

1. Who are you:

Individual/Business

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

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

3. Please tick the sectors that apply to you:

Construction

4. 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

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

I acknowledge that the objectives of improved transparency, real-time reporting, and alignment of tax credits against income tax or corporation tax liabilities are positive in principle. The use of modern digital systems and APIs to reduce manual reporting has the potential to improve administrative efficiency where it replaces, rather than adds to, existing compliance burdens. However, these benefits are dependent on proportional implementation and appropriate differentiation between high-risk and fully compliant taxpayers.

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

My primary concern is that the proposed eWHT model applies withholding tax on gross payments, regardless of profitability, margin structure, or existing compliance history. For compliant limited company subcontractors operating in labour-intensive sectors such as construction, this creates significant cash-flow pressure, particularly where businesses already pre-finance wages, incur retentions, and experience delayed payments. Withholding tax is traditionally a risk-management tool. Applying it uniformly to compliant corporate entities with full Revenue visibility risks penalising low-risk businesses without delivering additional Exchequer

protection. There is also concern that increased real-time control, combined with mandatory withholding, shifts disproportionate financial risk from the State to businesses, potentially reducing subcontractor capacity and increasing overall costs within the economy.

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?

I have reservations about expanding withholding tax solely on the basis that a suitable withholder exists. The presence of a capable withholder does not, in itself, justify gross withholding where the service provider is a compliant, tax-clear limited company already subject to corporation tax, VAT, payroll obligations, and Revenue oversight. Expansion of withholding should be risk-based and targeted, rather than automatic. A broad expansion risks treating compliant businesses as default compliance risks, which undermines trust and discourages enterprise.

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?

In relation to Professional Services Withholding Tax (PSWT), consideration should be given to whether its current targeting remains appropriate and proportionate. Where service providers are established, compliant entities with transparent tax affairs, the continued application or expansion of withholding should be reviewed to ensure it does not duplicate existing compliance mechanisms or create unnecessary cash-flow constraints. A more differentiated approach, recognising compliance history and business structure, would better support economic activity while maintaining effective tax oversight.

9. Please indicate if you currently operate:

Relevant Contracts Tax (RCT)

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

As a Deduction Withholder operating under the current RCT system, the model is well understood and integrated into existing business processes. Where subcontractors are compliant, the 0% RCT rate allows payments to be made without unnecessary cash-flow disruption, while still maintaining Revenue oversight through contract and payment notifications. The current system effectively balances compliance with commercial reality by targeting withholding at higher-risk cases, rather than applying it universally.

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.

Not applicable - I am not a platform operator.

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

From a Deduction Withholder perspective, the current application of RCT is proportionate and risk-based. It allows compliant subcontractors to operate without gross withholding, while providing Revenue with mechanisms to protect the Exchequer where compliance risks arise. This approach supports business continuity, cash-flow management, and capacity within the construction sector, while still ensuring tax obligations are met. Any future model should seek to retain this balance rather than replace it with a blanket withholding approach.

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

My understanding is that withholding tax models such as RCT and PSWT are designed as risk management tools, applied to protect the Exchequer where there is a higher likelihood of non-compliance or delayed tax payment. They are not intended to function as turnover taxes, nor to replace profit-based taxation such as corporation tax or income tax. Where applied appropriately, withholding tax ensures early collection in higher-risk cases while allowing compliant taxpayers to operate without unnecessary financial restriction.

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?

Embedding eWHT processes into accounting or payroll systems could be moderately beneficial where it replaces existing manual reporting and does not introduce additional layers of compliance. However, the benefit is dependent on the system being reliable, proportionate, and aligned with the commercial realities of the construction sector. Any technical failures, incorrect deductions, or rigid automation could create immediate cash-flow and operational issues.

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

If implemented appropriately, embedding eWHT within natural business systems could streamline reporting, reduce duplication, and improve clarity around tax credits applied to income tax or corporation tax liabilities. At an industry level, there is potential for improved transparency and standardisation. However, these opportunities depend on maintaining flexibility for compliant businesses and avoiding blanket application of withholding regardless of risk profile.

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

The main challenges would include: Increased dependence on software accuracy, where errors could result in incorrect or excessive withholding. Reduced ability to manage cash-flow due to automatic gross deductions. Additional costs associated with software upgrades, training, and system integration. Reduced flexibility in dealing with commercial issues such as retentions, delayed certifications, or disputed payments. For smaller and mid-sized businesses, these challenges could outweigh the intended administrative efficiencies.

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

Approximately 4-8 payments per 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?

Yes. I use accounting software to manage invoicing, payments, VAT, and financial reporting. The software currently used includes QuickBooks, Invoice2go, and support from an external accountant for statutory reporting and compliance.

