6th February 2017

**Are Finance and Revenue facilitating continuation of VAT Abuse Scheme asks MEP?**

Why are some politicians, Government bodies and certain farming organisations willing to allow the continuation of a scheme which is an abuse of the VAT flat rate addition leading to the facilitation of significant over-claiming of VAT by certain processors and chicken farmers while putting other chicken farmers and processors at a serious competitive disadvantage?

What sort of country do we live in when law abiding and tax compliant producers and processors continue to be disadvantaged by official Ireland? Why are those involved in abuse of a VAT scheme being rewarded by its continuation? What does this kind of abuse mean for other agricultural sectors who have to compete?

These were some of the questions raised by Marian Harkin in the European Parliament last week when she commented on records from the Department of Finance from February 2016 which showed that the Revenue Commission had informed the Department of Finance about this VAT abuse.

“One year later and after an investigation by the European Commission on foot of a complaint from myself and Alo Mohan - a poultry producer from Cavan, we still have the situation where Revenue has not commenced their review while Minister Michael Noonan, stated in the Dail on Wednesday November 23rd 2016 ‘when the report comes back to me, I would not expect to be issuing any order until later in the year and certainly not rushing it’.

“When is somebody going to stand up and say - this is wrong, this gives a significant competitive advantage to some actors and not to others, this is a scheme designed to allow massive over claiming of VAT from the public purse and this has the potential to undermine the sustainability of any sector in which it operates?” Marian Harkin asked.

“Many, many questions still remain unanswered in regard to the operation of this excess claim of VAT and these include - did this contribute to the demise of certain processors not participating in the scheme with a consequent loss of jobs? Why as far back as 2004 were a large number of chicken farmers put in a position that they had little choice but to deregister for VAT so that this scheme could commence? Why were no red flags raised over many years when this practice escalated and are there any other sectors where this practice is in place? What are the implications for the vast majority of family farms where such practices do not exist?

“It’s time somebody said stop and I am calling on Minister Noonan to immediately act, not to withdraw the option of the flat rate addition but to make it crystal clear that all abusive practices should cease immediately in whatever sectors they exist. There must be no further reward for those who abuse our VAT legislation and there is already specific anti-avoidance legislation on the statute books going back to 1989 which can be used right now” MEP Harkin concluded.

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