Response Number 528

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

As the owner/operator of a small consultancy business, I tend to do my accounting work once a month. If the demand for 'real time' reporting and ensuing deadlines/penalties for non compliance goes over a month end etc, this could be problematic. Equally, if my timing does not align with the timing of the 'corresponding' organisation, what is the implication of any processing being out of alignment?

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

Simple. Intuitive. Digitally integrated.
I now do 99% of all of my processing on line, with seamless integration with my bank and digital invoicing. I would expect that any new VAT reporting system is the same - and will not require multiple inputting of the same information.
Equally - what will be the timing/penalty calculation issues? When will the penalty start to calculate from?
This system should be designed as if a business DOESN'T have a full time accounts person, or consistent cashflow. For a small business they will typically only get paid at 30 days after a month end. Thus paying for VAT will be important to be timed for e.g. 45 days after the VAT accrues to allow for cashflow.

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?

N/A

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

EInvoicing is a great idea in principle. The main concern is the PROCESSES behind it. e.g. if VAT is accruable from a date of invoicing but payment is delayed or has to be chased... that causes great cashflow challenges for a small business. e.g. I had a difficulty chasing payment from a state funded body and it ended up in a legal challenge 6 months later. If EInvoicing comes in, does that mean that the 'clock starts ticking' on the VAT payable - but the cash received could be MONTHS later - signifying a big cash flow challenge for a small business!

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?

N/A

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

This can only be as good as the processes for payment that sits behind them. If VAT is accruable (and interest payable) from 'day one' but payment is only received on Day 60, it is untenable for a small business to manage that liability and cashflow challenge.
Clear rules on when the clock starts ticking on VAT payable? If B2G, mandatory for all Government bodies to pay their invoices within the terms of the invoice - this rarely happens as payment processes fall down regularly.

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?

Would be useful to have a part of the VAT return ringfenced for invoices that are late and therefore the VAT is not yet payable. This is a significant challenge for small business and can result in a small business losing its tax clearance certificate (and eligibility for state schemes etc.) due to delays or bankruptcy elsewhere. This is unfair.