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# STATE IGNORING FARM 'VAT SCAM' WORTH MILLIONS

Clear Revenue  
advice in 2019  
still not acted on

**EXCLUSIVE**

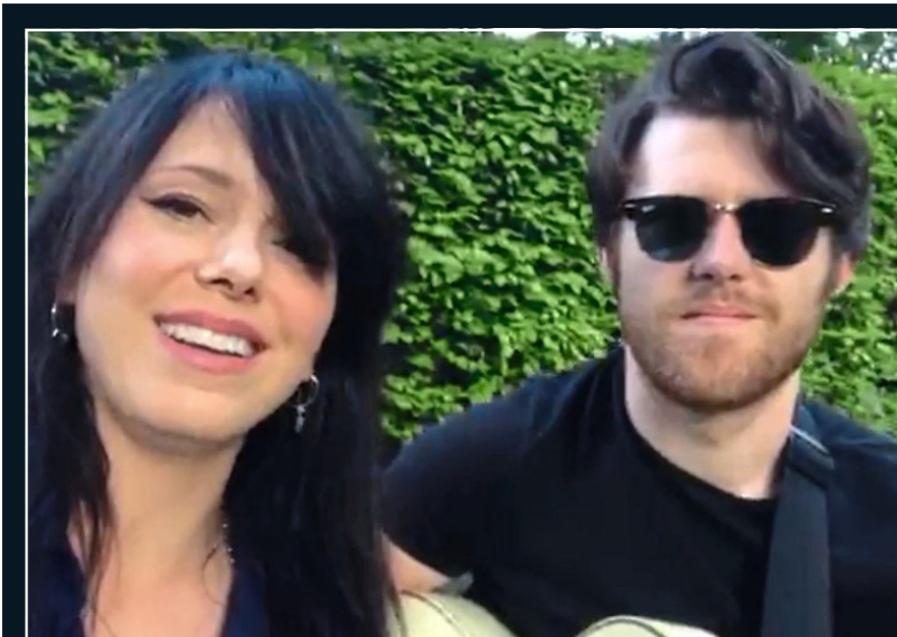
By **Michael O'Farrell**

INVESTIGATIONS EDITOR

**THE** Government has allowed a massive farming tax scam that has cost taxpayers tens of millions of euro to continue despite repeated warnings from Revenue, an Irish Mail on Sunday investigation reveals.

The tax abuse – which enables some chicken farmers to recoup as much 1,000% more VAT than they are entitled to – was first identified to the authorities in 2013 by

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## How Imelda May was set up with her beau by a Rolling Stone

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a whistleblower. Despite this, the Government has never shut down the scam, even though it passed a law more than six years ago to allow the finance minister to do so with a single stroke of a pen.

Now this failure to act could result in Ireland being investigated and fined by the European Commission if it is found that the Government allowed breaches of EU VAT rules to continue.

Under EU directives, no business can claim more in VAT than it pays.

However, Irish poultry producers were able to earn multiples more than they paid by manipulating rules intended to make VAT administration simple for farmers.

This exploitation of what farmers call the 'flat-rate allowance' allowed the sector to secretly harvest unjustified VAT returns from the Exchequer.

According to a never-before published Revenue review – seen by the MoS – this tax abuse earned the poultry sector €7m more in 2017 alone, an average of €35,000 per farmer.

An MoS analysis of the underlying figures revealed in the review suggests the scam could have cost the State more than €20m in recent years. A second element to the abuse involved VAT being harvested on the double via farming co-ops. When Revenue ordered this practice to halt in August 2017, the amount of VAT overcompensation dropped, from 1,000% to 750%.

In turn, this Exchequer funding benefited the sector's largest processors and their multi-millionaire owners, as well as the farmers.

### 'Overcompensation of unregistered farmers in chicken production'

When the MoS first asked the Government about the widespread VAT abuse in the sector a month ago, the Department of Finance and Revenue issued a joint response. The cryptically worded statement gave no indication of Revenue's continuing concern over the Government's failure to act against the tax abuses.

However, internal files obtained by the MoS under the Freedom of Information Act reveal Revenue warned the Government the tax abuse could escalate and spread to the beef sector, with far more costly consequences for taxpayers.

These concerns were reflected in correspondence between former finance minister Paschal Donohoe, now Public Expenditure Minister, to the attorney general.

Mr Donohoe wrote: 'There is significant overcompensation of unregistered farmers in the chicken production sector.'

'Despite Revenue's engagement with the sector, the practice continues. This is unsustainable in that the flat-rate scheme is designed to compensate unregistered farmers for the VAT paid on their inputs but overcompensation is not permitted under EU law.'

Mr Donohoe added: 'There is also a concern that the business model and contractual arrangements that have emerged in this sector could migrate to other agricultural sectors with potentially more serious implications for VAT revenues.'

