

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:

Digital

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

Very positive - I strongly support the proposed direction

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

What appeals most is the cash flow predictability. In a digital downloads business like what I used to have, there are 'launch periods' where sales sometimes spike and 'quiet periods.' Paying tax as I earn prevents me from accidentally spending money during a big launch that actually belongs to the tax office. It ensures that if any profit I see in my bank account is 'safe' to reinvest back into my store or new product designs.

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

I have a small download-shop on Etsy, I can only think of three major concerns about how 'automatic withholding' will interact with the platform's unique ecosystem: 1. The 'Gross vs. Net' Discrepancy (Etsy Fees): Etsy deducts listing fees, transaction fees (6.5%), and payment processing fees (often 3% + \$0.25) before I receive my payout. My concern is: Will tax be withheld based on the customer's purchase price or my actual profit? If the system withholds tax on the 'Gross' amount, I will be overpaying by 10%-20% because I'm being taxed on money that went straight to Etsy, not to my bank account. 2. Offsite Ads & Marketing Costs: While I never use ads, I know Etsy often automatically deducts 'Offsite Ad' fees (up to 15%) from any shop's

balance. This means a single sale can have a very thin profit margin. If a new withholding tax is layered on top of these automated fees without factoring in costs, it could lead to 'cash flow strangulation' where operational costs and taxes combined leave the seller with zero liquid capital to reinvest in new designs. 3. Handling Digital Refunds & Cancellations: In the digital downloads world, refunds and cancellations happen. If Etsy has already sent a portion of that sale to the tax office via withholding, how is that money returned to me when a refund is processed? I am worried about a 'Refund Lag' where I have to pay the customer back 100% of their money, but the tax portion is stuck in the system for months, creating a hole in my business budget.

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?

Generally, I am supportive of this expansion, provided it is seamless and accurate. My feelings can be summarized into three points: 1. It levels the playing field: Expanding this to platforms like Etsy ensures that the 'digital economy' is treated with the same seriousness as traditional businesses. It helps professionalize the sector and ensures that all sellers are contributing fairly, which is good for the long-term reputation of online marketplaces. 2. It reduces 'Compliance Anxiety': For a small business owner, the most stressful part of the year is calculating and saving for tax. If a 'suitable withholder' (the platform) handles this automatically, it removes a massive administrative burden from my plate. It allows me to spend more time on product design and SEO and less time on manual bookkeeping. 3. The 'Suitable Withholder' must be tech-ready: My support is conditional on the platform being able to handle the complexity. Etsy already manages sales tax and VAT globally; adding income tax withholding only works if it doesn't create new 'glitches' or delays in payouts. I feel positive about the expansion as long as it truly remains 'automatic' and doesn't require me to manually verify every single transaction.

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?

My view is that the targeting of PSWT needs to be extremely clear to avoid accidentally penalising small digital creators and sellers. I have these ideas: 1. Distinguish between 'Services' and 'Digital Products': As an Etsy seller, I used to

provide digital products (downloads). These are often pre-made assets, not a bespoke 'professional service' like legal advice or auditing. The review should ensure that automated digital sales and digital goods remain exempt from PSWT. If a state body buys a pre-made digital asset from a creator, it should be a straightforward transaction, not subject to a 20% withholding tax meant for consultants. 2.

Modernise the Definition of 'Professional Services': The current list of services (medical, legal, etc.) is very traditional. If you expand this to 'marketing' or 'creative services,' you must have a minimum payment threshold. For a small creator or illustrator, having 20% withheld on a small £100 invoice for a graphic or design asset is a significant hit to their weekly cash flow. PSWT should stay targeted at higher-value professional contracts, not small-scale creative work. 3. **Accuracy in Coding:** Currently, there can be confusion about whether a 'creative' job is a 'service' or a 'product.' Any review should simplify the categories so that businesses like mine don't get 'misclassified' by state bodies. We need a system where it is clear and undeniable that a digital download is a product, not a professional consultancy service.

