

1. Who are you:

Individual/Business

2. Are you making a submission in relation to the proposals for a:

Designated Withholder (DW)

3. Please tick the sectors that apply to you:

Platform economy

4. After reading about the proposed new eWHT system, how would you describe your overall reaction?

Very negative - I do not support the proposed direction

5. What aspects of the proposed model appeal most to you, and why?

None, for the reasons set forth in this consultation

6. What concerns or reservations do you have about the proposed approach?

Concerns over Ireland as a technology leader and business friendly jurisdiction, disproportionate burdens on platforms, not thinking of the platform economy as a whole and, rather, in a vacuum, making Ireland-based platform uncompetitive, PSP and cash flow issues Overregulation and SMEs, negative impact on Irish tourism, especially rural tourism. See more details below. Why are the sale of goods platforms excluded? The services provided by some Irish goods selling platforms are similar to ours - just the underlying type of transaction differs. We are confused and need an explanation why some platforms are out of scope.

7. The proposed eWHT model seeks to expand withholding tax to payments to service providers where a suitable withholder exists. How do you feel generally about this type of expansion?

We understand that one of the benefits envisaged from the eWithholding Tax regime is the creation of “a simplified and modern withholding tax framework” which “will align with digital transformation goals and international best practices.” However, based on our experience of operating in over 220 countries and regions globally, a withholding tax regime as envisaged is not in line with international best practices and the impact of a WHT regime is disproportionately negative on platforms. This is true for the systems build necessary to be in a position to comply, ongoing compliance and the negative impact on Irish companies and tourism in general.

- 8. In relation to PSWT specifically, this currently applies to payments made by state and semi-state bodies for certain services. Do you have a view on how it is targeted and if the types of payments it applies to should be reviewed?**

A review may be warranted, but not including platforms.

- 9. Please indicate if you currently operate:**

- 10. From the perspective of a DW, how does the current application of PSWT and/or RCT impact on your business operations?**

Currently no impact.

- 11. If you are a Platform Operator, does your organisation have any experience of applying taxes to transactions, for services operating on your platform, in other jurisdictions? If yes, please provide information of the jurisdiction and details of the tax.**

Italy, without any public consultation or input from the business community, imposed a seemingly simple WHT regime that required platforms to withhold a flat 21% from non-professional hosts. On the surface, this seems straightforward, but it took us five

- 12. From the perspective of a DW, what are your views on the application of RCT and/or PSWT, as the case may be?**

N/A

- 13. What is your understanding of the withholding tax model of tax collection of RCT and PSWT and why it is applied to payments?**

N/A

- 14. The proposal aims to embed eWHT processes directly into accounting, payroll, or other business management systems. How beneficial do you think this would be for your business?**

Based on the cost, resources and time it takes to comply with other regimes, such as DAC7 and DSRs, this would be nothing but a disproportionate burden on platforms.

- 15. In your view, what opportunities could embedding eWHT within natural business systems create for your business or the wider industry?**

Our expectation is that this would result in making platforms who process payments uncompetitive, making Irish-based platforms uncompetitive because some platforms located outside of Ireland or the EU will not comply (there are real examples of this), create cash flow issues for sellers, and adds yet one more substantial burden being placed on platforms, adding to the already long list of requirements currently in force or coming in force (DAC7, CESOP, ViDA real time reporting, ViDA deemed supplier regime, etc).

- 16. What challenges do you think your business might face in adopting this embedded within natural systems approach?**

See above.

- 17. What is the estimated number of payments that you make to SPs each month?**

Hundreds of thousands.

- 18. Do you currently use software for processing payments and or managing the finances of your business? If so, what packages do you use?**

This is a complicated question that will have many answers depending on the platform. Platforms usually do not touch the money -The imposition of a withholding tax regime can give rise to a distortion of the competitive landscape in an industry, as it ca

- 19. Are you an employer for PAYE? If so, which software package do you use to report payroll taxes to Revenue?**

We outsource this to a third-party vendor.

