Response Number 264

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

In practice, it is an excellent idea. However:
- The practicalities of working in such an environment are not clear.
.e.g. Incorrect posting in an accounting system, which currently can be corrected before filing VAT returns. There is some sense in allowing for time to perform controls, cross-checks and reconciliations, before providing final figures. In a real-time environment, how do you envisage corrections or reposts to be handled, between the various automatic reporting account software systems, of which some will be online and others offline.?
- What is the difference between Real-Time and Periodic Reporting, as per your graph "Value-Added Tax Reporting in the EU" at the end of your document "Modernising Ireland's Administration of Value-Added Tax: Public Consultation on Real-time Digital Reporting and Electronic Invoicing" dated 13th October 2023.?
Your data in the above document might be misleading. Most would consider Ireland to be a Periodic VAT-reporting member state, but your graph suggests otherwise.

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

1. Removal of Revenue's limitation regarding not being able to work with cents.
Please note ALL account software systems can perfectly work out cents in VAT returns, but for some reason, Revenue cannot work with cents and requires all VAT returns to be rounded. This limitation forces hundreds of thousands of Irish businesses and accounting staff to always write off cents. This adds an unnecessary burden that should be removed.
2. Be practical about how this should work in the real world, with a lot more small businesses that might not have the staff or systems to easily move to Real-Time reporting. Pay particular attention to corrections and re-posts due to mistakes etc..

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?

I feel that could based system will handle this well, but I would ask that particular attention is given to:
1. Cyber Security and Scam Invoices.
Digitizing Invoicing is a very good idea, however, if you do not have a solid plan on how to provide guidance and controls on new cybersecurity concerns, then this should not continue.
You need to be firm and clear on this matter and not pass the buck to software vendors who in turn will pass the buck to the end users. You need to have a clear and solid cybersecurity plan as part of your new framework, that covers all participants and affected parties.
2 . What about businesses that use off-line systems, or non-integrated systems?
"Mandatory" seems like forcing businesses to use what you want and not what they want.
Also, if you plan to provide funding (or tax relief or incentives) to these businesses (to help move to digital eInvoicing systems), then that is unfair toward businesses who paid for their digitisation.
If you provide funding (or tax relief or incentives) to help any business digitize, then that must be available to every business, to help offset their already invested funds to digitize.
It clearly is unfair to use our tax funds to help our competitors.

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 (at this stage, still using current methods)

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

See question 4 above

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?

See question 2 and question 4 above