



Office of the Revenue Commissioners

The Department of Finance

Via Email – ewht@revenue.ie

30 January 2026

Subject: eWithholding Tax - Joint Public Consultation by Department of Finance and Revenue

Dear Sir/Madam,

We are writing in response to your invitation for submissions on the Withholding Tax (eWHT) Public Consultation published by the Department of Finance and Revenue on 5 December 2025.

Modernisation of Relevant Contract Tax (RCT) and Professional Services Withholding Tax (PSWT)

We welcome the publication of this consultation, which seeks to progress the modernisation of withholding tax processes and to reduce administrative burdens where possible, and we recognise the potential benefits of appropriately designed digital integrations. However, our overall reaction to the proposals in the eWHT consultation is one of significant reservation, arising from substantive concerns with both the proposals as currently framed and longstanding issues in the existing withholding regimes in Ireland, which in our view would be exacerbated if these proposals proceed without important safeguards and clarifications.

The current PSWT and RCT regimes already present challenges—particularly around cashflow and compliance—and several aspects of the proposals risk exacerbating, rather than alleviating, those issues. We therefore caution against any evolution or expansion of these regimes without parallel measures to make the system fairer and easier to comply with-. In particular, the proposed changes to withholding rates could create acute cash-flow pressures and undermine Ireland's competitiveness.

Furthermore, as framed, the proposals could materially increase compliance costs, heighten penalty exposure and adversely affect working capital, particularly in low margin or highly variable income sectors. The design should therefore incorporate proportionate and flexible mechanisms, including

*PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, D01 X9R7, Ireland
T: +353 (0) 1 792 6000, F: +353 (0) 1 792 6200, www.pwc.ie*

Enda McDonagh (Managing Partner - PricewaterhouseCoopers Ireland)

Olwyn Alexander Andy Banks Amy Ball Keiran Barbalich Paul Barrie Brian Bergin Fidelma Boyce Donal Boyle Colm Browne Paraic Burke Damian Byrne Robert Byrne John Casey Kim Clarke Mary Cleary Marie Coady Siobhán Collier Joe Conboy Mairead Connolly Robert Costello Thérèse Cregg Moira Cronin Danielle Cuniffe Ciaran Cunningham John Daly Kevin D'Arcy Richard Day Elizabeth Davis Liam Diamond John Dillon Darrelle Dolan Ronan Doyle Andrew Dunne John Dunne John Dwyer Colin Farrell Francis Farrell Ronan Finn Laura Flood Ronan Furlong Marie-Louise Gallagher Fiona Gaskin Laura Gilbride Mairead Harbron Aoife Harrison Harry Harrison Feilim Harvey Alisa Hayden Olivia Hayden Niamh Hussey Gareth Hynes Patricia Johnston Andrea Kelly Ciarán Kelly Colm Kelly Joanne P. Kelly Julie Kennedy Shane Kennedy Susan Kilty Fiona Kirwan Brian Lavery David Lee Brian Leonard Sinead Lew Kieran Little Gillian Lowth Aidan Lucey Ronan MacNioclais Pat Mahon Paul Martin Sean Martin Declan Maunsell Leonard McAuliffe Ally McCaffrey Kim McClenaghan Dervla McCormack Michael McDaid Enda McDonagh Declan McDonald Rose-Marie McNamara Stephen Merriman David Moran Pat Moran Fionán Moriarty Paul Moroney David Morris Paul Morris Yvonne Mowlds Ronan Mulligan Declan Murphy John Murphy Emma Murray John Neary Eugene Nel Nick O'Brien Andy O'Callaghan Colm O'Callaghan Jonathan O'Connell Aoife O'Connor Paul O'Connor Paul M O'Connor Emma O'Dea Doone O'Doherty Kieran O'Dwyer Munro O'Dwyer John O'Leary John O'Loughlin Liam O'Mahony Darren O'Neill Shane O'Regan Clodagh O'Reilly Padraig Osborne Sinead Ovenden Keith Power Nicola Quinn Fiona Regan Pádraic Rehill Peter Reilly Susan Roche David Pickerill Mary Ruane Stephen Ruane Gavan Ryle Emma Scott Thomas Sheerin Colin Smith Ronan Somers Billy Sweetman Marie Taylor-Ghent Eoin Tipples Paul Tuite David Tynan Ken Tyrrell Stephen Walsh Barry Whelan Johnny Wickham

