Response Number 268

Q.1 What are your views on the proposal to introduce real-time reporting for B2B and B2G transactions?

Reform, simplification and streamlining all taxation systems to make more efficient both the administration of tax and the ability of the taxpayer to comply with obligations in a straightforward manner is welcome as an overarching principle.
However, I believe this proposal will face significant difficulties in practice, as most businesses are often small in size, sole trader entities that would not find it cost effective to implement the revisions to IT systems required in order to adhere to real time reporting requirements. Also, a significant number of businesses will not receive invoices from suppliers in electronic form.
Overall, I believe this proposal could be introduced to businesses over a turnover threshold, so as not to impede sole traders / micro businesses in such a manner as may make them close their businesses.

Q.2 What matters should be considered in planning for a transition to a new VAT Reporting system?

As noted above, matters to consider are, business size and complexity, overall turnover levels, sole trader or body corporate, the mandated filing frequency for a trader (i.e. bi-monthly, 4 monthly or annually) all need to be considered. VAT registered businesses simply want an ability to comply with their obligations in a manner that does pose a risk to ensuring such compliance.
If I were leading a transition plan, I would phase the introduction of such a new VAT Reporting system to large businesses first; those that require full suite accounting ERP and can therefore more readily adjust.
In a small consulting business such as mine, I simply use an Excel Spreadsheet to track my fee and purchase \ expense invoices and calculate my net VAT liability as the volume is not that large. My business would not justify the investment in a dedicated ERP platform that might be required to comply with real time reporting.
Revenue may also wish to have cognisance of the fact that some traders voluntarily register for VAT even though turnover thresholds that would mandate such registration in law are not met. They do this so that they are not, for example, disadvantaged in a public tender as a service acquirer would likely disregard a micro supplier if it is evident that they are indeed small.
My practice for the last three years has suffered a reduction in fees to the point that I am only now maintaining my VAT registration on a voluntary basis - I do so in the hope that our ongoing marketing efforts will regrow the practice again in the medium term.
Revenue may wish to be mindful of things like this and develop alternative proposals for such small businesses, such as maintaining the status quo to avoid the loss of such entrepreneurs.

Q.3 If your business is currently subject to a VAT reporting programme in another EU or non-EU country, can you please share best practice, recommendations or lessons learnt?

No.

Q.4 Have you any observations, concerns or recommendations on a move to mandatory electronic invoicing for B2B & B2G domestic VAT transactions?

As above, I believe it is important to understand the Irish business demographic prior implementation any form of mandatory eInvoicing System. There are a significant amount micro businesses that could not justify the cost from a software perspective of implementing new systems to comply with mandatory eInvoicing Systems.
As noted, the bulk of such businesses maintain their records using Microsoft Office products like Excel and Word. Taking my practice as an example, I prepare invoices on a standard template in Word, proof the invoice and save it into Adobe PDF format - these invoices are then personally emailed to clients in an

encrypted manner as required and we account for our VAT using the Cash Basis when they are settled. If I then have to manipulate these infrequent invoices into a format like XBRL to allow for a mandatory eInvoicing, this will take up too much administrative time and I would have certain security concerns regarding the technology.

Q.5 Revenue is particularly interested in hearing views from businesses that are already engaged in eInvoicing Public Bodies within Ireland or engaged in B2B eInvoicing throughout Europe and beyond. How did you prepare and what challenges prevailed in your preparations for eInvoicing?

I have not done so yet.

Q.6 What suggestions would you offer in Ireland's arrangements for a mandatory B2B and B2G eInvoicing programme?

See themes as noted in previous questions. In synopsis, do not overburden micro and small businesses, do not put them out of business and, speaking as a trained IT systems auditor and Cyber Security consultant, we must be mindful of the cyber risks associated with such a move.

Q.7 Revenue are cognisant that small businesses may have different perspectives and requirements to large businesses, so what information prompts would you find useful for businesses in completing the VAT return?

I think such a redesign should be staggered to larger businesses first; a solution for small and micro businesses should be rolled out later.
Personally, the ROS offline platform is excellent. Forms can be completed from prepared raw data, checked and then submitted. Please remember that a move to Online, Realtime brings risks including connectivity - certain regions of Ireland still do not have appropriate broadband.