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

While my digital download business on Etsy is not currently subject to PSWT or RCT, I can clearly identify how applying these types of withholding taxes would negatively impact my operations: 1. Severe Cash Flow Compression: In a digital business, I have high upfront costs for software, design tools, and marketing. If 20% (the current PSWT rate) were withheld from my gross sales, it would drastically reduce my 'working capital.' Because Etsy already takes its own fees (approx. 15-20%), having an additional 20% withheld would mean nearly 40% of my revenue is gone before I

even pay for my basic business expenses. This leaves very little room to reinvest in the growth of the shop. 2. The 'Micro-Transaction' Admin Burden: My business relies on a high volume of small-value sales (e.g., 5-10 downloads). Currently, I don't have to 'reconcile' every single sale for tax purposes until the end of the year. If withholding were applied to every transaction, the administrative effort to track, verify, and claim credits for thousands of 'micro-withholdings' would be a massive time-sink that takes me away from revenue-generating work. 3. Opportunity Cost of 'Dead Money': Any money withheld by the state is 'dead money' that isn't working for my business. For a growing digital shop, having a few thousand Euros sitting in a tax credit account for 12 months instead of being spent on SEO or new product lines slows down my ability to scale. The current 'impact' of withholding systems is that they treat a small entrepreneur's growth capital as a pre-payment, which can be the difference between a shop succeeding or stalling."

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

As an SP in the digital platform economy, my view is that the current RCT and PSWT models need significant 're-tooling' to be fit for purpose in a modern e-commerce environment: 1. Moving away from Flat Rates is Essential: The traditional PSWT flat rate of 20% is often far too high for a digital product business. Our margins are tightly squeezed by platform fees (Etsy's 6.5% transaction fee + processing fees + advertising). A flat 20% deduction on gross revenue could easily exceed our actual net profit, effectively making the business unsustainable. I strongly support the move toward a Personalised Deduction Rate (PDR), as long as that rate is calculated based on Net Payouts rather than Gross Sales. 2. Avoid the 'Construction' Logic of RCT: RCT (Relevant Contracts Tax) was designed for industries like construction with heavy subcontracting. Digital downloads are a 'one-to-many' sales model, not a contract-based service. My view is that any expansion should ensure that automated digital product sales are not misclassified as 'relevant contracts.' The system needs to be sophisticated enough to distinguish between a service provider (a consultant) and a digital retailer (an Etsy seller). 3. Real-Time Accuracy over Reconciliation: The biggest issue with the traditional application of these taxes is the lag between payment and credit. As an SP, I view the proposed 'Real-Time' communication between the platform and Revenue as a major potential benefit. If it works, it means my tax is always 'current,' and I don't have to wait 12-18 months to reclaim overpaid tax. However, the system must be robust enough to handle the thousands of micro-transactions that characterize a successful Etsy shop without creating data errors.

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?

In my view, the current flat rates do not accurately reflect the actual tax liability for a digital business. My thoughts, correct me if I'm wrong: 1. The Gap Between 20% and 12.5%: The standard PSWT rate is 20%. However, the standard Corporation Tax rate for trading income in Ireland is only 12.5%. This means that for every sale, the government is essentially over-collecting by 7.5%. For a high-volume Etsy shop, this adds up to a large amount of my profit being 'held' by Revenue throughout the year, which I then have to wait to claim back. 2. Withholding on Expenses, not Profit: Current withholding rates apply to the total invoice amount (Gross). But a business only pays tax on its profit (Net). Because Etsy sellers have significant costs—like platform fees, advertising, and software—our actual taxable profit is much lower than our total sales. Withholding 20% of the total sale often results in withholding nearly 50% or more of the actual profit, which is far beyond our true tax liability. 3. Cash Flow 'Bottleneck': Because the rates are too high, money that should be used to pay for inventory or marketing is sitting with the tax office instead. While I eventually get a credit or refund, the 'lag' in getting that money back slows down my ability to grow my business in real-time.

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?

I believe this could be highly beneficial, but its success depends entirely on how well it integrates with the platforms I already use. Here are the three main benefits I see: 1. Focus on Growth, Not Bookkeeping: As a digital creator, my competitive advantage is my ability to produce content and products. Currently, I have to spend several hours a month 'setting aside' money and tracking tax liabilities. If this is embedded into my Etsy payouts, it frees up that time. I can focus 100% on SEO and product development, which actually grows my business and increases the tax revenue I generate. 2. Eliminating the 'Tax Debt' Stress: One of the biggest risks for a small digital business is accidentally spending the 'tax portion' of a big sales month on new equipment or marketing. Embedding tax into the payment process removes this risk. It gives me peace of mind knowing that the money hitting my bank account is 'clean' profit that I can safely reinvest without worrying about a surprise bill later.

3. Moving Toward a 'PAYE-Style' Experience for the Self-Employed: The traditional self-assessment system feels outdated compared to the rest of the digital world. Embedding tax makes the process feel as seamless as a regular job. If the system is smart enough to handle the math automatically, it lowers the 'barrier to entry' for new creators and makes the Irish digital economy more attractive to start a business in.

