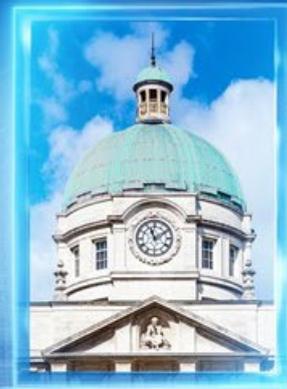




Finance Bill 2020 Headlines



22 OCTOBER 2020

Table of Contents

OVERVIEW.....	2
INCOME TAX.....	2
BUSINESS TAXATION.....	2
INDIRECT TAX	3
CAPITAL ACQUISITIONS TAX.....	4
MISCELLANEOUS.....	4

Overview

Many of the provisions contained in Finance Bill 2020 relate to the taxation measures already announced by the Minister for Finance in his Budget speech on 13 October 2020. There are also a small number of measures in the Bill not previously announced in the Budget some of which are highlighted below.

Income Tax

Pandemic Unemployment Payment (“PUP”)

The Bill includes a provision to make it clear that the PUP is taxable in the hands of the recipient. Revenue have already commented that the income tax arising on the PUP may be paid in a lump sum or by reducing tax credits over four years.

Business Taxation

Reporting of Share Awards

The Bill extends the share award reporting requirements for employers to awards given in the form of cash equivalents or where a discount on shares is provided. The Bill also provides that the reporting of these arrangements to Revenue must now be carried out electronically.

Professional Services Withholding Tax (“PSWT”)

The Bill includes provisions to modernise the operation of the PSWT regime by means of electronic filings and notifications.

Encashment Tax

The Bill increases the rate of encashment tax from 20% to 25% from 1 January 2021. However, companies within the charge to Irish corporation tax will now be able to avail of an exemption from encashment tax. The Bill also includes a requirement for taxpayers to return certain details in relation to encashment tax payments to Revenue.

Transfer pricing

The Bill includes a number of changes to the Irish transfer pricing rules that were introduced in last year's Finance Act to clarify the circumstances in which domestic non-trading transactions between Irish entities are excluded from the application of the rules.

Controlled Foreign Companies (CFC) rules

The Bill includes a change to the Irish CFC rules to deny relief from the application of the rules, which would otherwise be available, for certain non-Irish subsidiaries which are located in jurisdictions which are listed on the EU list of non-cooperative jurisdictions (the EU Blacklist).

Anti-hybrid rules

The Bill includes a number of technical changes to the Irish anti-hybrid rules that were introduced in last year's Finance Act to ensure that the rules operate as intended.

Indirect Tax

VAT

The Bill includes a provision confirming that the zero-rate of VAT which currently applies to supplies made to the HSE (and other healthcare facilities) of equipment to combat Covid-19 related healthcare services (which is currently effective up to 31 October 2020) shall be extended to a later date by the Minister for Finance if the European Commission issue a further notice permitting such an extension.

The Bill includes a provision to apply the reduced rate of VAT (currently 13.5%) to certain sanitary products and to apply the standard rate of VAT to sales of all candles (certain candle sales are currently zero-rated for VAT purposes).

The Bill includes a measure which is intended to give Revenue the power, where they believe it to be necessary and subject to certain conditions, to issue a notice to a non-Irish trader requiring that trader to appoint a tax representative who is jointly and severally liable for any Irish VAT due by that non-Irish trader.

Excise duties

The Bill includes a provision which will waive the excise duty due on the renewal of certain intoxicating liquor licences in the licensing year 2020/2021. This arises from the Government's decision to provide a support package for pubs, bars and nightclubs due to the Covid-19 restrictions.

Capital Acquisitions Tax

Business Property Relief and Agricultural Relief

The Bill includes a new provision which requires the filing of a CAT return where the taxable value of any gift or inheritance is reduced by a claim for business property relief or agricultural relief.

Time limit for Revenue queries

The Bill provides for a standard 4-year time period during which Revenue can make enquiries, raise assessments and make repayments of CAT. A fixed commencement date for this 4-year time period will be 31 December in the year in which a return is received (previously 4 years from the date the return was received). The Bill also provides that Revenue may raise an assessment at any time in a case of fraud or neglect or if they need to take account of other matters relevant to the assessment.

Miscellaneous

Mandatory disclosure

The Bill includes some technical changes to clarify the application of penalties under the Irish domestic mandatory disclosure regime and to clarify certain operational aspects of the EU mandatory disclosure regime.

Tax Appeals

The Bill makes some amendments to the tax appeals process including: (i) clarifying that an appeal can be dismissed if the appellant does not submit certain information requested to progress the appeal, (ii) introducing procedures to deal with Appeal Commissioners ceasing to serve mid-case, and (iii) confirming that where a taxpayer is successful in appealing an assessment the taxpayer will not be entitled to interest on certain amounts repayable to them.

Bank Levy

The bank levy charged on certain financial institutions is designed to generate €150 million in tax revenue per year. The Bill includes a provision to increase the bank levy from its current rate of 170% to 308% of the DIRT paid in the 2019 base year in order to maintain the €150 million yield for 2021.

Technical amendments relating to Brexit

The Bill includes a number of technical amendments to deal with the migration of shares and securities in Irish registered companies from a central securities depository (CSD) in the United Kingdom to a CSD in Belgium.