Located at Dublin, Belfast, Cork, Galway, Kilkenny, Limerick, Waterford, and Wexford

PricewaterhouseCoopers is authorised by Chartered Accountants Ireland to carry on investment business.

This paper is made from 100% recycled fibre

scope to obtain in year-refunds or gross payment status, as well as manual ROS options for taxpayers with limited systems capability. It should also avoid duplicative or premature filing obligations, and any real-time requirements that would in effect bring forward tax payments relative to established legislative timelines (including preliminary tax and the pay and file deadlines).

Expansion of withholding tax to the platform economy

We recognise the Department of Finance's aim of simplifying the tax system; however, introducing an eWHT on platforms would add material complexity and cost, particularly when layered on top of DAC7. We emphasise the need for a tightly defined scope to avoid capturing transactions without an Irish tax nexus and to ensure alignment with existing DAC7 concepts, while noting that using DAC7 as an operational "hook" risks regulatory overreach and could leave Ireland at a competitive disadvantage relative to other EU jurisdictions.

Such a regime would require substantial systems investment, ongoing monitoring and cross-functional resources, which would be especially burdensome for smaller platforms and could affect decisions to serve the Irish market, with knock-on impacts for innovation, employment and consumer choice. Applying eWHT only to platforms, but not to traditional businesses, would also risk domestic competitive distortions. In addition, the use of DAC7 data for eWHT purposes raises GDPR issues, and gross basis withholding would create structural cashflow challenges for low-margin and working-capital-intensive sellers, with relief often delayed well beyond the period in which the income is earned. We therefore recommend that the introduction of such a regime be reconsidered until there is clearer international and EU level convergence.

If work on eWHT is to proceed in the meantime, we recommend that the Department develop a detailed "strawman" for consultation – addressing scope, proportionality, materiality thresholds, operational feasibility, data protection, and the impacts on compliance and cashflow – on which we would be pleased to engage further.

We have set out in the attached appendices our comments on the proposed modernisation of PSWT and RCT as well as the proposed extension of withholding tax to the platform economy.

We have also submitted our detailed responses to the consultation questionnaire separately via the eWHT Consultation hub on 29 January 2026. We welcome the opportunity to discuss the issues outlined below at your earliest convenience. Please contact me or my colleagues Emily Bourke (emily.bourke@pwc.com) and Antoinette Ryan (antoinette.ryan@pwc.com) at any time.

Yours faithfully,



Peter Reilly
Tax Policy Leader

Appendix I – RCT and PSWT

Cashflow & compliance burden

While embedding eWHT into business systems has the potential to reduce manual interventions in certain circumstances, the proposals as currently framed risk amplifying rather than alleviating existing challenges associated with RCT and PSWT, particularly in relation to cash-flow pressures and compliance burdens on taxpayers. In particular, the introduction of a single flat rate for RCT and PSWT especially if access to a 0% rate were restricted, would be a backward step that does not represent sectoral margin differences. This could give rise to sustained working capital pressures, with especially acute effects for non-resident taxpayers who already experience delays and additional hurdles in obtaining 0% status or refunds. Such an outcome would run counter to the Government's stated objective of simplifying the system for businesses and could risk undermining Ireland's competitiveness.

