Response Number 1062

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

Skeptical. It can be an added benefit for medium and large businesses but can become burdensome for smaller businesses or family run businesses. What would be the cost to the business is the ultimate bottom line here.
Smaller businesses are already trying to push against inflation, rising utility costs, increases to employer payroll costs, additional cost of reporting benefits to Revenue (introduced in 2024) along with pending changes such as Auto Enrol Pension Scheme and Gender Pay Reporting not least forgetting the four year plan to line minimum wage up with the living wage - how will they fair having to move to B2B and B2G along with e-Invoicing? It should be phased in starting with the countries largest businesses firstly and moving down along. This would allow additional time, in particular for elderly business owners, to naturally phase out of business altogether or allow the next generation of businesses owners and managers to come on board and start fresh with such real-time reporting.
Overall, it should be introduced to the countries largest business and in addition, first time business owners/companies should also follow suit. That way any new business owners/companies coming into the market are starting on the right foot whilst existing businesses should be phased into such a requirement.

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

Phased in basis, as mentioned above - start with the largest and move down. If the countries top brass underperform in real time reporting, there isn't much of a future in real time reporting. The success of such scheme should be illustrated by the largest companies that can afford such additional costs - they should be the 'trendsetters' here.

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?

The UK operates real time VAT reporting, overall a positive system and less room for error when reporting T1, T2, E1, E2 etc. figures.
However, the UK fines and penalties for late VAT returns under such systems are strict and mostly seem unfair. The Revenue Commissioners have not expressed, to the best of my knowledge, any notion of changes to fines and penalties under a new reporting system. However, my intuition tells me we will end up with a carbon copy to the UK model which should be made clear and honestly to the public if there is an intention to start issuing automated fines and penalties like we see in the case of late IT/CT returns. I do not think it's simply ok to introduce an entirely new system and after the fact, announce a revision in fines/penalties - honesty is the best policy!
In addition, the software providers that I have worked with in respect of UK VAT Reporting have to be setup quite specifically in order to ensure that all transactions are recorded accurately e.g. intra-EU, Postponed Accounting etc.
Less tech savvy business owners may struggle at this hurdle and where do they turn for resources? Software helpdesks will only take them so far because, from experience, most accounting software helpdesks do not have accounting experienced individuals so while they can provide great advice with IT issues, the actual nature of reporting transactions and the 'how's' and 'why's' of VAT reporting will be largely unanswered by these software providers. Will the Revenue Commissioners have dedicated help services for such queries?

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

Yes, my main concern is that it is an additional cost - currently immeasurable - to smaller businesses in

particular that are already struggling. It favors medium and large businesses who largely have their own accounting persons or teams and the cost will be largely ineffective to them - phased basis introduction is best.
In terms of B2B specifically, yes electronic reporting makes far more sense when compared to the current model. At present, a dispute between intra-EU transactions can take years to materialize - most definitely in need of an upgrade.
Another huge drawback is that the accounting software market in Ireland is largely dominated by a couple of corporations - there is not a huge variety of options available to consumers.

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 to me.

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

- phased introduction
- dedicated and quality resources from the Revenue Commissioners to business owners
- extension of VAT deadline from 23rd to 30th/31st of each month

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?

- Step by step guidance but again, this will vary between business owners due to the fact that they will all be working off different software's e.g. Surf Accounts guidance will vary from SAGE Ireland's guidance will vary as the software's are not identical.
- Large businesses will have the advantage as many of these will have their own in house customized software which they have designed and will re-design to fit their exact purposes and needs - small businesses will have little variety to choose from.
- Detailed guidance should be provided for each section of the VAT3 e.g. T1, T2 with particular attention and relevant examples for the 'E' boxes and PA boxes. Simple sentences won't be resourceful, you need to make this clear to the user.
- The current guidance from Revenue is ok if you are already operating a business or work in practice. However, new business owners struggle with the guidance because you need some understanding beforehand for the information/examples to make sense of the guidance.
- Revenue need to provide information and guidance starting from the basics up. If business owners are thrown in at the deep end, regardless of size, there will be push back and negative reactions. Additionally, an uptake in marketing would be ideal - a marketing campaign three months before is no good for anyone, this needs to be marketed as an incoming change with plenty of time for business owners, particularly small businesses, to implement such changes or unfortunately weigh up whether increasing costs mean they can afford to stay in business.