



Irish Taxation Institute

Educating, Developing & Representing

Update From TALC Audit – 8 June 2010

ITI representatives met with Revenue at TALC Audit during the week. Discussions on the new Audit Code are continuing with a view to publishing the new updated Code in the next few months.

In other matters Revenue provided an update on the national projects currently underway. "Misclassification of employment" remains an area of focus. Revenue have written to the IMO to deal with a number of concerns arising from the issue of engagement of locums. Revenue clarified at the meeting that they have indicated in the letter that GP practices that engage locums should review their engagements carefully and regularise the position for 2010. Also where doctors were engaged by a practice and the PAYE system was not applied in 2009 to the payments, this can be rectified immediately provided the case is not already under audit or investigation. To do so the GP should submit a Supplementary Form P35 to the Office of the Collector General by using the Self Correction rules as set out in paragraph 10.5 of the Code of Practice for Revenue Auditors on or before 15th. February 2011. For 2010, any additional tax, PRSI and levies accrued so far on foot of payments to GP's should also be remitted to Revenue through the monthly/quarterly P30 process.

In the context of a Revenue audit, a decision to open earlier years will be taken in accordance with the Revenue Code of Practice for Auditors mentioned above. Some cases may already be under audit, others may be selected in the future. Revenue will take a pragmatic approach where it can be shown that the income has already been declared by the "locum" doctor under self-assessment. The letter notes in this context, GP's who are not under audit or investigation, may wish to consider whether or not an unprompted qualifying disclosure is warranted for all the years affected.

Readers will be aware of a case in the Midlands involving the engagement of out-of-hours locums. This has been settled out of Court and Revenue are working through a number of out-of-hours cases in follow up. A recent workshop of Revenue auditors engaged in the cases has been held to facilitate consistency of approach.

The Shadow economy is a key area of focus for Revenue in 2010. Revenue will continue to engage in unannounced visits to cash businesses in towns and business parks. This visit may involve taking readings from the cash register, examining books and records, reviewing the employee roster and stock held and speaking to owners and staff. Specific sectors of interest to Revenue include markets, one-off events such as concerts and festivals, fast food, takeaways and restaurants. In the construction sector some regions may focus on one-off housing developments. Language schools and related spin-offs such as summer schools also interest Revenue. Revenue have recently obtained access to records of the taxi regulator and will be cross checking the information with their records.

More than one region will be looking at rented properties, pubs, clubs, DJs, entertainment venues, security, internet trading, hairdressers (in particular let chair arrangements), barbers and beauticians. Other businesses that Revenue intend to look at in 2010 include internet cafes, bookmakers, car valeting, personal trainers and bouncy castles.