



Between



Appellant

and

THE REVENUE COMMISSIONERS

Respondent

Determination

Introduction

1. This matter comes before the Tax Appeal Commission (hereinafter “the Commission”) as an appeal against the refusal of the Revenue Commissioners (hereinafter “the Respondent”) of a claim for the repayment of tax pursuant to section 865 of the Taxes Consolidation Act, 1997 (hereinafter the “TCA 1997”) made by the Appellant in respect of the year of assessment 2015. The amount of tax at issue is €906.
2. On foot of a notification to the Appellant and the Respondent dated 4th August 2022 and the Appellant’s and Respondent’s agreement with same this appeal has been determined without an oral hearing pursuant to section 949U of the TCA 1997.

Background

3. The Appellant registered for income tax with effect from 1st January 2005 on 3rd November 2015. In the covering letter accompanying the tax registration, the Appellant stated that she was non-resident and was registering for income tax in respect of an Irish rental property which she owned.

4. On 16th October 2015, the Appellant paid the sum of €906 by cheque in respect of preliminary tax for 2015.
5. The Appellant filed her 2015 Income Tax return on 8th February 2022. A notice of assessment in respect of the tax year 2015 was issued on 4th March 2022 and as the Appellant had no income tax liability in relation to the rental income received by her for that year, this showed an overpayment of tax in the sum of €906. This overpayment represented the preliminary tax originally paid by the Appellant.
6. On 22nd March 2022, the Respondent issued a letter entitled “Late Claim For Repayment of Tax” to the Appellant stating that the refund of tax in respect of the tax year 2015 could not be repaid as it had been submitted later than four years after the end of the chargeable period in which it arose which was in violation of the provisions of section 865 (4) TCA 1997.
7. A Notice of Appeal dated 22nd April 2022 against the Respondent’s decision was filed with the Commission.

Legislation

8. The legislation relevant to this appeal is as follows:

Section 865 of the TCA 1997:

“(2) *Subject to the provisions of this section, where a person has, in respect of a chargeable period, paid, whether directly or by deduction, an amount of tax which is not due from that person or which, but for an error or mistake in a return or statement made by the person for the purposes of an assessment to tax, would not have been due from the person, the person shall be entitled to repayment of the tax so paid.*

...

(3) *A repayment of tax shall not be due under subsection (2) unless a valid claim has been made to the Revenue Commissioners for that purpose.*

(3A) (a) *Subject to paragraph (b), subsection (3) shall not prevent the Revenue Commissioners from making, to a person other than a chargeable person (within the meaning of Part 41A), a repayment in respect of tax deducted, in accordance with Chapter 4 of Part 42 and the regulations made thereunder, from that person’s emoluments for a year of assessment where, on the basis of the information available to them,*

they are satisfied that the tax so deducted, and in respect of which the person is entitled to a credit, exceeds the person's liability for that year.

(b) A repayment referred to in paragraph (a) shall not be made at a time at which a claim to the repayment would not be allowed under subsection (4).

(4) Subject to subsection (5), a claim for repayment of tax under the Acts for any chargeable period shall not be allowed unless it is made—

(a) in the case of claims made on or before 31 December 2004, under any provision of the Acts other than subsection (2), in relation to any chargeable period ending on or before 31 December 2002, within 10 years,

(b) in the case of claims made on or after 1 January 2005 in relation to any chargeable period referred to in paragraph (a), within 4 years, and

(c) in the case of claims made—

(i) under subsection (2) and not under any other provision of the Acts, or

(ii) in relation to any chargeable period beginning on or after 1 January 2003, within 4 years, after the end of the chargeable period to which the claim relates.

...

(7) Where any person is aggrieved by a decision of the Revenue Commissioners on a claim to repayment by that person, in so far as that decision is made by reference to any provision of this section, the person may appeal the decision to the Appeal Commissioners, in accordance with section 949I, within the period of 30 days after the date of the notice of that decision."

Submissions

Appellant

9. The Appellant advised the Respondent that she wished to use her parents' home address (which was located in Ireland) as the address for service of any tax documentation as she was non-resident and did not have any other suitable postal address. The Appellant stated that owing to Covid-19 travel restrictions that she was unable to return to Ireland for the

period of restrictions and as such was unable to access any correspondence received from the Respondent. The Appellant explained as both her parents passed away during this period and as her siblings were also non-resident in Ireland that she was unable to retrieve any tax documentation until she returned to Ireland in early 2022 or have same forwarded to her.

10. The Appellant advised that upon her return to Ireland, after the period of travel restrictions were lifted, she obtained the documentation and sought to get her taxation affairs in order. The Appellant submitted that she lodged her 2015 income tax return at the earliest available opportunity.
11. The Appellant further stated that despite regular contact with the Respondent in relation to the filing of tax returns for other years of assessment, she was not advised by them that her 2015 income tax return was outstanding. The Appellant advised that she only discovered it was outstanding when she returned to Ireland and examined the documentation posted to her late parents' address. The Appellant submitted that this failure by the Respondent was instrumental in her not filing the 2015 return in a timely manner and should be considered by the Commission in determining her eligibility for the 2015 refund.
12. In summation, the Appellant submitted that as she was unaware her 2015 tax return was outstanding as she only discovered it was outstanding on her return to Ireland. Upon discovery, the Appellant advised that she sourced the documentation required to complete the return in a timely manner and as such, the Commission should allow the claim for repayment of 2015 preliminary income tax which had been paid by her.