The documents also show Revenue told the Government that the millions earned via the scam likely amounted to illegal State aid.

One Revenue official noted in internal correspondence prompted by our original query a month ago, 'The Department were also advised that should the Minister decide not to remove the sector from the op-

# Poultry farmers have made millions out of a dodgy tax scheme that still hasn't been shut down even though a law to ban it was passed in 2017

# VAT scam hiding in plain sight

The IRISH Mail  
ON SUNDAY

## INVESTIGATION

By MICHAEL O'FARRELL

INVESTIGATIONS EDITOR

eration of the flat-rate addition that they would need to consider the issue of State Aid'.

The files also lay bare the frustration of senior Revenue officials as their warnings went unheeded.

One Revenue official criticised the Department of Agriculture for allowing the poultry sector to 'engineer an opportunity to stall the process and walk us into a merry go round'.

The same official also expressed frustration at the failure of the Department of Finance to act to shut down the VAT scam.

He wrote: 'We have... presented a report to the Department of Finance; it is up to the Minister to act or not.'

Another official was so frustrated at the lack of response from the department he suggested putting Revenue's concerns on the record. He wrote: 'Knowing as we do that nothing is likely to happen, what about putting our warning about the risks of the scheme migrating to other sectors on record?'

According to records seen by the MoS, Revenue was aware of these abuses from at least 2013, when Cavan chicken farmer Alo Mohan,

a supplier to Manor Farm, raised the issue with a succession of tax officials.

Along with Mayo-based Western Brand and Cork-based Shannon Vale Foods, Manor Farm is one of the top three chicken processing firms in Ireland. Of the three, Shannon Vale Foods was the only one in which farmers did not operate a co-op.

### 'It is up to the finance minister to act or not' on Revenue's Report

However, the three firms have jointly made representations to the Department of Agriculture in a bid to ensure the sector is not excluded from the flat-rate allowance because of the abuse.

Mr Mohan raised his concerns after his accountant, Frank Lynch & Co, advised him that to engage in the scam would amount to VAT fraud.

A second opinion, from former Revenue Commissioner and tax

## Manipulation that left all taxpayers the loser

THE VAT system is supposed to be a zero-sum game for everyone except the Exchequer.

But chicken farmers found a way of mining up to 1,000% more from the VAT system than they were paying into it.

They do so by manipulating a scheme which allows farmers get the VAT they pay for materials back without being VAT-registered.

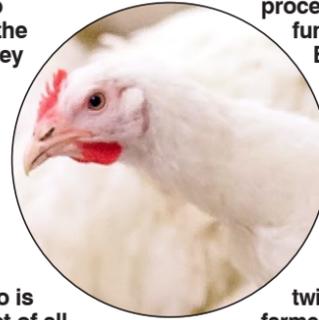
All they need to do is add 5.4% of the cost of all their business expenses to the price of the animals they sell.

The processor buying the animals then claims the 5.4% back from Revenue.

The poultry sector also found a way of manipulating the price of feed – which is zero VAT rated and always supplied by processors – to harvest funds from the Exchequer.

If feed is twice the price it should be, the VAT still remains at zero, but a farmer can claim twice as much back from the taxman.

There is a further twist that allowed many farmers claim back on the double, though this system was not used at Shannon Vale Foods. It involved the formation of VAT-registered farmers' co-ops to claim back VAT on farmers' other costs.



adviser Eugene Dolan, also advised the practices would amount to, 'a clear misuse/abuse of the VAT input credit regime and indeed of the VAT system in general'.

Despite these concerns, a number of Revenue officials were unable to clarify for Mr Mohan if the schemes were illegal.

Refusing to partake in the abuse on moral grounds, Mr Mohan ultimately lost his business. He is currently seeking to sue the Revenue for malfeasance.

In recent years, Mr Moran has also been joined in his campaign by Raymond O'Hanlon, former

managing director of Cappoquin Chickens, which went bust as rivals abused the tax system to gain an advantage.

Internal Revenue and Department of Finance records confirm that, from at least 2015, the Government knew these practices were a likely breach of EU rules.

The records describe the abuse as 'an anti-avoidance issue' and as being 'against the spirit and purpose of the EU VAT directive'.

In 2016, then MEP Marian Harkin made an official complaint about the practice to the EU's director general for finance.



# Canny brothers who made fortunes out of chicken feed

By **Michael O'Farrell**  
INVESTIGATIONS EDITOR

THE year of 2003 was a difficult one for Vincent Carton and his brother Justin.

After eight generations their family business, Manor Farm chicken, was in trouble.

'Everything continued to go well, until 2003, but that year the company hit a real crisis,' Vincent told an interviewer in 2015.

That was also the year farmers supplying Manor Farm were encouraged to deregister from VAT en masse. The move was part of the rollout of an ingenious 'tax abuse' scheme designed to secretly channel millions from the exchequer into the poultry sector.

