

## Welcome!

Welcome to the **Spring 2011** edition of the Lalor O'Shea e-newsletter! In this edition:

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We hope you find our e-newsletter informative & helpful. If we can assist you with any business issues, please feel free to call us on 059 9137040, email [info@laloroshea.ie](mailto:info@laloroshea.ie) or visit our websites:

[www.laloroshea.ie](http://www.laloroshea.ie)  
[www.teamwork.ie](http://www.teamwork.ie)

## Corporation Tax Exemption for Start-Up Companies



The Finance Act 2011 extended the 3-year tax relief for start-up companies to those companies which commence to trade in 2011. The relief was also modified so that the value of the relief is now linked to the amount of employer's PRSI paid. Revenue has published Tax Briefing Issue 01 which clarifies the effect of the changes introduced by Finance Act 2011.

## Research & Development Tax Credits



The Research & Development Tax Credit is a valuable tax-based incentive that is designed to encourage investment in R&D by companies in Ireland. Current tax legislation allows companies engaged in qualifying activities claim 25% R&D Tax Credit. There are a number of ways in which the credit can be claimed.

For accounting periods commencing after 1 January 2009, a 25% credit may be available as follows:

- As a current year corporation tax offset - Reduce your current tax year bill
- As a prior year carry back against corporation tax liability - Refund of prior year corporate tax
- As a 'Payable Tax Credit' (repaid in 2 installments, where corporate tax is nil or less than the available R&D Tax Credit) - Receive a cash balancing payment from Revenue

If you are involved in any of the following activities, you could be eligible for the credit:

- Developing and/or improving new product/improving an existing product
- Developing a new process/improving an existing process or system
- Improvements to plant performance
- Improvements to production output
- Rectification of production problems
- Improvements to product handling or packaging
- Development of product specifications

- Plant/product trials
- Automation of manual processes
- Development of new techniques for production, analysis, testing, etc.
- Modeling or simulation activities
- Development of solutions to reduce product failure or technical difficulties
- Use of new or modified raw materials
- Operational studies

Many companies are unaware that they could be entitled to claim an R&D tax credit for the work that they are carrying out. A claim for an R&D tax credit involves identifying and documenting qualifying R&D activities and associated qualifying expenditure in a manner that meets the strict requirements of the legislation and Revenue Guidance. For more information, please call us on 059 9137040 or email [info@laloroshea.ie](mailto:info@laloroshea.ie).



### Tax Planning Tip 4 Year Plan - Pension Changes

Under the 4 year plan, the amount of relief from Income Tax will be reduced from 2012 onwards, with 34% relief in 2012, 27% relief allowed in 2013 and down just to 20% in 2014. There is no change to the amount of relief you are allowed from Income Tax in 2011.

This does not apply to contributions from company directors, so it may be time for sole traders to consider incorporating your business.

### Irish Banks Stress Test



The Central Bank of Ireland announced on 31st March that collectively AIB, Bank of Ireland, Irish Life & Permanent and EBS will be required to raise €24bn in capital. Each bank must meet a liquidity requirement of a target loan to deposit target ratio of 122.5% by 2013, through a combination of run-off and disposals of non-core assets.

This announcement is the result of the Prudential Capital Assessment Review (PCAR) and Prudential Liquidity Assessment Review (PLAR) carried out by the Central Bank of Ireland over the past 3 months. The reviews set out the capital requirements for the various financial institutions to ensure they hold enough reserves to cover the potential losses indicated in the stress test findings.

AIB will need to raise €13.3bn of additional capital. The commitment to ensure that this additional capital will be raised by AIB is designed to definitively assure all stakeholders including investors, customers and staff that AIB can and will continue to be a key part of the Irish Banking sector.

- These findings are not forecasts of what is likely to happen, they are contingency scenarios which anticipate the most extreme situations
- The Minister for Finance set out a restructuring programme for the banking sector which is designed to ensure the industry is the right size and structure to meet future needs
- As part of the process, AIB will combine the EBS to form one of what the Minister described as the "two pillar banks" which will form a positive force for stability and regeneration of the economy. The second "pillar" bank will be Bank of Ireland.

Anglo Irish Bank believe that they now have a capital base strong enough to enable them to provide long-term support to their customers and play an active role in the recovery of the Irish economy.

The Government's confirmation that the existing deposit guarantees will remain in place will allow banks to reassure existing customers of the safety of their deposits.

### Motivating Your Team For Success



Here are some tips and ideas that may help you to develop your team:

**Talk to your people individually every day.** It's easy to think that we're keyed in with everyone on our teams, but most of us will find that we are closer to our key people than anyone else in the firm. In the interest of building great team chemistry, taking a moment out of each day to connect with your people is well worth the time.

**Help with the menial tasks sometimes.** If you demonstrate to your team that you are not afraid to "roll up your sleeves", they too will adopt a can-do attitude.

