

## newsletter

issue 2 • 2013

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# ENTERPRISE IRELAND

## SUPPORTS FOR BUSINESS



With a relatively limited domestic market, it was always important that companies with growth ambitions embrace opportunities overseas. Given the current economic situation, harnessing overseas opportunities is increasingly an imperative for many.

Enterprise Ireland has a range of supports available for entrepreneurs and established companies that demonstrate the potential and ambition to grow exports and create jobs.



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Assisting in the development of strategic business plans, building leadership and management capability, accessing overseas markets, connecting Irish companies with overseas buyers and researchers and providing finance to support business plans are just some of the supports the organisation has in place. Enterprise Ireland has a mandate to work with manufacturing and internationally traded services companies at all stages of development. Their impact is clear. Collectively, they employ over 300,000 people directly and indirectly. In total they spend over €18.3 billion on wages and salaries and on locally sourced services and raw materials.

## START-UPS

Enterprise Ireland actively prospects for entrepreneurs and start-ups with business ideas that are innovative in nature and that have export and job creation potential. It works closely with the County Enterprise Boards (CEBs) to ensure potential entrepreneurs are provided with the supports most appropriate to their particular requirements, business ideas and stage of development. Funding is provided at the very earliest stages. For example, Enterprise Ireland's Competitive Start Fund was launched in 2011 in response to the needs of start-ups where €50,000 is provided for 10% equity with a simplified legal agreement to kick start and validate the business idea. For more advanced start-ups, Enterprise Ireland provides funding through equity with the level of equity based on the business case provided.

## NEW EXPORTERS

Enterprise Ireland has also established a new division called the Potential Exporters Division. This is aimed at helping established companies that, to date, have largely focussed on the domestic market but now wish to explore their export potential in one or more market. Information and advice is provided online, through a special export 'helpdesk' and a Market Research Centre which provides access to a variety of specialist sector and country reports.

Enterprise Ireland also operates a Going Global Fund which is a competitive fund aimed at companies wishing to explore opportunities to internationalise their business as a route to growth. The fund is designed to assist successful applicants to evaluate and assess overseas market opportunities, identify suitable channels to international markets and examine possibilities for web-enabling its service offer for export markets and marketing online.

## SUPPORTING ON-GOING COMPANY GROWTH

Many Enterprise Ireland client companies and larger exporters are continuously seeking to expand in existing international markets and break into new markets. But to be truly successful, they need to strive for excellence across all aspects of their business. Potential international customers expect no less.

A range of funding and non-funding supports are available. For example, incentives to stimulate in-company R&D – new product, service and process development – are available through the R&D Fund. Assistance to drive R&D collaboration with research institutions is available through measures such as the Innovation Voucher Programme.

Export assistance is provided through Enterprise Ireland's 31 overseas office network. This includes the provision of in-market services, local market information and the facilities of the office network. The network also provides introductions and access to a global network of contacts and supports to help companies become more competitive in international markets are available through Enterprise Ireland's Lean Programme.

Information on Enterprise Ireland's supports and criteria is outlined on our website [www.enterpriseireland.com](http://www.enterpriseireland.com). Interested entrepreneurs and companies at any stage should first take a look at what's on offer through the website then get in touch with our specialist advisers who will guide the applicant through the supports applicable to their own particular business stage, needs and plans.

[www.enterpriseireland.com](http://www.enterpriseireland.com)

## DEPARTMENT OF SOCIAL PROTECTION PENSION

Revenue is now receiving pension information from the Department of Social Protection. Revenue is currently cross referencing the information to the Income Tax Returns of those with DSP Pensions with a view to identifying instances of taxpayers failing to declare and under-declaring their DSP Pension.

State pensions are liable to income tax. Taxpayers should take care to ensure that an element of their cut-off band and tax credits have been allocated to the DSP Pension to avoid a tax liability.

## LIVING CITY INITIATIVE

Finance Act 2013 introduced a new tax scheme which had not been announced as part of Budget 2013. The incentive applies to the refurbishment of Georgian houses for owner occupier residential purposes, the initial qualifying locations will be in Limerick and Waterford cities. The relief takes the form of a deduction from the individual's total income for the year in which the expenditure is incurred and the following nine years at a rate of 10% per annum of the relevant conversion/refurbishment cost. The relief is limited to owner-occupiers and consequently does not apply to rental properties.