Aside from Manor Farm and the Carton brothers, other chicken processors including Mayo-based Western Brand and Cork-based, Shannon Vale Foods also benefited from the scheme.

These firms – the three largest processors in the country – have all used offshore structures to keep their finances secret.

But their turnover is massive. Before going offshore in 2008, the



**CASHED OUT:** Justin Carton and his brother Vincent, inset right

Carton Brothers were turning over €117m annually.

Western Brand, owned by Eugene Lannon from Ballyhaunis, Co Mayo, turned over €106m the year before it went offshore in 2019. Every week, 750,000 Western Brand chickens are packaged in the firm's famous 'Just Good Honest Chicken' logo.

Shannon Vale, owned by the O'Regan family from Clonakilty, processes 120,000 chickens weekly.

And in 2017, the Carton brothers, no longer struggling as they had been prior to the VAT scams being introduced, were able to cash out for €70m. Their buyer, Swedish giant Scandi Standard, paid the brothers €34m in cash, with the

balance in shares. The firm was sold the same year that a new law empowering the minister for finance to eliminate the poultry sector's VAT scams with the stroke of a pen came into force.

At the time it looked as if the game was up, just as the brothers cashed in their chips.

When the MoS contacted Vincent and Justin Carton in recent weeks, the brothers did not want to discuss the VAT abuses or the timing of their decision to sell up.

Justin told us: 'It will be Vincent who has to respond because obviously when we sold out of the company we are under restrictions, even still, as to what we can and cannot say.'

Vincent said: 'I'm struggling to even remember the technical detail... I know it was about VAT. That was the big issue wasn't it?'

He then asked to go off the record, after which he was able to demonstrate considerable familiarity with the issue.

We later sent the Carton brothers a detailed breakdown of the potential contents of the findings of the MoS investigation, but they declined to respond.

Western Brand owner,

Eugene Lannon, said farmers' VAT arrangements were nothing to do with him.

'We didn't do that system – it's the farmers who did the system. Western Brand didn't tell our farmers to deregister,' he continued. 'They decided to deregister, so I don't know why you're coming to Western Brand.'

Asked about the second level of VAT abuse conducted via co-ops, Mr Lannon said: 'I don't like co-ops. I like to deal with people individually. It was the farmer's choice to open the co-ops.'

In response to queries from the MoS, Shannon Vale Foods said it 'has fully co-operated with Revenue and Department on this matter and at no time has the company been found to be acting fraudulently'.

A spokesperson added: 'The farmers who supply us are individual families who have never supplied chickens to Shannon Vale through any form of co-op structure or been involved in the so called "double VAT".'



## BACKGROUND TO THE 2017 ACT

### 2013

One Manor Farm farmer, Alo Mohan, refuses to participate in sector-wide manipulation of the farming flat-rate scheme when his accountant advises him that the structures of this particular scheme amount to VAT fraud. After losing his business, Mr Mohan begins several years of whistleblowing complaints to the Revenue and other State authorities, but unfortunately to no avail.

### May 25, 2016

The then MEP Marian Harkin lodges a

complaint about the scheme with the EU's Director General for Finance.

### September 9, 2016

The EU complaint sparks an internal Revenue investigation, which confirms that the flat-rate VAT system is being 'manipulated' and 'abused in certain circumstances'.

Revenue acknowledges that this abuse is a breach of EU law and advises that legislation is

needed to stop the tax abuses.

### October 20, 2016

The Government announces a proposed new law to empower the Minister for Finance to exclude any sector that has been found to be abusing the flat-rate system.

### November 08, 2016

Finance Minister Michael Noonan confirms to the

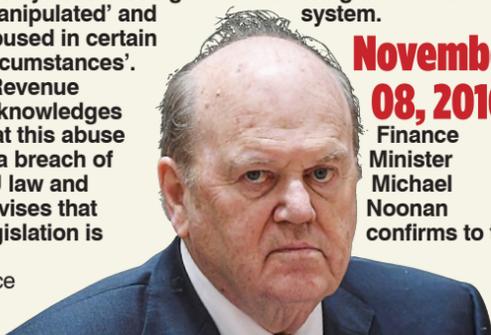
EU Parliament that 'VAT avoidance schemes' are 'in place particularly around the Poultry Industry' and insists the Government's proposed law will address the issue.

### November 14, 2016

Manor Farm tries to silence Mr Mohan with a non-disclosure agreement (NDA). He refuses to sign.

### January 1, 2017

The Government's new law comes into force. Satisfied that Ireland is taking action, the EU Commission closes its investigation. The new law is never used.



**LAW CHANGE:** Ex-Finance Minister Michael Noonan

result in a much higher level of flat-rate addition payments in the sector than would otherwise be available.'

