

# Tax authorities have become much more difficult to deal with

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Kevin McLoughlin leads the EY tax practice, which has been the fastest growing in Ireland over the last five years. Clients include Irish PLCs, foreign direct investors and, most recently, mid-market firms since he took on the role leading the EY Entrepreneur Of The Year programme.

## What tax reforms would you like to see to assist business in the upcoming Budget 2018/Finance Act 2017?

It will be interesting to see the recommendations of the Coffey report and the response from Government in the forthcoming Budget and beyond.

Domestically, as I mentioned earlier, businesses are looking to see whether better tax treatment is introduced for employees who participate in the equity of a company through the various forms of share schemes; this can have the effect of allowing domestic businesses particularly to compete better with larger competitors in an unrelenting war for talent.

Entrepreneurs are keeping a keen eye on whether Ireland will make the final changes to its entrepreneurial relief from capital gains tax so that it matches that available in the U.K.

## **In your dealings with business clients, what tax planning or tax resolution issues are of most concern to them?**

Businesses are very concerned with the clarity and stability of any country's tax regime, and the international landscape at the moment is therefore challenging for international businesses given the changes recommended by the OECD BEPS initiative, the EU Anti-Tax Avoidance proposals, not to mention unilateral actions by many countries which go even further.

Domestic entrepreneurial businesses are concerned with how to more cost effectively compete for talent and how tax incentivisation got equity participation would help; they would also hope that Ireland will level the playing field between the U.K. and Ireland as regards entrepreneur's relief from capital gains tax.

Taxpayers are also concerned with how tax laws are enforced and have found domestically and internationally that tax authorities have become much more confrontational and difficult to deal with.

## **A business owners five years out from projected retirement - what are the important tax issues to plan for?**

Much depends on what that person would like to do with the business for example, pass it on to the next generation to keep the business within the family, or sell the business. Either option has potential benefits on the tax side but many pitfalls too, and careful planning is needed to navigate through what would work best for all involved.

## **A recent Irish Tax Institute survey found that half of companies availing of the R&D tax credit find it difficult to prepare and administer. What are the main pitfalls you encounter with clients, and how can your firm help?**

Our team comprises both Tax and technical people and we help clients in a number of respects, firstly helping them work out whether their activities satisfy the definition of R&D particularly the "science test", help quantify the benefits available and assist with filing claims.

Practically there is a lot of work involved to satisfy the documentation requirements of the regime so our team works with our clients R&D teams to review or help prepare all the documentation necessary to support claims for relief.

R&D is the most audited area of Tax at the moment and we also help clients to defend their claims and am delighted to say we have a 100% success rate.

## **In your experience, how common is it for businesses to come unstuck on VAT issues?**

VAT is a complex tax and is different in its construction to income tax and corporation tax. It is also one where volume plays its part given that is in many respects linked to sales. Therefore making one mistake can have multiple effects, and increase the tax at issue significantly.

We work with clients a lot to help assess where they might see risk in how they apply VAT and how to correct if necessary.

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