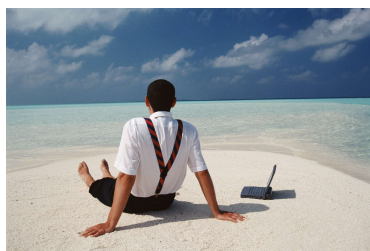

TAX NEWS – DECEMBER 2017

Welcome to our monthly newsletter. We hope you enjoy reading this newsletter and find it useful.



REVENUE OFFSHORE EVASION ENQUIRY

On 17th November, Revenue announced that an enquiry is underway to identify and pursue taxpayers engaged in offshore tax evasion and avoidance. This is very much a topical issue with recent whistle blower disclosures such as the Panama Papers in 2016 and subsequent more recent revelations in the “Paradise” Papers shining a light on practices undertaken by corporates large and small and by well known individuals to minimise tax liabilities through use of more favourable off shore jurisdictions.

The legislative backdrop

The general rule familiar to all tax advisors and accountants is that any client wishing to correct an error or mistake in their Tax Returns can do so by means of an unprompted voluntary disclosure. When notice of a tax audit has been received, an opportunity to make a prompted qualifying disclosure will arise whereby a taxpayer can make a full disclosure of all relevant taxes outstanding and thus avail of lower penalties, immunity from prosecution and non publication as a tax defaulter.

However, with the passing of Finance Act 2016, the benefits of the voluntary disclosure regime no longer applies to offshore matters since 5th May 2017. This means that anyone who subsequently has a previously undeclared tax liability from an offshore matter, faces the real risk of far more draconian sanctions than previously would have been the case.

It is worth noting that in the period between the passing of the Finance Act 2016 and 5th May 2017, Revenue received 2,734 disclosures with a declared value of €84 million. This indicates that the general public did take this well publicised window of opportunity seriously and took steps to regularise their affairs though it is noted that some delays have been experienced by practitioners in obtaining feedback from Revenue as to their agreement or otherwise to the submissions made.

The breakdown of the 2,734 disclosures is quite interesting in that over 40% relate to the United Kingdom, which would not in itself be regarded as a tax haven, while just 55 or 2% of all disclosures relate to the Isle of Man and Jersey combined.

Revenues likely approach

Notwithstanding the fact that the benefits of a voluntary disclosure are no longer available in relation

to offshore tax matters, it would be hoped that even at this late stage there would be some incentive for taxpayers to voluntarily approach Revenue before they are identified.

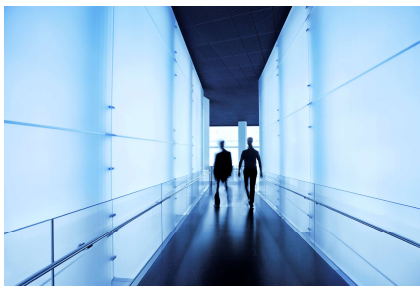
Revenue will, through a number of initiatives, such as FATCA (with the USA) DAC (an EU agreement between 28 Member States) and an OECD based agreement use enhanced technology to share data with over 100 other tax administrations worldwide. This technology will greatly increase their capacity to identify Irish citizens/residents with income or assets located overseas and from there take appropriate steps to identify any additional tax liabilities arising.

It is clear that recent revelations as to the scale of tax avoidance/evasion has galvanised Governments around the world to take action on this matter and this is likely to manifest itself in the years to come in enhanced Budgets for the Revenue in Ireland and similar administrations overseas.

It is of course worth noting two important points that

practitioners will need to reflect on when advising clients on this latest Revenue initiative:

1. There is nothing inherently wrong, per se. in investing in, or moving funds to, an overseas jurisdiction once all relevant tax liabilities are disclosed and paid. The reason why Offshore structures are a particular focus of Revenue's attention is that an underlying motivation for some taxpayers to direct their affairs offshore is to minimise their Irish tax obligations.
2. The difference between evasion, which is illegal, and avoidance, which is not, is where and how a practitioner can make a judgment as to the best course of action to take when presented with a specific fact pattern from any particular client.



TAX DEADLINES IN DECEMBER

VAT

Remember to always file your annual RTD Return by 23rd day of the following month. For example if you have a November year end file your RTD Return by 23rd December. Delays may prevent VAT refunds being processed in a timely manner by Revenue.

Bi-monthly VAT returns

November/December 2017

- Pay and file on ROS by 23/1/18

PAYE and RCT - File by 23rd day of the following month. Late RCT Returns attract a €100 fine. For example, for month ended 30/11/17 - Pay and file on ROS by 23/12/17

Corporation Tax

Companies with an Accounting year end in March 2017 should file their CT Returns by 23rd December 2017. Any company with a January 2018 year end should make a preliminary tax payment by 23rd December 2017.