Mr Noonan's briefing notes also warned: 'This would have implications for VAT neutrality and possibly competitiveness within the sector and within the agriculture industry generally.'

However, any EU concerns about the VAT abuses were satisfied when Ireland passed legislation to address the issue in January 2017.

The new law gave the finance minister the authority to exclude an agricultural sector from the flat-rate

system completely if it was found to be abusing the rules. Satisfied with this, the EU closed the investigation it had opened on foot of Ms Harkin's complaint.

However, neither Mr Noonan nor his successors as ministers for finance have used this power to shut down the VAT abuses.

In September 2019, Mr Mohan and his accountant wrote a letter to Minister Donohoe, in which they said the Government had 'failed to address or seek redress in any meaningful way'.

The letter reads: 'What your predecessor [Mr Noonan] actually al-

lowed for was a situation where one industry... claims more flat-rate VAT than it is entitled to compared to VAT-registered enterprises.

'An example of this has been occurring in the large beef feed lots whereby the VAT claimed by these industrial farmers is far in excess of the inputs actually incurred and gives them an unfair competitive advantage against their farming neighbours.'

However, like his predecessor, Mr Donohoe did not use his power to ban the poultry sector from the flat-rate allowance.

Mr Donohoe did ask for an exclu-

sion order to be prepared, but he never signed it after the Department of Agriculture became involved.

Asked about the VAT abuse when he appeared before the Dáil spending watchdog in November 2019, Revenue chairman Niall Cody admitted, 'There is no doubt that, within the poultry sector, the pricing structure allowed for an over-compensation of the VAT for some people who are in that trade'.

When asked what solution was available to the finance minister, Mr Cody replied, 'To remove the flat-rate compensation for the sector'.

Mr Cody added Revenue had conducted a detailed report 'to establish if there was overcompensation in the poultry sector' for the finance minister.

### 'VAT claimed gives these farmers an unfair competitive advantage'

'We have sent our report to the Minister for Finance. It is now with the minister and he has to consider,' he said at the time.

He also acknowledged concerns the issue could have spread into the beef sector, saying Revenue would be 'keeping an eye on it'.

When Aontú leader Peadar Tóibín raised the tax abuses in the Dáil in 2021, he questioned Agriculture Minister Charlie McConalogue about what he described as the 'VAT fraud' and 'illegal State aid'.

However, Mr McConalogue refused to engage with Mr Tóibín, saying it was not 'appropriate' to raise the matter 'on the floor of the House [Dáil]'.

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**ALERT:** Farmer Alo Mohan told Revenue about VAT abuses in 2013

Briefing notes prepared for then finance minister Michael Noonan explained that 'models are established in some sectors... which

# 'Doing nothing i

By Michael O'Farrell

INVESTIGATIONS EDITOR

REVENUE'S investigation into VAT abuses in the poultry sector pulled no punches.

Details of the review, completed in July 2019, were obtained by the Irish Mail on Sunday under the Freedom of Information Act.

It concluded: 'There is very significant overcompensation of unregistered farmers.'

The investigation found a sample of 80 farmers had together paid VAT worth €350,000 in 2017 – but successfully reclaimed nearly €2m back by manipulating the system.

When extrapolated across the sector, Revenue calculated that as much as €7m a year was being improperly diverted from the coffers of the State to an industry whose millionaire leaders regularly feature on rich lists.

Something had to be done and Revenue believed it would be – especially since the Government had passed a law a year earlier to allow the Finance Minister to exclude any sector abusing VAT rules from the flat rate allowance (FRA) scheme.

Revenue warned: 'If the minister decides not to exclude the sector from the operation

## 'Sceptical of industry's capacity to change'

of the flat-rate addition scheme, it is expected that the current level of overcompensation will increase.'

When he reviewed the report in November 2019, then Finance Minister Paschal Donohoe did not hesitate. 'Level of overcompensation... justifies action,' he noted. 'Please prepare order for exclusion.'

The news was welcomed by those in Revenue. 'Good news,' Dermot Donegan, Revenue's Head of VAT Policy and Legislation, told colleagues.

He added: 'The Minister is fully agreeable to signing the exclusion order for Chicken Farmers but he'd like a meeting with Agriculture to be held before this happens. If it is a case that Agriculture can't do anything, he will sign the order.' However, it is clear from the documents Mr Donegan was dubious Agriculture could do anything.

'The over-compensation is occurring due to the structures, schemes, pricing and exclusivity contracts in place,' he wrote.

The following day, the Department of Finance emailed Revenue's findings to Sean Bell, the chief economist in the Economics and Planning Division of the Department of Agriculture.

Shortly afterwards, Mr Donohoe wrote to then Agriculture Minister, Michael Creed, saying: 'You will note that despite Revenue's engagement with the sector, the practice continues. This is unsustainable in that the Flat Rate Scheme is designed to compensate unregist-

tered farmers for the VAT paid on their inputs but overcompensation is not permitted under EU law.'

