

21 Revenue's tax debt warehousing scheme

- 21.1** The onset of the Covid-19 pandemic in March 2020 presented a direct and immediate threat to the viability of many businesses. Companies were forced to close, or at least to limit their trading, in line with restrictions introduced in the interests of public health. On 13 March 2020, Revenue announced measures to assist small and medium sized enterprises experiencing cashflow difficulties as a result of the pandemic. The measures included the suspension of interest on late payments for certain liabilities, the suspension of all debt enforcement activity and the extension of current tax clearance status. Revenue advised taxpayers to continue to submit tax returns on time, on a best estimates basis, where necessary.
- 21.2** On 2 May 2020, the Government announced the introduction of the tax debt warehousing scheme to support taxpayers affected by Covid-19. It was recognised that some businesses would have had difficulty in paying their ongoing tax liabilities as they arose. The scheme was introduced to allow debt associated with the pandemic restrictions to be deferred or 'warehoused'.
- 21.3** Under the scheme, payment of eligible tax liabilities could be deferred for a period of 12 months after a business resumed normal trading. The scheme only applied to
- Value Added Tax (VAT)
 - PAYE (employer)
 - certain income tax liabilities
 - any overpayments by Revenue of the Temporary Wage Subsidy Scheme (TWSS) and the Employment Wage Subsidy Scheme (EWSS).¹
- 21.4** There are three distinct periods for operation of the scheme
- period one ended on 31 December 2021²
 - period two ran from 1 January 2022 to 31 December 2022
 - period three commenced on 1 January 2023 and runs until the debt is discharged.
- 21.5** Interest did not accrue on the debt warehoused during periods one and two, provided the taxpayer remained in the warehouse and complied with certain conditions relating to ongoing return filing and tax payment obligations. A reduced interest rate of 3% per annum is payable on the debt warehoused for period three (i.e. commencing 1 January 2023).³
- 21.6** In December 2021, changes to the debt warehousing scheme included an extension to the period where tax liabilities could be warehoused where certain criteria are satisfied. To avail of the extension, taxpayers had to
- already be eligible for the debt warehousing scheme, and
 - have made a valid claim for a relevant Government Covid-19 support scheme during the period 1 January 2022 to 30 April 2022.

¹ The transitional phase of the TWSS scheme (26 March to 3 May 2020) had 'in built' overpayments to employers so support could be provided quickly. Employers who had a payable balance following TWSS reconciliation and who were eligible to avail of the debt warehousing scheme, could warehouse the amount payable.

² Period one commenced from 1 January 2020 for VAT liabilities, 1 February 2020 for employer PAYE liabilities and 31 October 2020 for income tax liabilities (for customers filing paper returns) or 10 December 2020 (for taxpayers filing via ROS). TWSS warehousing applied to overpayments arising on or after 26 March 2020 and EWSS applied to overpayments on or after 1 September 2020.

³ Interest is charged on non-warehoused debt at a rate of 8% to 10% per annum, depending on the tax head liability.

- 21.7** The extension applied to the first period end date i.e. 31 December 2021. It allowed eligible businesses to continue to warehouse tax liabilities until 30 April 2022. Thereafter, the liabilities could remain 'warehoused' on an interest-free basis for a 12-month period until 30 April 2023. A reduced interest rate of 3% per annum is applied after this date.
- 21.8** At the end of July 2023, there were just over 60,000 businesses/individuals availing of the debt warehousing scheme with a total of €1.9 billion of debts warehoused (see Figure 21.1).

Figure 21.1 Warehoused debt amounts, by Revenue division, July 2023

Division	Number of businesses/individuals	Total warehoused debt €m	Average debt value €
Business	55,775	1,207	21,636
Personal	2,587	19	7,460
Medium Enterprises	1,550	587	378,423
Large Corporates and Large Cases – High Wealth Individuals	109	116	1,069,530
Total	60,021	1,929	32,141

Source: Revenue Commissioners, Covid-19 Support Schemes Preliminary Statistics, July 2023

- 21.9** This examination focuses on
- the processes in place to ensure that only those that were eligible gained access to the scheme and only the debt related to the eligible taxheads was warehoused
 - Revenue's management of the debt amounts warehoused to ensure that the amount of debt paid will be maximised
 - the compliance work carried out by Revenue to ensure that the conditions of the scheme continue to be met by businesses/individuals availing of the scheme.