Similarly for commercial properties, works carried out for the refurbishment of dilapidated urban properties will qualify for relief. Relief will apply to qualifying expenditure incurred within 5 years of the date of commencement. The capital allowances are available at a rate of 15% per annum (years 1-6) and 10% (year 7). A clawback of capital allowances claimed can arise if the property is disposed of within 7 years. There is no express commencement date as of yet for the schemes which are subject to Ministerial Order.

## Revenue Payments by Direct Debit

Revenue has recently updated ROS to allow taxpayers manage their monthly direct debit. Indeed from 28 January 2013 instructions to Revenue for amendments to/cancellations of direct debits will no longer be accepted by Revenue via email or fax. Taxpayer must now utilise ROS to manage their direct debit payments. The function can be accessed on the services page of ROS by clicking on the 'Manage Bank Accounts' icon.



## NPPR

Collection of the Non Principal Private Residence Charge for 2013 commenced on 31 March 2013. The 2013 charge is based on the ownership and status of the property on the 31 March 2013. Late filing fees of €20 per month or part of a month will apply where the charge is not paid on or before 30 June 2013.

NPPR continues to apply for 2013 but will be abolished in 2014. It should be noted that unpaid arrears together with any interest and penalties will remain a charge on the property.

## JOBSPLUS INITIATIVE

The Minister for Finance recently announced a new JobsPlus Initiative in his 2013 Action Plan for Jobs. It is envisaged that the existing PRSI scheme and Revenue Tax Assist schemes will be replaced by the JobsPlus Initiative in a bid to simplify arrangements for employers and thereby boost the uptake for the initiative. A key benefit of the new Initiative is that it aims to provide an immediate cash-flow benefit for the employer. To that end it is proposed that the new incentive will be set at a fixed amount payable (monthly in arrears) to the employer over two years as follows:

- In respect of recruits unemployed for more than 12 but less than 24 months ~ €7,500
- In respect of recruits unemployed for more than 24 months ~ €10,000

It is expected that the new scheme will be launched at the end of June 2013.

## PAY AND FILE SUMMARY

The following is a summary of upcoming pay and file dates:

### Corporation Tax

Filing date for Corporation Tax returns for accounting periods ending in July 2012 **21 April 2013**

Payment of Corporation Tax balance for accounting periods ending in July 2012 **21 April 2013**

### Income Tax

Filing date of 2012 return of income (self-assessed individuals) **31 October 2013**

Pay preliminary income tax for 2013 (self-assessed individuals) **31 October 2013**

### Capital Gains Tax

Payment of Capital Gains Tax for the disposal of assets made from 01 January 2013 to 30 November 2013 **15 December 2013**

# THE COMPANIES BILL 2012

The draft Companies Bill, 2012, which was published on 21 December, 2012, has emerged from considerable work carried out by the Company Law Review Group (CLRG). Once enacted (expected to be late 2013/early 2014), the Bill is likely to introduce widespread changes to existing Irish company law. It consolidates the Companies Acts 1963-2012 (i.e. over a dozen existing Company Acts, as well as many statutory instruments and judgments) and runs to over 1,000 pages. In the words of Minister Bruton, it "is the largest substantive Bill in the history of the State".

The publication of this first of two volumes, which is divided into 15 Parts (with Part 1 being of most immediate interest) focuses on a new legal entity, namely a simplified version of the private company limited by shares (CLS). The private company has been the main form of registered company for over a century and today approx 90% of registered companies are private companies.

## Some of the key changes in the CLS are:

- a. One constitutional document will replace the current memorandum and articles of association. A company will no longer have an objects clause and will have the same legal capacity as a natural person. It can no longer act "ultra vires" (i.e. outside its power) and this will aid commercial transactions as there will be no need to check that a company has the power to do what it needs to do such as, for example, borrow money for a particular activity.
- b. It will be possible to have only one director.
- c. The requirements to actually hold an AGM can be waived and instead a written resolution of the members can be used.

