

1. Who are you:

Tax professional

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

Both DW & SP (for tax professionals, representative bodies, RCT middle principals)

3. Please tick the sectors that apply to you:

Engineering

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

Somewhat positive - I think it's a good idea overall

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

There is a process now in place to modernise a system which currently feels far broader in its scope than is needed. The modernisation proposals are a welcomed step in moving forward to a more tailored system. The concept of the "personalised" withholding rates is most welcome.

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

The proposed system seeks to expand the nature of the payments covered by the system. This needs to be done in accordance with ensuring that the "personalised" withholding tax rate is effective and does not extend the administrative burden for companies operating in Ireland. At the moment we are in a position of incurring costs and having an admin burden in dealing with this when we do not have a CT liability in Ireland, meaning that there is a cash flow cost and a process whereby reclaims have to be made. This also creates an unnecessary admin burden for the tax office. If, and I think that it is a big if, the "personalised" withholding rate is not zero there remains an administrative and compliance burden and a cash flow cost that should not exist

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?

Dangerous. There is a significant risk that this will draw into the regime more non-resident entities that are then having to go through a reclaim process where none previous existed. It will be necessary to ensure that the process for issuing the "personalised" WHT rate is robust so that there are accurate determinations.

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?

Yes. At the moment we suffer WHT despite having no CT liability. This needs to be resolved for reducing the admin burden for both the tax office and us as the recipient. The requirement to deduct PSWT is too broadly drawn

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?

It is an over-aggressive system catching taxes that are not due and creating unnecessary admin burdens for both the tax office and non-resident entities operating in Ireland.

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?

See 13 above

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

It is applied to payments to entities providing services to government and semi-government organisations and is intended to ensure that there is a payment of CT from entities awarded such contracts

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?

N/A

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

N/A

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

N/A

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

0

18. 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

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

N/A

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?

We very rarely have payments that are subject to RCT and therefore will limit my comments to PSWT. The PSWT system means that as a non-resident entity receiving payments provided by a third party in Ireland we are subject to a process of making reclaims of the PSWT thus placing an administrative burden on us and a cash flow cost.

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

The PSWT is too broad in its regime and needs to be focused into those situations where there is a real loss of tax. At the moment, whilst capturing those circumstances it catches situations where there is no such risk and merely creates an administrative burden for the taxpayer, the tax office and the recipient of the payment

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

It is applied to payments to entities providing services to government and semi-government organisations and is intended to ensure that there is a payment of CT from entities awarded such contracts

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?

No. We have no tax liability in Ireland

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?

If it works correctly and removes the admin burdens and cash flow costs it would be welcome

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?

N/A

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?

No because we should not have any. The current regime creates unnecessary filing 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?

None

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

None. We expect that the chances are that the current processes will need to remain

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

None

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

N/A

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

N/A

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

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

None

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?

