Response Number 719

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

It is another step towards enhanced compliance. It will add administrative burden on small businesses. However if Revenue can train staff to understand the pressures on small businesses to keep their businesses profitable in the interest of the economy and of Revenue, then it will help.

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

VAT cannot be seen as stand alone. It must be reviewed in tandem with PSWT and RCT. Many businesses doing public work are carrying out vital public services, for a tiny profit margin (2-5%). If PSWT is held for 18 months, and then VAT is payable in real-time then the 'off-set' facility (RP50) needs to be incorporated into the realtime system. In short - businesses cannot cash flow public capital works, and wait 18 months to get a return of PSWT post- account filing. No business has a margin of plus 23% profit! Also the cash-receipts threshold has not risen for years. Our business has about 40% 'pass-through' revenue to sub consultants. This is included as our income, but its not ours. 2m cash-receipts' threshold needs to be raised to an income threshold of 5m (or discount pass-through revenue).

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 - all work in Ireland

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

Public sector bodies need to be educated about VAT and PSWT/ RCT. In our experience many managers in public sector bodies have no idea about it. In order to manage VAT efficiently all Local Authorities need some kind of training on the 'cost of time delays'. Trying to cash-flow public projects is one of the key reasons why many businesses do not want to do public work. The State is losing out to this inefficiency. In some quarter there is a perception that RCT and PSWT are because the business is somehow 'non-compliant'. In reality the business needs to be uber efficient to manage this, and cover all compliance issues. The VAT on cash-receipts threshold needs to rise. The level of 2m five years ago is now affected by major inflation - threshold should rise to 5m.

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 - but would be interested to see if this would work on Ireland.

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

Late penalty % interest should be applied into the software so state and semi-state organisations are encouraged to pay on time.

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?

Current VAT3 reporting forms are really clear. However the annual RTD form can be a bit of a minefield. The RTD form needs to be simplified. Each field needs a brief explanation instead of just the Revenue lettering codes.