The legislation specifically lists eight directors' duties but the list is not exhaustive. Many of these duties are currently defined at common law but without full clarity. The duties are summarised as follows:

1. To act in good faith in the interests of the company;
2. To act honestly and responsibly in relation to the company's affairs.
3. To act lawfully and in accordance with the company's constitution;
4. Not to use the company's property unless permitted to by the constitution or approved by shareholder resolution;
5. Generally not to agree to a limitation on the exercise of directors powers unless permitted by the constitution;
6. To avoid conflicts of interest;
7. To exercise reasonable care, skill and diligence;
8. To have regard to the interests of the company's employees and members.

We will provide more detail on these fundamental changes to Irish company law as the Bill proceeds through the Houses of the Oireachtas.



## NEW DOMAIN REGISTERING STARTS

Generic Top Level Domain names (gTLDs) are a category of Top Level Domains (TLDs) for use in the Domain Name System on the internet. They are visible to internet users as the suffix at the end of a domain name. There are currently 22 gTLDs in use including .com, .net and .org. In June 2011 the Internet Corporation for Assigned Names and Numbers (ICANN) approved the new gTLD program which has allowed companies and organisations to apply to register new gTLDs. Over 1200 new gTLDs could be introduced by 2014. The first new gTLDs are expected to launch in the second quarter of 2013.

### WHAT EFFECT WILL NEW GTLDS HAVE ON BRAND OWNERS?

The introduction of so many new gTLDs presents a challenge for brand owners and an opportunity for squatters to abuse the trade mark rights of others. Brand owners should review their domain name policy in light of the new gTLDs. To consider how you will protect your brand from the increased risk of cybersquatting it may be necessary to consider defensive registrations and to budget for the potential impact of the new gTLDs.

### THE TRADEMARK CLEARINGHOUSE

The Trademark Clearinghouse is due to open in Spring 2013. It is designed to give brand owners the opportunity to protect their brand names as new gTLDs. It allows brand owners to submit any of their trademarks which they might want to register under the new gTLDs for authentication. The Clearinghouse authenticates the trade mark information and passes this information to the registries and registrars of the new gTLDs. Entering the Clearinghouse gives trade mark owners access to two services:

**Sunrise Period** - You must register your rights with the Clearinghouse to obtain access to the initial phase of applications, the 'sunrise period'. The sunrise period gives trade mark holders priority in registering their marks under the new gTLDs before general applications are accepted. To use this service you will be required to sign a declaration stating that your trade mark is in use in relation to the registered goods and services, and to provide evidence of use.

**Trade Mark Claims Service** - The claims service is a notification service which will inform the owners of trade marks registered with the Clearinghouse that a third party has applied to register a domain name under a new gTLD that is identical to the trade mark. The service can be used even if you did not opt to register a domain during the sunrise period. Proof of use is not required to use the service. Please note that entry into the Clearinghouse does not prevent third parties from registering your trade marks as domain names, it gives you notification of the application so that you can decide whether to take further action.

Please note you are not required to enter your marks into the Clearinghouse in order to register your mark under the new gTLDs, but if you have not done so you will not be able to register your mark as a domain name during the sunrise period, you will have to wait for the general application stage, which is usually on a first come first served basis.

It is advisable to register your marks with the Trademark Clearinghouse early in preparation for the launch of the new gTLDs.

## FILING IXBRL FINANCIAL STATEMENTS

Following the release of enhancements into ROS (Revenue On-line Service), the first iXBRL financial statements were uploaded by customers on 26 November 2012. iXBRL (in-line eXtensible Business Reporting Language) is a language which allows financial information to be communicated and presented in a format that may be recognised and read by both people and computers.

Although the filing of financial statements in iXBRL format is currently optional, it will become mandatory for all Corporation Tax Payers. From 1 October 2013 customers of Revenue's Large Cases Division (LCD) must file iXBRL financial statements when making their tax returns, with respect to accounting periods ending on or after 31 December 2012. The timing for mandatory iXBRL filing for all other Corporation Tax payers will be determined and announced in the next few months.

In advance of mandation, the Revenue message to Corporation Tax Payers and to the practitioner community is to avail of the opportunity the optional phase presents. It is a chance to plan and prepare for iXBRL filing, to identify who will be involved and a chance to test systems and processes to ensure that they are iXBRL ready.

For further information on Revenue's iXBRL filing requirement visit their webpage at [www.revenue.ie/en/online/ros/ixbrl/](http://www.revenue.ie/en/online/ros/ixbrl/) or contact the Revenue iXBRL Business Team at [ixbirl@Revenue.ie](mailto:ixbirl@Revenue.ie).

