

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:

Construction

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

Neutral/undecided - I need to know more before forming a view

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

A more accurate rate of tax deduction applied to payments as opposed to one of three flat rates. Less money being tied up sitting in a Revenue account when it's needed for cash flow.

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

There's lack of clarity whether this rate is going to be applied to everyone construction sub-contractor. Initially it was the first 3 years, which I have finished this period, and then you go to 0% rate. Is this changing now again? I've had a lot of issues with Revenue re-imbursing me the full balance of what is due to me. This is time consuming, having to reconcile accounts, contact Revenue via an online system which could takes weeks for a response. Then to still not get all your money back. This new change suggests Revenue are faultless in operation when that has not been my experience. It's struggle enough trying to keep financially afloat week to week without deductions being taken from your payments.

- 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?**

I don't agree with this. There will be too much area for mistakes and money being lost. Not enough of people have experience with the current system let alone a new one. Why can't Revenue make this system more enticing for subcontractors? As in the payment and contract notifications made by Principal contractors are more legally binding for the subcontractor therefore issues with payments being received would be minimized.

- 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

- 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:**
- 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?**

Currently it doesn't impact it as we are at a 0% rate, however, this is only our second year at this rate. Prior to that we had 20% deducted from every payment which left it impossible for us to expand our business. I still feel like we are behind in business because of the lack of cashflow the RCT deduction created. It meant not having repayment capacity for banks to finance loans and it left a big stress and burden

trying to ensure bills were being paid despite us not having access to our own money - which subsequently ended up getting re-imbursed the following year as the tax liability owed for a new business was never 20%. So the RCT deduction in my opinion was a big ball and chain to carry.

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

I don't inherently disagree with the application of RCT but I think a "one cap fits all" approach has been a huge disadvantage to me and my business therefore I think a lot of damage has already been caused to a lot of sub-contractors. So my personal view is not be positive or pro RCT

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?

Absolutely not. As already stated, nearly all start-ups spend the first 5 years trying to break even. Our deduction rate was set at 20% for 3 full years and even after the first 2 years of showing Revenue what the tax liability was in comparison to what was being withheld as well as the expansion limitations we were facing, when I asked for the rate to be reviewed sooner I was told no.

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 think if anyone who is self employed, cannot manage their finances so that they are capable of paying their tax liability at the end of the year then they shouldn't be allowed to register or trade in this manner. It's trying to apply a tax payment system to business owners in the same capacity as PAYE which as a self-employed person, being a PAYE worker is not what I want. What I also find baffling is the fact that this system only applies to certain people and industries - therefore blatantly saying, if you are for example a self employed construction worker then you are not trustworthy of paying taxes so we are applying this rule to you. In my book that's prejudice and also discrimination from progressing in 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?**

The same as in a partnership. Any deductions removes one of the perks and advantages of being self employed therefore pushing people back into a PAYE role.

- 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

- 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?**

Upskilling on the new system

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

I don't see how the system will have any benefit to my business. I've had Principal Contractors deduct 20% RCT from our payment and yet they have declared a smaller gross payment to revenue and therefore paid a smaller RCT to Revenue leaving us out of pocket. There is constant battles within the industry so allowing any business to have this power is a disaster.

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

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

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

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

Helpdesk or dedicated Revenue contact

Industry/professional body support

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?

