

January 27, 2026

Dear Sir/Madam,

Re: Public Consultation on eWHT and the Relevant Contracts Tax (RCT) Regime

Evara welcomes the opportunity to make a submission in response to Revenue's public consultation on the proposed introduction of eWHT and the associated changes to the operation of Relevant Contracts Tax (RCT).

The construction industry has a unique perspective on both the benefits and risks associated with further digitisation of withholding mechanisms. As a significant participant in the construction sector, Evara has extensive experience operating within the RCT framework and engaging with a broad ecosystem of subcontractors and suppliers, both domestic and international.

Evara is the largest private residential developer in Ireland, delivering large-scale residential developments and affordable, high-quality homes for individuals, families, and communities across the State. As a result, Evara has substantial knowledge and experience across a wide range of RCT transactions, including the following:

- i) Evara manages Special Purpose Vehicles that engage third-party general contractors and therefore acts as a Principal Contractor in those circumstances;
- ii) Evara manages Special Purpose Vehicles that engage Evara Construction Company as the general contractor and therefore acts as both a Principal Contractor and a Subcontractor in those transactions; and
- iii) Evara Construction Company directly engages and pays subcontractors across various projects.

We acknowledge that the current operation of RCT is outdated and not fit for purpose in a modern, digital tax environment, and we welcome Revenue's intention to modernise the reporting and withholding process. However, we believe that the proposed changes raise a number of significant issues which merit careful consideration and the need for a comprehensive review of the RCT regime.

In our view, the introduction of eWHT represents an important opportunity to undertake a comprehensive review of the RCT regime as a whole, rather than limiting reform to the mechanics of reporting construction-related payments to Revenue. Without such a holistic review, there is a significant risk that challenges in the existing regime will be carried forward or amplified within the proposed digital framework. The following elements of the RCT system, in particular, require review;

1. Withholding tax rates

Evara is fully tax compliant and currently operates under a 0% RCT rate. Based on the consultation documentation issued by Revenue, it appears that the existing 0% rate may be eliminated.

Evara delivers a significant volume of housing for social and affordable housing schemes, where margins are inherently constrained and pricing is often fixed through public procurement processes. The imposition of a 20% withholding rate in these circumstances would have a severe and disproportionate impact on cash flow. When combined with the existing refund timelines under RCT, such a change would place substantial financial strain on otherwise compliant construction businesses and materially undermine their ability to operate on a sustainable basis.

The current procedure of resetting RCT rates to 20% is proving problematic, as it is often unclear which filing is required in order for the rate to be returned to 0%. In addition, there is frequently a time lag between the submission of the outstanding return and the restoration of the 0% rate. This issue should be addressed through clearer and more detailed notifications when a rate is due to be reset, including explicit identification of the outstanding return. This should be accompanied by timely action to restore the appropriate rate once the required filing has been made.

Cash flow is a critical determinant of viability in the construction sector. A high withholding rate unnecessarily ties up working capital for compliant contractors, despite their proven compliance history and minimal risk to the Exchequer. This approach is inconsistent with the stated objective of supporting compliant taxpayers and could ultimately reduce capacity within the sector.

We strongly recommend that a differentiated approach be retained for fully tax-compliant contractors. In this regard, we suggest that a withholding rate in the range of **4% to 5%** should represent the maximum rate applicable to contractors with a strong compliance record.

2. Method of applying for RCT status

The current process for new construction companies seeking to obtain a 0% RCT rate represents a significant barrier to entry. The requirement to demonstrate three years of trading history places new market entrants at a structural disadvantage, notwithstanding full compliance from inception.

In the context of a housing market where supply constraints are widely acknowledged, where increased competition and capacity are actively encouraged by Government policy, the RCT framework should avoid discouraging new, compliant operators from entering the sector. We recommend that Revenue review the criteria and processes for assigning RCT rates to newly established construction companies. Consideration should be given to alternative indicators of compliance and risk, such as governance structures, professional oversight and bonding or insurance arrangements.

