

## Returns Compliance - Income Tax & Corporation Tax

Revised May 2017

## 1. Introduction

The purpose of a Returns Compliance campaign is to contribute to the national targets that have been set in relation to the levels of Returns and Payments.

These Guidelines have been prepared to assist caseworkers in working the Non-filer Programme. They should be considered in conjunction with Regional Structures, Business Plans, Annual Corporate Plans, the National Compliance Imperatives and within the context of whole case management.

Pillar 2 (Confront Non-Compliance) of the Statement of Strategy 2017-2019 states that, "We support voluntary compliance by undertaking targeted and risk focused interventions that will deliver a proportionate and effective response to non-compliance and secure voluntary compliance for the future". The 2017 Returns Compliance Programme is an integral part of that objective and seeks to deliver the following:-

- ☐ Ensure efficient collection and timely compliance
- ☐ Improve compliance through better-targeted interventions
- ☐ Improve compliance through the better application of appropriate sanctions.

It should also assist in the:-

- ☐ Prevention of "once-off" late filers from becoming persistent late filers
- ☐ Protection of the integrity of the Tax Register
- ☐ Maintenance of high levels of returns and payment compliance.

### 1.1 Modus operandi

The compliance programme for Income Tax begins with the central issue in September each year of the Pay and File Reminder Letters by the Collector General. This letter is a reminder to those taxpayers, and their agents, still to file their returns for the most recent filing, of the respective Paper and ROS filing deadlines.

This letter also facilitates the payment of:-

- ☐ Preliminary tax for the current year
- ☐ Any balance of income tax due for the previous year, and
- ☐ Any CGT due in respect of chargeable gains arising in the period 1st January to 30th September of the current year.

The central issue of Compliance Reminder Letters for Income Tax occurs the following January to those taxpayers and their agents who missed the filing deadline for the previous year.

The compliance programme for Corporation Tax begins with the central issue of the Pay and File Reminder Notices in May each year and monthly notices thereafter to companies with the appropriate filing deadlines.

This notice facilitates the payment of:

- ☐ Preliminary tax for the current year
- ☐ Any balance of Corporation Tax due for the previous year

The central issue of Compliance Reminder Letters for Corporation Tax occurs in February and July each year.

Where no return is submitted, the case can be sent for prosecution, for audit, for enforcement etc. Caseworkers should refer to the

[Income tax and Corporation Tax Non Filer Programme Intervention and Selection Criteria](#) Operational Instruction for guidance.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

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## **2. Settlement of Cases**

### **2.1 Returns Received**

Returns should, immediately on receipt, be marked as received on computer record so that the compliance stage in the ITS Returns Field is as accurate as possible.

### **2.2 Returns not due for a tax year**

The main reason why a return may not be due for a tax year is that the taxpayer is no longer a chargeable person for that year [for example, the taxpayer ceased business prior to the commencement of the tax year]. Where a return is not due, then the necessary file maintenance ACROSS ALL TAX HEADS must be done including, where appropriate –

- ☐ entering '*not required*' in the Returns Field in ITS for EACH relevant tax year;
- ☐ ceasing the case across ALL taxheads and changing the assessing status to the appropriate code.

See **Appendix 1** for list of Compliance stages.

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## 2.5 REAP

In addition to the non-filer programme, Districts have the benefit of the REAP system. The objective of this Risk Analysis program is to analyse all Revenue customers across a number of profiles by applying 'rules' to all data available. The cases are then 'scored' with regard to their risk to Revenue, i.e., evasion, non-payment, failure to file returns, etc. This optimises Revenue's resources by targeting those customers who merit attention the most. Revenue screens our complete business taxpayer base on average twice a year with rules, which ensure that non-compliance, or poor compliance, is included and scored in the risk profile.

## 3. Prosecution

Prosecution under section 1078 Taxes Consolidation Act 1997 is an essential element of a compliance programme. Priority should be given to cases where there is clear evidence of significant business activity and/or serious non-compliance and definite expectation that a liability will be quantified on receipt of the relevant return(s). Every effort should be made to determine that the taxpayer's circumstances are such that prosecution is warranted.

If a case is being considered for prosecution, it is essential that the trading status has been verified [e.g. from VAT or PREM records, local knowledge, etc.]. In respect of a company, the company status should be verified with the CRO record in IBI [see Appendix 1 Part D].

Note: Cases requiring issue of 21-day warning letters should be sent, in accordance with [agreed procedures](#), to the Revenue Solicitor's Office.

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## **6. Referral of late filers for Audit**

Late filers deemed worthy of referral for audit by caseworkers need to be considered within the framework of the Regions integrated risk-focused audit/compliance programmes and that of whole case management.

## **7. Specific Case Types**

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### **7.3 Death cases**

Every effort should be made, subject to respecting the sensitivities in these cases, to ascertain details of the personal representatives in death cases. When dealing with death cases, please ensure that:

- ☐ any correspondence is correctly addressed to the personal representatives, and
- ☐ all relevant computer functions have been carried out.

