

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:

Construction

Professional services

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?

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

The IT system amendments required to facilitate eWHT and lack of guidance on the support, directions and timings of any such implementation by Revenue. Removal of the 0% RCT withholding tax rate, being replaced with a flat deduction rate. This will cause major cash flow issues for large infrastructure projects and increase the costs overall for business engaging principal contractors.

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?

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?

I believe further review of the application of PSWT needs to be completed as well as further guidance on some of the grey areas

9. Please indicate if you currently operate:

Professional Services Withholding Tax (PSWT)

Relevant Contracts Tax (RCT)

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

Application of PSWT and RCT is embedded in business operations and current process do not give rise to any difficulties

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.

N/A

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

Removal of the 0% RCT withholding tax rate, being replaced with a flat deduction rate will cause major cash flow issues for large infrastructure projects and increase the costs overall for business engaging principal contractors.

13. 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 for PSWT is intended to ensure state and semi-state bodies are engaging tax compliant supplier - a payment is made on account. The RCT regime is intended to ensure tax is collected from sub-contractors where their

tax affairs may not be fully in order. The 0% applies where a taxpayer had their tax affairs fully in order.

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?

I think this process will be costly and time consuming in getting system in place / changes in process to ensure compliance with eWHT processes

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

There may be opportunities to simplify the process but I believe the overall cash flow implications and costs associated with the removal of the 0% deduction rate will outweigh any potential opportunities.

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

I think this process will be costly and time consuming in getting system in place / changes in process to ensure compliance with eWHT processes

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

250

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

Oracle is used as the finance system and payment file templates have been built for PSWT and RCT

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

Yes, but payroll processing is outsourced to a 3rd party provider

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?

The withholding tax model for PSWT is intended to ensure state and semi-state bodies are engaging tax compliant supplier - a payment is made on account. The RCT regime is intended to ensure tax is collected from sub-contractors where their tax affairs may not be fully in order. The 0% applies where a taxpayer had their tax affairs fully in order.

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?

System changes and training/development of staff

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

Expect complexity in business processes and increased costs as a result of system changes

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

18-24 months +

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

The business could adapt where there is clear guidance from Revenue on new processes, system needs are understood and reasonable timeframe granted to allow businesses to implement changes

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)

Increased accuracy of information submitted to Revenue

Better visibility and control of information held by Revenue

Seamless integration of taxation with your business systems

34. 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

Clear guidance for software providers and a testing environment

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?

