

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

PwC Ireland

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

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?

Embedding eWHT into business systems, where this is possible and supported by Application Programming Interfaces (APIs), (and provided such APIs work reliably and in real time) may help to reduce manual data entry on ROS, reducing the risk of keying errors. It may be helpful for businesses in scope of both the obligation to operate RCT and PSWT withholding that there would no longer be a requirement to distinguish between the taxes in terms of treatment from a withholding tax standpoint. However, noting these small positives, we have significant concerns regarding the proposed changes, as outlined later in this submission.

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

PwC remains supportive of modernising withholding processes and recognises Revenue's intention to reduce administrative burden. However, our overall reaction to the proposed eWithholding Tax approach is one of significant reservation and caution. The existing RCT and PSWT regimes are already problematic—particularly in relation to cash-flow and compliance burden. Several aspects of the proposals risk amplifying, rather than alleviating, those issues. We strongly caution against any evolution or expansion of the regimes without consideration of making the system more fair and easier to comply with. Our key concerns, outlined below including that the changes proposed to rates of withholding have the potential to create acute cash-flow strain and undermine Ireland's competitiveness. The proposals as framed could materially increase compliance costs, heighten penalty exposure, and create adverse working-capital impacts, especially in low-margin or highly variable-income sectors. The design must provide proportionate and flexible mechanisms, cater for in year-refunds or gross payment status, and manual ROS options for taxpayers with limited systems capability. It must also avoid duplicative or premature tax filing obligations for taxpayers or real-time obligations that effectively shift the timing of tax payments ahead of established legislative schedules (preliminary tax payment deadline and pay and file deadlines). Effectively it appears to assume that individuals who suffer withholding are similar to PAYE taxpayers whereas this fails to take account of the costs of doing business e.g. paying for materials, employees or subcontractors where relevant. Operational feasibility and systems integration We have a concern that the intention to integrate with finance systems may not be practicable for a significant cohort of taxpayers, including those with bespoke or foreign-configured systems, shared service arrangements, or minimal accounting software. A "one-size-fits-all" model risks excluding taxpayers with limited integration capability or no finance system at all. The framework must provide alternative channels for filing through ROS and ensure the continued availability of agent/adviser filing for those who cannot or do not wish to implement direct system connections due to lack of resources or expertise in house. It should be explicit that taxpayers who file RCT/PSWT returns manually or operate via outsourced arrangements (including those without ROS access) will not be penalised or forced into costly software solutions merely to remain compliant. Withholding rates and cash-flow We have particular concerns about proposals to set a single unified rate of withholding for both RCT and PSWT under the proposed new system. While it is positive that the guidance references that this rate would be lower than current rates in operation, the establishment of a single flat rate would be a back-step for the regime if this means there is no availability of a 0% rate going forward. This ignores the fundamentals of how most businesses operate on the basis of cash flow and business margins. Margins vary markedly across industries,

and a single flat rate of withholding could exceed typical margins in low-margin sectors and create persistent working-capital pressure and requirements for taxpayers to borrow to fund cash flow. This becomes particularly acute given the delays being experienced in receiving RCT refunds and the fact that RCT and PSWT both apply currently to contractors who may not ultimately have any Irish tax liability on a year-end basis. It can take at least 15 months for refunds to be issued to non-resident RCT withholding sufferers for instance, with significant levels of Revenue review prior to release of refunds. Given that non-residents are more likely to be subject to the 35% rate of RCT withholding, coupled with challenges, additional documentation requirements and delays to secure a 0% rate or refund as a non-resident contractor, the current regime could also potentially risk being considered a barrier to free movement under EU rules. For individuals, any Personalised Deduction Rate (PDR) methodology must reflect both income and the related deductible expenses or cost of sales; while Revenue may have visibility of some income streams (those subject to eWHT) in near real time but not the corresponding expenses, the PDR risks systematic over-withholding. We recommend transparency on the PDR calculation, easy in-year adjustment mechanisms, and retention of the zero-rate authorisation with extension of 0% rating for PSWT, with clear routes to reduced or zero rates where appropriate. Real-time engagement for self-employed taxpayers The suggested requirement for self-employed taxpayers to engage with Revenue on projected taxable income represents a significant new burden. It effectively moves taxpayers from annual return obligations towards real-time disclosure of income and deductible expenses, increasing advisory costs and compressing compliance timelines. In practice, this would advance the timing of tax funding relative to current preliminary tax and filing/payment dates, with attendant cash-flow and administrative consequences. Any such change should be carefully justified, piloted, underpinned by an awareness that the key tax payment and preliminary tax deadlines are not changing, and proportionate tolerance for forecasting variance. Timing, preliminary tax, and double-funding risk Differences between invoice and payment dates (accrual versus receipts) can distort liabilities where near real-time data drives withholding, rate-setting, or return compilation. Without clear rules, taxpayers may face double-funding—continuing preliminary tax payments while also bearing ongoing withholding which may be allocated by Revenue to a tax period which does not align with the reporting of the taxable income for example. Already in RCT refund applications queries from Revenue about this misalignment leads to delays in receiving refunds of RCT withheld. We have a concern that if the data is also used to determine rates of withholding there may be risks of cash flow issues, and additional time inputs required by individuals on a much more frequent basis than current income tax reporting requires. The interaction between eWHT, preliminary tax, and refund/set-off mechanisms should be transparent, with timely engagement from Revenue, with safeguards and

