

1. State the name of the organisation you represent (if applicable).

Grant Thornton

2. Who are you:

Tax professional

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

Both DW & SP (for tax professionals, representative bodies, RCT middle principals)

4. Please tick the sectors that apply to you:

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

Somewhat negative - I have some concerns about aspects of the proposal

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

Electronic withholding tax and RCT could reduce administrative burdens and provide greater certainty regarding the RCT rates applied, which would allow us to advise clients with greater confidence.

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

The introduction of a single flat rate of RCT for corporate entities, even where they are fully tax compliant, could create significant cash flow issues for businesses operating multiple group entities (e.g., developer to construction company). Where clients are carrying out work for public bodies such as County Councils or Approved Housing Bodies (AHBs), a flat-rate RCT deduction will apply. This means part of the payment will be withheld, which can reduce the developer's cash flow before funds are passed on to the construction arm. Our understanding is that the deduction would apply to the construction element of the contract? Certain entities who currently have a 0% WHT rate, will now be subject to the new flat rate. Is this modernisation deliberately designed to get rid of the 0% good compliance rate? What type of API is being proposed, and do you have data that supports there being

benefits to this type of automated reporting. Do you consider that improved real-time reporting has a correlation with increased compliance or fraud detection? Is there an assumption that all affected organisations are using ERP from which an API could send information to Revenue? Public bodies (schools, hospitals) in particular won't have this level of tech infrastructure and would have additional budgetary concerns if they needed to invest in software tools to support modernisation. Further, ERP systems will manage invoicing (which presents an API driven reporting opportunity for payment notifications) but not necessarily the signing of a contract. It would be remiss of Revenue to modernise the RCT system without also considering the current position and approach to penalties for isolated / one-off errors made by taxpayers who are otherwise compliant in their tax position. What will the application process for non-residents seeking to operate under the eWHT system look like? Will this process be faster, and what withholding rate would apply to them? What is the maximum rate that could potentially apply under the modernized RCT system? Could it be as high as 50%? What number of outstanding returns will determine the rate applied?

8. 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?

The expansion raises concerns given that it may result in unintended cash flow pressures on compliant businesses due to flat rate deductions. It also could result in potential withholding application in situations where the underlying compliance risk is low, and where certain entities historically benefited from a 0% rate.

9. 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?

PSWT currently applies a flat-rate withholding to payments by State and semi-State bodies, which can result in over-withholding for compliant service providers. As part of the move to electronic withholding, the scope of PSWT should be reviewed. There is also a concern that the proposals assume all public bodies have ERP systems capable of linking to Revenue, which may not be the case for schools or hospitals and could create additional cost and budget pressures.

10. Please indicate if you currently operate:

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

12. 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.

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

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

The withholding tax model means that tax is deducted at source - the person making the payment withholds the tax and pays it directly to Revenue instead of paying the full amount to the supplier. RCT applies mainly in the construction, forestry and meat processing sectors. When a principal pays a subcontractor, part (or all) of the tax is withheld and sent to Revenue. PSWT applies to certain professional services provided to public bodies. The public body withholds tax before paying the service provider. It is applied to payments to ensure early collection of tax, reduce the risk of tax not being paid and to help Revenue monitor compliance.

15. 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?

It could streamline compliance, reduce manual processing and errors, and ensure accurate and timely withholding tax reporting for clients. This hopefully would save time, improve efficiency, and allow us to focus more on advisory work rather than administration.

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

Embedding eWHT within natural business systems could create opportunities for both the firm and the wider industry. It could improve efficiency by automating tax calculations and reporting, reducing manual work and errors. For the wider industry, it could lead to more consistent compliance, better quality data for Revenue, and an overall more transparent and modern tax system.

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

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

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

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

21. Please indicate if you currently receive payments which are subject to deduction of:

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

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

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

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25. 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?

26. 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?

27. 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?

28. 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?

Real-time tax deduction and reporting could make the year-end position clearer and more accurate, reducing the need for adjustments.

29. 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?

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

Once we have clearer information on the rates and how the rules apply, we will update our clients and alter our compliance processes to make sure the regime is applied correctly and consistently.

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

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

1-2 years

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

With the right guidance, clear confirmation of the applicable rates and rules, and enough time to gradually integrate the changes with clients, we are confident we could adapt to the new system within a reasonable timeframe.

34. 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)

Reduced administrative workload

Helpdesk or dedicated Revenue contact

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

Training or awareness sessions

Helpdesk or dedicated Revenue contact

36. 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?

Just to note, I have left some questions blank as they are simply not applicable.