Gaining access to the scheme

- 21.10** The conditions that businesses/individuals must adhere to in order to qualify for access to the debt warehousing scheme are
- current tax returns are filed, even if the liability is nil, or liabilities in the relevant periods cannot be paid at the time
 - all current tax liabilities arising after normal trading resumes are paid as they fall due.
- 21.11** Where a taxpayer was seeking to warehouse income tax liabilities, a declaration had to be made on filing their annual return (Form 11) that total income for 2020 and 2021, as applicable, was expected to be at least 25% less than total income for 2019.

Automatic access to the scheme

- 21.12** In accordance with the legislation for the debt warehousing scheme, all taxpayers that are managed by Revenue's Business and Personal Divisions were granted automatic entry into the scheme for VAT, PAYE (employer), TWSS and EWSS.¹
- 21.13** The examination team reviewed a sample of 20 businesses/individuals from Revenue's Business and Personal Divisions to confirm that they were adhering to the scheme conditions, and so maintaining their eligibility. The review found that all 20 cases were in order — they met the relevant scheme conditions and the debt warehoused related only to the eligible taxheads.

Applications to enter the scheme

- 21.14** Where a business/individual managed by Revenue's Medium Enterprises Division (MED), Large Corporates Division (LCD) or Large Cases – High Wealth Individuals Division (LC-HWID) wanted to access the scheme, a specific request had to be made to Revenue (with some exceptions).² All requests were to be reviewed by Revenue prior to the applicant being granted access to the scheme. A form to be completed and submitted to Revenue required provision of the following information

- details of the tax debt by taxhead
- an outline of the business case in support of the request to access the scheme
- an outline of the current financial difficulties being experienced
- confirmation that all tax returns are up-to-date.

- 21.15** Revenue did not specify for taxpayers what supporting documentation should be provided in support of a request to access the scheme. The onus was on the business/individual to submit any documentation they believe would evidence the downturn experienced. Additional supporting documentation could be requested from the taxpayer as part of Revenue's review of the request to access the scheme.

- 21.16** The examination reviewed a sample of 20 businesses/individuals from MED, LCD and LC-HWID to establish whether the form, if one was required, had been submitted to Revenue requesting access to the scheme. The review also confirmed that the debts warehoused only related to the taxheads that were eligible for the scheme. The sample cases were found to be in order.

- 21.17** The examination team noted that, while a detailed review of relevant evidence may have taken place, there was no template for a Revenue caseworker to record details of the review that took place to support the decision-making process.

Phased payment arrangements

- 21.18** Even in normal circumstances, Revenue provides a phased payment arrangement (PPA) option to taxpayers who are having difficulties meeting their tax liabilities as they fall due.

¹ All cases managed by Revenue's Business and Personal Divisions have an annual turnover less than €3 million.

² If a business/individual transferred from Revenue's Business or Personal Divisions to one of the LCD, LC-HWID or MED during the pandemic, these taxpayers were permitted to retain their automatic entry to the scheme. Also, if a business/individual managed by the LCD, LC-HWID or MED was warehousing income tax liabilities there was no requirement to submit an application form.

- 21.19** Taxpayers can apply through Revenue's online service (ROS) to consolidate any debt covered by the warehousing scheme into existing (pre Covid-19) payment agreements. With the introduction of the debt warehousing scheme, amendments were also made to the PPA rules and to the online PPA facility to assist businesses/individuals that were experiencing cashflow difficulties due to business closures or severely restricted trading conditions during the pandemic (see Figure 21.2).

Figure 21.2 Temporary changes to PPA process during Covid-19 and recovery period, reflected in Revenue's guidelines for taxpayers

PPA rules	Pre Covid-19	During Covid-19 and recovery period
Duration of PPA	36 months	60 months
Number of permitted payment deferrals – over the lifetime of the arrangement	3 times	6 times
Length of payment breaks	6 months	12 months
Supporting documentation	Certain documentation mandatory depending on debt values	Documentation requested on a case-by-case basis
Consolidated PPA	Not applicable	New facility to consolidate warehoused debt and non-warehoused debt into an existing PPA
Number of permitted failed payments ^a	3	10

Source: Revenue Commissioners

Note: a This is where a direct debit is cancelled or unpaid on a deduction date.

