



## ITI Representations – TALC Audit January 2010

ITI representatives met with Revenue at TALC Audit on 26 January. The following matters were discussed:

### 1. REAP

Revenue advised that they are reviewing and making further enhancements to REAP to improve selection of cases for audit or query.

### 2. New Audit Code of Practice

Discussions on the new Audit Code of Practice are continuing with a view towards finalising the Code in the coming months.

### 3. National Projects

Revenue noted that the shadow economy will be an area of focus nationally. Also the Revenue project in relation to “misclassification of employment” i.e. self-employed versus employee status in the medical sector is continuing across the regions. Readers will be aware of Tax Briefing 82 on locums which issued on 16 December 2009. In the Briefing Revenue note that their approach is to examine cases having regard to the “Code of Practice for Determining Employment or Self-employment Status of Individuals” and having regard to relevant case law on the subject of contract of service (employed) and contract for service (self-employed). They note, in the Briefing, that it is important that the job as a whole is looked at, including working conditions and the reality of the relationship, when considering the guidelines. In essence, cases will be judged on their merits.

At the meeting Revenue noted that it is not general Revenue policy in this project to look back 4 years in relation to the collection of PAYE/ PRSI. However, in some instances previous years could be examined in the context of a Revenue audit or intervention.

### 4. Special Investigations

Readers will recall from TaxFax last August that in a further phase of its Offshore Inquiry, Revenue intended to seek a number of jurisdiction-based High Court Orders to require Irish clearing banks to disclose the identity of persons who transferred funds via the clearing system to or from foreign (non-Irish owned) financial institutions in those jurisdictions. Orders have been obtained in relation to the Isle of Man, Switzerland,

Jersey, Guernsey and Liechtenstein. The scope of the Inquiry is comprehensive, covering electronic and paper transfers, and extending back over 12 years to 31 December 2008. Revenue will be screening the information received to endeavour to eliminate unnecessary contact with compliant taxpayers.

Practitioners were reminded that the closing date for making a disclosure under the credit union interest reporting initiative is 31 March 2010. Further details on the initiative and making a disclosure are available on Revenue's website (<http://www.revenue.ie/en/practitioner/investigations/credit-unions-interest-reporting/index.html>) This initiative is an extension to credit unions of the disclosure scheme for undisclosed income or funds held in banks and building societies and applies to taxpayers who had **€100,000 or more in aggregate** in credit union accounts (which included funds not previously declared for tax) at any time between 1 January 2005 and 31 December 2008.

Readers will also be aware of Revenue's investigation into SPIP investments between €20,000 and €50,000 made from 1 January 1990 to 31 December 2003. In 2009 Revenue obtained further High Court Orders seeking information on policyholders falling within these thresholds. All policyholders affected by these Orders were contacted by their insurance company and a "Nil" declaration form was included to facilitate policyholders who had no outstanding tax issues. In signing this "Nil" declaration a policy holder declares to Revenue that to the best of their knowledge and belief they do not have an outstanding tax liability. Revenue noted at the meeting that they may be in contact with some policy holders where no Nil declaration was made.

##### 5. Reminder for Non-Filers

Revenue have advised that an Income Tax Return Reminder Letter for the year 2008 will issue to taxpayers who, according to their records, should have filed a Return either by paper format or electronically for that year but, whose record as at the close of business on the 29<sup>th</sup> January 2010 indicates the return has not been filed. This letter will, for the first time, have a Questionnaire comprising the most common queries that arise as a result of the issue of this letter, incorporated to the back of the letter. By completing and returning the questionnaire to the taxpayer's Revenue Office, it is hoped that this will result in a reduction of unnecessary correspondence between Revenue and the public. Agents acting on behalf of taxpayers will be sent a separate letter advising of the issue of the Letter/Questionnaire to the taxpayer.