

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?

Somewhat negative - I have some concerns about aspects of the proposal

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

We welcome the plan to implement application programming interface (API) with our IT accounting systems to minimise the operation and administrative burden

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

The flat rate deduction for payments to a corporate, partnership or other entity that will replace the existing three rates of RCT 0%, 20% and 35%. Our view is that this will have a very material impact on cashflows of a construction project impacting project viability and supply chain procurement including foreign specialist suppliers and contractors required to deliver complex construction projects. We would strongly support the retention of the 0% rate for contractors with the appropriate compliance history.

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?

Assuming the API technology proposed minimises the additional administrative burden we don't have a particular issue with 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?**

Not applicable to our business

- 9. Please indicate if you currently operate:**

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 find the current application of RCT to work well. We have established relationships with contractors with strong compliance records so generally the 0% rate applies which is positive for the project cashflow for the contractor and their suppliers and subcontractors. The reverse charge mechanism for accounting for VAT is also positive for project cashflows and funding requirements. We do not find the current system of notifying payments on ROS and reverse charge accounting in our VAT returns an administrative burden.

- 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?**

As noted in question no.13 we find the current RCT system which can apply a 0% rate and reverse charge accounting for VAT to work well and the operation is not a significant administrative burden.

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

We understand that WHT is intended to spread tax liability and make tax compliance more efficient.

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 think the use of API technology would be useful and can reduce admin work.

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?

Ensure the existing software providers will provide this functionality so no new system is required.

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

It can vary depending on the number of projects, but currently it would be less than 5 per 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?

Accounts IQ

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?

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?

We understand that WHT is intended to spread tax liability and make tax compliance more efficient.

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?

Implementation any changes to WHT rates, VAT treatment and API system integration

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

Using API to complete returns

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

3 to 6 months but it would be dependent on our software provider having the API available and tested

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

Confident

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)

Maintain a 0% rate for contractors with appropriate tax compliance and maintain reverse charge accounting for VAT

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

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?

