

# Taxation News

## Central Bank publishes pre-Budget letter to Minister for Finance

The Central Bank of Ireland recently published the annual pre-budget letter from Governor Gabriel Makhoul to the Minister for Finance. Governor Makhoul said: The Irish economy has rebounded well from the economic effects of the pandemic and Russia's invasion of Ukraine. Swift domestic policy action as a major contributor to this rebound, with little sign of scarring.

The economy has moved to a new phase as activity is expected to be broadly in line with its medium-term potential. These generally favourable conditions provide a good backdrop for attention to turn more decisively towards strengthening that economic growth potential.

[Find out more](#)

## Returns by Employers in Relation to Reportable Benefits – Enhanced Reporting Requirements (ERR)

The Tax and Duty Manual – Returns by Employers in Relation to Reportable Benefits – Enhanced Reporting Requirements (ERR) has been updated to confirm that in relation to the period 1 July 2024 – 31 December 2024, Revenue will continue to support employers in relation to ERR obligations and will not seek to apply penalties for non-compliance.

The update also outlines what is expected from employers in relation to ERR during this period.

## Revenue publishes key findings from public consultation on modernising Ireland's administration of VAT

Revenue recently published a report setting out the key findings from the initial stage of its public consultation on modernising Ireland's administration of VAT.

The consultation considers the possibility, through advancements in digital technology, of redesigning the way in which VAT is administered in Ireland, to align compliance obligations more closely with normal business processes. The initial stage of consultation, which launched in October 2023, focused on the modernization of Business to Business (B2B) and Business to Government (B2G) VAT reporting, supported by invoicing.

Over 1,100 responses were received, the vast majority of which came from businesses within the VAT net. A number of tax advisory and accountancy firms, professional representative groups, software providers and business associations also made submissions.

Revenue acknowledges and thanks all those who took the time to contribute to the process.

A well-designed programme of VAT modernization is a priority on Revenue's path to support VAT compliance for businesses and enhance the effectiveness of tax administration. Input received from businesses and other stakeholders will, therefore, play an instrumental role in shaping the discussion surrounding VAT modernization and all suggestions, concerns and recommendations submitted will be reviewed and considered as the programme advances.

This early-stage consultation was the first step in our engagement with the VAT community on VAT modernisation. Further consultations and other public engagement will follow, as reform proposals take a clearer shape, are tested, refined and put into operation.

[Find out more](#)

## Research and Development (R&D) Corporation Tax Credit

The Tax and Duty Manual – Research and Development (R&D) Corporation Tax Credit – has been updated to incorporate the changes to the R&D credit introduced by Finance (No. 2) Act 2023.

Finance (No.2) Act 2023 changes are reflected throughout the manual, with new examples included where appropriate.

Key changes introduced to Part 29 by Finance (No.2) Act 2023 include:

- Increase in the rate of the R&D credit to 30%
- Increase in the first instalment threshold from €25,000 to €30,000
- The introduction of a pre-filing notification requirement

These changes apply in respect of accounting periods commencing on or after 1 January 2024.

[Find out more](#)

## Guidelines for charging interest on late payment through Revenue Debt Management Systems DMS and Fixed Direct Debit Systems

The Tax and Duty Manual – Guidelines for charging interest on late payment through Revenue Debt Management Systems (DMS) and Fixed Direct Debit Systems has been updated. The manual provides guidance on when and how Revenue charges interest and the rates that apply.

[Find out more](#)

## Revenue Guidelines for Determining Employment Status

The Tax and Duty Manual – Revenue Guidelines for Determining Employment Status for Taxation Purposes – was recently published to provide information in relation to the Karshan Supreme Court judgment.

[Find out more](#)