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?

For an individual worker like me, I believe the impact of a Personalised Deduction Rate (PDR) will be a mix of better security and new cashflow challenges:

1. Predictable 'Take-Home' Pay: The biggest positive impact is that the money arriving in my bank account will be 'clean.' In a digital downloads business, sales can be very high one month and lower the next. PDR removes the stress of having to manually calculate how much of that 'big month' I need to save for a tax bill that isn't due for another year. It makes my personal financial planning much more stable.
2. The 'Profit vs. Revenue' Accuracy Problem: My main concern with PDR is how it handles my business expenses. Unlike a regular employee, I have to buy software, paying for Etsy ads, and design tools before I make a profit. If the PDR is only based on my previous year's income, it might be too high if I have a year with high reinvestment costs. For PDR to work, there must be an easy, real-time way for me to update the system when my expenses go up, so the tax taken stays fair.
3. Ending the 'Tax Debt' Cycle: Currently, many self-employed people struggle with 'Preliminary Tax' (paying for next year's tax in advance). PDR effectively replaces this with a 'pay-as-you-earn' model. This is a massive improvement for financial management because it prevents the 'double-tax' hit that often happens in the second year of a new business. It keeps my cashflow steady rather than having one massive payout in October.

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?

Yes, I believe this would have a very positive effect on my year-end obligations, provided the technology is accurate. Here is why:

1. It eliminates the 'Double Payment' shock: Under the current system, in a good growth year, I have to pay the

balance of last year's tax plus 100% of that amount again as 'Preliminary Tax' for next year. This 'double hit' in October can be a huge drain on my shop's cash. With PDR, my Preliminary Tax is paid in small slices every time I make a sale. By the time October comes, I will have already paid most of what I owe, making the year-end much less stressful. 2. Much simpler tax returns: If Revenue and Etsy are 'talking' to each other in real-time, most of my income data will already be in the system. This should make my annual Form 11 return much faster to file. Instead of spending days reconciling every single Etsy payout, I can simply verify the numbers that Revenue has already captured through the withholding process. 3. No more 'Guesswork' and Interest Charges: Preliminary tax is currently an estimate. If I guess too low, I face interest charges. If I guess too high, my money is stuck with Revenue. The PDR system removes the 'guessing' because it calculates the tax based on my actual earnings as they happen. It gives me much more certainty that I am compliant and 'square' with the tax office all year round.

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?

I am very likely to report my expenses, and here is the main reason why: Accuracy for a business with losses. Currently, my digital business has more expenses than income (trading at a loss). If I don't report these losses to Revenue, the 'automatic' system might see a sale on Etsy and assume it's all profit, taking tax that I don't actually owe. My views on reporting: Protecting my cash: Since I'm not in a profit position yet, it's vital that my PDR (Personalised Deduction Rate) is set to 0%. I would report my expenses regularly to make sure the system knows I have losses to offset so that no tax is withheld from my payouts. Simple is better: I am much more likely to report if it's a simple monthly summary. I don't want to spend hours on data entry. If I can just show the system my total 'Etsy Fees' and 'Marketing Costs' for the month, I'll do it. Automatic updates: If I report a loss, I would expect the system to update my tax rate immediately. This would save me from having to pay tax now and wait until the end of the year to get a refund for a business that wasn't even profitable yet.

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

To be honest, the administrative burden of staying compliant is one of the reasons I am moving on from my digital business. However, if I were to continue under this new regime, my idea of changes required would be: Moving to Real-Time Bookkeeping: I would have to stop 'end-of-year' accounting and move to a weekly or

monthly cycle. This is the only way to ensure my business losses are reported in time to prevent the system from wrongly withholding tax on my Etsy sales. Investing in Better Tech: I would need to find and pay for software that connects Etsy directly to Revenue. For a small shop, this is an extra cost and a technical hurdle that needs to be simplified. Total Mindset Shift on Cash Flow: I would have to adjust to seeing a 'lower' payout from Etsy, knowing it's already taxed. While this helps with planning, it makes the initial 'start-up' phase of a business much harder because every cent of revenue is needed to cover costs when you are still running at a loss.

