

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

Irish Tax Institute

2. Who are you:

Representative body

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

Both DW & SP (for tax professionals, representative bodies, RCT middle principals)

4. Please tick the sectors that apply to you:

All

5. 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

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

To help provide feedback on the proposed new eWHT system, the Institute surveyed its members in January 2026 (145 completed the survey: 97 respondents were tax advisers who advise Designated Withholders (DW) and Specified Persons (SP) and 48 were businesses/individuals that are a DW, SP or both). We asked members if the benefits of the proposed new eWHT system would outweigh any cost and administrative burden that could arise for businesses. Of the 79 respondents who answered this question, 46% said -No', 24% said -Yes' and 30% noted they would need more detail on the proposal before giving a view. We asked members to rank, by order of importance, which aspects of the new eWHT system, cited by Revenue, that would be of benefit to businesses. A real-time API system for payments was ranked highest, closely followed by pre-population of tax returns and automated preliminary tax pre-payment. However, we received numerous comments from respondents raising concerns that the new eWHT system would only add to the already existing heavy administrative burden with the current system particularly for the self-employed sector/small businesses. Respondents also cited significant cashflow difficulties for individuals because of the larger amounts of tax that would

be withheld under the new system given individuals are unlikely to upload information throughout the year to improve the accuracy of their Personalised Deduction Rate (PDR) calculation. In respect of Relevant Contracts Tax (RCT), members raised the cashflow impact on tax compliant businesses, including non-resident subcontractors, that would arise if a 0% rate is not preserved under the new system. Many respondents highlighted implementing a flat rate of withholding tax on corporates (above 0%) would create a substantial cashflow difficulty for contractors involved in significant national energy infrastructure and renewable energy projects, which would lead to higher pricing of those contracts as a result. In respect of Professional Services Withholding Tax (PSWT), while a more real-time system could make managing claims easier and speed up refunds, members do not consider their clients (e.g. medical professionals) would have the time and resources to upload information throughout the year to improve the accuracy of their PDR calculation. Many respondents noted there would be duplication of work where the information is voluntarily reported to Revenue via an API and in an accounts package. Other respondents noted that Ireland already has an established framework for the operation of RCT and PSWT. The proposed eWHT model would involve significant training and changing processes. Smaller businesses would need to invest in additional software packages to operate the API system which would pose a significant cost for those businesses. Some members noted that the proposed eWHT system could help some individuals manage their finances better rather than paying a large lump sum payment to Revenue every October/November.

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

Members raised the following key concerns with the proposed approach: 1.

Serious cashflow impact for certain businesses: Members highlighted that the proposal does not take account of the impact it would have on day-to-day cashflow of businesses. Implementing a flat-rate of withholding tax for corporates, above the existing 0% rate for RCT, would create a substantial cashflow difficulty for many existing subcontractors. This would have a significant knock-on impact on the pricing and delivery of many major infrastructure contracts. Members noted such increased cashflow constraints would also further damage the SME sector, which is already constrained by additional costs of doing business due to auto-enrolment and minimum wage increases. Members also highlighted the difficulties the new eWHT system would pose for sole traders with seasonal or variable income who would struggle to manage their cashflow under dynamic deduction rates. 2.

Increased administrative and compliance burden: Members anticipate the new system would create significant additional administrative work including increased reconciliations, extensive client communications and updates to systems. The

withdrawal of the existing 0% RCT rate from existing subcontractors would result in cashflow difficulties and an additional administrative burden for them without any benefit. Implementing a real-time API system would require considerable investment in additional software and resources especially for small businesses. 3.

Lack of clarity on scope and policy design: There is a lot of uncertainty amongst members regarding the scope and policy design of the proposal including the level of the flat-rate applicable to corporates; the status of the existing 0% RCT rate; how preliminary tax payment requirements would be calculated especially in volatile trading conditions; how Revenue would determine the correct deduction rate given monthly and seasonal profit fluctuations; how platform operators would be defined and aligned with existing reporting requirements under DAC7; how non resident subcontractors with no Irish tax liability would reclaim tax withheld; how pre-population of tax returns would be facilitated for partners where profit-sharing ratios are determined in a partnership after year end. 4.

Sector-specific risks: Multiple respondents noted the renewable energy sector is already under significant supply, regulatory, planning, and cost pressures and that further cashflow strain would halt projects or close some developers. Withdrawing the 0% RCT rate would inevitably increase the amount of tax withheld in the construction sector leading to pricing distortions and major cashflow impact. It is unclear how the proposal would apply to platform operators that handle payments and those that do not, which could lead to market distortion. The cost of implementing the proposal for platform operators would be entirely disproportionate to the revenue generated in the Irish market, which could cause some operators to turn off their platform in Ireland and as a result, stifle growth. 5. Data protection concerns: Members expressed serious concerns with the proposal regarding privacy, GDPR compliance, confidentiality and commercial sensitivity. Many respondents believe the proposal risks exposing personal data, such as income, age, or assessment basis, to third parties. This could contravene GDPR and other existing data-protection obligations. Respondents raised concerns that revealing tax related indicators (like PDR rates) could create misunderstandings, misjudgements, or stigma, particularly against individuals whose rate reflects personal circumstances rather than tax non compliance and unfairly advantage a DW in price negotiations. Members highlighted that sharing information to determine the PDR would reveal business critical or commercially sensitive data. Respondents noted operational and legal risks associated with requiring a DW to input and manage third-party data. 6.