Need for flexible compliance options

The feasibility of widespread, real-time, system-to-system integration may be more limited than Revenue anticipates. There are a wide variety of taxpayers using bespoke, foreign-configured, legacy or minimal finance systems, shared services models, or in some cases no system at all. A one-size-fits-all model would be exclusionary and could force costly and unnecessary systems changes simply to remain compliant. It is essential that a robust manual ROS pathway remains available on a durable basis, with explicit recognition of the role of agents and advisers, and that taxpayers who are unable or unwilling to integrate are not disadvantaged or exposed to penalty risk as a result.

Risks from accelerated tax collection and near real time reporting

Elements of the proposals would in practice, accelerate the timing of tax collection relative to established preliminary tax and pay-and-file schedules, risking double funding and cashflow compression in the absence of corresponding statutory change. Any move towards near real-time engagement for self-employed taxpayers on projected income and expenses would substantially increase tax advisory costs and compress timelines. Such changes would need to be carefully justified and accompanied by timely refund/setoff mechanisms underpinned by clear reconciliation rules.

Recalibrate RCT penalties and service standards

The current RCT penalty framework is widely viewed as disproportionate and should be recalibrated so that penalties are significantly reduced, better targeted and focused on wilful non-compliance, with clear reasonable-care defences and incentives for voluntary self-correction. Legacy pain points, especially delays in 0% rate authorisations and refund processing (notably for non-resident taxpayers), directly contribute to cashflow strain and need to be addressed as part of any modernisation. If more is expected of taxpayers through digitisation, taxpayers should reasonably be able to expect commensurately improved service standards, including predictable, published processing timelines.

Sequencing and alignment with EU VAT reforms

Sequencing and legislative alignment are crucial. With major changes also expected in VAT (including e-invoicing and real-time reporting under EU initiatives such as ViDA), it is important to recognise that invoicing and payment systems are distinct and not always aligned, and that Revenue will already gain access to significant datasets through VAT modernisation. eWHT should therefore be proportionate, carefully sequenced, and should not create divergent or additional obligations that are misaligned with EU and international practice. Where legislative redesign touches contract notifications, processes

should remain coherent across operation types to avoid procedural divergence that creates systems complexity and compliance confusion.

Safeguarding competitiveness in RCT and PSWT reform

The proposals' competitiveness implications should not be understated. Excessive withholding, inflexible systems requirements, and difficulties obtaining or maintaining 0% status and refunds risk deterring international service providers, with knock-on effects for priority sectors such as construction, infrastructure and the green economy. Ireland's approach should not go materially beyond peer jurisdictions in scope or rate, given the potential chilling effect on inbound provision of specialist services. In this context, any expansion in the operation of RCT and PSWT would not appear to be justified or recommended.

A further and critical point concerns certainty and consistency in the application of law and guidance. Recent developments at TALC and in Revenue guidance in relation to RCT depart from longstanding interpretation and practice, and create a need for ongoing manual review at payment level even in a unified system. This undercuts the efficiency gains envisaged by eWHT and underscores the imperative that modernisation is anchored in clear legislation, consistently applied guidance, and predictable administration. Certainty in both interpretation and operation must be a central design principle if the regime is to be workable and to support compliant behaviour at scale.

PwC's recommendations

In light of the concerns articulated in this letter and in our responses to the consultation questionnaire, we recommend the following high-level design safeguards to ensure a fair, proportionate and workable eWHT regime:

1. The framework should retain the 0% rate of withholding currently available for RCT and expand its availability to PSWT. It should also introduce materially reduced rates at other bands where appropriate, as current rates 20% and 35% are unsustainable and far exceed profit margins for most businesses.
2. There should be transparent personal deduction rate calculations and simple in-year adjustment mechanisms without penalisation. Manual ROS options must be retained including the ability for agents to file through ROS, with explicit assurance that no two-tier system, penalty or detriment arises from using manual channels. Service standards for rate determinations and updates, and for refunds, should be published and adequately resourced to meet the expectations of a modernised system, with clear and timely reconciliation and set-off processes to avoid over-withholding and double funding. The penalty framework should be recalibrated to focus on wilful non-compliance with allowances made for reasonable-care cases and incentives for proactive self-correction.
3. The modernisation programme should be underpinned by comprehensive engagement with stakeholders from across industries and sectors, as well as advisors, to ensure that a clear and workable modernisation of RCT and PSWT is designed before Revenue moves into the build and testing phases with software providers. This is crucial to ensuring that the modernisation investment is fit for purpose, and does not exacerbate existing challenges in these regimes, and does not place unreasonable burdens on taxpayers that are disproportionate to the benefits to be derived by Revenue.