- 20. Please indicate if you currently receive payments which are subject to deduction of:**

- 21. Where you are currently subject to PSWT and/or RCT, how does the current application of withholding taxes impact on your business operations?**

- 22. From the perspective of a SP, what are your views on the application of RCT and/or PSWT, as the case may be?**

- 23. What is your understanding of the withholding tax model of tax collection of RCT and PSWT and why it is applied to payments?**

N/A

- 24. Where you are an SP operating as a corporate/partnership or other entity, do the current rates that apply to PSWT and RCT reflect your actual liability on the income received?**

- 25. The proposal aims to embed taxation directly into how you get paid by the DW. How beneficial do you think this would be for your business?**

26. Where you are an SP operating as an individual worker, the proposal aims to implement personalised deduction rates (PDR), which means you will pay tax on your income as you go, similar to how employees are taxed under PAYE. What impact do you think PDR will have on your cashflow and financial management?

27. Do you think this new regime, including the PDR will have a positive effect on your end of year Income Tax return filing and preliminary tax payment obligations?

28. The accuracy of PDR is improved by the regular reporting by you to Revenue of your income and business expenses. How likely are you to report your income and expenses to improve the accuracy of your PDR?

29. What changes do you expect to have to implement in your business in order to be ready for the proposed eWHT regime?

Substantial changes would need to be made. In short, an entire new product build would need to be performed in order to comply with the volume of hosts we have.

30. What benefits do you expect the new regime to have on your business processes, costs and delivery of your business services?

There are no benefits to platforms under this proposed regime. It is just the opposite. Disproportionate additional compliance burden -Today, and in the near future, the compliance burden placed on platforms is only growing. DAC7, CESOP, ViDA deemed supplier regime, ViDA real time reporting, 242a, EU-short term rental data reporting (for accommodations sector), tourist taxes (for accommodation sector), Italy WHT, France social security contribution withholding, are examples of the massive amount of compliance burdens that platforms must bear. -Large platforms already struggle to implement and comply with all of these regimes, despite having resources to do so, but all of this regulation is killing SMEs. SMEs have to spend a disproportionate percentage of their resources on building systems, processes and tools to comply with multiple laws and regulations, in lieu of investment in their business, their communities and ultimately their growth. This creates a barrier to

entry for SMEs, the ultimate result of which is the creation of monopolies/oligopolies for large platforms. Many SMEs are already at breaking point with the compliance burden associated with running a platform business. The imposition of an Irish WHT regime will be another (pretty significant) compliance burden for SMEs to deal with and may well be the tipping point (particularly if other Member States follow suit). As noted above, Ireland, as the EU tech leader, cannot look at a WHT regime in a vacuum. It must look at the grand scheme of what its platforms, large and small, are facing across the EU and beyond. Cash flow issues for seller, financial risk for platforms -A WHT regime would create cash flow issues for sellers. For some sellers, their effective tax rate may be lower than the withholding rate, resulting in an overpayment of WHT. As another example, for some sellers, the fee charged by the platform may be deductible, but the platform cannot know this on a case by case basis. As such, the WHT amount will again be more than it should be, and although the host could get the money back, it would take time to get this through Revenue before getting a refund. -This regime places unfair cash flow issues for taxpayers. For example, a small B&B or hotel will have tax withheld, but with no concern to the relevant deductions they may be entitled to. It could take well over a year for this to be rectified since the tax was essentially paid substantially early. This places these taxpayers in a cash-flow deficit for a significant amount of time. -The volume of sellers on many platforms is 1000-fold more than a single employer. Airbnb for example has over 5M hosts globally, 1.3M hosts in the EU and 23,000 hosts in Ireland. At this volume, the risk of system bugs, misquotes etc., even if for a short time, is high, and platforms will end up having to pay this out of pocket. It is naive to assume platforms will go back to their sellers requesting the underwithheld tax, as this would risk losing the seller. The risk is even greater for SMEs, who do not have the risk tolerance bigger platforms do.