A suggested improvement for inclusion in Revenue's review would be the introduction of a group RCT registration facility for related entities. Where this is not feasible, it is proposed that Revenue take account of the group's overall trading record and RCT compliance history. For example, where other entities within a group are already RCT-registered and fully compliant, this should facilitate and streamline the registration of additional entities, including newly established ones.

Evara, like many large construction companies, operates through multiple Special Purpose Vehicles, including newly incorporated entities, for the holding and sale of property. A group RCT registration facility, as outlined above, would therefore represent a practical enhancement to the existing RCT regime.

4. Penalty regime

The existing RCT penalty regime is unduly punitive and does not adequately encourage voluntary disclosure or prompt rectification of errors. In particular, the 35% penalty rate is excessive, especially in circumstances where errors are administrative or arise from genuine misunderstanding rather than deliberate non-compliance. We recommend that the penalty regime be reviewed with a view to adopting a more proportionate approach. A penalty rate closer to **10%** would, in our view, strike a more appropriate balance between deterrence and compliance.

5. Subcontractors and overseas suppliers

As a principal contractor, Evara engages the services of subcontractors across a wide range of trades. We would be concerned that the risk of double compliance could put undue additional pressure on subcontractors. If eWHT results in higher withholding rates, slower refunds could result in big consequences for subcontractors. Even small delays processing refunds can cause inability to pay wages, delays purchasing materials and supply chain issues. As such, many subcontractors could be forced out of business.

The current RCT system provides many challenges dealing with overseas suppliers in the construction sector. The construction sector relies on overseas suppliers for specialised plant and equipment. The introduction of an eWHT system could potentially complicate compliance matters further and increase the risk that overseas suppliers experience unnecessary deductions. This may lead to increased compliance requirements and cashflow risk. This could potentially lead to a reluctance to trade with Irish businesses. Unless the new system is designed with strong treaty and clear exemptions, overseas suppliers may view Ireland as a difficult market to trade with.

6. Refund mechanism and timing

The current timeframe for processing RCT refunds—often extending to a year or more—is excessively long and represents one of the most significant shortcomings of the existing regime. If Revenue intends to operate withholding on a real-time basis under eWHT, it is reasonable that a degree of reciprocity be applied to the refund process.

Accelerated or near real-time refund mechanisms should be considered, particularly for fully compliant taxpayers, to avoid unnecessary cash flow pressures and financial distress within the construction sector. At a minimum, clearly defined level of standards should be introduced to provide certainty around refund timelines.

Without meaningful reform of the refund process, higher or more frequent withholding under eWHT will exacerbate cash flow pressures across the sector and undermine the intended benefits of digitalisation.

Evara Board

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7. Compliance complexity

While the consultation documentation refers to a reduction in administrative burden, our interpretation of the proposed system suggests that compliance complexity may in fact increase. Where subcontractors engaged on the same project are subject to differing withholding rates, principal contractors will be required to manage multiple remittance profiles simultaneously.

This will inevitably lead to queries and disputes from subcontractors performing identical work but receiving differing net payments. In such circumstances, principal contractors will be placed in an intermediary role, directing subcontractors back to Revenue for explanations regarding their individual withholding rates.

This intermediary role risks straining commercial relationships and increasing administrative overhead for principal contractors, contrary to the stated objectives.

Conclusion

Evara supports the modernisation of withholding tax processes for the construction sector and welcomes the review of RCT reporting mechanisms. However, we respectfully submit that these reforms should be considered holistically within the context of the broader RCT regime.

In particular, the withholding rate applicable to fully tax-compliant construction companies must be carefully calibrated. A maximum withholding rate of **4%–5%** would, in our view, strike a fair balance between protecting the Exchequer and ensuring the financial sustainability of compliant construction businesses, thereby supporting continued housing delivery.

We appreciate the opportunity to contribute to this consultation and would welcome further engagement with Revenue on these matters.

Yours sincerely,



Niall O'Buachalla
Chief Financial Officer
Evara