



Increased Revenue focus on the construction sector

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In September 2015, Revenue indicated to the Tax Administration Liaison Committee (“TALC”) that a national programme of compliance interventions, focusing on the construction sector, is planned over the coming year. Revenue also confirmed that depending on the profile of a case the intervention could be in the form of an audit, aspect query or profile interview.

Subsequent to the commencement of their examination of the construction sector, Revenue published an E Brief (E Brief 33/16) where they outlined the key non-compliance issues that they have so far encountered and on which they intend to focus a great deal more closely. They specifically mentioned the following issues as being issues of concern:

- Failure on the part of the principal contractor to self-account for the VAT.
- Incorrect completion of the VAT invoice/document by the sub-contractor.
- Application of the two thirds rule where the VAT Reverse Charge applies.
- Completing the VAT 3 incorrectly (ignoring the reverse charge altogether).
- Failure to apply the VAT Reverse Charge where there is a construction supply between connected parties.

It should be noted that Revenue indicated that the correct operation of reverse charge VAT provision will be scrutinised particularly closely by Revenue in the course of their interventions, and they have directly stated that penalties will be applied where appropriate. To that end you should consult with your advisor if you are operating in the construction sector and you feel that there are compliance issues that need to be clarified or rectified.

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