**Give your leaders room to lead.** We all know that micro-management simply doesn't work - there aren't enough hours in the day to do everything yourself. Identify your leaders, delegate work to them and give them room to take the initiative and get the job done. Remember - they want to impress you. Therefore they will do their job to the best of their ability.

**Share positive news.** There seems to be a shortage of good news in the press these days. Your team could do with a lift and a great way to do this is to email everyone in the office at least once a week with a positive story. It might be news of winning a big contract or maybe a new-hire is joining the firm.

**Remember,** communication is key to building an effective team. Invest the time and you will see the results for yourself.

### Some Good News At Last!



In a rare instance...if not good news from Ireland, then at least not actively bad, the Small Firms Association announced recently that job losses appear to have slowed somewhat amongst Ireland's small businesses.

According to the SFA's Winter Jobs Sentiment Survey, small firms are still finding it challenging to create and retain jobs, but 62% of the firms questioned suggested that employee numbers would remain at current levels over the next quarter. However, 14% stated that they actually expect to increase employee numbers in the next three months.

The poll suggested that looking at the whole of 2011, 60% of the companies questioned expect employee numbers to stay at their current level, with 18% of firms hoping to increase their employee numbers.

However, with regard to pay, 48% of respondents stated that they expected their total pay bill to remain at its current level throughout the year, while 25% of small firms expected their bill to decrease, suggesting that 2011 is likely still to be a pretty lean year, for both small business owners and their employees.

### The Importance of Protecting your Income



Everyday we wisely insure the things that matter, for example, our home, car and health, whilst saving for everyday expenses and holidays etc. After all, it makes sound financial sense. However, most of us take for granted the one thing that affords us these essentials in life - our income. Have you thought about what would happen to your lifestyle if an injury or illness were to prevent you from working and earning an income? How would you pay for your mortgage, bills, personal or car loans, education and the upkeep of your home?

If the worse was to happen, you might think that you could rely on your employer to provide you with an income while you are sick or injured and unable to work. However, research shows that less than 15% of workers in Irish companies would receive sick

pay from their employers for more than 6 months, while those who are self-employed would receive no sick pay at all. This means that 85% of private sector employees would be fully reliant on the State Illness Benefit if ill or injured. This would entitle them to just €10,624 per year for a single person. For those who are self-employed, they are not eligible for even this benefit.

#### **Protection and Peace of Mind**

Fortunately, there is an answer. It's called Income Protection, and it ensures that if an illness or injury prevents you from working, then your lifestyle can be protected. It covers you for any illness or injury which prevents you from working. Income Protection is a very straightforward way of ensuring that your most pressing financial commitments are met and offers you complete peace of mind.

With Income Protection, you pay a monthly premium which is based on your occupation, health, income and level of financial protection you require. You can protect up to 75% of your income, less the applicable Social Welfare entitlements.

If you would like to learn more about Income Protection, please call Ann Willoughby on 059 9183011 or email [awilloughby@laloroshea.ie](mailto:awilloughby@laloroshea.ie).



#### **Soon you may be able to pay for a business lunch with your iPhone**

According to the latest tech-blurb, Apple may implement "near field communication" technology (NFC) in the next iPad and iPhone, allowing users to make purchases directly from these devices. Futurists and techies alike have long heralded the dawn of the cashless society and now it seems closer than ever.

Numerous reports have suggested that NFC technology will be introduced in the upcoming updates of both the iPhone and the iPad this year, citing inside information from engineers working on the new hardware. Never being a firm to miss an opportunity, Apple is said to be introducing a mobile payment service from mid-2011 and could even redesign iTunes to allow it to hold loyalty credits and points. Users will also be able to use credit information or Apple gift cards to make real-world purchases.

Apple has reportedly developed a prototype of the payment terminal and may heavily subsidise it to encourage fast take-up of the technology. The technology apparently allows users to send and receive information at a distance of 10cms, which can be used to make purchases of goods directly from a mobile phone, using the handset as a debit or credit card. Google recently made its latest version of Android compatible with the technology, so it would make sense that Apple would want to access this market too.

The iPhone 5 has been rumoured to have NFC technology. If it happens, it could trigger a huge growth in mobile payments, considering Apple's ability to make a product become a consumer "must-have" accessory.



#### **Client Portal: DocSafe**

Since its launch, our new client portal has proven very popular with clients. The portal allows clients to access documents uploaded by Lalor O'Shea staff. Clients can also easily upload documents, data, etc to their secure storage area. When you register, we will automatically upload your financial accounts and company tax returns for the last 3 years. Other documents such as payroll records, VAT returns, etc can be added on request.

If you have not yet registered for the portal, please [click here](#), fill in your details and type 'DocSafe' in the query box. Please call us on 059 9137040 or email [info@laloroshea.ie](mailto:info@laloroshea.ie) should you require any further information in relation to this.

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