Over-withholding of tax: Members raised concerns with the over deduction of tax, especially for taxpayers with no or much lower liabilities. The cashflow impact for individuals suffering withholding tax on gross payments from day one in the year cannot be underestimated. 7. Revenue's responsiveness and system reliability:

Respondents cited instances of slow response time to queries and difficulties in progressing matters under the existing system and raised the critical importance of

Revenue's responsiveness and system reliability in any new eWHT system. 8.

Need for consultation, guidance and communication: Members emphasised the importance for consultation, education, awareness and clear guidance for any potential implementation process.

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?

Members raised significant concern with the proposal to expand withholding tax to payments to service providers where a suitable withholder exists. Many respondents believe it would create additional, unreasonable administrative work for businesses and platform operators. Members cited cashflow challenges and expressed concern with the knock-on impact of a proposed expansion of the withholding tax regime on the Irish economy, which could suppress business growth. A number of respondents noted the difficulties with requiring platform operators to act as withholding tax agents given many do not handle payments. Members agreed that platform operators should have a reporting obligation but not a withholding tax obligation. Members also noted they are not aware of any other OECD jurisdiction which operates withholding tax on payments to service providers. Members highlighted that increased compliance costs could drive some operators to exit the Irish market harming economic growth and negatively impacting Ireland's competitiveness.

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?

The overwhelming view of members who completed the survey is that the types of payments subject to PSWT should be reviewed or reduced. Given the administrative burden and cashflow challenges faced by many taxpayers, members strongly believe PSWT should remain limited to payments from State and Semi-State bodies, and it should not be extended to private-sector payments. Members also consider PSWT should not be imposed where the service provider holds a tax clearance certificate. A 0% rate for PSWT should be available, similar to RCT, for tax compliant professional service providers. Levying withholding tax in addition to having tax clearance imposes two compliance controls on a payment. Indeed, State and Semi-

State bodies can report any payments made directly to Revenue without the need for tax to be withheld.

10. Please indicate if you currently operate:

Professional Services Withholding Tax (PSWT)

Relevant Contracts Tax (RCT)

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

Feedback from DWs who completed our survey indicated significant operational challenges with the current RCT and PSWT regimes. These respondents describe RCT and PSWT as time-consuming, complex, and resource-intensive, for example, managing compliance creates additional overheads for businesses; ongoing monitoring of supplier status, withholding requirements, and correct tax application is difficult and costly; and systems must be regularly updated to reflect rule changes, which requires considerable internal effort. DW respondents noted, in some cases, it can be unclear what services fall within the scope of RCT or PSWT and contractors often push back on the application of withholding tax, which causes delays and friction. Concerns were also expressed over Revenue's timelines for responses to technical queries which can slow projects and decision making. Responses from large multinationals noted difficulties with tracking all the required workflow steps (e.g., from contract notification to payment notification) and systems struggling to adapt when the withholding tax rate changes mid process. There was positive feedback from a small number of DW respondents on the current regime noting that "The current system works ok" and "The current RCT regime is working well. It does not need adjustment." Feedback from members who advise DWs and SPs highlighted significant cashflow pressures caused by both RCT and PSWT. High RCT rates (especially the 20% default rate for new entities or incorporated sole traders) can create serious cashflow strain. Interim refund processes for PSWT can be slow and cumbersome, exacerbating cashflow difficulties. Some members noted that although withholding can strain liquidity, it can also encourage timely filing because clients want refunds sooner. Members noted some administrative issues such as the eRCT system logging users out frequently and requiring too many steps for simple actions. Members suggested requirements such as adding subcontractors and sites could be simplified (e.g., dropdowns). Members suggested significant improvements or reforms are needed to both systems. For example, RCT has an overly broad scope and punitive penalties. Several members noted inconsistent or evolving interpretations by Revenue, making it difficult to advise clients. Members noted the proposed eWHT regime could complicate

matters by combining systems used for different industries. Members cited sector specific concerns, such as, sectors with large once off invoices. Members also raised concerns with their interactions with Revenue including, delays in processing repayment requests or offsets; withdrawal of tax clearance certificates causing blocked payments; interest being incorrectly applied while PSWT credits await certification; and incorrect PSWT being removed from a supplier's record without notification.

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.

Respondents to our survey did not have experience of applying taxes to transactions, for services operating on a platform in other jurisdictions.

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

See response to Q13.

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

See response to Q13.

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?