31. What would you consider a reasonable timeframe for your business to adapt to the proposed new system?

If this regime was enacted, platforms would need at least 2 years to build. The 2 years is after all specifications and secondary regulations have been issued.

32. How confident are you that your business could adapt to the new system within a reasonable timeframe?

We are more concerned about the negative impact a regime like this will have on our platform. However, this question is not possible to answer without a definition of "reasonable." We have experience around the globe with many types of

regimes where governments assume any system changes are “easy” and can be done within weeks or a few months. This does not reflect reality.

33. In terms of the management of your business, which outcomes from this new regime are the most important for you? (Select a maximum of 3)

Being out of scope

34. What supports from Revenue would be of most benefit to you in transitioning to the new regime? (Select a maximum of 3)

Industry/professional body support

Being out of scope

35. Is there anything else you’d like to share about how the proposed eWHT system could best meet the needs of your business or sector?

Thank you for the opportunity to provide comments relating to the eWHT - Joint Public Consultation by the Department of Finance and Revenue. We have long appreciated our partnership with both parties and strive to work with governments globally on common sense solutions relating to the platform economy. Our comments address the following: -Concerns over the proposal -Ireland as a technology leader -Disproportionate burdens on platforms -Think of the platform economy as a whole and not in a vacuum -Making Ireland-based platforms uncompetitive -PSP and cash flow issues -Overregulation and SMEs -Negative impact on Irish tourism, especially rural tourism -Solutions CONCERNS ABOUT A WHT REGIME We understand that one of the benefits envisaged from the eWithholding Tax regime is the creation of “a simplified and modern withholding tax framework” which “will align with digital transformation goals and international best practices.” However, based on our experience of operating in over 220 countries and regions globally, a withholding tax regime as envisaged is not in line with international best practices and the impact of a WHT regime is disproportionately negative on platforms. This is true for the systems build necessary to be in a position to comply, ongoing compliance and the negative impact on Irish companies and tourism in general. What problem are you trying to solve? It appears that the core issue is concern from Revenue that sellers operating in the gig economy (i.e. individuals operating on platforms such as Only-Fans or Tick Tock) are not declaring their income and/or paying taxes. However, what is not clear is whether that same concern exists for other sectors of the broader platform

economy. Airbnb has been sharing seller data with Revenue for 10 years via Irish regulations followed by the EU Directives, DAC7 and CESOP. It is our understanding that these data reporting requirements, combined with our reporting and host education tools, have resulted in a very high compliance rate for Airbnb hosts. In that regard, we don't see the need to impose an additional burden on platforms, like Airbnb, that operate in sectors that have compliant sellers. We have provided further detail below on how substantial the burden is. We encourage Revenue to use DAC7 data to analyse which sectors are non-compliant, and work with the business community on solutions to solve the problem. Wide spread solutions like a WHT tax regime punishes compliant platforms and sellers, and can result in an increase in the black economy (more on this below).

Ireland as Europe's Tech Leader It is no secret that Ireland is the EU's centre of tech platforms. We therefore welcome and applaud Ireland for taking the lead in this initiative, but we would caution that they do so carefully and in a considerate manner. In that regard, we strongly encourage Revenue and the Department of Finance to consider the EU-wide impact that an obligation such as a WHT tax regime would have on Irish-based platforms, especially in light of the growing number of EU-wide obligations that are being put on platforms. We also strongly encourage Revenue and the Department of Finance to consider whether additional burdens such as the eWHT regime would result in a deterrent for new companies to become established within Ireland.

