



Mr. Michael Noonan T.D.
Minister for Finance
Department of Finance
Upper Merrion Street
Dublin 2

6 November 2014

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Dear Minister,

Finance Bill 2014 – Section 79 (Amendment of General Anti-Avoidance Rule and Section 80 (Amendment of Chapter 3 of Part 33 (Mandatory Disclosure and Payment Notices))

The Irish Tax Institute fully supports the promotion of tax compliance in Ireland. Our members provide tax advice to thousands of businesses and individuals and play a key role in the achievement and maintenance of the high tax compliance rates in Ireland.

The General Anti-Avoidance (GAAR) regime and the Mandatory Disclosure regime form an important element of our tax compliance model and it is essential that the rules underpinning them are certain and clear for Revenue, taxpayers and advisers. The Institute has played an important role in consultations over the years on the development of GAAR and the introduction of a Mandatory Disclosure Regime in 2011.

Section 79 and section 80 of the Finance Bill 2014 introduce wide-ranging changes to the operation of the GAAR, the Mandatory Disclosure regime, the tax appeals system and the inter-action between them. These changes are due to become operative immediately for post 23 October 2014 transactions but the changes have not been subject to any advance public consultation or discussion.

When the Mandatory Disclosure regime was introduced, it was preceded by a period of consultation between Revenue and practitioners between the introduction of enabling legislation in Finance Act 2010 and commencement of the regime on 17 January 2011. Regulations and Revenue Guidelines were also published for consultation. This allowed time for all stakeholders to consider the legislation, regulations and Revenue guidelines and to develop and embed procedures in time for its implementation. Our member firms have invested and continue to invest significant resources in training, oversight and implementation of these regimes to ensure they operated as intended by the Dail.

As of today there are no updated Revenue Guidelines or Regulations to accompany the proposed Finance Bill changes and the result will be significant uncertainty about the scope and impact of the intended legislation. In addition, the legislation operates in advance of the publication of legislation relating to the proposed reform of the Appeal Commissioners system.

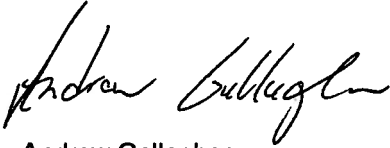
Given the complexity of the GAAR and Mandatory Disclosure issues contained in Finance Bill 2014 and the impact of their introduction on all parties, our members believe that it is necessary that sufficient time is now provided to:

- Fully consider the changes in the Bill and consult with your officials and with Revenue on their implications for businesses,
- Enable member firms to plan for a program of changes to staff training, documentation and internal procedures to ensure they are appropriately and correctly implemented.
- Ensure that the changes to the legislation work in tandem with the proposed reform of the Appeals Commissioner system to ensure an effective and efficient tax administration system.

The Institute is seeking a Commencement Order for sections 79 and 80 of the Bill to allow time for due process and proper consultation to take place to ensure that the legislation operates in practice as intended by the legislature.

We hope this could be considered in the context of the Committee Stage discussions on the Bill.

Yours truly,

A handwritten signature in black ink, appearing to read "Andrew Gallagher". The signature is written in a cursive style with a large initial 'A'.

Andrew Gallagher
President