BRADY & ASSOCIATES

Strength In Numbers

VAT Modernisation Branch
Indirect Taxes Policy & Legislation Division
Revenue Commissioners
Dublin Castle
Dublin 2
D02 HW86

11th January 2024

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

   The proposal to introduce real-time reporting by Revenue needs to first address the growing tendency of Revenue to shift a significant portion of compliance and implementation responsibilities onto accountants. This initiative should be fully supported and led by Revenue, rather than transferring a substantial part of the responsibility to accountants. This approach, as seen in initiatives like PAYE Modernisation (PAYEMOD) and COVID-related schemes such as EWSS, TWSS, CRSS, and TBESS has already placed a considerable burden on accountants. This challenge is further exacerbated by limited support, as evidenced by restricted Revenue phone service hours and slow responses to MyEnquiries. Additionally, the absence of a dedicated support line for accountants and tax agents is particularly concerning, considering their crucial role in facilitating Revenue's operations and the direct collection of taxes by Tax Agents. These issues collectively highlight the need for better support and consideration for accountants in light of any new reporting requirements.

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

   Implementing a reverse charge basis for VAT reporting should be a key consideration, especially for B2B transactions. This approach, already successful in the construction industry, can significantly reduce administrative burdens and streamline the process.

Establishing a dedicated support line for tax agents and accountants is crucial. Given Revenue's specific request for participation from stakeholders such as accountants, it's essential to provide a direct line of communication. Accountants typically have more technical and complex queries, which necessitate a different level of support than that required by the general public. A dedicated number would facilitate efficient resolution of these queries, avoiding the inefficiencies of automated phone systems designed for the general public. This would not only improve the efficiency of accountants' work but also enhance the overall effectiveness of the VAT reporting system.

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?**

   The reverse charge mechanism, already in place for intra-EU B2B transactions, offers a streamlined approach to VAT reporting. Extending this mechanism beyond the construction industry to other sectors in Ireland would align domestic practices with these existing EU frameworks.

   Such an extension would not only be consistent with current EU practices but also potentially simplify VAT compliance for businesses, reducing administrative burdens and aligning with modern digital reporting systems.

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

   Mandatory electronic invoicing (eInvoicing) should be approached with caution to ensure it does not disproportionately impact smaller businesses. The varied levels of digital readiness among businesses, particularly smaller ones, must be carefully considered to avoid creating undue burdens.

   Additionally, there's a concern about the potential for Revenue to shift the responsibility of implementing and managing this transition onto accountants. Given the significant role accountants play in facilitating these processes, it's imperative that Revenue provides adequate support. This should include establishing a dedicated phone line for tax agents and accountants, ensuring they have direct and efficient access to necessary assistance and information. Such support is crucial to address the volume and more technical nature of queries that tax professionals typically handle.

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?**

   As an accounting firm, we foresee challenges in assisting clients with different levels of technical proficiency. Clear guidance and support from Revenue in this transition are essential.

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

   Simplification of VAT Compliance: Implementing the reverse charge mechanism within the eInvoicing programme can greatly simplify VAT compliance. By shifting the responsibility for reporting a VAT transaction from the seller to the buyer, businesses dealing with a high volume of transactions can experience a reduction in administrative burden. This change would mean suppliers no longer need to account for VAT on their sales invoices, streamlining the process.

   Reducing Fraud: Implementing a reverse charge basis for B2B transactions is also less risky from Revenue's perspective. It eliminates the scenario where a taxpayer collects VAT on sales but either goes out of business or commits VAT fraud by not remitting it to Revenue. With a 0% reverse charge, there's no VAT charged, thus no collection of VAT by the taxpayer, reducing their responsibility to remit it to Revenue.

   Cash Flow Benefits: Incorporating the reverse charge mechanism into the eInvoicing system offers cash flow advantages for buyers. They would not have to pay VAT upfront to the supplier, eliminating the waiting period for VAT recovery through their VAT return. This aspect is especially beneficial for businesses with extended payment terms with their suppliers, improving overall cash flow management.

   Incorporating these elements into the mandatory B2B and B2G eInvoicing programme would not only streamline the VAT process but also align it with best practices for fraud prevention and financial management.

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?**

   Simplified reporting formats and tailored guidance for small businesses are necessary. Implementing a reverse charge mechanism for B2B transactions, as used in the construction industry, could reduce administrative burdens.

8. **Are you are responding to this consultation in any capacity other than as a taxpayer, eg. as an advisor, an accounting software or eInvoicing service provider, Representative Body, Industry Group or, Government or Public Body?**

   I am responding as a CPA accountant and tax adviser, operating my own firm in Dublin.

9. **Please provide some context about your organisation and the capacity in which you are contributing to this consultation.**

   My firm provides accounting and tax advisory services to a diverse clientele, including SMEs. Our experience with tax compliance and reporting systems offers practical insights into the proposed VAT modernisation.

10. **Your name and contact details (E-Mail and/or phone number)**

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