38% of DW respondents considered embedding eWHT processes directly into accounting, payroll, or other business management systems would be beneficial, while 21% disagreed and 42% did not know. 26% of members advising DWs who completed the survey considered it beneficial, while 51% disagreed and 23% did not know. It is clear from both cohorts of respondents that the majority of members cannot say whether embedding eWHT processes directly into accounting, payroll, or other business management systems would be beneficial for businesses. DW respondents noted significant IT input would be required including additional

reconciliations and cost to implement. While some noted it could be beneficial if it is in line with VAT modernisation and implementation of e-invoicing and real-time reporting for VAT, others highlighted that large ERP systems do not have these systems in place for larger countries and questioned how it would work just for Ireland.

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

42% of DW respondents could not identify whether any opportunities would be created for businesses by embedding eWHT processes into business systems, while 17% agreed opportunities could be created for business and 42% did not know. 62% of members advising DWs who completed the survey could not identify whether any opportunities could be created for businesses, while 5% agreed that opportunities could be created and 33% did not know. Many members are concerned with the extra compliance costs but noted there may be reduced complexity or errors with an automated system.

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

Most of our members who completed the survey believe that there will be challenges with the approach to embed eWHT within natural business systems (i.e. 71% of the DWs and 46% of the tax advisers that completed the survey said "Yes", while 46% and 29%, respectively, "did not know"). DW respondents noted the approach would present a significant burden on business, for example, the IT challenges and cost. Members highlighted that different systems designed outside of Ireland could cause issues on interfacing and that implementing API systems with existing systems will cost thousands. Members question the cost benefit of this approach for business. Members advising DWs highlighted concerns the proposal would require platform operators to design a brand new withholding tax system specifically for the Irish market. This would result in such platforms assessing whether the additional cost and compliance associated with the regime would be worth remaining in the Irish market. There is concern amongst members advising DWs that Revenue's technology-driven efficiencies would increase cost and administration burdens for taxpayers and would come at the expense of increasing labour requirements for businesses and tax advisers. Many businesses that would fall within eWHT do not have adequate systems to support such a regime and there is a concern about increased unreviewed or automated transactions and the

challenge of maintaining sufficiently skilled staff to manage new processes. System reliability issues (e.g., payment systems breaking down) compound this concern.

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

While many respondents were unable to estimate the number of payments, some members cited numbers ranging as low as 1 up to the low thousands.

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

DW respondents noted various types of software used for processing payments and managing finances. These included: Blackline, Brightbooks, Microsoft Business Central; Xero; Wave; SAP4; Sage; Integrity automated payments; NetSuite; FIS; and AccountIQ.

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

DW respondents noted various types of software packages are used to report payroll to Revenue. These included: Xero; Wave; Brightpay; SAP4; Collsoft, Costco, Sage Micropay. In some cases, internal software is used, while others outsource their payroll.

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

Professional Services Withholding Tax (PSWT)

Relevant Contracts Tax (RCT)

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

Survey respondents noted a cashflow impact while awaiting refunds and the associated administrative burden. In respect of PSWT, members noted the current system is workable but could be more user friendly. For example, PSWT data is available online and ma

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

See response to Q24.

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

See response to Q13.

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?

SP respondents noted that the existing withholding tax rates imposed do not reflect the actual liability on the income received and in fact, tend to be higher.

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?

Most of our members who completed the survey do not think that embedding taxation directly into the payment made by a DW to the SP would be beneficial for the SP's business (i.e. 51% of the tax advisers and 42% of the SPs that completed the survey said "N

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?

SP respondents noted that they can already provide for their income tax and preliminary tax liabilities and that an individualised PDR would create uncertainty and additional unnecessary administration. They cautioned that a PDR would not (and could not)

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?

Members do not think there would be a positive impact on the end of year income tax return filing or preliminary tax payment obligations. Some respondents noted the certainty with the current regime and that taxpayers can implement their own savings plan

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?

The overwhelming feedback from members is that individuals are unlikely to report income and expenses to improve the accuracy of their PDR given the level of time, cost and resources that would be required to regularly upload information to Revenue. The c

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

While members noted that any changes would depend on further clarity on the proposal, members expressed concerns with the significant administrative, financial, and operational burdens which would arise because of the proposal. DW respondents would expe

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

The overwhelming feedback from members was that the new regime is unlikely to provide any benefits to business processes. Ireland has very strong tax compliance rates and a reputation as a good place to do business. This reputation is critical to attracti

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

Members noted a reasonable timeframe to adapt to the proposed new system would be between 2-6 years.

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

Feedback from members indicates that businesses would find it difficult to manage cashflow. Significant resources and investment would be required to adapt to any new system. Members noted that an appropriate lead-in time would be necessary which is well

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

The overall feedback from members is that this proposal is not a positive change for taxpayers as they do not consider businesses will benefit from the proposal.

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

The strong feedback from members who advise DWs and SPs is that the proposed new regime should not be implemented. Instead, Revenue should engage in a significant education campaign to ensure that gig economy workers understand their tax obligations and rights. This would have a more positive impact on the overall tax system. In combination with a broader campaign, the information reported to Revenue under DAC7/MRDP should be pre-populated in tax returns so that taxpayers are prompted to file their tax returns.

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?

Feedback from our members indicates that grants and incentives would be needed for businesses to undertake any transition with a reduction in administration efforts.