## NEW INTER/INTRA COUNTRY PAYMENTS SYSTEM

SEPA stands for "Single Euro Payments Area". It is an international system for standardising inter – and intra-country payments within the SEPA zone. The countries affected by SEPA include the 27 EU member states plus Iceland, Norway, Monaco, Switzerland and Lichtenstein.

With effect from 1 February 2014, SEPA compliance is compulsory for all banks and companies who wish to process payments by direct debit or credit transfer.

SEPA covers €uro currency transactions only.

To be ready for SEPA your company needs to:

1. Perform a detailed impact analysis and identify the activities that need to be undertaken.
2. Identify which systems are impacted by the new standards and evaluate if the changes can be implemented by your software provider.
3. Develop a clear business case and secure internal approval.
4. Define your internal SEPA migration plan with a deadline that ensures you will be compliant for 1 February 2014.

For further information see [www.aib./sepa](http://www.aib./sepa)

# Specified Illness Cover?

## What Is Specified Illness Cover?

It is an insurance that pays a tax-free sum of money if you become critically ill, e.g. suffer a heart attack, cancer, stroke, MS. There is normally a requirement to survive for fourteen days to one month before insurers pay out. It is often packaged together with life assurance thereby allowing for benefits to be paid either on diagnosis of critical illness or on death.

## Should You Have It?

The probability that you'll need to claim on a specified illness policy is higher than on a life insurance policy, so it is arguably more important.

If you already have Income Protection (where you are paid an income if you are out from work due to ill health on a long term basis) and Life Assurance then buying specified illness may seem excessive. You are best placed to decide this when you consider how suffering from such an illness would affect your ability to pay monthly outgoings. Many people will take out specified illness cover to the level of their loans and mortgage on their family home.

## What Is Covered?

Cover for specific types of illness varies between policies, the bare minimum should be the three biggest:

**Cancer** – accounts for around half of all specified illness claims

**Heart Attack** – accounts for around 10% of claims

**Stroke** – accounts for around 7% of claims

What's most important is how the insurer defines a specific illness and the criteria around a claim. For example, if you suffer from cancer or a heart attack how serious does it have to be before you get a pay-out?

## How Much Cover?

This is a particularly difficult question to answer. To start with you should identify how much you'd need to cover on-going bills and living costs for five years and then check out the premiums. Alternatively you could base it on the levels of your loans and liabilities. The higher the level of cover the higher the premium so keep this in mind.

## How Long Do You Need The Cover For?

Cover until retirement is prudent, alternatively for the duration of any loans. You can always cancel the policy if you no longer require it.

## How Much Does It Cost?

Premiums are calculated based on your age, sum assured, family medical history, smoking status, occupation, hobbies and your current state of health. The older you are the more expensive the premiums.

## Table of Costs

Age	€50,000	€100,000	€150,000
30	€10.32	€18.13	€25.93
35	€13.62	€24.71	€35.81
40	€20.07	€37.61	€55.15
45	€29.31	€56.09	€81.08
50	€45.31	€88.08	€127.65

**Notes:** Illustrative costs based on a 10 year policy term, level sum assured, male (gender equalisation applied rates) with the option to convert to a longer term policy, premiums paid monthly by direct debit. Premiums quoted are based on best rates available on the 11th March 2013, ordinary rates to apply, subject to full medical underwriting, non-smoker rates apply.

## Underwriting

At the point of application you will need to provide information on your health and past medical history. Family history may also affect the insurance companies decision to insure you. Insurance companies can accept you at Ordinary Rates or they can load premiums, exclude certain illnesses or indeed decide not to offer you cover. You may well be expected to attend a medical and other health checks as part of the underwriting process.

## Summary

This is a good and important type of insurance to consider. If affordable you should have it regardless of whether you have life assurance and income protection in place. Get advice from an independent adviser.

## CREDIT GUARANTEE SCHEME (CGS) – A SILVER BULLET FOR SME’S?

The CGS is designed to allow Small and Medium Enterprises (SMEs) access to more funding in an effort to stimulate economic growth and create employment. The scheme is designed to reflect the growing number of commercially viable SMEs which were becoming insolvent due to the lack of credit facilities available to them.