guidance to caseworkers to prevent to ensure timely reconciliation. Status and penalty framework The existing RCT penalty framework is widely regarded as disproportionate; any modernisation should recalibrate penalties to be significantly reduced, targeted, proportionate, and focused on wilful non-compliance. There should be clear reasonable-care defences and an ability for example to reconcile and encourage proactive self-correction and voluntary compliance with reduced penalties. An example of this would be the reporting of unreported payments within a set period of time, without a risk of significant financial/penalty exposure, which exists under the current rules. This would align it to other taxes whereby there is a self-correction without penalty mechanism available under the Code of Practice for Compliance Interventions. Legacy pain points and service standards Persistent issues such as the speed of RCT 0% rate determinations and refund processing are central to cash-flow outcomes for service providers who suffer deductions of withholding. In particular, bottlenecks for non-resident companies who are not ultimately liable to Irish taxes on their income is a cause of significant frustration for service providers subject to RCT and PSWT. As Revenue continues to require taxpayers to invest in new technology and systems, it is only fair that system modernisation should deliver faster application processing, free of bottlenecks, with clear and predictable timelines for processing. Interactions with VAT, EU initiatives, and platform reporting While Revenue and Department of Finance are working currently on modernisation of the VAT system in coordination with EU initiatives such as ViDA (including e-invoicing and real-time reporting proposals) is critical to recognise that the systems of invoicing and of payment are quite distinct from a finance system perspective and the timings are not necessarily aligned. Given that businesses will be moving to e-invoicing and real-time reporting for VAT, Revenue will have access to a significant amount of data across all payment types. This arguably allows Revenue to engage with taxpayers proactively regarding any compliance concerns and perhaps reduces the imperative for eWithholding regimes as a result. But equally there should be consideration for the significant business process and systems changes taxpayers are facing in relation to VAT modernisation, as well as Pillar Two / other reporting requirements which may be relevant. As such, any changes to eWithholding should be proportionate and sequenced so that Ireland does not implement divergent or additional obligations which are not aligned with other countries. Legislative alignment and contract notifications The proposed retention of contract notifications only for Construction Operations, while removing them for other Relevant Operations, would create procedural divergence that does not align with existing legislation. This may also create systems challenges for designers of APIs. Any redesign of RCT legislation should maintain coherent, consistent legislation-consistent processes across operation types so if contract notifications are removed for Meat Processing and Forestry Operations, the requirement should also be removed for Construction. Competitiveness and

investment climate Ireland's eWHT design will influence competitiveness and investment appetite from international service providers, including in key sectors such as construction, infrastructure and green energy. While appreciating the goal is to ensure that Revenue collects appropriate taxation from all taxpayers, excessive withholding, inflexible systems requirements, and issues with getting to 0% rate, and challenges securing refunds on a timely basis will deter investment and constrain activities by specialist providers required in Ireland. Creating a system which goes far beyond any other EU country in terms of withholding remit and rate will very likely discourage foreign providers. Both manual and automation options required The information contained on Revenue's site regarding eWHT very much indicates a plan for the eWHT to be fully integrated into business systems. This may not be realistic and currently a majority of taxpayers in scope of the taxes do not use business integrations to make payment notifications on ROS. To realise the intended benefits while avoiding unintended substantial cost or penalty risk, it would be necessary to undertake initial feasibility consultations with both taxpayers and systems developers, as well as published service standards, pragmatic options for low-capability environments and foreign suppliers who will not be using systems optimised for Irish taxes. Comprehensive consultation is needed on both non-integrated and system-integrated filing paths, including recognition of agent and adviser roles, contingency arrangements, with explicit recognition and assurance that taxpayers unable to integrate into a business system will not be disadvantaged or put at risk of penalty.

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?

PwC is strongly opposed to expansion of withholding taxes in this context. Ireland operates a system of voluntary tax compliance for businesses and sole traders. Tax receipts are strong and there is strong voluntary compliance with tax obligations by businesses and taxpayers in Ireland. It is also a challenging business environment with costs of business persistently high and uncertainty in global outlook. We do not believe that it is warranted to expand obligations for withholding to further groupings beyond the current operation of the taxes already in place. This would be to effectively place further burdens on businesses already grappling with significant regulatory, tax and other burdens in a challenging business environment, and impose further cash flow impacts on businesses and taxpayers. It would effectively shift the burden of tax collection from Revenue to payers, while significantly accelerating the payment deadline compared with the legislative preliminary tax, pay-and-file deadlines. This is not proportionate in an environment of strong tax

compliance and stated governmental priorities of simplification and of unlocking bottlenecks including in infrastructure, housing, transport and other key investment priorities.

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?