- 21.20** In October 2022, Revenue announced an extension to the debt warehousing scheme in recognition of the impact of the energy cost crisis. The extension means that taxpayers have until 1 May 2024 rather than 1 January 2023 to enter into a PPA or pay their debt.
- 21.21** All taxpayers with outstanding warehoused liabilities above €500 are required to either have a PPA in place with Revenue or pay their debt by 1 May 2024. There is no obligation on taxpayers to pay or have arrangements in place to pay their warehoused debt until that date. At the end of July 2023, 5% (€99 million) of the value of warehoused debt was subject to an agreed PPA, involving approximately 2,200 of the 60,000 businesses/individuals in the scheme.¹

Reviewing PPA applications

- 21.22** Taxpayers who wish to avail of a PPA are required to submit an application form to Revenue via ROS. Each PPA application is reviewed by Revenue and approved or rejected with reference to set criteria e.g.
- all tax returns are filed and up-to-date
 - the debt is greater than €500, including penalties and interest
 - there is a down-payment made of at least 25% of the total liability outstanding, including tax and interest (or 40% where the taxpayer is seeking tax clearance).
- 21.23** The examination team selected a sample of 20 PPAs for review in order to confirm that a PPA application form was submitted and an appropriate down-payment was made. The review found that
- in seven of the 20 cases reviewed, an application form was not submitted

¹ At end July 2023, just over 25,000 of those businesses/individuals had liabilities of less than €500, so PPAs will not be required.

- 17 of the down-payments made were below the relevant percentages specified in the Revenue guidelines.

21.24 In response to the findings, Revenue stated that

- the mandatory requirement to submit supporting documentation for all PPA applications was relaxed to recognise that access to agents and relevant accounting services to complete documentation such as application forms, management accounts etc. was severely hampered during the Covid-19 health restrictions, and
- the facility to accept reduced down-payments on a case-by-case basis was an additional flexibility introduced for PPAs. It also noted that when caseworkers are reviewing PPA applications, it is emphasised to taxpayers that a larger down-payment and a shorter PPA duration will result in interest savings. While Revenue's guidelines for taxpayers on the PPA process were not updated to specify that reduced down-payments could be accepted, the online PPA application system was amended to reflect this.

Interest on warehoused debt

21.25 The debt warehousing scheme allowed for the deferral of payment of certain tax debt. The tax debt attracted no interest for a defined period, after which time a reduced interest rate applies. All PPAs include interest. The PPA sets out the amount of debt, interest accrued and projected interest on the expected payments over the lifetime of the arrangement. For warehoused debt, the projected interest became chargeable from 1 January 2023 (or 1 May 2023 if the extended scheme applied). For taxpayers that have a PPA in place, accrued interest of 3% is automatically included in the scheduled monthly payment as part of the PPA.

21.26 For all other payments of warehoused debt, Revenue stated that interest can only be calculated when full payment for a warehoused period has been received.¹ In those cases, once the warehoused debt amount is paid by the taxpayer (excluding any interest charge), the caseworker has to carry out two manual actions in order to raise the interest charge and notify the taxpayer of the amount of interest payable. The caseworker has to

- input certain parameters into Revenue's debt management services (DMS) system (e.g. tax type, period details) so the DMS system can automatically calculate the applicable interest for each period, and
- issue a notice to the taxpayer confirming the interest charge payable.

21.27 Revenue has confirmed that the issuing of interest charges to taxpayers who have fully paid the tax debt for a warehoused period has not yet commenced, but is expected to start in September 2023.