PwC supports the aim of modernising Ireland's withholding tax framework. Achieving that aim requires proportionate design, operational feasibility for all taxpayers in scope, and above all, legal,



administrative and cashflow certainty for taxpayers which is for a properly functioning business environment. With these principles embedded, modernisation of PSWT and RCT presents an opportunity to address current pain points and facilitate a simpler, fairer and more predictable compliance environment.

Appendix II – Digital Platforms

Simplification

The Minister for Finance's stated objective to simplify the tax system and provide certainty for taxpayers is welcome. However, for many platform companies the volume and pace of change - coupled with increasing tax risk - has resulted in added complexity, new systems and processes to manage and mitigate an ever-increasing tax compliance burden. The implementation and ongoing monitoring of processes to support new tax responsibilities in recent years (for example, DAC 7) has placed significant additional responsibilities on platform businesses and required substantial resources, both in terms of personnel and costs for in-scope companies.

The introduction of a new eWHT must be considered not just from the perspective of in-scope sellers, but also that of the platform companies who would need to implement and operationalise any new withholding tax. It is important to note that platform businesses range from established digital platforms to many smaller start-ups, and that the regulatory burdens arising from initiatives such as DAC7 and the proposed eWHT can be prohibitively costly for smaller platforms. At a time when we aim to promote economic growth and innovation among indigenous Irish businesses and smaller participants in the tech sector, simplification should be the objective rather than the imposition of additional compliance burdens. In this context, the proposed introduction of new eWHT for platform companies appears to run counter to the tax simplification measures set out as a focus area by Ireland for its EU Presidency in 2026.

Scope

The scope of the new proposed eWHT requires careful and detailed consideration, particularly in defining in-scope transactions. While DAC 7 is relatively broad in its remit, many transactions involving platforms and influencers do not fall into scope, often because transactions are concluded "off-platform" or the activities do not fall within the definition of "relevant activities" as set out in Annex V of Council Directive (EU) 2021/514 amending Directive 2011/16/EU. Conversely, reportable transactions for DAC 7 purposes can often include transactions that lack an Irish nexus and would fall outside the scope of Irish tax. Therefore, clarity on the types of transactions which would be in scope for eWHT is essential to avoid confusion and unintended consequences.

Compliance burden

The proposed introduction of a new eWHT regime for platforms would impose a material compliance burden that should not be underestimated. In-scope platforms would need to undertake significant changes to their IT architecture to capture, validate and report transaction-level data in real time, integrate withholding logic, and reconcile outputs with finance and tax records. This would require dedicated staff time across tax, finance, legal and technology functions to design, test and implement new processes and controls, as well as to train operational teams. The cost of implementation is likely to be particularly acute for smaller platforms that lack in-house development capacity and must procure external solutions or support. Beyond go-live, ongoing monitoring, periodic control reviews, change management to reflect legislative and guidance updates, and regular assurance testing would be necessary to maintain compliance, adding recurring cost and operational complexity.

Competition

Any linkage of the operation or scope of eWHT to DAC 7 could create a highly uncompetitive environment for Ireland within a cross-EU market, due to the additional regulatory burden that goes above the minimum standard established by the EU Directive. We are not aware of any other jurisdictions who operate such withholding taxes, aside from a very limited hotel tax in Italy. While it is clearly important for Ireland to meet its obligations under DAC 7, in a small market such as Ireland, careful consideration should be given before going beyond those requirements.