We would be strongly opposed to any expansion in terms of the definition of "Accountable Persons" obliged to operate the tax. We would welcome a review with a view to limiting the types of payments in scope of PSWT, in particular, payments to non-resident service providers where no work is undertaken in Ireland, and consideration of excluding pure reimbursements. It may also be appropriate to consider de minimis thresholds to avoid disproportionate compliance costs for low-value payments.

10. Please indicate if you currently operate:

Professional Services Withholding Tax (PSWT)

Relevant Contracts Tax (RCT)

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

See our responses to question 9 above.

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.

See letter submitted alongside this response for our comments on Platform workers.

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 responses to question 9 above.

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

See our responses to question 9 above.

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?

See our responses to question 9 above. Additionally, it would not be appropriate to integrate eWHT relating to non-employed individuals or companies into a payroll system, given that payroll tax obligations arise specifically in respect of employments only. Payroll systems are designed to remit payroll taxes including social security and pension contributions. There needs to be a clear distinction in any eWithholding modernisation between employment taxes/ payroll systems and systems for reporting of non-employed individuals. There are many other rights and responsibilities associated with employment law and Revenue needs to be mindful of recognising a distinction between employment and other types of engagement.

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

See our responses to question 9 above.

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

The main challenges lie in systems integration and change management, as well as reliability of technology. We are aware of some clients which previously had APIs which were supposed to directly file RCT payment notifications and other compliance steps for RCT, but the clients ultimately did not use the functionality because of concerns after a period of use that the systems did not work consistently to guarantee filings were correctly made in all cases. In some cases, there were errors coming up which required manually logging into ROS to make notifications, which undermines the value of the automation and leads to risk of compliance steps being missed. Given the penalties associated with RCT non-compliance, our clients continue to rely on manual processes. Many DWs operate complex ERPs with multiple payment channels, shared services, and legacy customisations, while

others rely on bespoke tools, have no finance system, or use systems configured for non-Irish requirements. Introducing a real-time, secure system-to-system layer - covering identity and access controls, data mapping, duplicate-prevention, and resilience to delays or interruptions, will require careful design and vendor coordination. Business processes will need to adapt to "notify before pay," with new controls for unresolved or late deduction authorisations. Finally, DWs will need to align bank remittance processes to ensure withheld amounts are segregated and paid to Revenue by the 23rd, with clear contingency procedures for outages. Where clients prefer their advisors to assist operationally, Revenue should confirm that advisor access and mediated operating models are supported on a durable basis.

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?

PwC is a large employer and works with clients across all industry sectors, from small employers to large ones. As noted in our response to Question 17, payroll software and PAYE should be regarded as distinct and separate from eWHT.

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

Professional Services Withholding Tax (PSWT)

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

PwC is subject to PSWT on payments it receives for professional services from Accountable Persons. Many of our clients are also in scope of RCT, PSWT or both, as

service providers to parties required to operate these taxes. For our clients who are SPs,

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

There is significant frustration experienced where withholding is materially higher than SP's expected liabilities, where errors in deduction authorisations are difficult to correct promptly, and where refunds are slow. For non-resident or newly establish

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

See our responses to question 9 above.

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?

For many corporate and partnership SPs, current withholding rates do not match ultimate liabilities. A lower withholding rate for entities - particularly retaining the 0% rate- and reducing overall withholding levels would better align deductions with exp

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?

See our comments above in answer 9.

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 our comments above in answer 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 our comments above in answer 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?

See our comments above in answer 9.

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

See our comments above in answer 9.

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

For PSWT accountable persons and RCT principals who are both DWs, a unified process should bring some limited benefits in terms of the ability to potentially reduce duplicated controls or bifurcated processes. However, challenges and manual intervention w

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

We require further details on the proposed scheme before we can comment on this.

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

We require further details on the proposed scheme before we can comment on this.

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)

The outcomes with highest value would be reductions in rates of withholding, retention and improvement of 0% rate status availability, reduction of other withholding rates e.g. expansion of the 0% rate to PSWT, and reduction of other RCT withholding rates. Additional priorities are simplification of non-resident requirements, removal of Revenue working practice of requesting that companies be in existence for 3 tax years prior to 0% rate being granted (which is not aligned with legislation), and greater certainty in tax affairs, business systems, and reduced administrative workload. It is imperative that the systems are designed in a manner which permits this.

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

Clear guidance and engagement with both software providers but also crucially with taxpayers expected to operate the system. Revenue should not rely on the software providers or advisors to educate taxpayers on crucial changes to eWHT systems. Revenue has a responsibility and a reach beyond that of either software providers or advisors and must take responsibility for this process and the change management involved. There needs also to be a comprehensive testing environment made available to both software providers within Revenue's consultation group and others not part of it, and taxpayers themselves for any bespoke inhouse systems testing. This system cannot be introduced without appropriate lead times, and it is unlikely that a phased approach would work as it will lead to a mismatch in reporting. Revenue needs to allocate appropriate resources to consultation, implement appropriate guidance and education materials. Targeted training and awareness sessions for both business users, advisors and developers is also key. Mailshots and web guidance are helpful complements but not substitutes for technical immersion and responsive 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?

See our comments above in answer 9.