Revoked and reinstated cases

21.28 In order to remain in the debt warehousing scheme, businesses/individuals must continue to file relevant tax returns and pay current liabilities as they fall due. If these conditions are not adhered to, the warehouse status can be revoked and all the liabilities fall due for payment immediately. However, where taxpayers that were revoked from the scheme subsequently address their non-compliance issues, they can request to have their warehouse status reinstated. Reinstatement to the scheme must be approved by the relevant supervising officer in Revenue's Debt Management Unit.²

¹ Interest on warehoused debt for those not in a PPA is calculated retrospectively when the date(s) of the full payment is known. It is only at this point that the number of days from the due date (1 Jan 2023 or 1 May 2023) to the payment date can be calculated and interest charged at the applicable daily rate. This differs from a PPA where the date of each monthly payment is known at the outset, as a payment schedule is agreed with the taxpayer, meaning the 3% interest can be automatically included in the PPA payment schedule.

² In most cases, the relevant supervising officer for the reinstatement decision is at Higher Executive Officer grade in the Debt Management Unit, who may consult with more senior grades in the Unit, as required.

21.29 At the end of July 2023, there were almost 12,000 businesses/individuals, with debts totalling €310 million (for previously warehoused periods), that had their warehouse status revoked due to non-compliance with the scheme conditions. Of those, 559 cases (covering debts of €58 million) had their warehouse status reinstated once Revenue confirmed that the issues of non-compliance had been addressed.

21.30 The examination team reviewed a sample of 15 taxpayers that were reinstated into the scheme. The review sought to confirm that the issues of non-compliance had been addressed and that the request for reinstatement had been approved at the appropriate level within Revenue prior to the business/individual being reinstated into the scheme.

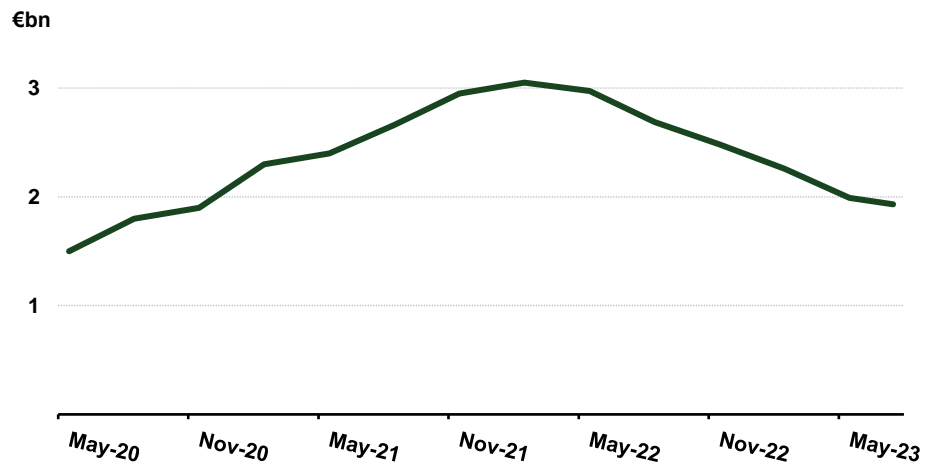
- Eight cases were found to be in order.
- In six cases, the reinstatement into the scheme was in order, but the required approval was not documented on Revenue’s systems.
- In the remaining case reviewed, the customer was correctly reinstated into the scheme, but the warehouse extension was mistakenly granted until 1 September 2023 which is outside of the scheme parameters. As per the Revenue guidance, the latest extension that can be granted is to 30 April 2023. The extension to September 2023 meant that the taxpayer in question would not incur interest on the warehoused debt until after that date. Revenue has confirmed that this arose due to an input error by a caseworker and that the taxpayer record has now been corrected. The DMS system was updated in March 2023 to ensure that caseworkers are restricted to selecting one of two valid dates for the period two end date i.e. 31 December 2022 or 30 April 2023.

Revenue’s management of warehoused debt

21.31 Figure 21.3 (below) shows movements in the value of warehoused debt since the introduction of the scheme.

21.32 Revenue has confirmed that €85 million of debt previously warehoused by 956 businesses has been identified as uncollectable, mainly due to reasons such as liquidation, examinership, bankruptcy and cessation of trading. These businesses and the associated debt have been removed from the debt warehousing scheme.

