

Chartered Accountants Ireland or CCAB-I material

Technical Releases

TR 08/2016 - Section 1079 Taxes Consolidation Act 1997, Note to company directors

Representation and Technical Policy

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Note to Company Directors – Section 1079, Tax Consolidation Act 1997 Republic of Ireland

Technical Release¹ (TR) 08/2016 Note to Company Directors – Section 1079, Tax Consolidation Act 1997 Republic of Ireland

TR 08/2016 is intended to provide information for members and their clients in the Republic of Ireland and it replaces Information Sheet IS 01/2000 Information Note for Company Directors – Section 1079, Tax Consolidation Act 1997 ROI.

Section 1079 Taxes Consolidation Act 1997 imposes important legal responsibilities on Auditors and Tax Advisors to companies. Put simply, if an auditor or tax advisor becomes aware of material tax evasion by a company in the course of his/her work, certain steps must be taken as follows:

- he/she must write to the company giving details of the offence and requesting the company to rectify or inform the Revenue Commissioners of the offence;
- if the company does not take action referred to above within 6 months, the auditor or tax advisor must resign and must not act for the company for a period of 3 years or until such time as the matter has been rectified.

There is a relieving provision in respect of assisting or advising a company in the preparation of or conducting legal proceedings in specific circumstances:

- an auditor in the above circumstances has a further responsibility to send a copy of the resignation notice to the Revenue Commissioners.

The auditor/tax advisor will be able to provide more specific details.

This is obviously very important legislation, not just for auditors/tax advisors, but for companies as well and failure to comply with it could result in a substantial fine or a prison sentence.

Please co-operate fully with your professional advisors to ensure compliance with the legislation.

1 A Technical Release addresses technical issues of ongoing relevance and importance to members of the Institute of Chartered Accountants in Ireland. A Technical Release is a source of good practice guidance on technical and practice issues relevant to the work of chartered accountants.