Mr Donohoe said his officials were drafting 'an order to remove the sector from the scheme'. Soon, the Department of Agriculture was in talks with the poultry sector and Irish Farmers Association representatives who said 'significant changes' had been made and more would follow.

Upon hearing this, Revenue officials were 'sceptical of the industry's capacity to change'.

Gerard Moran, an Assistant Secretary within Revenue's Indirect Taxes Policy Division expressed his

fears in writing. 'This is what I was afraid of – that this further consultation would engineer an opportunity to stall the process and walk us into a merry-go-round of incremental changes and repeated labour-intensive examinations of the operation of the FRA in the sector,' he told colleagues on January 9, 2020.

'We have acted under the legislative provision enacted to deal with this matter and presented a report to the Department of Finance; it is up to the minister to act or not and the Department can engage with whoever it wishes on the matter and ultimately make whatever recommendation it chooses. I see no

further role for us in this process other than to prepare the draft exclusion order for the minister.'

Weeks later, on January 22, the leaders of the three main processors Manor Farm (Carton Bros), Western Brand and Shannonvale Foods wrote to the Department of Agriculture to say the abuse of the co-op double VAT system had been 'discontinued'.

They also promised consultancy reports on how much processors and co-ops should 'reasonably' charge for feed – since the manipulation of feed prices was the mechanism that allowed most of the VAT overcompensation to occur.

# That was Revenue's stark warning from 2019... but doing nothing has been the only political response



**EMPOWERED:** Paschal Donohoe



**FEARS:** Revenue's Gerard Moran



**REVENUE HEAD:** Dermot Donegan



**MINISTER:** Charlie McConalogue

'We trust that you can see from the actions already taken and the action under way... that the industry is fully committed to ensuring that the FRA scheme remains open to the poultry sector, as it does to all other sectors of agriculture.'

This development was greeted with further scepticism in Revenue. 'Thanks for forwarding the email from Agriculture but we have deep concerns about where this might lead,' Mr Donegan told the Department of Finance.

His email goes on to say that since 2016 the sector has had 'ample time to make changes and were urged to do so'. He pointed out that, aside from the discontinuance of the double VAT co-op scam, 'no other material changes were implemented.' He added that Revenue, 'see no value in repeating the same mes-

## 'The reports do not deal with the issues raised'

sages to the sector that were already delivered in 2017 to little effect.'

The following month, in February 2020, Revenue presented a slideshow of their concerns to the Department of Finance.

It warned 'doing nothing is not an option' and identified potential reputational risks that could ensue as a result of an EU case, media coverage or political interest.

Revenue's view did not alter after the industry delivered reports from consultants EY and Grant Thornton in the autumn of 2020.

The Grant Thornton report argued poultry co-ops were not behaving any differently to any other agriculture co-ops and should not be unfairly discriminated against.

Two separate EY reports calculated what the industry pitched as a 'reasonable margin' that processors and co-ops should charge for feed.

The suggested new margin was lower than the previous price levels used to scam excessive VAT returns

## Fears VAT abuse might have migrated to beef sector

THE 'contra supply arrangements' used to manipulate massive VAT overcompensation by poultry producers are feared to be in use in the far more valuable beef sector.

This warning is contained in a slideshow presented to the Department of Finance in February 2020 by Revenue.

The presentation detailed how the migration of the VAT abuse to the beef sector would be far more serious.

At the time, the poultry industry was worth €167m annually, a fraction of the €2.3bn value of the beef sector. At 2017 levels, the

overcompensation detected by Revenue in the poultry sector amounted to €7m annually.

If the same level of claims were to take place across the beef sector this would amount to €90m a year.

Revenue found no evidence of abuses in the turkey and duck sectors. But with new models of manipulation emerging, the same guarantee could not be given for the beef sector, which Revenue has not yet investigated.

Concerns about the migration of the issue to other agricultural sectors were detailed in

Revenue's 2019 investigation of the poultry sector. This warns of the risk of 'potentially more serious implications' if the abuses spread to the beef sector.

The risk of migration to other sectors was also referred to by then finance minister Paschal Donohoe when he wrote to former agriculture minister Michael Creed about the issue in November 2019.

Meanwhile, the possibility of co-ops in the dairy and other sectors being used to manipulate VAT returns for unregistered farmers has also been raised.

# 'S not an option'

## DAMNING DOCUMENTS THAT PROVE NEED FOR ACTION

The analysis shows that there is very significant overcompensation of unregistered farmers in the chicken production sector, with only a minor difference in compensation levels between those farmers that operate through a co-operative and those that do not.

### JULY 2019: REVENUE REVIEW REVEALS WIDESPREAD ABUSE BY FARMERS

'THE analysis shows that there is very significant overcompensation of unregistered farmers in the chicken production sector, with only a minor difference in compensation levels between those farmers that operate through a co-operative and those that do not.'