We also recognise the growing trend in the global implementation of the recommendations of the OECD Tax Administration 3.0 (TA 3.0). However, what is clear, is that countries around the world have been very selective to implement the best practices which are fit for purpose for their jurisdiction, and on a timeframe that is best for their tax administrations, taxpayers, and industries. With such varied global implementation of the different components of TA 3.0, Ireland must be judicious in how and when it implements TA 3.0 changes, so as not to create competitive distortions that may be disadvantageous for Ireland.

Platform companies will weigh the benefits of participating in the Irish market against the associated compliance requirements and risks. There is precedent for companies withdrawing from smaller markets in the past where they considered the compliance burden and associated risks to outweigh the benefits of market access. Such an approach could have potential negative impacts on innovation, employment and consumer choice.

Furthermore, applying eWHT to platform or tech companies could create competitive distortions within the Irish marketplace, as traditional “bricks and mortar” businesses would be out of scope. This risks undermining the principle of a level playing field.

Data usage and GDPR

If implemented, in-scope platform companies would need a clear legal basis to determine whether transactions fall within the scope of eWHT, and if so, what rates of withholding tax should apply. While platforms within the scope of DAC 7 will have collected certain seller data, this data was gathered specifically for DAC 7 compliance. Most in-scope DAC 7 platforms will have informed sellers that their data may be used for DAC 7 compliance; however, using that data to determine eWHT applicability and rates is likely to raise significant GDPR concerns for the platform companies. Any new requirements must be carefully assessed to ensure platform companies can comply with data protection legislation and are not placed in a position of legal uncertainty.

Cashflow

In addition to the compliance burden noted above, the operation of eWHT by platforms would introduce a new funding burden for in-scope sellers, and the cash flow consequences warrant careful consideration. Because withholding would be applied to gross receipts, it would take no account of the cost of sales or other input costs that are intrinsic to these business models. For low-margin or working-capital-intensive businesses, diverting a portion of gross turnover to tax at source would compress liquidity, elevate financing needs, and increase the risk of cash shortfalls.

This dynamic also risks distorting competition. Sellers who transact “off-platform” would not face an equivalent gross-basis deduction at the point of sale, whereas platform sellers would experience an

upfront cash extraction irrespective of profitability. In a context of rising operating costs, the cumulative effect of a gross withholding would exacerbate pressure on margins and day-to-day funding for affected sellers, with the impact falling most acutely on smaller businesses and new entrants.

Moreover, the timing of relief amplifies the issue. Any withholding suffered may not be available as a credit or refund until long after the underlying services are delivered - potentially well in excess of two years - given the cadence of tax return cycles, year-end computations and refund processing. This extended lag between deduction and recovery would create a material and ongoing cash-flow challenge for impacted sellers, out of proportion to their ultimate tax liability, and would necessitate additional borrowing or constrain investment and growth.

PwC's recommendations

1. In an era where tax simplification is a stated aim of Government, the introduction of additional new taxes does not align with this policy objective. Whilst we appreciate from the questions set out in the consultation that thinking on the development of a new withholding tax for platforms is at an early stage, we would encourage careful assessment of both the benefits and the burdens this might create, and whether this is the appropriate juncture for the introduction of such an initiative vis-a-vis global policy approaches in this regard. Our recommendation is that this should be revisited at a future point, when international momentum is clearer so as not to risk Ireland becoming an outlier jurisdiction.
2. Should consideration of this new withholding tax proceed, we strongly recommend the development of a detailed "strawman" setting out the scope and operation of the tax, to be subject to further consultation with stakeholders. Such an approach would be essential to ensure the policy is robust, proportionate and avoids unintended consequences for both platform companies and the wider Irish economy. This strawman should also carefully consider materiality thresholds and an assessment of cash-flow impacts on sellers should form part of that analysis.

PwC, as one of key drivers of the taxpayer and advisor working group on the introduction of DAC 7 and the related guidance, would be happy to meet with officials to discuss the concerns above in greater detail.