



22 May 2009

Mr Paul Walsh  
Principal Officer  
Investigations and Prosecutions Division  
4<sup>th</sup> Floor - Block D  
Revenue Commissioners  
Ashtown Gate  
Dublin 15

Dear Paul

**Re: Launch of SPIP investigation into policies between €20,000 and €50,000**

I am writing to you in relation to the extension of the investigation into Single Premium Investment Products (SPIPs). I understand that the focus of the current investigation will be on policies with proceeds invested of between €20,000 and €50,000.

The previous SPIP investigation gave rise to a number of concerns and uncertainties for taxpayers. We would therefore like to make several points in relation to operation of this campaign. In particular, we would request that:

1. Any correspondence with policy holders should be appropriate in tone and content to avoid unnecessary alarm. All publicity and guidance should also be clear and reflect that compliant taxpayers need not be fearful.
2. The scope of any declaration to be signed by a policy holder should be limited to funds invested in the policy
3. A reasonable approach should be taken to practical difficulties which arise from the span of years to which the investigation relates.
4. Appropriate steps should be taken to ensure that correspondence is only directed to those taxpayers who are subject to the investigation.

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### **1. Appropriate communication with policy holders**

Many policy holders with investments in such products would be compliant taxpayers. Similarly many could be of advanced years, given that the period under investigation spans from 1990 to 2003. Receipt of any correspondence from Revenue relating to an investigation will undoubtedly be a cause of significant worry and alarm.

The tone and content of any correspondence with policy holders should provide a clear message that compliant taxpayers have no cause for alarm. This should also be reflected in any publicity or guidance on the investigation.

### **2. Scope of declaration form**

We understand it is Revenue's intention to try and eliminate compliant taxpayers from further enquiries through the issue of a declaration form for signature. The insurance companies when writing to the policy holders regarding the information to be sent to Revenue will attach the proposed declaration form.

Any steps taken by Revenue to eliminate compliant taxpayers from needless investigation are welcome. However, you may recall that the scope of the declaration in the previous SPIP investigation was a cause of concern to taxpayers and practitioners. The declaration required the policy holder to declare that he/she had no outstanding tax liability (of any kind, for any period). This is an extremely broad and open-ended statement. Without an almost impossibly thorough review of an individual's tax affairs they could not categorically state that they have no outstanding liabilities. We understand Revenue's concern that some taxpayers may have historically made a declaration under one investigation while omitting other defaults that later surfaced. However, it is unreasonable to expect taxpayers to sign an all encompassing declaration. In many cases policy holders may sign the declaration without obtaining professional advice, unaware of its scope. We would request that in this investigation the scope of the declaration form be limited to the funds invested in the policies under investigation.

The last investigation permitted policy holders to submit a letter clarifying that they had no liability to tax on the money invested. This was available as an alternative to the completion of the declaration. We would request that this letter format should be accepted in this investigation once the relevant information required is provided

### **3. Reasonable approach to practical difficulties**

The focus of the investigation is on investments made between January 1990 and December 2003. As a result policy holders will be required to provide information on transactions occurring nearly 20 years ago. On a practical basis it may be difficult for policy holders to obtain access to historical records of transactions or movements of money for this period.

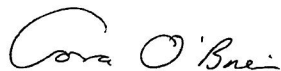
We would request that Revenue take a reasonable approach in dealing with such practical difficulties. Where policy holders have used their best endeavours to obtain the necessary information this should be recognised.

**4. Appropriate targeting of policy holders**

We understand that in the previous SPIP investigation into investments in excess of €50,000, a number of instances occurred where those with investments below this threshold were contacted. Where it is now Revenue's stated intention to investigate those with investments from €20,000 to €50,000, steps should be taken to ensure those outside of this category are not contacted. This would otherwise cause confusion and uncertainty for taxpayers.

We would ask that the assurances we seek above are reflected in this SPIP investigation and would appreciate the opportunity to review the proposed declaration form prior to its issue. Your comments on these issues would be appreciated to help clarify matters for our members. In the meantime if you have any questions on the issues raised please do not hesitate to contact me.

Yours truly

A handwritten signature in black ink that reads "Cora O'Brien". The signature is written in a cursive style with a large initial 'C'.

Cora O' Brien  
Director