### REVENUE WARNS OF CONTAGION OF TAX ABUSE SCAM TO OTHER SECTORS

'If the Minister decides not to exclude the sector from the operation of the Flat Rate Addition scheme, it is expected that the current level of overcompensation will increase. There is also a risk that the business models and contractual arrangements that emerged in the chicken industry could migrate to other agricultural sectors with potentially more serious implications for VAT revenues and for the structure of agricultural production, given the way in which competitive pressures drive the adoption of cost cutting or subsidy generating structures.'

If the Minister decides not to exclude the sector from the operation of the flat-rate addition scheme, it is expected that the current level of overcompensation will increase. There is also a risk that the business models and contractual arrangements that emerged in the chicken industry could migrate to other agricultural sectors with potentially more serious implications for VAT revenues and for the structure of agricultural production, given the way in which competitive pressures drive the adoption of cost cutting or subsidy generating structures.

Level of overcompensation that is noted in "Findings section" justifies action. Please prepare order for exclusion. However do so after consultation with D/Ag. Make clear that if this not yield an acceptable result I will sign order to exclude. Also share report with Committee. PD 13/11/19 (refer attached.)

### NOVEMBER 2019: PASCHAL DONOHUE PREPARES TO EXCLUDE SECTOR

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### DONOHUE WRITES TO AGRICULTURE MINISTER MICHAEL CREED OF EXCLUSION PLAN

'The analysis shows that there is significant overcompensation of unregistered farmers in the chicken production sector. You will note that despite Revenue's engagement with the sector, the practice continues. This is unsustainable in that the Flat Rate Scheme is designed to compensate unregistered farmers for the VAT paid on their inputs but overcompensation is not permitted under EU law. There is also the concern that the business model and contractual arrangements that have emerged in this sector could migrate to other agricultural sectors with potentially more serious implications for VAT revenues and for the structure of agricultural production.'

structures capable of delivering a systematic excess of flat-rate addition payments. The analysis shows that there is significant overcompensation of unregistered farmers in the chicken production sector. You will note that despite Revenue's engagement with the sector, the practice continues. This is unsustainable in that the Flat Rate Scheme is designed to compensate unregistered farmers for the VAT paid on their inputs but over-compensation is not permitted under EU law. There is also the concern that the business model and contractual arrangements that have emerged in this sector could migrate to other agricultural sectors with potentially more serious implications for VAT revenues and for the structure of agricultural production.

The minister concluded by saying he had asked his officials to work with Revenue to draft 'an order to remove the sector from the scheme'.

I have asked my officials to work with their Revenue colleagues on the drafting of an order to remove the sector from the scheme. While this work is ongoing I have also asked them to

### Conclusion

- Overcompensation significant
- In 2018, the poultry industry accounted for 2% of total agricultural output- €167 million of €8.2 billion
- Risk of migration to other sectors- beef sector accounted for €2.3 billion in 2018
- Report prepared for Minister in July 2019 highlighting findings and risks to exchequer
- Section 86A- Decision of the Minister for Finance on whether to exclude. No formal decision taken to date.

### FEBRUARY 2020: REVENUE REMINDS FINANCE OFFICIALS OF SCAM - AND LACK OF ACTION

#### Conclusion

- Overcompensation significant.
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### REVENUE OFFICIAL, DERMOT DONEGAN, SUGGESTS TOUGH TACTICS

'Another suggestion! Knowing as we do that nothing is likely to happen, what about putting our warning about the risks of the scheme migrating to other sectors on record?'

Another suggestion! Knowing as we do that nothing is likely to happen, what about putting our warning about the risks of the scheme migrating to other sectors on record? See RED FONT below.

but Revenue were not convinced. Revenue official Denise Corrigan said: 'In my opinion the reports do not fully deal with the issues raised.

'The study has been undertaken on request from the processors and there is nothing included indicating what, if any, undertaking has been given by the co-operatives.'

Mr Donegan suggested: 'Knowing that nothing is likely to happen, what about putting our warning about the risks of the scheme migrating to other sectors on record?' he asked.

His boss – assistant secretary Gerard Moran – liked the suggestion but ultimately decided a better strategy was to stick to the core issue of getting an exclusion order.

Consequently, Revenue's reply to the Department of Finance warned the industry reports do, 'not address the crucial question of the level of

FRA payments relative to VAT on input costs and as such is of little relevance to the determination to be made. If the sector is permitted to continue to operate as they do at

present you may need to consider if any State Aid issues arise'. The State aid point was made once again as recently as last month as Revenue and Department of Finance

officials considered how to respond to queries from this newspaper.

'We were not convinced that the changes made sufficiently dealt with the issue of overcompensa-

tion,' a Revenue email dated April 21, 2023, reads. 'We also advised Finance we would not be repeating the examination that was undertaken within the sector and had no intention of preparing further reports on the matter.