Figure 21.3 Aggregate value of warehoused debt, May 2020 – July 2023



Source: Revenue Commissioners

- 21.33** At the end of July 2023, there was just over €1.9 billion of debt warehoused for 60,000 businesses/individuals. Around 10% of the businesses/individuals have debt balances greater than €50,000, and those debts account for almost 85% of the total warehoused debt (see Figure 21.4). The top 247 taxpayers had average warehoused debt liabilities of €2.5 million.

Figure 21.4 Number of businesses/individuals with debt balances over €50,000 each, end July 2023

Debt value range	Number of businesses/individuals	Value €m	Average debt value €
€50,001 to €100,000	2,519	177	70,244
€100,001 to €500,000	2,804	586	208,899
€500,001 to €1,000,000	382	263	687,353
> €1,000,000	247	615	2,489,061
Total	5,952	1,641	275,548

Source: Revenue Commissioners

- 21.34** In July 2023, Revenue commenced an outreach campaign engaging with taxpayers that have debt balances greater than €50,000 with the aim of establishing payment plans, highlighting the interest savings arising from early payment and, where possible, securing payment arrangements in 2023 and early 2024. The engagement is by way of a phone campaign, starting with the 629 businesses/individuals with debts in excess of €500,000. Revenue noted that there has been positive engagement with taxpayers to date but given that there is no obligation to begin payment until 1 May 2024, many may decide to continue to defer their debt until that date.
- 21.35** The examination enquired whether Revenue analyses the data it holds to better understand how taxpayers' financial positions have changed as a result of the pandemic and whether it has identified any specific trends and/or taxpayer cohorts that may have greater difficulty in paying their debts.
- 21.36** Revenue stated that its DMS system manages the tax compliance of all customers on an ongoing basis and highlights compliance issues as they arise. This is the process for the entire case base regardless of sector and indicators of how well a business is doing can be measured, in the first instance, by its ability to meet its current tax obligations as they fall due. Revenue noted that this can also indicate how well a business is recovering from the pandemic and the extent to which they may still be encountering financial difficulty that is impacting the underlying viability of the business. Compliance rates are monitored against the targets that are set at the start of the year, which in turn are used to monitor compliance trends.

Revenue debt management activity

- 21.37** In March 2019, Revenue introduced a new system, Debt Management Services (DMS), to support its management of tax debt. The system analyses the taxpayer case base to identify non-compliance and initiates actions to rectify any compliance issues in taxpayer filings of returns and payments of taxes due. It includes the following compliance checks and actions.
- VAT estimates — where a return for a period is not filed, the system generates and issues an estimate to the taxpayer for the period in question.

- Demands — a request for payment issues to the taxpayer where there is a return filed but the balance remains unpaid after the due date.
- Final demands — a final demand notice issues to the taxpayer where a balance remains unpaid after a demand or estimate has issued and an appropriate amount of time has elapsed.
- Enforcement review — generates a review request for caseworkers where a set period of time has elapsed from the issue of a final demand notice and a balance remains unpaid.

21.38 In March 2020, as the economic impacts of the pandemic began to affect businesses, Revenue announced the suspension of its debt enforcement activity. Accordingly, no notifications of estimates or demands for payment issued to taxpayers with outstanding debts.

21.39 In late 2020, Revenue resumed the collection of debt for certain taxpayers that it considered posed a higher risk of non-compliance. The compliance work was expanded in March 2021 to include debt enforcement activities for taxpayers that had compliance issues and were operating in sectors least impacted by the pandemic. This approach continued until April 2022 when, as the public health restrictions had lifted, Revenue returned to standard debt collection for taxpayers managed by MED and LCD. In August 2022, Revenue resumed standard debt collection for the remaining customers in the Business and Personal Divisions. While taxpayers availing of debt warehousing were not subject to the standard debt enforcement checks during this time, Revenue issued reminders to these taxpayers regarding their obligations under the scheme. Where non-compliance with the scheme's criteria was identified and not addressed in a timely manner, taxpayers were removed from the scheme at which point they were subject to standard debt collection for their debt.

Compliance actions for taxpayers with warehoused debt

21.40 Revenue has a compliance intervention framework in place that provides a graduated response to taxpayer behaviour, ranging from opportunities for taxpayers to carry out a self-review and voluntarily address any issues identified, up to the pursuit of criminal sanctions for cases of serious fraud or evasion. Figure 21.5 outlines the intervention levels in the framework.