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

Yes, I am an employer for PAYE. Payroll taxes are reported to Revenue using payroll software that is compliant with PAYE Modernisation requirements.

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

Relevant Contracts Tax (RCT)

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

From my own experience, the difference between operating on a 20% RCT rate and a 0% RCT rate has been huge. When my company was subject to 20% RCT, cash-flow was very tight and it was difficult to reinvest in the business or plan ahead. A large portion of income was tied up before costs were covered, which made day-to-day operations more stressful. Since moving to a 0% RCT rate, the business is far more stable. It allows me to spend money where it's actually needed in the business, such as paying workers on time, covering materials and insurance costs, and dealing with normal delays and retentions in construction. At the same time, Revenue still has full visibility through contract and payment notifications. In my experience, the current system works well when compliance is maintained and does not place unnecessary pressure on compliant businesses.

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

From a Service Provider perspective, the current application of RCT is proportionate and appropriate. It recognises differing compliance risk by allowing compliant

subcontractors to operate without gross withholding, while retaining higher deduction rates where risk exists. This risk-based approach supports business sustainability and capacity within the construction sector, and avoids treating compliant businesses as default compliance risks.

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

My understanding is that withholding tax models such as RCT and PSWT are designed as risk management tools, applied to protect the Exchequer where there is a higher likelihood of non-compliance or delayed tax payment. They are not intended to function as turnover taxes, nor to replace profit-based taxation such as corporation tax or income tax. Where applied appropriately, withholding tax ensures early collection in higher-risk cases while allowing compliant taxpayers to operate without unnecessary financial restriction.

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?

Yes. As a corporate Service Provider operating at a 0% RCT rate, the current system allows my actual tax liability to be calculated correctly through corporation tax on real profits. This reflects the reality of running a labour-intensive business, where significant costs such as wages, insurances, and other overheads must be paid before any profit is made. Applying withholding tax to gross income would not reflect the true tax liability of the business and would create unnecessary cash-flow pressure for compliant companies.

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?

From my perspective, embedding taxation directly into payments would offer limited benefit for compliant businesses and would reduce flexibility in managing cash-flow. Being paid net of tax before costs and profits are known makes it harder to reinvest in the business, manage payroll, and deal with normal delays and retentions in construction. For compliant Service Providers, the current system already provides Revenue with visibility without creating unnecessary pressure on cash-flow.

- 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. I operate as a corporate Service Provider rather than an individual worker. However, in general, paying tax on gross income as it is earned is likely to create cash-flow pressure for workers with variable income and business expenses.

- 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?**

For individual workers, paying tax on gross income throughout the year may reduce the size of end-of-year tax balances, but it does not remove the need for accurate final returns or true-up calculations. For corporate Service Providers, corporation tax based on actual profits remains the most accurate and appropriate method of taxation.

- 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?**

I already report income and expenses accurately through normal accounting and statutory reporting processes. However, frequent real-time reporting of expenses to adjust withholding rates may be difficult in practice for businesses with variable costs, delayed invoices, or project-based work, particularly in construction.

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

To be ready for the proposed eWHT regime, my business would need to make changes to internal systems, workflows, and cash-flow planning. This would likely include adapting accounting software, adjusting invoicing and payment processes, training staff or relying more heavily on external accountants, and building additional cash buffers to deal with tax being deducted earlier in the payment cycle.

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

For compliant businesses, the direct benefits are limited. While there may be some administrative efficiency through automation, this is likely to be offset by increased costs, reduced cash-flow flexibility, and greater reliance on software accuracy. From my perspective, the current system already works well for compliant Service Providers and delivers minimal disruption to business operations.

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

A reasonable timeframe would be at least 12 to 18 months from the finalisation of the rules, rates, and technical requirements. This would allow sufficient time for software updates, testing, training, and proper planning without disrupting live projects or payroll commitments.

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

I am reasonably confident that my business could adapt, provided the system is stable, clearly communicated, and supported appropriately. However, confidence would depend heavily on the final design of the regime, the withholding rates applied, and the level of practical support available to businesses during the transition.

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)

Increased accuracy of information submitted to Revenue

Greater certainty in relation to your tax affairs

34. 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

Helpdesk or dedicated Revenue contact

Clear guidance for software providers and a testing environment

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?

I strongly believe that any new eWHT system should remain risk-based and proportionate, and should not disadvantage compliant Service Providers who already meet their tax obligations in full. From experience, the current 0% RCT rate allows compliant businesses to operate sustainably, invest in their workforce, and manage the realities of the construction payment cycle, while still giving Revenue full visibility. Retaining a zero-withholding or self-accounting option for low-risk, compliant limited companies would help ensure the new system supports, rather than undermines, capacity and stability within the sector.

