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Dr. Dermot Coates
Chief Economist
Department of Enterprise, Tourism and Employment
23 Kildare Street, Dublin 2.

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Dear Dr. Dermot Coates,

I hope this letter finds you well.

I would like to thank you for addressing Dublin Chamber's Labour Taskforce last week and for sharing the Department's perspectives on competitiveness and bureaucracy. Your remarks were very well received by our members.

Following your presentation, along with Dublin Chamber engagements with Minister Burke back in March, we invited members to share specific examples of how taxation policy and administrative inefficiencies are impacting their business's ability to be competitive. We have compiled several practical and insightful cases below, which we hope will be of value to the Department as you continue your work in this area.

One such example relates to **VAT treatment in the training industry**. Through public procurement, many SMEs service a large proportion of government-funded training, which is provided to support upskilling and reskilling for businesses and for individuals nationally. For the majority of training contracts delivered under government funding (e.g., to the LEOs and the ETBs), there is an exemption for the training provider to charge them VAT, even when registered.

The biggest cost for any training company is the provision of trainers. As these trainers are engaged as external suppliers and are not delivering directly to funders, they charge VAT at 23% to the training provider. Despite being registered, the training provider cannot claim any of the VAT back on the trainer invoices because the government contracts do not have any associated VAT. The training provider is therefore left to carry the additional cost.

In contrast, sole traders, many of whom are not VAT-registered and service LEO and ETB work, avoid this cost entirely and can undercut company providers. This creates an uneven playing field, making training companies significantly uncompetitive compared to the



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individual sole trader. Members note that this anomaly could be resolved by aligning the VAT treatment for indirect trainer services with that of direct provision, ensuring that trainers engaged through a VAT-registered provider for government contracts are treated the same as sole traders providing services directly.

Another issue raised by members relates to **Withholding Tax (WHT)**. Members report that WHT is inconsistently applied across government contracts, even where contracts are otherwise identical. This creates confusion and an unnecessary administrative burden on companies that must reclaim the withheld tax.

Moreover, because WHT is often tied to Corporation Tax (CT) returns, refunds can often be significantly delayed, sometimes by up to a year, which significantly impacts cash flow. The Revenue Online Service (ROS) system further complicates the process, as it is not always clear whether refunds relate to CT or WHT, making reconciliation more time-consuming and cumbersome.

Similarly, members highlighted administrative burdens relating to the **Back to Work Enterprise Allowance (BTWEA)**, a long-standing support that enables long-term unemployed individuals (12 months+) to start their own business. While it has historically supported around 20,000 start-ups per year, members report that this figure has fallen to 2,000 per year. While the strong labour market may partially explain this decline, members believe that barriers to access may also be limiting uptake, specifically concerning the administrative complexity.

Local Development Companies (LDCs), which support BTWEA applications across the country, report burdensome paperwork requirements. For example, full application packages must be physically posted to the Department of Social Protection (DEASP). If minor errors are identified, such as a missing signature or date, the entire package is returned by post, delaying approval. Members recommend allowing digital submission and amendment of all BTWEA documentation, including CRO registration, business plans, tax clearance, and application forms, to streamline the process and reduce delays.

In addition to the above, at a recent Dublin Chamber, members highlighted several wider concerns relating to the administrative burden:

Accessing enterprise supports and grants: Several businesses described significant obstacles in accessing and managing grants from Enterprise Ireland. Key challenges include the overly complex application processes, especially the detailed requirements for timesheets and financial projections. One business reported having to hire a financial advisor solely to navigate the application, while another cited issues with cumbersome



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forms and unreliable registration platforms, which often crash. Businesses emphasised the need for streamlined procedures to make supports more accessible and less resource-intensive.

Cumulative Compliance Pressure: Businesses expressed concern over the growing range of compliance demands across several fronts, including ESG reporting, gender pay gap reporting, HR obligations, and preparations for Auto-Enrolment. The cumulative financial and operational impact of these requirements is becoming increasingly burdensome for firms, particularly SMEs that do not have a HR function within the business. Some report requiring specialist advisory support to tackle the burden.

Need for Streamlined Processes: Participants urged for greater clarity, coordination, and efficiency in how government supports and compliance requirements are designed and delivered. Suggestions included simplifying application and claims processes, avoiding overlapping regulations, providing longer lead-in times for new policies, and ensuring clear communication between government departments to reduce the administrative load and allow businesses to focus more on growth and innovation.

We appreciate the Department's engagement with these issues, and we hope the examples provided offer useful insights. We would be happy to discuss any of the issues outlined in this letter in more detail with you.

Regards,

Aebhric McGibney
Director of Public & International Affairs