The CGS will allow an SME to gain access to credit whereby the Government will guarantee 75% of the loan afforded by the lender. The amount the Government is willing to guarantee is capped at €150m per annum and any SME availing of the CGS will have to pay a 2% annual premium on the outstanding balance of the loan.

Whilst this form of borrowing will, in the short term, be more expensive than a conventional loan, it will in fact allow companies, which would otherwise be stifled by a lack of credit, to develop, grow and create employment.

Critics of the CGS have suggested that this economic leg-up to our SME’s will constitute a further drain on Ireland’s already limited resources. Others suggest that the 2% Government premium significantly reduces the effectiveness of the CGS, by virtue of the increased cost of the funding.

## WHAT’S IN A NAME™

A trade mark is an intellectual property right which gives you the exclusive right to use your mark and prevent rivals from using it without your consent.

It can be any mark used to distinguish the goods or services of one business from those of its competitors. The only way to be sure that you have exclusive rights to an identity under which you wish to trade is by means of a trade mark registration. People often assume that once they have registered their business or company name, only they have the right to use the name however this is not the case.

In many instances, a Trade Mark is an extremely valuable asset of a business which can be sold, licensed and mortgaged, just like any other piece of valuable property. Without appropriate trade mark protection (for your trading name, brand name, product names, logos or service names) these names could be copied or used by a third party including a competitor. Consequently you may lose business and goodwill.

It is advisable prior to trading under a name, registering domain names or using a product or service name or logo you should investigate whether you can get trade mark protection for the name or logo. Trade mark protection helps you realise greater value for your business, provides you with a unique, protectable brand, creates brand awareness, generates consumer trust and extracts value through licensing or sale of your trade marks.

## PERSONAL INSOLVENCY ACT 2012

The Personal Insolvency Act completed its passage through both Houses of the Oireachtas on 19 December 2012 and was signed into law as the Personal Insolvency Act 2012 (the Act) on the 26 December 2012.

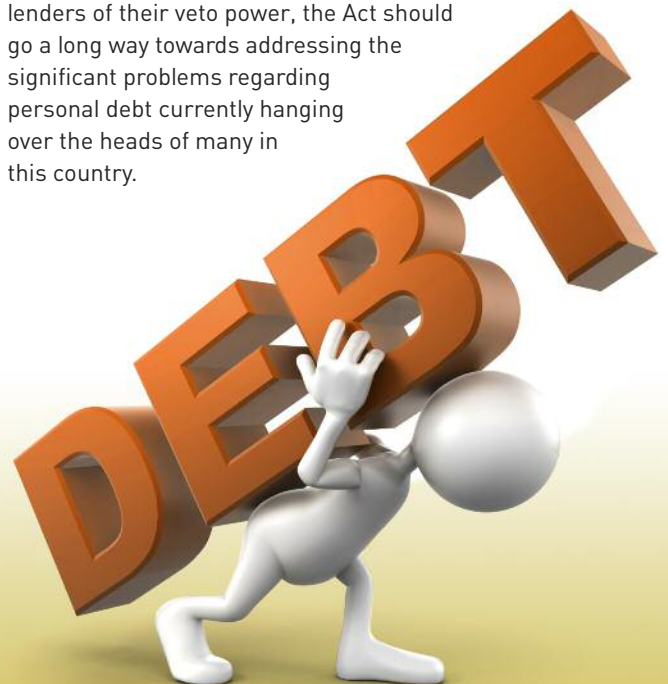
The Act substantially reforms the Bankruptcy Act 1988, the most notable reform being the automatic discharge period reduced from 12 years to 3 years. The Act also introduces three debt settlement arrangements which allow, subject to certain conditions being met, the write-down or restructuring of both secured and/or unsecured debt owed by certain eligible individuals. The three debt settlement arrangements are as follows:

- Personal Insolvency Arrangements (PIA) (the only arrangement applicable to secured debt)
- Debt Settlement Arrangements (DSA)
- Debt Relief Notices (DRN)

To avail of any of the arrangements a debtor must be unable to pay their debts as they fall due and have no likelihood of becoming solvent within the 5 years following an application for a DSA or a PIA (3 years in the case of an application for a DRN).