Disproportionate additional compliance burden -Today, and in the near future, the compliance burden placed on platforms is only growing. DAC7, CESOP, ViDA deemed supplier regime, ViDA real time reporting, 242a, EU-short term rental data reporting (for accommodations sector), tourist taxes (for accommodation sector), Italy WHT, France social security contribution withholding, are examples of the massive amount of compliance burdens that platforms must bear. -Large platforms already struggle to implement and comply with all of these regimes, despite having resources to do so, but all of this regulation is killing SMEs. SMEs have to spend a disproportionate percentage of their resources on building systems, processes and tools to comply with multiple laws and regulations, in lieu of investment in their business, their communities and ultimately their growth. This creates a barrier to entry for SMEs, the ultimate result of which is the creation of monopolies/oligopolies for large platforms. Many SMEs are already at breaking point with the compliance burden associated with running a platform business. The imposition of an Irish WHT regime will be another (pretty significant) compliance burden for SMEs to deal with and may well be the tipping point (particularly if other Member States follow suit). As noted above, Ireland, as the EU tech leader, cannot look at a WHT regime in a vacuum. It must look at the grand scheme of what its platforms, large and small, are facing across the EU and beyond Ireland must think of the platform economy globally and not Ireland in a vacuum - Ireland must consider that a regime like this will encourage other Member States to follow suit, only adding to platforms' compliance burdens. -For example, Italy,

without any public consultation or input from the business community, imposed a seemingly simple WHT regime that required platforms to withhold a flat 21% from non-professional hosts. On the surface, this seems straightforward, but it took us fifteen months of employee time across multiple departments within the company (Tax, Finance and Legal - 10 people, Project managers - 2 people, and engineering hours - 11 people), in addition to approximately €500k of outside counsel and service provider cost in order to comply. This does not include the customer service cost from the thousands of calls from hosts with questions (platform sellers call platforms with tax questions, not the tax authority) and ongoing outside vendor CU compliance and Legal services that we need on an annual basis.

-Effective 1 January 2027, France will impose a social contribution withholding obligation on platforms, which in many facets, is similar to what Ireland is proposing with the eWHT tax regime. There is a great level of concern among the platform industry around how to make the French obligation work largely due to the real time nature of the obligation, a requirement also proposed by Ireland. The build is overly complicated and we expect the resources needed to complete the build will be at least five times that of what was needed for the Italy WHT regime. This is an unfair burden to place on platforms, particularly given there are already other solutions in place to solve the problem.

-If other Member States follow suit, platforms will have 27 bespoke WHT regimes (in the EU alone) which will cripple many SMEs and/or cause them to change their business model, and force larger platforms to spend more and more on compliance obligations, instead of commercial investment and growth.

-Don't make Ireland-based platforms uncompetitive -The imposition of a withholding tax regime in Ireland can give rise to a distortion of the competitive landscape in an industry, as it can favour companies operating in a country without a withholding regime.

-We have been diligent with our compliance over the years within Ireland to help with sellers' income taxes. Our efforts include sharing data with Revenue for a decade on an annual basis, providing sellers with tax guides and help centre articles on tax to assist them in understanding their tax obligations, and sending reminders on an annual basis about income tax and VAT obligations. If this e-withholding tax regime is imposed, we will be fully subject to it, putting us at a competitive disadvantage to non-Irish platforms because:

- Not all companies will take the position that they are subject to Irish law. This may then encourage some sellers to list on non-Irish platforms as their income could be earned without tax being withheld;
- Some platforms only process some payments or none at all, or allow for "pay at stay" directly to the seller (e.g. when they check into/out of a hotel). This will also encourage some sellers to leave an Irish based platform; and/or
- Some sellers will go offline, resulting in an increase to the black economy.

-Our experience around the globe with other regimes shows that not all platforms will be compliant (for a variety of reasons), giving them a competitive advantage over compliant platforms. Platforms usually do not touch the money -The imposition of a

