

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:

Construction

Professional services

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?

Taxpayers are putting money aside for their tax bill during the year

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

The rate and amount of tax deducted may be excessive as Taxpayer may have future expenses or wish to plan for future expenses (e.g. take on new staff, expand product range..) which would be deductible and reduce overall tax bill. In other words Taxpayer (SP)'s cashflow will be affected negatively without good reason. From DW point of view, concerns over extra costs and administration

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?

Ok, see points 8 and 9 above. Particularly with start ups, I think the first preliminary tax payment due can be too far away from start date and give tax payer false sense

that they will not have to pay tax or at least disengage/disconnect them from this responsibility. This may somehow towards reminding them of this

- 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:**

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?**

We act on behalf of client and operate it for them. It is extra administration but we and client are familiar with it now

- 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.**

Not applicable

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

Extra costs in terms of software Extra administration costs

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

My understanding is to collect taxes early so that taxpayer year end burden is reduced. Also reminds them this responsibility is there.

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?

I am not sure how this will work. It may provide extra financial burden, extra time, extra pressure and stress. It also leaves a lot of responsibility to software and probably to a few key software providers in the marketplace.

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

Taxes paid early Possible ease of use...

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

Incorrect taxes paid Overpayment of taxes and cashflow difficulties Dependence on software accuracy and efficiency Dependence on internet

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

8

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

Yes - XERO, SAGE

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

Thesaurus

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?

In my opinion, helps to pay down annual tax bill

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

At moment know it is 20% if applicable for RCT and 20% PSWT. Concerned onerous rates may be applied going forward

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

My understanding is to collect taxes early so that taxpayer year end burden is reduced. Also reminds them this responsibility is there.

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?

At moment RCT is probably larger than overall tax liabilities

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?

Concern that software gets it correct More administrative burden Increase costs
Possible undue cashflow pressures - see previous comments

- 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?**

Could have negative impacts as outlined above and previous restricting cashflow for tax deductible expenditure during same tax period which could assist expansion and further employment

- 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?**

For some yes, as mentioned previously I think it is a good idea to bring forward some element of prelim tax payments for start ups

- 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?**

This brings more pressure on the one hand On other hand will make us keep up to date For micro enterprise who do all themselves this could be quite challenging

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

Review software in some instances Extra training

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

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

3 years

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

Very

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)

Greater certainty in relation to your tax affairs

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

Industry/professional body support

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?