Regarding implementation of the Act, it is estimated that the regulatory and operational frameworks required before applications for arrangements can be made will be in place during Q2 2013. It is difficult to estimate how long the process will take for each type of Arrangement to be structured and agreed upon, which may well depend on the numbers who seek to be registered as Personal Insolvency Practitioners.

If operated fairly, without unreasonable use by lenders of their veto power, the Act should go a long way towards addressing the significant problems regarding personal debt currently hanging over the heads of many in this country.



# LOCAL PROPERTY TAX

Unless you have been hibernating for the entire winter, it has been very hard to escape media coverage (whether fact or hot air) on the emotive topic of the local property tax ("LPT"), the introduction of which has been drip-fed to residential property owners for months and continues to be with (practically) daily updates on when and how it will hit you in the pocket. We attempt to summarise briefly the current state of play with LPT, which is intended to fund the administration of local authority provided services.

But let's first have a brief history lesson on recent Irish policy on property tax. Residential property tax came thirty years ago, was very unpopular and went again twenty years ago. The LPT is imminent, apparently because the troika are insisting on it. Pending its arrival this year, we have had the €200 NPPR levy (which again falls due in 2013 but is gone thereafter), the €90 PRTB registration fee (still with us) and the €100 household charge (an "interim measure" now gone but converted into LPT if not paid by 1 July next). Oh, and don't forget the septic tank levy..

## MAIN POINTS TO NOTE ON THE LPT

The rate is 0.18% for residential properties valued less than €1m and 0.25% on any excess over €1m. Broadly speaking, an "owner" is liable to pay the LPT based on an ownership date, which is 1 May for 2013 (note it is 31 March for the NPPR). The 2013 liability is based on a half-year only. It is payable by all owners of Irish residential properties (unless an exemption applies - see below); that means overseas and company owners of Irish residential properties are liable to the LPT not just Irish individuals.

At time of writing (in mid-March), Revenue have begun writing out to property owners to provide their "estimate" of the property value but have stressed that the estimate is not a valuation - it is up to the property owner to "self-assess" and choose the correct valuation band. The bands are up to €100,000 and then €50,000 increments up to €1 million; the mid-point in the band is chosen (i.e. LPT is 0.18% of €225,000 if your house is in the €200,000 to €250,000 band). So, in other words, whether your house is valued at €205,000 or €245,000, you are liable to pay the same LPT (i.e. based on €225,000). The valuation chosen, assuming correct, is valid for four years. This Revenue correspondence should also include the LPT return (a two-page document) and Revenue LPT guidelines.

A paper return is due to be filed by 7 May 2013, with online filers getting an extension to 28 May. Online filing is mandatory if you are already subject to the mandatory tax e-filing provisions or if you own more than one property. Payment is due for 2013 in July with a periodic direct debit payment option possible; that includes deduction at source from salary or pension or certain payments from two Government departments - Social Protection and Agriculture. The payroll deduction option may cause problems for employers. Full or partial deferral is possible (there are seven possible scenarios where you can claim this by showing inability to pay) but interest applies to late payment. Note also that the 2014 payment won't be far behind as it falls due in January 2014. You are obliged to file at least a month before the LPT is due - i.e. unlike many of the taxes already administered by Revenue, the pay and file date are not the same.

There are thirteen possible categories for exemption, such as "trading stock" of construction companies that have not been rented and certain properties in some "ghost estates", properties owned by a charity and used for "special needs accommodation", mobile homes, diplomatic properties and properties fully subject to commercial rates. Presumably with a view to getting the residential market going again, first-time buyers or buyers of "trading stock" from developers are also exempt from LPT for four years.

Self-employed taxpayers should be wary of failing to meet their LPT obligations. Sanctions include a potential surcharge as the relevant tax return is deemed to be filed late, which could lead to withholding of tax refunds or inability to get a tax clearance certificate. Furthermore, failure to pay LPT means it remains as a charge on the property and it cannot be sold unless the LPT liability is settled.

Revenue have been active in the media, highlighting their mandate to collect LPT and also flagging that they are looking at various sources of data to ensure the register of residential properties they use as the basis for writing out to owners is as complete as possible. Of course, what is implicit in this is that the LPT will highlight owners who potentially have arrears of other taxes (e.g. NPPR or household charge or, if it is a rental property, undeclared rental income).

