

1. State the name of the organisation you represent (if applicable).

Food Safety Authority of Ireland

2. Who are you:

Government department/agency

3. Are you making a submission in relation to the proposals for a:

Designated Withholder (DW)

4. Please tick the sectors that apply to you:

5. 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

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

Perceived reduction in paperwork, possible reduction in queries from suppliers, automated & integrated system.

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

System requirements, costs of the API integration with existing systems, compatibility, cyber security risk, "payroll" type system, increased administration to ensure reconciliations, processing of credit notes/refunds (in particular if crossing tax years) - this includes difference in eWHT rates if taxpayer details change between WHT period and refund period, on-going issue with suppliers providing more than one service where eWHT applies to one service but not another (e.g. consultancy vs training or legal services vs payment of fees/settlement to Court) - in this instance I presume the system will flag all invoices for eWHT and there may be a need for manual intervention which increases the risk of inappropriate/missed deductions. Current systems easily flag PSWT at point of receipt of an invoice. The change will flag this at the point of payment. This could significantly increase the admin on supplier transactions for DWs.

8. 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'm not clear on the question. My reading of this would be that (as an example under the current PSWT arrangements) a "blanket" 20% to be paid to Revenue for all services supplied to a public body. This places an admin burden on the withholder that currently does not exist based on the 'targeted'/'individual' application rate for eWHT. This could result in a convoluted and unclear application of the revised programme, which would have the opposite impact to that intended.

9. 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?

Yes. State bodies are already obligated to ensure suppliers are tax compliant before paying for services (above €10k, however some operate a lower threshold). This mitigates some of the risk to State receipts. Removing the need to apply WHT generally, where a valid tax clearance cert exists, would appear to be a direct impact of eWHT - increasing tax compliance and reducing the risk to State income. Some suppliers provide services within and outside current PSWT requirements e.g. consultancy vs training, legal fees vs payment of Court costs. Streamlining WHT could involve the application of the relevant rate to all services once one service of the supplier falls under eWHT, with a "zero" rate being applicable if the supplier is tax compliant.

10. Please indicate if you currently operate:

Professional Services Withholding Tax (PSWT)

11. From the perspective of a DW, how does the current application of PSWT and/or RCT impact on your business operations?

There is a significant admin overhead to reconcile PSWT. While not as impactful in the ePSWT over the old F45s the reconciliation and filing burden persists. I imagine the reconciliation for eWHT will remain a significant issue, possibly more so where varying rates need to be applied. This will require ERP systems to flag suppliers as

subject to eWHT and then return the API input to ensure the appropriate payment is made.

12. 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

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

While I understand the rationale for PSWT, to reduce the risk to the Exchequer, I believe the admin cost of operating the this, in a public body, to be commensurable to the mitigated risk of loss. PSWT is applied to all values of invoices, rather than to

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

This is to mitigate against losses to the Exchequer. Both deductions ensure, or at least significantly increase, the tax compliance of suppliers subject to these deductions as they are "forced" to engage with Revenue to receive these payments (either through deductions against other tax obligations or via refunds). Both deductions ensure Revenue has two sources of information for the one transaction, the DW and the affected supplier. This ensures that appropriate payments are made, in a timely basis, to Revenue and taxes collected as appropriate.

15. 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 will have a cost and a cyber risk that will need to be specifically addressed through the implementation. If this requires treating suppliers in distinct groups this may have a negative impact on compliance and timely payment/processing of payments.

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

If this was integrated with eInvoicing/PEPPOL requirements this would be a huge step towards automated invoicing and processing. This could reduce the admin of invoice processing and tax compliance.

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

Limitations of software, implementation of proposals, split between suppliers by type (subject to PSWT/not), variable rates applicable, audit trail of eWHT rates (7 year look back could be required vs data protection/automated decision making) (I could easily imagine the OC&AG looking for confirmation the appropriate rate of "0%" was available 15 months ago for example).

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

up to 400

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

Yes, Sage 200 and Sicon add on for PO/Invoice approval.

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

Yes, Europay/Relate/Bright/Ardbrook software (supplier has been bought out numerous times in the past few years resulting in name changes, application is labeled Europay).

21. Please indicate if you currently receive payments which are subject to deduction of:

22. Where you are currently subject to PSWT and/or RCT, how does the current application of withholding taxes impact on your business operations?

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

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

This is to mitigate against losses to the Exchequer. Both deductions ensure, or at least significantly increase, the tax compliance of suppliers subject to these deductions as they are "forced" to engage with Revenue to receive these payments (either through deductions against other tax obligations or via refunds). Both deductions ensure Revenue has two sources of information for the one transaction, the DW and the affected supplier. This ensures that appropriate payments are made, in a timely basis, to Revenue and taxes collected as appropriate.

25. 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?

26. 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?

27. 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?

28. 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?

29. 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?

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

Supplier segregation, payment processing amendment (currently deduct 20% from services within the scope of PSWT at invoice stage for recording in Sage, with a corresponding entry under PSWT code), change management for implementing new way of working.

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

Unclear, at the moment the admin overhead of implementation appears to increase. Further information on API and integration with systems may assist.

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

18 months - but effective from some appropriate deadline like 1 July or 1 October rather than from 1 January (thinking year-end, staff leave, etc). Timeline for ePSWT worked effectively from our perspective. An option to adopt early may assist in teasing

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

Within 18 months, with a view of the expected API, I would not see an issue with this.

34. 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

Clear guidance for software providers and a testing environment

Mailshots and guidance on the Revenue website

35. 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

Clear guidance for software providers and a testing environment

36. 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?

Not at this time