

**Irish electronic withholding tax (eWHT) for short-term rental (STR) platforms****eu travel tech submission**

eu travel tech opposes a broad electronic withholding tax (eWHT) regime that would impose immediate withholding and extensive new verification, payment-splitting and reporting obligations on online accommodation platforms. Such a regime would create a disproportionate compliance burden that only the largest global players could realistically meet, undermining competition, disadvantaging compliant EU platforms and small and medium-sized accommodation providers, and running counter to the goals of the Digital Single Market.

**Key points**

- **Disproportionate compliance costs and market concentration:** Requiring platforms to instantly verify users' tax status and residency, calculate per-transaction withholding, split payments between multiple recipients and build direct API links to tax authorities effectively reallocates tax-administration functions to commercial intermediaries. The complexity and cost of redesigning booking and payment architectures would favour a handful of deep-pocketed platforms and reduce market access for SMEs and new entrants.
- **High risk of duplication and double withholding:** STR bookings typically involve heterogeneous listings, multiple intermediaries and overlapping agency roles. Without a robust, industry-wide reconciliation mechanism there is a risk that the same revenue stream could be withheld multiple times or withheld in error, creating unfair outcomes for hosts and administrative headaches for tax authorities.
- **Existing tools already deliver tax transparency:** DAC7 provides tax authorities with detailed information on STR income and tax IDs and is the appropriate foundation for enforcing income tax rules. Platforms have made substantial investments to comply with DAC7 (effective January 2023). There is no evidence today that DAC7 data is insufficient to support enforcement; the Government should prioritise using DAC7 reporting to pre-populate tax returns and to target genuine pockets of non-compliance before layering on withholding obligations.
- **Targeted measures are required:** If additional action is necessary, it should be narrowly targeted at proven high-risk, transient gig-economy sectors rather than the travel sector, where assets are physically traceable and property and existing registration data can be used. Measures should minimise cashflow disruption for small accommodation businesses and avoid duplicating existing reporting regimes.
- **Risk of regulatory fragmentation and migration to unmonitored channels:** A unilateral or poorly aligned eWHT will disadvantage compliant EU platforms (which follow DAC7). It would also incentivise transaction migration to unregulated channels (direct bookings, social media, cash), ultimately reducing tax take and

harming EU competitiveness. Harmonisation with EU partners should precede national eWHT implementation.

- **Legal and procedural safeguards:** Any national initiative that imposes new obligations on online platforms (including income tax withholding) may qualify as a “technical regulation” or an “information society service requirement” under Directive (EU) 2015/1535 (the TRIS Directive) and therefore must be notified to the European Commission before adoption. The Irish Authority should proactively engage the Commission at an early stage before imposing additional platform obligations.

## Recommended approach

1. **Reconsider any broad eWHT implementation:** Reconsider the scope of eWHT, particularly as it would apply to small accommodation businesses and compliant platforms.
2. **Maximise use of DAC7 data:** Use DAC7-derived information to pre-fill tax returns, automate detection of outliers, and target compliance interventions—rather than shifting enforcement and cashflow responsibilities to private platforms.
3. **Focus on proportionate, targeted enforcement:** Design interventions that target demonstrable high-risk sectors and behaviours; avoid one-size-fits-all obligations that create disproportionate burdens.
4. **Ensure compliance with EU law:** Notify and consult with the European Commission under the TRIS Directive where required, and coordinate with the European Commission to avoid fragmentation and competitive distortion.
5. **Simplify and automate compliance for small providers:** Provide clear guidance, straightforward registration processes and user-friendly, automated tools so small accommodation providers can comply without excessive administrative cost.

## Conclusion

A broad, unilateral eWHT for short-term accommodation platforms would impose excessive costs, raise risks of double withholding and market distortion, and duplicate DAC7 reporting. Policymakers should pause plans for wide-ranging withholding, exploit DAC7 and existing registries to improve compliance, pursue targeted measures where risk is proven, and engage early with the Commission to ensure any regulatory changes are proportionate and EU-coordinated.

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## About eu travel tech

eu travel tech represents the interests of travel technology companies. eu travel tech uses its position at the centre of the travel and tourism sector to promote a consumer-driven, innovative, and competitive industry that is transparent and sustainable. Our membership spans Global Distribution Systems (GDSs), Online Travel Agencies (OTAs), Travel Management Companies in business travel (TMCs) and metasearch sites.

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