

1. Who are you:

Individual/Business

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

Specified Person (SP)

3. Please tick the sectors that apply to you:

Professional services

4. After reading about the proposed new eWHT system, how would you describe your overall reaction?

Somewhat positive - I think it's a good idea overall

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

A lower flat rate for PSWT. The current 20% is way above the profit margins in many professional services.

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

It is not clear whether as part of the change from Accountable Persons to Designated Withholders, whether the longer term intent is for all corporate entities to become designated withholders. If the latter it would become very cumbersome for small entities providing professional services which are already, for example, hit with a disproportionate marginal rate of VAT because the VAT on so many of their inputs cannot be reclaimed/offset.

7. 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?

Again, you are not clear in what you mean by a 'suitable withholder'.

- 8. 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?**

We provide services to local authorities with a typical invoiced value of less than 5000 euros, yet the administrative burden for the company and local authority is the same as if we were invoicing 50000 euros, 500000 euros or 5000000 euros. It would make sense in terms of reducing the administrative burden, and reducing costs to public bodies for small contracts, if a threshold could be stated below which PSWT would not apply.

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

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

- 11. 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.**

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

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

- 14. 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?**

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

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

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

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

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

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

Professional Services Withholding Tax (PSWT)

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

It doesn't. The withheld PSWT is nearly always above our end of year CT payment and the Revenue are prompt in issuing a refund. For many of the professional services companies that I have worked for the Revenue would be the largest creditor at the end of the tax year.

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

It is accepted rather than liked. In it being accepted business models take account of the sums being withheld.

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

24. 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, as previously stated we nearly always get a refund. The main issue is that because the proportion of work that we do for government varies it would be difficult to suggest another appropriate percentage rate where a balance would naturally occur.

25. 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?

As a company this makes no difference unless PSWT extends beyond public sector bodies.

26. 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

27. 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

28. 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 because all payments are made through payroll and are subject to PAYE etc.

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

The details provided are not enough to answer the question. If the process is limited to public sector clients there will not be an impact.

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

None unless a threshold is applied below which PSWT is not withheld.

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

The start of the next tax year, but not less than three months.

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

Yes

33. 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

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

Software rather and apis. The cost of software is disproportionate for small entities.

35. 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?

The Revenue needs to better understand how businesses treat PSWT when tendering and how this impacts on the price that Government pays for the services that it requires.

