

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

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?

Replacing the rates with a flat rate will reduce the administrative burden. The payment notification (PN) per invoice requirement is time consuming and adds a significant administrative burden for the principal contractor. The fact that this determines the rate and that this can change adds complexity to our processes i.e. if a subcontractor is set up as 20% RCT withheld on our system and this then changes to 0% or 35% depending on the PN we must then update the ERP system. This involves a ticketing process which can be subject to delays and there is a risk that the previous rate will be applied to the net payment to the subcontractor

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

We would like to see further details on how the real time API will work and how it is planned to interface with our ERP system which is SAP

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?

N/A to our business

- 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?**

The timing around the recovery of this impacts cash flows of our business i.e. we are generally not in a position to submit the prior year corporation tax return until September of the following year and the current rules do not allow for offset against corporation tax or cash refund until the prior year return has been filed

- 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?**

The current application and process around RCT places a very heavy administrative burden on our business. We operate a distribution of Animal Health technology products to the Irish market. There are installers who assist us with installation of Sensehub boxes and this falls within the scope of RCT. RCT is primarily geared towards construction and certain other sectors. Pharma & Health were never really the key industries that RCT were aimed at. I know by the tax code we are obliged to register for and process RCT, but in the context of our business, it is a very small portion of it but it has placed a heavy burden on our teams to administer and remain compliant.

- 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?

The RCT interaction with VAT also causes compliance issues, Incorrectly operating VAT on RCT related services can create additional compliance issues which creates a very high compliance overhead with reverse charge errors on subcontractor invoices causing issues.

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

I understand the principle of the system in that it encourages tax compliance among sub-contractors. However, the current processing system places a heavy administrative burden on the Principal Contractor

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?

This would be very beneficial if it reduces the compliance overhead and administrative burden. However, we would like to have more details on how exactly this will work.

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

It would encourage greater tax compliance amongst subcontractors.

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

Our ERP system is set up to meet the requirements of an Animal Health pharmaceutical distributorship model. RCT is primarily geared towards construction and certain other sectors. Pharma & Health were never really the key industries that RCT were aimed at. We were obligated to register in respect of installation of Sensehub boxes, but it is a very small portion of our business so we are unsure how the new RCT system will become embedded within our system or how much work this will involve in setting it up.

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

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

SAP

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

CORE Payroll

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?

I understand the principle of the system in that it encourages tax compliance among sub-contractors. However, the current processing system places a heavy administrative burden on the Principal Contractor

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?

We would need to check if our ERP system has the appropriate functionality to embed the new API system

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

We would expect the new regime to reduce the administrative time currently required to maintain RCT compliance

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

6 months - 1 year

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

We would need more information on the practicalities on how the system will work

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

Clear guidance for software providers and a testing environment

Mailshots and guidance on the Revenue website

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?

N/A