withholding tax regime can give rise to a distortion of the competitive landscape in an industry, as it can create mismatches between companies operating in the same industry with different business models. -We note that a Designated Withholder (DW) is a platform operator that: -Facilitates services in any sector and -The payment for services is routed from the recipient of the service by the platform operator to the service provider. -Please note that most platforms, if they process payments, have payment processor entities (‘PSP’) that handle the actual payments. These entities are heavily regulated and are often not located within Ireland. This adds a level of complexity relating to scope and reach of the law, whether the PSP may touch the money and potential GDPR concerns. -In other situations, a platform that does not route the payment from the recipient of the service to the service provider would not be captured by these rules, thereby potentially giving sellers a reason to use those platforms, to ensure tax is not withheld from their income, resulting in a competitive disadvantage to the platform that does process payments. Cash flow issues for seller, financial risk for platforms -A WHT regime would create cash flow issues for sellers. For some sellers, their effective tax rate may be lower than the withholding rate, resulting in an overpayment of WHT. As another example, for some sellers, the fee charged by the platform may be deductible, but the platform cannot know this on a case by case basis. As such, the WHT amount will again be more than it should be, and although the host could get the money back, it would take time to get this through Revenue before getting a refund. -This regime places unfair cash flow issues for taxpayers. For example, a small B&B or hotel will have tax withheld, but with no concern to the relevant deductions they may be entitled to. It could take well over a year for this to be rectified since the tax was essentially paid substantially early. This places these taxpayers in a cash-flow deficit for a significant amount of time. -The volume of sellers on many platforms is 1000-fold more than a single employer. Airbnb, for example, has over 5M hosts globally, with many in Ireland and the EU. At this volume, the risk of system bugs, misquotes etc., even if for a short time, is high, and platforms will end up having to pay this out of pocket. It is naive to assume platforms will go back to their sellers requesting the underwithheld tax, as this would risk losing the seller. The risk is even greater for SMEs, who do not have the risk tolerance bigger platforms do. Regardless of the risk tolerance, the practical implementation of recovering tax would be extremely disruptive and burdensome. Concerns with the proposed Irish eWHT proposal We note that one of the mechanisms outlined in the consultation is for the platform operator to send a payment notification to Revenue in advance of the payment to the service provider and then Revenue will respond with a deduction authorisation. While this system may make sense when the volume of payments are relatively small and/or infrequent, we fear that this simple proposal is completely infeasible for a large platform making thousands of payments daily, on a global basis. Separately, it opens the regime up to errors,

miscommunication and confusion for the sellers. This will only increase the burden further on platforms as, as was outlined earlier, sellers will contact the platforms for answers, not Revenue. Solutions -We strongly encourage Revenue to allow DAC7 to run for a further two years and use the data gained from it to assess firstly whether there are reporting/payment gaps, and if so, where they lie. This allows for data-based tax policy decisions. Years of research, cross industry and cross border collaboration went into the drafting of the OECD's Model Rules for Reporting by Platform Operators (MRDP), DAC7, and implementing DAC7, with the main goal of tackling the perceived income tax gap from platform sellers. This is an EU wide solution and we encourage Revenue to use this. -As noted above, the list of compliance burdens is growing and the associated costs of the initial build followed by ongoing compliance are well beyond disproportionate. Nevertheless, platforms like ours have been leaders with not only compliance, but working with Revenue, The European Commission, the OECD and individual countries unilaterally on solutions that solve the problems that the country needs solved. -By adding this type of regime, it punishes compliant platforms by adding more burdens, while those platforms, who are less than compliant, will only take advantage of the situation. -If the data shows that a WHT regime is necessary for certain sectors, then we suggest platforms or sectors of platforms be exempt from the WHT regime if they are, for example, fully compliant with DAC7 and CESOP, and/or if the sector does not have an income tax gap, or the like. This way, companies like us, who pride themselves on doing the right thing, do not get punished, while those areas where there is a gap get addressed. This could be done by, for example, redefining what is a designated withholding -As an alternative to a withholding regime, we also suggest looking at what Denmark, Australia and Singapore did successfully to close the income tax gaps that they observed after their data analysis. They worked with platforms to do massive seller income tax education campaigns, used data that was reported by platforms to pre-populate tax returns (which Revenue could with DAC7 data), and provided for a simplified compliance scheme. Greece used seller data they received from platforms to significantly close the income tax gap, publicly stating this has been a tremendous success. This would provide taxpayer ease, while balancing the needs of Revenue and platforms alike. We would be happy to work with Irish Revenue and Department of Finance on this. We could also support the measure by providing further educational materials and tools to our hosts.

