

Taxation News

Charities VAT Compensation Scheme

Revenue has confirmed that over 1,100 claims, totalling almost €40m, were made by charities under the Charities VAT Compensation Scheme. Of these claims, 61% were received from charities supporting the community, 16% from religious charities, 15% from charities supporting education and 8% from charities involved in the relief of poverty.

The scheme, which was announced as part of Budget 2018, aims to reduce the VAT burden on charities and to partially compensate them for VAT paid in the day to day running of their activities. The scheme started in 2018 and applies to VAT paid on qualifying expenditure on or after 1 January 2018.

To avail of the scheme, charities can submit one claim per year, which should relate to VAT paid on qualifying expenditure in the previous year only. For example, VAT paid on qualifying expenditure in 2018 can be claimed between 1 January and 30 June 2019. The fund for the scheme is capped at €5m per year. Where the total amount of claims received in any year exceeds the capped amount, charities will be refunded on a pro-rata basis.

Therefore for 2018 if all the claims submitted are fully valid each charity will receive approximately an eighth of their claim back by way of a VAT refund.

Revenue expect to make refunds to qualifying claimants on a pro-rata basis during October and November.

Source: www.revenue.ie

The Employers' Guide to PAYE

Tax and Duty Manual Part 42-04-35A 'The Employers' Guide to PAYE' has been updated to provide further clarification and guidance on the following:

- the composition of Gross Pay
- the use of the Revenue Payroll Notification (RPN)
- the Employers obligations to commence employments.

Employers are again reminded of their obligation to provide accurate information when making a payroll submission to Revenue.

Most employers are submitting the correct payroll information, but some recurring issues have been identified.

These are outlined in Chapter 19, paragraph 19.2 of the Manual. Revenue has established a team to monitor submissions and may contact employers to assist them in addressing any identified issues. Employers should contact the National Employer Helpline at 01-7383638 for assistance.

Employers are also requested to ensure their contact information is correct by visiting ROS and updating profile details as appropriate.

Source: www.revenue.ie

E-commerce: many of the challenges of collecting VAT and customs duties remain to be resolved

The EU encourages e-commerce to ensure that businesses and consumers can buy and sell internationally on the internet as they do on their local markets. Member States are responsible for the collection of VAT and customs duties due on e-commerce cross-border transactions. The European Court of Auditors Audit Chamber IV Regulation of markets and competitive economy, carried out this audit because any shortfall in the collection of VAT and customs duties affects the budgets of the Member States and the EU, as they must compensate for it in proportion to their GNI.

The auditors examined whether the European Commission has established

a sound regulatory and control framework for e-commerce with regard to the collection of VAT and customs duties, and whether Member States' control measures help ensure the complete collection of VAT and customs duties on e-commerce. They found that despite recent positive developments the EU is not currently dealing adequately with these issues but have addressed some of the weaknesses identified with the "e-commerce package".

The auditors make a number of recommendations as to how the European Commission and the Member States should better address the challenges identified and establish a sound regulatory and control framework.

The full report can be access at <http://publications.europa.eu/webpub/eca/special-reports/e-commerce-12-2019/en/>

Source: www.europa.eu

Tax treatment of the reimbursement of expenses of travel and subsistence to office holders and employees

Tax and Duty Manual Part 05-01-06 has been updated as follows:

Chapter 2 - General principles. This chapter has been updated to include paragraphs on:

- Reimbursement of toll charges
- E-working.

Chapter 4 - Reimbursement of travel and subsistence expenses – specific scenarios. This chapter has been updated to include:

- A paragraph on reimbursement of travel and subsistence expenses by intermediaries
- A paragraph on temporary assignees from the State working abroad on foreign assignment
- Reference to incidental duties in respect of section 195A TCA 1997.
- The Manual can be accessed on the Revenue website in eBrief No. 149/19

Source: www.revenue.ie