'It remains that any action to be taken to address the issue lies with the minister.

'The Department were also advised that should the minister decide not to remove the sector from the operation of the FRA that they would need to consider the issue of State aid.'

Six years have elapsed since the Finance Minister was empowered to exclude the chicken sector. At the time, the move was enough to head off an EU investigation.

But given the revelations of Revenue continuing concerns about the tax abuses, this may not remain the case for long.

## Department took poultry farmers' word

By Michael O'Farrell

THE Irish Mail on Sunday first asked the Department of Finance and Revenue about VAT abuses in the poultry sector more than a month ago. In response, they issued a joint statement on April 21: 'The business model employed in the poultry sector did not breach Irish VAT law at the time and did not constitute abuse or fraud.'

The statement said Revenue had investigated and sent a report to the finance minister, who could act if he wished.

'Following the Department of Agriculture's engagement with representatives of the poultry sector, the sector presented two reports which outlined changes made to the operation of the flat rate scheme within the poultry sector, and which the sector believed addressed the concerns raised in the Revenue review. Consequently, no further action

was taken on this matter.'

This means the Department of Finance told this newspaper that things were okay, because the chicken farmers said they were okay. A month ago, Revenue officials disagreed with that view.

During the preparation of the response on April 21, Revenue reminded Finance that they were not convinced the changes made addressed the issue of overcompensation outlined in section 86A.

# Inaction over VAT collection insults all patriotic taxpayers

In 2013, chicken farmer Alo Mohan raised concerns about the way VAT was being reclaimed in his industry, netting it windfall profits of up to €7m in 2017, as outlined in this newspaper today.

Because the Cavan farmer's complaint wasn't accepted here, he took it to the European Union which ruled there was a case to answer in this country, and that failure to address it might be considered as illegal State-aid.

This led to the 2017 passage of legislation that allowed the finance minister of the day to exclude any industry from seeking a flat rate of VAT, if he felt it was being used for unfair monetary or economic gain.

Some in the poultry sector were over-compensated by up to 1,000% under the procedure and, despite a limited crack-down by the Revenue Commissioners, the figure remained between 470% and 750%.

This newspaper became aware of Government inaction on the issue earlier this year, and launched an investigation.

Despite seemingly ongoing

questionable practices in the sector – despite the whistleblower continuing to press his claims that something was rotten, and despite concerns expressed in the Oireachtas that the practices could migrate to the more lucrative beef sector – we did not receive answers to our questions.

We presented the result of our initial investigation to the Departments of Finance and Agriculture – and to Revenue – and got the single most cryptic and stupid response this newspaper has ever received.

The two departments and Revenue could not agree on a con-

crete message to impart to the general public. Perhaps they hoped that what this newspaper had been unable to verify until this week, would leave the public unconcerned about a complex and involved taxation issue.

However, this newspaper held off and redoubled its efforts to seek the two reports prepared by the poultry industry, that the Governmental response ironically revealed for the first time.

We have uncovered what is quite clearly a significant difference of opinion between Revenue, the Department of Agriculture and the Department

of Finance – which apparently is at the crux of this matter.

Revenue delivered a report suggesting VAT is being underpaid by a sector of Irish economy. They dismissed special pleadings from that sector when the Department of Agriculture engaged with the industry, and seemingly accepted obvious fudges. In response, the Government has chosen not to act.

This will shock every ordinary taxpayer in this country. More than judges, gardaí or priests, Revenue officials are held in unique terror by the State's citizens, so assiduous and effective

is their reputation for extracting that to which the Exchequer is entitled. This obvious interference in Revenue's duty, and the lack of urgency in dealing with its clear disdain for the obvious obfuscation, will sicken right-minded citizens to read.

So what do Agriculture minister Charlie McConalogue and Finance minister Michael McGrath plan on doing about it?

They can order another report and live to spin another day, or they can ask us for the Freedom of Information responses we have received, that plainly show a massive disconnect between Revenue's opinion on these irregularities and those of Agriculture, and hence Finance.

We all pay our taxes on the basis that the funds will be used for the betterment of the State and society. It goes without saying that the actions we reveal this week, undermine that basic tenet of society.

The two named ministers have to now be seen to resolve this issue, quickly and simply, and ensure all due tax is collected immediately.

## Whipping up a debate over 99s shows we are a flaky lot

WHAT exercises the nation? Homelessness, refugees, global warming? No. The great debate melting the nation's collective heads this week was the decline of the 99.

Ice cream aficionados are irate, not so much about the conical ice cream itself but the over-crumbliness of the Flake.

