

1. Who are you:

Individual/Business

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

Specified Person (SP)

3. Please tick the sectors that apply to you:

Legal

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?

Nothing in the model makes sense for a self employed person with a low volume of transactions on an annual basis where they have a mixed business model in the sense that they issue invoices subject to WHT and not subject to WHT.

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

This proposal will add significant additional administrative burden and costs (professional fees to tax advisors and accountants) to self employed people. Many self employed professionals including Barristers do not use automated accounting systems with API's etc. Many maintain all legally required records in full compliance with the law on spreadsheets as their annual volume of invoices and expenses do not require an automated system or eInvoicing. These proposals will significantly add to regulatory burden and significant incremental compliance costs. They are predicated on the assumption that all relevant tax payors have automated accounting systems. Last time I looked the requirement to maintain books and records did not mandate the use of ERP type systems for compliant tax payors.

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?

This is overreach and the assumption that Revenue will automatically calculate the appropriate withholding tax rate based on some algorithm - which can only be based on historic data is an illusion. Self employed people tend to have significant variability in earnings from year to year. If the prior year tax return has really strong or weak earnings then the current year withholding tax estimate may be wildly incorrect. No doubt the tax payer will then have to spend additional time and effort trying to get Revenue to correct their estimate - incurring time and cost with tax advisors.

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?

No view

9. Please indicate if you currently operate:

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

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.

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

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

- 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?**
- 15. In your view, what opportunities could embedding eWHT within natural business systems create for your business or the wider industry?**
- 16. What challenges do you think your business might face in adopting this embedded within natural systems approach?**
- 17. What is the estimated number of payments that you make to SPs each month?**
- 18. Do you currently use software for processing payments and or managing the finances of your business? If so, what packages do you use?**
- 19. Are you an employer for PAYE? If so, which software package do you use to report payroll taxes to Revenue?**
- 20. Please indicate if you currently receive payments which are subject to deduction of:**
- Professional Services Withholding Tax (PSWT)
- Relevant Contracts Tax (RCT)
- 21. Where you are currently subject to PSWT and/or RCT, how does the current application of withholding taxes impact on your business operations?**

Yes - you don't know in advance how much of your revenue will be subject to withholding tax but you will pay preliminary tax based on 100% of your tax in the prior

year. This can lead to significant overpayments of tax a year in advance of the liability crystallizing.

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

Current system is ok - expanding it as proposed will cause real hardship over the first 3 to 4 years of implementation/transition and will increase administrative burden and cost on self employed people.

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

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?

not applicable

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?

There are no benefits.

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?

Your explanation is too simplistic and lacks understanding of certain types of self employed people. You will still look for preliminary tax and I can see a situation where in the transition the cash flow implication could be severe for a tax payer. You will no doubt provide mechanisms for tax payers to make their case and this too will add significant onus, time and professional advisor costs on to the tax payor. Also the assumption that all tax payors have automated systems is not correct. Finally the withholding rate calculated by Revenue can only be supported by historic data

and thus wrong by definition. My experience of Revenue is that when it comes to estimates it is always favourable to revenue and not to the tax payor.

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?

Why would I want to increase my administrative burden in terms of my time and tax advisor costs to supply the information? There is no benefit to me.

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

I currently operate based on excel spreadsheets and manual invoices (due to relatively low volume of annual transactions). Often due to the nature of my business I do not get paid what I expect and sometimes I do not get paid at all. Your proposal will require me to move to more automated systems. There will be significant costs in time and money to implement new systems and the ongoing administrative burden will increase.

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

None due to the nature of my services.

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

4 years - with a cash grant from the State for the implementation costs.

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

I am not confident that this will be possible. Also you have not provided enough detail on implementation at this point in time.

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)

none

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

Cash grants from the State for implementation costs and double tax relief/credits on ongoing incremental costs due to these changes imposed by Revenue.

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?

The premise of the question is incorrect. There are no benefits to my business from this proposal as you are well aware - so rephrase the question. This is being done purely with a view to accelerating tax collections - so lets at least be honest about the purpose.

