



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

A meeting between ITI branch representatives and Revenue in the South West (SW) region took place on 1 December 2009. A number of matters were discussed, in particular:

1. Tax Refunds and Collections

Revenue updated attendees on the developments in Revenue's systems review. The repayment processes have been fully examined, a number of problems were identified and the processes have been revamped. A move towards a risk based approach to checking refunds has been proposed for 2010 onwards. Revenue noted the importance of correct completion of the Return of Trading Details for VAT purposes. It was noted by representatives that the return was complex and perhaps further guidance on its completion could be provided, which Revenue are to consider.

Revenue agreed that they were coming across more cases where individuals were expressing an inability to pay their tax liabilities. They noted that it is not their policy to reduce the liability in such cases. The taxpayer can approach Revenue with a view to entering into an installment arrangement. They re-emphasised the importance of approaching Revenue early where a taxpayer is experiencing difficulties. Further information on Revenue's approach to taxpayers in difficulty is available on Revenue's website.

2. Data Mining Project

As highlighted in TaxFax of 26 June, a pilot project is being carried out in the SW aimed at improving the targeting of audit interventions. Instead of directly using the results from REAP to identify audit cases, a profiling of the taxpayer is carried out driven by a high risk rating, to determine whether an audit is appropriate. This project involved writing to a taxpayer identifying the areas of risk which have been indicated to Revenue via REAP and meeting with the taxpayer to discuss. The visit does not constitute an audit but some audits have arisen following from these visits. Where Revenue intend to conduct an audit the taxpayer will receive a separate notification. The current project will continue in the SW region until the end of January. It is likely that this new methodology will be used more widely and rolled out nationally early next year. This will not replace random audits.

3. Locums

Branch representatives raised a number of queries in relation to Revenue's approach to the taxation of medical locums in the region. Revenue noted that while it could be considered by them on a technical level that anyone who is paid by anyone else could be an employee, they are conscious of the administrative reality. As at the last meeting, they confirmed that each case will be judged on its merits in determining whether an individual is employed or self-employed. This take into account the factors set out in the Code of Practice for determining Employed or Self-Employed Status. (This Code was agreed with ICTU, CIF, IBEC, SFA, NERA, Departments of Social & Family Affairs and Enterprise Trade and Employment and the Revenue Commissioners). A national group has been established within Revenue and on an interdepartmental level to consider difficult issues that have arisen in this area. It was queried as to whether an expression of doubt should be made on the Form 11 of a locum or of a doctor engaging a locum, where a practitioner/taxpayer considers, based on the facts, that the locum would be classified as self-employed. Revenue noted that for small individual cases an expression of doubt is not required however for larger companies/structures engaging locums an expression of doubt should be made.

4. Sectoral Reviews and 2010

Revenue will continue their focus on the shadow economy. This involves the use of local intelligence officers in the area.

Under declaration of tax liabilities by PAYE taxpayers will be an area of focus in 2010 in the SW region. Revenue have noted instances of false claims for tax credits and under-reported income in the PAYE sector. The REAP system is being used to identify risks in this initiative. Revenue will also be liaising with the Department of Social and Family Affairs.

5. Special Compliance and Investigations

The regional investigations branch has been active in a number of areas, in particular, in fraud investigations and in providing audit support to the Districts, for example where taxpayers refuse access to books and records. A number of cases have been submitted to the Director of Public Prosecutions. Other areas of focus include VAT on intra-community acquisitions. Revenue noted that they are finding an increasing number of incidents where the bookkeeper or accountant is being blamed by the taxpayer for the non-compliance and instances of unusual omissions from returns. They also note that they have identified cases where taxpayers who have a liability to tax but may have an inability to pay have filed returns declaring a nil liability. Filing a NIL return in such circumstances is a prosecutable offence. Where inability to pay is a concern the correct return should be filed in the normal manner. The taxpayer can seek an arrangement with Revenue to pay the liability on a phased basis.

6. Staff Changes

Revenue noted that the staffing of the South West has fallen by 11% in 2009, and the reduction by mid 2010 is expected to total well over 100 people. This is due to the civil service early retirement scheme, non-filling of vacancies and absence of temporary staff. Revenue will be implementing a change management programme early in the new year to deal with the gaps created in skill and functionality."