Figure 21.5 Revenue compliance intervention levels

Intervention level	Description	Examples of Revenue actions	Qualifying disclosure ^a
Level 1	Aims to support compliance by reminding taxpayers of their obligations and to provide them with an opportunity to correct errors without a more in-depth inquiry.	<ul style="list-style-type: none"> ▪ Reminder notifications of outstanding tax returns ▪ Request to carry out a self-review 	'Unprompted' qualifying disclosure
Level 2	Aims to challenge non-compliance and involves risk-based reviews of data provided by the taxpayer in their returns.	<ul style="list-style-type: none"> ▪ Risk review^b ▪ Audit 	Prompted qualifying disclosure
Level 3	Carried out where Revenue believes, on the basis of available information, that serious tax or duty evasion may have occurred or a Revenue offence may have been committed and may lead to a criminal prosecution.	Investigation	—

Source: Revenue Commissioners

- Notes:
- a A qualifying disclosure is information a taxpayer gives Revenue if they have not reported all of their income or gains or they have made an error on their tax return. A qualifying disclosure can be unprompted or prompted. An unprompted qualifying disclosure is a disclosure made at any time before a Revenue audit notification letter issues, or an investigation starts. A prompted qualifying disclosure is a disclosure made after notice of a Revenue audit has been received.
 - b A risk review is a focused intervention to examine a risk or small number of risks on a tax return.

Reminder notifications of outstanding tax returns

- 21.41** Between November 2020 and March 2022, Revenue issued four separate notifications to all businesses/individuals with warehoused debts. The notifications reminded the businesses/individuals of the criteria to remain in the debt warehousing scheme (i.e. tax returns to be filed on time and current taxes paid as they fall due) and informed them of any returns they had outstanding. It also gave them a deadline to have any outstanding returns filed and up-to-date.
- 21.42** In May 2022, Revenue also issued a 'final notice' to businesses/individuals that had not taken action by that point to address any issues of non-compliance previously raised in the notification letters. The letter noted that if the outstanding returns were not filed within ten days, the business/individual would lose the benefits of the scheme i.e. the debt would become payable immediately and the standard interest rates of 8% and 10% would apply with effect from the original payment due date.

Request to carry out a self-review

- 21.43** In September 2022, Revenue issued a Level 1 notification letter to all taxpayers' eligible for, or already taking part in, the debt warehousing scheme. The notification provided them with a final opportunity to carry out a self-review and make an unprompted qualifying disclosure of any additional, undisclosed period one liabilities. The disclosure had to be made, and all associated liabilities quantified, by 31 January 2023. These liabilities were then added to the debt warehouse. If any additional period one liabilities are identified after 31 January 2023, it will result in revocation of the warehousing arrangements. This means that all period one liabilities (tax, interest and penalties) become due for immediate collection.
- 21.44** 29 taxpayers submitted unprompted qualifying disclosures on or before the 31 January 2023 deadline. Revenue has closed 15 (of the 29) cases, with twelve accepted into the warehousing scheme as qualifying disclosures with a total value of €526,000. In the other three cases, the information was not regarded as a qualifying disclosure as it related to already quantified and known tax liabilities or to a return for which the due date for filing had not yet passed. The remaining fourteen cases are still in progress.

Conclusions and recommendations

- 21.45** The tax debt warehousing scheme was a very significant initiative to support taxpayers whose businesses and incomes were significantly affected by Covid-19 pandemic restrictions. Under the scheme, payment of eligible tax liabilities could be deferred interest free for a period, and if required, benefitting thereafter from a reduced interest rate of 3% until payment.
- 21.46** At the end of July 2023, there were approximately 60,000 businesses/individuals availing of the debt warehousing scheme with a total of €1.9 billion of debt warehoused. This was down from a peak level of warehoused debt of just over €3 billion.
- 21.47** Certain taxpayers were removed from the warehousing scheme because they failed to comply with the conditions, with a small number restored to the scheme once compliance was re-established.
- 21.48** Debts totalling €85 million have also been removed from the warehouse, having been identified as likely to be uncollectable e.g. due to liquidation or examinership proceedings.
- 21.49** The amount of warehoused debt collected to end July 2023 represents a good start to reducing the overall amount of debt in the warehouse.

