Taxation News

Charities VAT Compensation Scheme - Guidelines

The Government has introduced a VAT Compensation Scheme for Charities. Claims for compensation under the scheme can be submitted to Revenue from 1 January 2019 in respect of VAT paid on qualifying expenditure on or after 1 January 2018.

A new Tax and Duty Manual, VAT Compensation Scheme Guidelines has been created and provides an overview of the scheme, including issues such as eligibility criteria, eligible tax and the application process.

Source: www.revenue.ie

Ireland would lose key tax controls under new EU tax policy

The European Commission's latest proposal to change the manner in which direct tax policy is decided to a qualified majority vote system would benefit large Member States but would put small Member States like Ireland at a distinct disadvantage, according to The Consultative Committee of Accountancy Bodies Ireland (CCAB-I).

President of member body Chartered Accountants Ireland, Feargal McCormack said:

"Irish tax sovereignty is inextricably linked to the right of this country to veto an EU tax policy measure which is not in our national interests. The matter of Irish tax sovereignty was a core factor in the referendum in Ireland for the ratification of the Lisbon Treaty in 2009."

"Many citizens in Ireland voted to support the Lisbon Treaty on the understanding that tax sovereignty is protected by the system of unanimous vote on tax matters and the basis on which the Irish ratified that Treaty cannot now be disregarded by the EU. This understanding is expressed in the Protocol on the concerns of the Irish people on the Treaty of Lisbon, signed at Brussels on 13 June 2012."

Any attempts by the EU to change to a qualified majority vote system on tax matters will create distrust among small states like Ireland, given the fact that national tax sovereignty has been publicly debated during EU Treaty referendums.

It is unacceptable that the European Commission would put forward such a divisive proposal at a time when unity is essential among Member States as we lose one of our largest members, the UK.

It is also unacceptable that the European Commission would seek to change the manner in which tax policy is agreed when time and time again small countries like Ireland have stated their opposition to measures such as the CCCTB and EU digital tax. Ireland and similar states should be afforded the right to veto these proposals if they are not in the national interest of the State.

The CCAB-I believes that the integrity of the European Union is damaged each time a measure which seeks to diminish the rights of smaller Member States is even considered. This is the wrong direction to take European tax policy. The Commission's plans, published yesterday, are set out in this link.

Source: CCAB-I

Brexit planning and VAT

As the next step in the Brexit Contingency Action Plan, the Government has agreed a measure in relation to VAT, to mitigate the cash-flow burden on businesses post Brexit.

When the UK withdraws from the EU they will become a third country for VAT purposes. This will impact on the tax treatment of goods sold between businesses in Ireland and the UK post withdrawal date.

In order to mitigate against this cash-flow burden on businesses, Minister Donohoe proposes to introduce a legislative change to introduce a system of postponed accounting.

The purpose of this measure is to alleviate the cash flow impact on business as a result of the UK's status as a third country and, as a consequence, the requirement for business to pay VAT at the point of import rather than at the time of filing their bi-monthly VAT returns.

While the introduction of the scheme will be provided to all traders for a period to alleviate the immediate cash flow issues arising from Brexit, continued qualification for postponed accounting will depend on Revenue authorisation from a later date to be agreed.

Source: www.merrionstreet.ie