



The Consultative Committee of Accountancy Bodies-Ireland

Chartered Accountants Ireland
The Association of Chartered Certified Accountants
The Chartered Institute of Management Accountants
The Institute of Certified Public Accountants in Ireland

47 – 49 Pearse Street, Dublin 2

Mr Declan Rigney
Assistant Secretary
Personal Division
Revenue Commissioners

Email to baodwyer@revenue.ie as Revenue executive for Main TALC

5 March 2021

Dear Declan

At a recent Main TALC meeting we had the opportunity to highlight tax issues facing accountants in their capacity as business owners and as tax advisors to employees and to employers who participated in the Temporary Wage Subsidy Scheme (TWSS). Revenue requested further information from us to gauge the extent of the issues we raised. In response to that request, we enclose the results of a recent survey of CCAB-I members. With 195 respondents, we feel that this sample size will provide Revenue with a fair representation of the extent of the issues surrounding the payment of TWSS tax.

The survey highlights that there is a keen interest among employers to explore the possibility of paying their employees' TWSS tax liabilities. However, as demonstrated in the feedback to Question 12 in the survey, it is very difficult for employers to reach a decision because it is not clear how to calculate tax on the employees' TWSS payments as the Preliminary End of Year Statement reflects the employees' personal tax arrangements such as the sharing of tax credits with a spouse or claims for tax relief etc. Guidance from Revenue on this matter would be helpful so that employers can prepare calculations and finalise the decision to pay their employees' TWSS tax liability while also satisfying Revenue that the basis for the payment is representative of the employees' TWSS tax liability and does not represent taxable remuneration.

A clear message from the enclosed survey is that employers need more time to avail of the facility to pay an employees TWSS tax liability without the imposition of BIK. The deadline

for this helpful facility is June. However, we suggest that this facility should be extended to 2022 to give employers time to recover from the impact of Covid-19 restrictions and to give employers and employees another opportunity to discuss payment of the employees' TWSS tax liabilities in 2022. If BIK is applied on employer payments, then the employee will only be able to make a part lump sum payment towards his/her TWSS liability and the balance will have to be spread over four years at a timing cost to the Exchequer.

We also request that self-assessed taxpayers and taxpayers who are jointly assessed with self-assessed taxpayers are permitted to spread the payment of TWSS tax over four years. It seems unfair that a self-assessed taxpayer should not have the same opportunity as non-self-assessed taxpayers to manage the cost of the TWSS tax liability. The survey shows that 92 percent of respondents have clients whereby one member of a couple is a PAYE worker with a TWSS liability and is jointly assessed with a self-assessed taxpayer. The survey also demonstrates that there is a desire among this cohort of TWSS taxpayers to finalise their tax position for 2020 soon and a favourable decision from Revenue on this matter in the near future would be very helpful.

It is not clear whether the facility for an employer to pay TWSS tax liabilities without a BIK charge arising for employees extends to employees who are jointly assessed, and their spouse is the assessable person or to an employee who is self-assessed. If the facility is not extended to these two categories of employees, it will lead to discrimination and potential HR issues for an employer. If we take an employer with 10 employees who wishes to avail of the facility but the spouse of one of the employees is subject to self-assessment, this 10th employee is unfairly treated from a tax perspective through no fault of their own. It would also seem to contradict the principles of consistency and equity as set out in the Revenue Charter. For these reasons we would ask that the facility is extended to all employees.

The main point coming across in our survey is that employees and employers are very engaged with the process of finalising tax due on the TWSS and are actively considering how and when to pay TWSS tax. We appreciate that Revenue must carefully consider the issues raised, and we are hopeful that Revenue will conclude that our representations are fair and reasonable to all concerned.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'P. Vale', is positioned above the printed name.

Peter Vale

Chair, CCAB-I Tax Committee