Hours of airtime were devoted to the trauma of the afflicted who shelled out for a 99 only to discover the Flake crumbled into near oblivion at the bottom of the cone. Retailers were ice-screaming blue murder and laid the blame for the Flake debacle firmly at the feet of Cadbury. Cadbury's Flakes aren't as sturdy as yonder years, for reasons that life is far too short for anyone with more than soft serve for brains to be bothered about.

Interestingly, while researching this column I discovered the reason 99s were called that, stems from their origins in the 1930s.

When Cadbury launched its small Flake for ice creams in 1930, the UK ice cream industry was dominated by ex-pat Italians.

In the days of the monarchy in Italy the king had an elite guard consisting of 99 soldiers. Subsequently anything really special or first class in Italy was known as 99. As the Cadbury website informs us: 'So, to appeal to Italians we called our superb Flake a 99.'

While chatting about the 99 debacle, someone asked if I had not got some nostalgic 99 memory that would help me understand why people are so frazzled about the Flake. And, honestly, no, I don't.

Perhaps I am deprived and I have in fairness often made that case to my mother and father. But not for want of a crumbly Flake!

While a 99 is nice and of course I consumed many during the hazy crazy summer days of my youth, it's hardly the dessert of dreams. I

# Niamh Walsh's Manifesto

always preferred a screwball. Which says a lot about my taste, not just in ice cream.

## Who needs 'best friends' like Holly?

WHILE I am no fan of Phillip Schofield, I have been truly invested in the daily deluge of revelations surrounding his behaviour as host on This Morning.

Recent behaviour aside, I have always found Schofield odious and a moderate to mediocre presenter. I never understood his popularity.

However, in the ongoing scandal engulfing This Morning I find his former co-host and former friend turned foe, Holly Willoughby, the real villain.

Willoughby is an admirable presenter but her rise to the top of the TV totem pole was undeniably largely due to her close association and on-screen chemistry with the more established Schofield.

Willoughby never missed an opportunity to invoke the pair's unbreakable bonds of friendship, perpetually claiming they were more than mere colleagues, rather kindred spirits. But when her 'kindred other' was – admittedly through his own fault – at his lowest ebb, his career, reputation and livelihood in total tatters, best friend Holly didn't just throw him under a bus.



She got behind the wheel, stepped on the accelerator and drove straight over him. Undoubtedly to save her own skin and career.

Best friends don't desert people in their hours of need. Schofield may have lied to Holly. But given how quickly she threw Schofield to the wolves is it any wonder why he didn't feel he could trust her to keep his deepest, darkest secrets.

While nobody is to blame for his actions but himself, Holly similarly must reckon with how swiftly she chose her own survival over any real sense of friendship. Her fellow This Morning presenter Alison Hammond's biblical allusion, 'let she who is without sin, cast the first stone', seemed a more humane response – particularly from someone who was supposed to be close.

## Abortion abstentions are simply intolerable

THE sheer number of TDs to abstain on proposed changes to the abortion laws is nothing short of nauseating.

How often, come election time, have they perched themselves on the moral high ground and proceeded to castigate us that not voting is downright undemocratic.

Health Minister Stephen Donnelly's attempts to obfuscate the issue was simply stupefying.

The Bill, which passed its second stage in the Dáil on Wednesday, provides that the three-day wait to access abortion medication would be removed, fully decriminalises abortion and removes the existing 14-year prison sentence that applies to medical professionals if they perform abortions outside the law.

When asked why he abstained from the vote, Mr Donnelly said the Bill did not respect the vote of the people in the referendum on removing the Eighth Amendment in May 2018.

He said: 'The Bill goes miles beyond what people voted for in repealing the Eighth. The Bill does not respect that vote at all because it goes way beyond that vote.' Could he not then have voted against, to see the will of the people respected? Another absentee was Fianna Fáil's

Jim O'Callaghan. As a senior counsel Mr O'Callaghan knows all too well about the application of the law. Yet in abstaining he positioned himself as spectator instead of lawmaker.

Those who abstained should be apprised that they are in a privileged position and are entrusted to act in the interest of those who voted them in. People have a right to know where the politicians they vote for stand on issues that are of national and societal importance. As such, to not vote and sit on the sidelines is utterly intolerable.

## Why did the llama cross the road?...

A TEARAWAY llama caused high drama on a motorway in the UK this week with the athletic escapee causing a massive tailback.

The runaway llama made its way to the M55 in Lancashire and was



**LLAMA DRAMA:** Runaway animal caused traffic chaos on a busy road

enjoying a jaunt, careering across junctions, sauntering across intersections.

Motorists concerned for the animal's safety put on the brakes in the middle of rush-hour traffic.

The llama cantered along the lanes unbothered by drivers who, rather than being irate, took videos. The llama could teach the Stop Oil mob a lesson in the power of positive protesting as instead of road rage, most drivers were delighted at the sight of the animal.

For its bravery and braggadocio, the Llama is my undisputed Hero of the Week.