



Code of Practice for Revenue Auditors (2002) Supplement Finance (no 2) Act 2008 – Changes in relation to Penalties and Publication

EXTRACT FROM REVENUE LETTER IN RESPONSE TO ITI CONCERNS RAISED IN LETTER OF 19 MARCH

“Your letter has focused on five specific issues.

- (1) A clear message to Revenue Auditors that in the context of an audit the notice of opinion should only be raised as a matter of last resort when settlement cannot be reached.**

We are engaged in an extensive round of Regional presentations on the New Penalties Regime. I have personally spoken at all of these meetings to date and the team and I have emphasised that we expect that the vast majority of all settlements will continue to be based on negotiated monetary settlement without recourse to the Courts

I have also spoken to a representative Group of Principal Officers with compliance responsibilities and I have emphasised the same message. All Assistant Secretaries with audit responsibilities are aware of this policy and agree fully with it.

- (2) Clarification on the overall role of the existing Code**

Paragraph 5 of the guidelines deals with the continuation of the existing Code. We will, however, make it clear in Paragraph 3 that the existing Code subject to the changes required by the new penalties and publication legislation, continues to apply.

- (3) Advance authorisation of a ‘notice of opinion’ by Assistant Secretary etc.**

We have discussed this issue at the TALC Audit sub-committee and practitioners have made clear their views on this. Revenue clearly regard an arrangement, whereby prior approval by a Principal Officer is required, as a satisfactory protection against inappropriate use of the new legislation. A requirement that such matters would be escalated to Assistant Secretary level would bring an unnecessary layer to the proceedings. We will monitor the operation of the guidelines to ensure that they adequately serve both Revenue and taxpayers.

- (4) Scope for discussion of technical points at opening meeting**

As discussed at TALC we agreed to consider this further. It is our intention to address it in the context of the new Code. In the meantime perhaps taxpayers and practitioners would avail of the 60 days mentioned in Paragraph 10.1.3 of the Code to raise issues of concern before making a qualifying disclosure.

(5) Assurances on non-prosecution

Paragraph 20 specifically states that where a qualifying disclosure is received, Revenue will not initiate an investigation with a view to prosecution of the taxpayer. However, to address your concerns we will include an additional bullet point at Paragraph 5.

I hope these clarifications are helpful. We have endeavoured to produce guidelines that are practical for auditors, practitioners and taxpayers, while reflecting the statutory basis for the changes being made.”