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

While I am currently closing my business, I can see where this regime would have provided significant benefits to my daily operations and costs had it been available earlier: 1. Reduced 'Administrative Stress' (Process): The biggest benefit would be the reduction in 'mental load.' In a digital downloads business, you are often managing hundreds of small transactions. Having the tax handled automatically at the point of sale means I wouldn't have to spend my weekends reconciling spreadsheets or worrying if I've saved enough for my tax bill. It turns a complex annual task into a quiet, background process. 2. Better Cash Flow Accuracy (Costs): Under the old system, it's easy to look at a high Etsy balance and think you are more profitable than you are. By embedding the tax into the payout, the money that actually hits my bank account is 'true' profit. This prevents over-spending and helps a business owner understand their real margins much faster. 3. Lower Professional Fees (Costs): If the system is truly 'smarter' and integrated with platforms, I would expect to spend less money on professional accounting services for basic compliance. If the data is captured accurately in real-time, the 'end-of-year' filing becomes a simple verification rather than a costly, deep-dive audit of a year's worth of digital sales. 4. Faster Reinvestment (Delivery): By using a Personalised Deduction Rate (PDR) that accounts for my business losses, I wouldn't have 'dead money' sitting with the tax office. For a digital service, that extra cash flow could be used immediately to buy better design software or more Etsy ads, which directly improves how fast I can deliver new products to my customers.

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

As I am currently in the process of closing my digital download business, my perspective on a 'reasonable timeframe' is based on what would be needed for an orderly transition or a final wind-down: 1. A 12-Month 'Parallel' Run: For any

business—especially one that is transitioning or closing—there should be at least one full tax year (January to December) of notice before the system becomes mandatory. This allows a business owner to finish their current accounting cycle under the old rules while preparing their final 'Statement of Affairs' without having to learn a brand-new technical system in the middle of closing down. 2. A 6-Month 'Tech Integration' Window: Small Etsy sellers don't have IT departments. A reasonable timeframe must include a minimum of 6 months after the platform (Etsy) has launched its official integration tool. We cannot 'adapt' until the software we use is actually ready. Asking us to adapt before the platforms have even built the buttons would be premature. 3. Grace Period for Final Returns: For businesses that are closing, there should be a 6-to-12 month grace period where we can choose to file our final returns under the traditional self-assessment model. Being forced to migrate to a 'real-time' withholding model in the final months of a business's life creates unnecessary complexity at a time when we are trying to simplify and settle our accounts.

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

As I am currently closing my business, I would rate my confidence as Low to Moderate, primarily due to the technical and financial hurdles that small digital creators face: 1. Dependence on Third-Party Tech (The Etsy Gap): My confidence is limited because I am entirely dependent on whether platforms like Etsy or Stripe build the necessary tools to talk to Revenue's APIs. If the platform doesn't automate the withholding and reporting, I would have to do it manually. For a solo creator, the time required to manually reconcile hundreds of digital micro-transactions would make the business operationally impossible. 2. The Cost of Compliance: To be 'confident' in adapting, I would need to invest in premium accounting software that supports real-time reporting. For a small shop already struggling with thin margins and platform fees, this extra monthly cost is a major deterrent. Without a 'free' or government-subsidized tool for micro-businesses, the barrier to entry is simply too high. 3. Complexity for Non-Profitable Businesses: I am not confident that the system can accurately handle a business that is trading at a loss. The 'Personalised Deduction Rate' (PDR) sounds good in theory, but if it takes months for the system to recognize my expenses and lower my tax rate, I would be overpaying tax I don't even owe. This lack of 'real-time fairness' is a significant concern for any entrepreneur starting out. Conclusion: While I believe the intent of the eWHT regime is positive, I am not confident that the current digital infrastructure for small, solo entrepreneurs is ready to support it without causing significant business closures.

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)

Reduced administrative workload

Increased accuracy of information submitted to 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?

As I move toward closing my business, I want to formally acknowledge and express my gratitude for the efficiency Revenue has shown in handling my current tax position. Why this matters for the new eWHT system: Prompt Refunds are a Lifeline: In my experience, when I have reported business losses, Revenue has been remarkably prompt in processing my offsets and refunds. For a small digital creator, this speed is the difference between being able to pay a final supplier or falling into debt. And this is why I'm closing my business, I don't want to further strain Revenue with my losses and refunds, learned my trade anyway. A Model for the PDR: I am grateful for the current system's responsiveness. My hope is that the new Personalised Deduction Rate (PDR) will inherit this exact same culture of 'speed.' If the new system can process credits and refunds as quickly as the current manual review system does, it will go a long way in building trust with the creator community. The 'Human' Element: Even as we move toward an automated, digital system (eWHT), the promptness I have experienced gives me confidence that Revenue understands the cash-flow pressures of a small shop. I hope this efficiency remains a core principle of the new regime.