Respondent

13. The Respondent advised that the Appellant only filed her 2015 tax return in 2022 and first contacted them about the matter on 8th February 2022.
14. The Respondent submitted that as the refund arising was in respect of the tax year 2015 that they could not make the refund to the Appellant as it was outside the four-year period permitted by section 865 (4) TCA 1997.
15. In summation, the Respondent submitted while they had every sympathy for the position the Appellant found herself in as a result of a valid claim not being made within the statutory timeframe and as there was no discretion provided in the relevant legislation, then the Appellant's claim could not succeed.

Material Facts

16. The Commissioner finds the following material facts:-

16.1. The Appellant was due a refund of tax in respect of the tax year 2015 in the sum of €906.

16.2. The Appellant did not file her 2015 income tax return until 8th February 2022.

16.3. The Respondent was first advised of the overpayment of 2015 income tax by the Appellant on 8th February 2022.

17. These material facts are not at issue between the parties and the Commissioner accepts them.

Analysis

18. Section 865(2) of the TCA 1997 provides that a person is entitled to a repayment of tax paid where an amount of tax paid is not due from that person. Section 865(3) of the TCA 1997 provides that a repayment of tax is not due unless a valid claim has been made to the Respondent.

19. Section 865(1) (b) (i) of the TCA 1997 provides that where a person furnishes a return which is required to be delivered by the person for a chargeable period, such a return shall be treated as a valid claim in relation to a repayment of tax where all the information which the Respondent may reasonably require to enable them determine if and to what extent a repayment of tax is due is contained in the return furnished by the person.

20. Section 865(1) (b) (ii) of the TCA 1997 provides that where all the information which the Respondent may reasonably require to enable them to determine if and to what extent a repayment of tax is due is not contained in the return furnished by the person, a claim for repayment of tax shall be treated as a valid claim when that information has been furnished by the person.

21. In relation to a limitation period for a repayment of tax section 865(4) of the TCA 1997 provides that *'...a claim for repayment of tax under the Acts for any chargeable period shall not be allowed unless it is made- **within 4 years, after the end of the chargeable period to which the claim relates**'* [emphasis added].

22. A repayment of tax was sought on the basis that an amount of tax paid for 2015 was not due. The entitlement to a repayment of tax arises under section 865(2) of the TCA 1997. Section 865(3) of the TCA 1997 means the repayment of tax sought under section 865(2) of the TCA 1997 is not due unless a valid claim has been made to the Respondent.

Therefore, for the repayment of tax in the amount of €906 to be due, the Respondent must have received a valid claim.

23. The Respondent had all the information which they required to enable them determine if and to what extent a repayment of tax was due, following the delivery of the relevant claim to repayment, only when the inquiry to the Respondent was made by the Appellant on 8th February 2022.
24. Having established that there is a valid claim, the provisions of section 865(4) of the TCA 1997 must be applied. As the claim for repayment of tax was made outside the four-year period specified in section 865(4) of the TCA 1997, the claim for repayment in the amount of €906 for the year 2015 was disallowed.
25. The use of the word 'shall' as set out in section 865(4) of the TCA 1997, indicates an absence of discretion in the application of this provision. The wording of the provision does not provide for extenuating circumstances in which the four-year rule might be mitigated.
26. The Commissioner has no authority or discretion to direct that repayment be made or credits allocated to the Appellant where the claim for repayment falls outside the four year period specified in section 865(4) of the TCA 1997.
27. Previous determinations of the Tax Appeals Commission have addressed the matter of repayment in the context of the four year statutory limitation period. These determinations, may be found on the Commission website.¹
28. The burden of proof lies with the Appellant. As confirmed in *Menolly Homes v Appeal Commissioners* [2010] IEHC 49, the burden of proof is, as in all taxation appeals, on the taxpayer. As confirmed in that case by Charleton J at paragraph 22:-

"This is not a plenary civil hearing. It is an enquiry by the Appeal Commissioner as to whether the taxpayer has shown that the tax is not payable."
29. The burden of proof has not been discharged to satisfy the Commissioner that the refund is payable by the Respondent pursuant to section 865 of the TCA 1997.

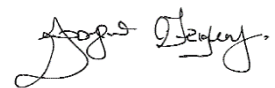
Determination

30. For the reasons set out above, the Commissioner determines that the within appeal has failed and that it has not been shown that the relevant refund was payable.

¹ www.taxappeals.ie

31. It is understandable that there will be disappointment with the outcome of this appeal. This is an unfortunate situation and the Commissioner has every sympathy with the position. However, the Commissioner has no discretion in these cases due to the application of the four year rule, set out above.

32. This Appeal is determined in accordance with Part 40A TCA 1997 and in particular, section 949U thereof. This determination contains full findings of fact and reasons for the determination. Any party dissatisfied with the determination has a right of appeal on a point of law only within 21 days of receipt in accordance with the provisions set out in the TCA 1997.



Andrew Feighery
Appeal Commissioner
22nd August 2022