otherwise a REAP risk indicator can be triggered. They emphasized in particular full completion of the accounts menu i.e. Balance Sheet and P&L on the returns. There are also instances where taxpayers are omitting to include deposit interest from accounts subject to DIRT on their returns.

8. *Staff Changes*

It was noted that Revenue staff in the region have been reduced by 100 as a result of recent early retirement scheme.