Scheme application controls

- 21.50** Taxpayers managed by Revenue's Business and Personal Divisions were granted automatic entry to the scheme with other larger scale businesses/individuals having to submit a request to Revenue to participate.
- 21.51** The examination team's review of 20 requests for access to the scheme found that application forms had been submitted in all cases where there had been a requirement to do so. However, the examination team noted that there was no template for a Revenue caseworker to record details of the review that took place to support the decision-making process.

Recommendation 21.1

For any future temporary or emergency relief schemes, Revenue should consider developing and adopting a simple template based on the individual scheme guidelines/conditions to facilitate caseworkers to record details of any reviews undertaken and related decisions made.

Accounting Officer's response

Agreed

For future schemes, where it is necessary and appropriate to do so, Revenue will develop an appropriate process to document reviews undertaken and basis for final decision. Like Revenue's approach throughout the Covid-19 crisis, Revenue's future approach will be to ensure the appropriate balance between speed, agility and responsiveness and transparent and effective governance.

Timeline for implementation

Will only be required in the event of future emergency relief schemes.

Phased payment agreements

- 21.52** All taxpayers with outstanding warehouse liabilities are required either to have a phased payment arrangement (PPA) in place with Revenue, or to pay their debt by 1 May 2024. By the end of July 2023, 4% (€99 million) of the value of warehoused debt was subject to an agreed PPA.
- 21.53** Revenue guidelines for taxpayers require a PPA application form to be completed and a minimum down-payment to be paid which is 25% of the debt total, including any accrued interest or penalties (or 40% down-payment where the customer is seeking tax clearance). Sample testing carried out by the examination team noted that in seven of the 20 cases reviewed, the taxpayer had not submitted a PPA application form, and that 17 of the down-payments made were below the percentages specified by Revenue. In response, Revenue stated that the facilities to accept reduced down-payments and less supporting documentation on a case-by-case basis were among a number of flexibilities introduced for PPAs relating to tax debts covered under the warehousing scheme. It is important that Revenue promptly amends its guidelines for taxpayers to reflect any changes made to scheme rules to ensure there is no lack of clarity among potential or actual scheme participants.
- 21.54** Early settlement of warehoused tax debts, through down-payments and commencement of payment plans, should be encouraged, and should mean reduced interest bills for taxpayers.

Interest on warehoused debt

- 21.55** The debt warehousing scheme allowed for the deferral of payment of certain tax debt. The tax debt attracted no interest for a defined period, after which time a reduced interest rate applies. According to the scheme rules, the projected interest becomes chargeable from 1 January 2023 (or 1 May 2023 if the extended scheme applied).

21.56 For taxpayers that have a PPA in place, accrued interest of 3% is automatically included in the scheduled monthly payment as part of the PPA. For all other payments of warehoused debt, interest can only be calculated when full payment for a warehoused period has been received by Revenue. While the DMS system automatically calculates the applicable interest from 1 January 2023 (or 1 May 2023 for the extended scheme) and subsequently raises interest charges onto the customer record, notification to the taxpayer of the interest charge payable is a manual process and has not yet commenced. Revenue has confirmed that the issuing of interest charges to taxpayers who have fully paid the tax debt for a warehoused period will commence in September 2023.

Revenue compliance activity

21.57 Revenue has a compliance intervention framework in place that provides a graduated response to taxpayer behaviour, ranging from opportunities for taxpayers to carry out a self-review and voluntarily address any issues identified up to the pursuit of criminal sanctions for cases of serious fraud or evasion.

21.58 Compliance activity in respect of the debt warehousing scheme has been focussed on reminding taxpayers of their obligations and providing them with an opportunity to correct errors.

21.59 As a result of a request by Revenue to all taxpayers in the debt warehousing scheme to carry out a self-review and make an unprompted qualifying disclosure of any additional undisclosed period one liabilities, an additional €526,000 of debt was accepted into the scheme.