

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

Property Industry Ireland

2. Who are you:

Business association

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:

Construction

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?

No comment

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

Property Industry Ireland (PII) would like to highlight a number of very significant concerns regarding the proposed approach to eWithholding Tax (eWHT), particularly as it relates to the construction, property, and infrastructure sectors and delivery of projects. 1. Removal of the 0% RCT Rate and Its Impact on Cashflow and Project Viability A key concern with very serious implications is the potential for the removal of the existing 0% RCT rate, irrespective of a contractor's compliance history or risk profile. This represents a fundamental departure from the current risk-based system, with the construction industry being very familiar with RCT as it stands. For contractors with strong compliance records, the 0% rate is a critical mechanism supporting project cashflow management, construction and development financing structures, and overall project viability, especially for large-scale housing and

infrastructure delivery. Replacing the current regime with a single flat corporate withholding rate applied to gross payments, without the option of 0%, poses a substantial risk to the working capital of compliant businesses. Even a modest withholding rate can create a material cashflow strain, due to the low margins in construction and the fragmented nature of the industry with a large number of medium and small operators. Any restriction on cashflow could directly hinder project delivery timelines and, in some cases, undermine feasibility entirely and would be a major risk to Government's housing and infrastructure objectives. Furthermore, most new real estate and infrastructure development, housing and apartment delivery in particular, are borderline viable currently with many projects non-viable in certain locations. This has had the effect of deterring much needed international capital investment (both equity and debt) to get projects financed and out of the ground. Any further impact on cashflow and certainty around construction cashflows (including this eWithholding Tax) would deter capital further and jeopardise the inward movement of capital to fund these projects. As noted in the Department of Finance -Report on the Availability, Composition and Flow of Finance for Residential Development' from 2024, -to deliver on the current annual Housing for All target of 33,000 homes. Adjusting for construction cost inflation since the time of the last report, the modelling estimates that €13.6 billion of development funding will be required per annum, of which an estimated €11.5 billion will be required from private capital sources.' With the housing targets since increased to >50,000 units per annum, the estimated amount of private capital required will be closer to €20 bn, most of which has to come from global capital investors. These investors require policy stability and certainty for their underwriting in any jurisdiction they invest into and it is imperative as a country that we provide such an environment for this to take place.

2. Negative Implications for Foreign Suppliers

The proposed approach also risks discouraging foreign suppliers operating within the scope of RCT. These suppliers may be reluctant to enter the Irish market if subject to withholding and the associated refund and credit processes, which can be administratively burdensome and slow. This may reduce competitiveness in tendering, limit access to specialist international expertise, and increase project costs. Such an outcome would be detrimental to Ireland's broader housing, infrastructure, and development objectives, but would be of significant impact on specialist infrastructure projects that would require expertise not currently available in Ireland due to the size of the market.

3. Uncertainty Surrounding the Proposed "Flat Rate" of Corporate Tax Withholding

The consultation materials reference replacing RCT rates with a single "flat rate" applying to corporates, but no detail is provided on the proposed rate level. This lack of clarity creates uncertainty for industry planning. Any rate applied at source on gross payments, without consideration of compliance status, creates a real possibility of substantial over-

withholding and significant delays in reclaiming excess amounts, intensifying cashflow risks.

- 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?**

No comment

- 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?**

No comment

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

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

Not applicable

- 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.**

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

Not applicable

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

Not applicable

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?

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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?

Not applicable

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

Not applicable

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

Not applicable

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?

No comment

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?

Not applicable

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?

Not applicable

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?

Not applicable

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?

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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

Not applicable

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)

Potential impacts on cashflow

35. What supports from Revenue would be of most benefit to you in transitioning to the new regime? (Select a maximum of 3)

No comment

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?

no comment