

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

KPMG

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:

Construction

Forestry

Forestry

Forestry

Platform economy

We are representing the views of our clients across all business sectors.

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

Very negative - I do not support the proposed direction

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

The introduction of eWHT by way of an API-driven solution should, for many businesses, simplify compliance by automating reporting and payments, significantly reducing manual effort and the risk of error. However, it is important to note that this will come with an implementation cost for businesses. A large cohort of taxpayers will need to implement changes to their operating procedures and purchase / upgrade their technology solutions. Affected taxpayers will need to be allowed a significant lead time to affect those changes. As a first step, a comprehensive roadmap will need to be published so that they can put appropriate

plans in place. We recommend that any changes be introduced no earlier than the implementation of the VAT in the Digital Age (ViDA) package measures. This should ensure that the cost and disruption for business arising from the implementation of both ViDA and eWHT are minimised. Revenue have indicated that Phase One of Ireland's implementation of the ViDA measures will begin in November 2028, with the full suite of measures not being fully implemented until July 2030.

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

As detailed in our separate written submission, we have grave concerns with respect to the following: General points: The introduction of eWHT will result in the acceleration of tax payments for affected businesses, where they cease to have access to a 0% rate of withholding. In many cases, this will give rise to a funding requirement for those businesses, which may not be readily available, and may incur a funding cost. This may adversely affect the viability of some businesses. The additional funding burden will come at a cost for affected businesses who will need to finance RCT deductions. Many operators in the construction industry trade with very tight profit margins. The resulting increase in their cost base could impact the commercial viability of some projects and businesses, and lead to construction price inflation. The proposals reflected in the eWHT survey may have far reaching consequences for many businesses, impacting the way in which these businesses operate. The consequence of this may be that certain businesses or activities cease to be commercially viable. A large cohort of taxpayers will need to implement changes to their operating procedures and purchase / upgrade their technology solutions. Affected taxpayers will need to be allowed a significant lead time to affect those changes. As a first step, a comprehensive roadmap will need to be published so that they can put appropriate plans in place. Without clearly defined territorial rules, designated withholders may struggle to determine whether eWHT applies to cross border transactions, non resident recipients, or services performed partly inside and outside Ireland. It will be important that payments falling outside the scope of income tax or corporation tax (e.g. payments made to a non-resident without an Irish permanent establishment) are not brought within the scope of a flat eWHT. Otherwise, Irish businesses procuring services from foreign suppliers, not generally within the scope of Irish tax, will be placed at a significant commercial disadvantage. Affected foreign suppliers will be less inclined to supply into Ireland, where they have more straightforward alternatives. RCT / PSWT:

Removal of the ability to qualify for a 0% rate of RCT will have a profound adverse impact on many businesses, particularly those engaged in construction and the delivery of infrastructure. This could frustrate delivery of the Government's ambitious goals for infrastructure and additional housing. Removal of access to

the 0% RCT rate may discourage some foreign contractors from supplying their services into Ireland. Many may not wish to incur the cost and administrative burden of funding RCT deductions and then seeking a refund. This could adversely impact the delivery of important infrastructure projects. This would have a particularly negative impact on the Irish renewable energy sector, and the country's ability to meet its renewable energy commitments. Removal of the 0% RCT rate would very significantly impact the supply chain costs of renewable energy components (wind turbines, solar panels etc), as specialist knowledge from abroad is generally required to be present on site in Ireland to install the components. Many of these specialists may not wish to incur the cost and administrative burden of funding RCT deductions and then seeking a refund. The provision of an individual's PDR to their customer may enable the customer to draw inferences (with respect to profitability, etc.) from the particular PDR assigned. This could potentially impact commercial negotiations between the parties. Depending on the trade or industry a taxpayer operates in, payments received throughout the year might not necessarily follow a linear pattern. As a result, the PDR allocated to an individual may be distorted. The current options for calculating preliminary tax are very important for taxpayers. We recommend that individual taxpayers be allowed to retain the current preliminary tax options, with a PDR calculation based on the option chosen, where applicable. Platform operators: The extension of eWHT to platform operators will have a fundamental impact on their businesses. The magnitude of the change will be very substantial. A question arises as to which platform operators will be within scope and what will constitute the "routing of a payment". Imposing an obligation for certain platform operators to withhold tax will create an unlevel playing field. Introduction of eWHT will give rise to significant technical challenges for platform operators, particularly where existing systems were not designed to support tax withholding at source. The introduction of eWHT measures in Ireland for platform operators would diverge significantly from the approaches adopted by other EU Member States. As there is no EU mandate for this measure, implementing it unilaterally would diminish Ireland's attractiveness as a location for platform operators.

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?

See our response to question 9.

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?

The current scope is well understood and should not be widened.

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?

N/A

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.

N/A

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

See our response to question 9.

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

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?

The introduction of eWHT by way of an API-driven solution should, for many businesses, simplify compliance by automating reporting and payments, significantly reducing manual effort and the risk of error. However, it is important to note that this will come with an implementation cost for businesses. A large cohort of taxpayers will need to implement changes to their operating procedures and

purchase / upgrade their technology solutions. Affected taxpayers will need to be allowed a significant lead time to affect those changes. As a first step, a comprehensive roadmap will need to be published so that they can put appropriate plans in place. We recommend that any changes be introduced no earlier than the implementation of the VAT in the Digital Age (ViDA) package measures. This should ensure that the cost and disruption for business arising from the implementation of both ViDA and eWHT are minimised. Revenue have indicated that Phase One of Ireland's implementation of the ViDA measures will begin in November 2028, with the full suite of measures not being fully implemented until July 2030.

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

See response to question 17.

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

See response to question 17.

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

N/A

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

N/A

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?**
- 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?**

See response to question 9.

- 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?**

See response to question 9.

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?

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?

The introduction of eWHT by way of an API-driven solution should, for many businesses, simplify compliance by automating reporting and payments, significantly reducing manual effort and the risk of error. However, it is important to note that this will co

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

This will be a challenge for many businesses.

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)

Increased accuracy of information submitted to Revenue

35. 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

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?

We have made a comprehensive submission which expands on the responses provided to this survey and addresses other relevant issues not directly raised in the survey.