Response Number 698

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

The benefits of real time reporting are understandable. However the size and capabilities of the business need to be considered before imposing this on all businesses. Larger scale businesses will have the systems, controls and processes to ensure that any real time system is implemented correctly and have the full time staff to ensure ongoing compliance. However thousands of small businesses rely on part time book keeping and accounting services engaged where record keeping is reviewed and checked every two months as part of the VAT reporting cycle. This ensures that there is a third party review of records before formally submitting revenue and significantly reduced the likelihood of an administrative error going unnoticed. In our opinion smaller business and start-up type businesses will be severely disadvantaged by this move.

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

The size of business. Mom and Pop type businesses do not have the capabilities to implement, manage, QA and be confident in the real time data being submitted to Revenue particularly with something like VAT. This proposal will deter small and early stage businesses from trying new things and innovating through fear of doing it wrong! Believe me the biggest fear that many small business owners have is that, despite their best efforts, and despite trying to keep abreast of all relevant tax legalisation and rules, and despite getting external booking keeping and accounting services that something will be missed or incorrectly reported to revenue. The penalties are so severe that something like real time reporting of vat (without the comfort of third party checking, balancing etc every two months) will simply stop them for developing their business.

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?

Ok if the move across the EU is towards obligatory eInvoicing for intra-Community B2B transactions then the development of eInvoicing here makes sense for intra-Community B2B transactions. However extending this to domestic invoicing for small businesses is nuts. As someone who has worked in large corporations and now runs a small business - there need to be an acknowledgment that owner operators (or businesses with less than 5 employees) have to operate within their capabilities. Real time Domestic VAT invoices just seams to be a step too far for small businesses.

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?

Mandatory e anything will disadvantage small business. This comment is coming from someone who has embraced everything IT related for 30 years and worked implementing large scale IT systems for multi nationals. Proceed very carefully is my suggestion.

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?

Its very clears as it is - the VAT return need to be filed every two months and businesses have roughly two weeks to get it done at the end of every two months. No further prompts are required.
Change the system and make it more complex with a higher likelihood of administrative error and many small businesses will either not be capable of complying.