## **8. Taxpayer Contact**

### **8.1 General:**

Sometimes, it may be more beneficial to contact the taxpayer directly. However, before contacting an agent or taxpayer, always check:-

- ☐ that the return(s) is/are still outstanding;

- ☐ to see if there is a General Stop [e.g. a DLO or Death Stop] on record;
- ☐ for a commencement situation;
- ☐ For a cessation situation [check the company CRO status in IBI].

## 8.2 Contacts with the Taxpayer / Agent:

Each contact with the taxpayer / agent must include, where relevant, a focus on tax payment across all tax heads i.e. a whole case management approach. This will include advising of the consequences of non-payment [e.g. interest and other enforcement costs]. The direct debit system for payment of future taxes should be promoted for VAT, Employers' PAYE/PRSI, Income Tax and Corporation Tax. **It is advisable that staff on outdoor duties should take a supply of [Direct Debit](#) leaflets when on call and recommend the system at every opportunity.**

In addition to seeking the tax return and payment, each contact should be used to gather information on the customer and on the general disposition towards compliance and capacity to pay so that best debt management approach can be adopted in individual cases. **Also, the taxpayer should be made aware of the [Online Payment](#) options when discharging the liabilities that arise after delivering the outstanding return(s).**

It may be worth considering trying to contact the taxpayer outside of office hours.

All relevant 'taxpayer contact' information should be noted in RCM.

## 8.3 Partners & Directors

Directors / Partners should be contacted either through their agent or at their home or business address as considered appropriate in light of previous experience. However, the customer's right to confidentiality must be carefully observed at all times.

**Note: Where possible, caseworkers should link requests to directors for their outstanding tax returns with requests for their company's outstanding Form(s) CT1 as covered in section 8.2 above.**

## 8.4 Meeting with the taxpayer to secure outstanding returns

Where telephone calls and routine communications to secure outstanding returns have failed, these taxpayers should, where appropriate, be sent a letter by registered post asking them to contact the District to explain why

returns have not been submitted. The purpose of such meeting should be to secure the outstanding returns and tax.

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## **9. Pay and File Return**

### **9.1 Pay & File**

Under Pay and File, the customer is obliged to submit the return and payment to the Collector General. During the compliance campaign, officers should seek both the return and payment. That said, the following possible scenarios (to which a practical approach is required) might arise –

(a) Tax return (paper) and Single Debit Authority is received in the Revenue District

The receipt of the tax return is to be entered on computer record and the return processed in the normal manner. The Single Debit Authority is to be sent to the Pay & File Section, Office of the Collector General, Sarsfield House, Limerick.

(b) Tax return and payment received in the Revenue District

The receipt of the tax return is to be entered on computer record and the return processed in the normal manner. As regards the payment, there are two options:

- ☐ if the payment is accompanied by the Pay & File payslip, then the payment and the payslip should be forwarded to the Pay & File Section in the Collector General's Office;
- ☐ if the payment is not accompanied by a Pay & File payslip, then the payment should be brought to account locally under the Local Payment Accounting system.

(c) Tax return received in the Revenue District and no payment attached

In this instance, the return should be processed in the normal manner.

(d) Staff on outdoor duties are given the return plus the Single Debit Authority [SDA] or the payment

The officer should accept the return plus the SDA or payment. These may be dealt with as per (a) or (b) above as appropriate.

(e) Staff on outdoor duties are given the return but not the SDA or payment

The officer should accept the return and deal with as per (c) above.

## 9.2 Pay and File Income Tax Return ROS filing date for 2016

For 2016 there is an Extension of Filing Date in 2017 for self-assessment customers who both pay and file their return through ROS.

In accordance with the Taxes Consolidation Act 1997, the taxpayer is obliged to submit the following;

- ☐ Preliminary Tax for the year of assessment 2017 including Universal Social Charge contributions,
- ☐ Payment of any balance of Income Tax due for the year of assessment 2016 and
- ☐ Return of Income and Capital Gain for the year of assessment 2016

The due date for 2016 is extended until Tuesday 14<sup>th</sup> November 2017.

To qualify for the extension, customers must both pay and file through ROS. Where only one of these actions is completed through ROS, the extension will not apply.

Customers who pay or file by means other than ROS are required to submit both payments and returns on or before 31st October 2017.

## 9.3 Pay and File Corporation Tax Return

The Self-Assessment system 'Pay & File' applies to companies. [Mandatory e-Filing](#) applies to all companies with regard to their Corporation Tax return and payment obligations. The preliminary Corporation Tax obligations differ depending on the size of the company and further details are available at [Revenue.ie](#).

## 10. Statistics

Statistics should be maintained in accordance with the National Compliance Imperatives and Regions should ensure that interventions are correctly labelled in RCM.



**11. Irish Cases**

Local arrangements should apply to Irish cases.

**Appendix 1**

## Returns Compliance Stages in ITS

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**Appendix 2**

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**Appendix 3**

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