

BusinessMatters

A Newsletter for Chartered Accountants in Business

Business Sentiment Survey Results



Chartered Accountants Ireland President Paul O'Connor FCA with Austin Hughes, Chief Economist at KBC Bank, at the announcement of the quarterly Business Sentiment Survey results.

The Winter 2010 KBC Bank/Chartered Accountants Ireland Business Sentiment Survey was published over the Christmas break and received considerable media coverage. The survey findings confirmed the emerged two speed nature of the Irish economy with export orientated firms outperforming those focussed on the domestic market. In terms of costs and employment the survey reported little change from the Autumn, with only marginal improvements in hiring. However, there was little sign of any significant increase in costs with firms apparently committed to keeping cost control permanently on their agenda.

As ever, the survey included a series of supplemental questions in addition to those asked on each occasion. The responses in this area threw up some interesting perspectives. There was majority support for the Government's 4 year plan though over a quarter of respondents would support adjustments made by any incoming Government. However, while the scale of the fiscal adjustment of €6bn received support, almost 50% of respondents felt that the recent Budget implementing year one of the four year plan, relied too heavily on tax increases rather than spending cuts.

Of most interest perhaps is the perspective taken by businesses on the recent internationalisation of Ireland's economic problems – no other survey having yet probed this area. Three out of five respondents believed that the IMF and EU intervention in the Irish economy was a positive development. Only 16% viewed the intervention negatively on this point. However, opinions were more mixed on whether the Euro had contributed to economic stability in the Irish economy with 30% indicating a dissenting view as opposed to the 56% who felt the Euro had enhanced stability. The role of the European Central Bank also produced mixed views with opinions evenly divided at around 38% as to whether it had played a positive or negative role in Ireland's crisis.



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Mid West Society celebrates



At the Mid West Society Christmas Lunch were (left to right) Rory O'Neill, Chairman; Mary Halton, Council Member; Austin Slattery, Vice President; Ivan Yates, Guest Speaker; Michael Duffy, Treasurer and Keith Morrow, Vice Chairman.

Budget 2011 – Republic of Ireland

As anticipated, Budget 2011 is one of the toughest budgets the State has ever experienced. Many pillars of Irish tax policy have been removed with only the 12.5% rate of corporation tax holding steady. The abolition of various tax incentives and reliefs including property and area based tax incentives, tax relief on pension funding, cuts to income tax rate bands and credits, and a new Universal Social Charge will take a substantial toll on the pockets of the taxpayers. We will now take a look at some of the headlines from Budget 2011, which will no doubt have implications for every business in Ireland.

Personal Taxes: A new Universal Social Charge (USC) will replace the health levy and income levy. It will apply to income at rates of 2% to 7%, once annual income exceeds €4,004. One consequence, unintended or otherwise, is that the application of the USC to higher income levels serves to reduce the maximum marginal rate of tax from 56% to 52%.

The 20% tax rate band will be cut from €36,400 to €32,800 for a single person and from €45,400 to €41,800 for a married couple where one spouse is earning. The main tax credits will also be cut by approximately 10%.

Employee pension contributions will be subject to PRSI and the new USC. The annual earnings limit is cut from €150,000 to €115,000. The maximum tax-free retirement lump sum payment is reduced to €200,000 with the excess taxable at the standard rate up to an amount equal to 25% of the new Standard Fund Threshold (up to €575,000). The excess of retirement lump sum payments over that amount will be taxed at the marginal rate. The current employer PRSI exemption on employee contributions to occupational pension schemes will also be reduced to 50% from 1 January 2011.

Restricted Reliefs: Numerous reliefs and tax incentives across the tax heads are restricted and/or abolished under Budget 2011. The restriction of property and area based incentives however, appears to have ramifications for a significant number of taxpayers.

From 1 January 2011, Section 23 relief is ringfenced for offset against income from the Section 23 property only. In addition, at the end of the 10-year holding period, any unused relief will be lost. If the property is sold within this period, the new owner will not get Section 23 relief, while the seller will continue to be subject to a clawback of relief already given. For Section 23 properties yet to be sold, the 10-year qualifying period will start on 30 June 2011 regardless of the date of the first qualifying lease. Residential owner-occupier relief is unaffected by these changes.

Capital allowances for passive investors of property and area based schemes are also restricted. With effect from Budget night, any unused capital allowances carried

forward beyond the seven or ten-year period relevant to the particular scheme will be lost. Similar to the Section 23 measures, capital allowances are now ringfenced for offset against income from the property generating the capital allowances only.

Business Taxes: The 3-year tax exemption for start up companies is to be extended to include companies commencing a new trade in 2011. The scheme will be modified so that the value of the relief will be linked to the amount of employers' PRSI paid by a company in an accounting period, subject to a maximum of €5,000 per employee.

The Business Expansion Scheme is to be replaced with a new Employment and Investment Incentive scheme. The revamped scheme will increase the limit from €2 million to €10 million on the sums raised by companies, with the amount raised in any twelve-month period to increase from €1.5 million to €2.5 million. Certification requirements will be simplified also.

The current Capital Allowances Scheme for Energy Efficient Equipment is to be extended for a further three years, to end in 2014.

Relevant Contracts Tax is also the subject of reform under the Budget. A new withholding tax rate of 20% will apply for subcontractors registered for tax with an established compliance. The existing 35% rate will be retained for 'unregistered' subcontractors.

Capital Taxes: The rate of stamp duty is reduced to 1% for transfers of residential property valued up to €1 million, with 2% applying to amounts over €1 million. The new rates will apply to documents executed on or after 8 December 2010 and will also be available under transitional provisions on binding contracts entered into before 8 December 2010, and executed before 1 July 2011.

For Capital Acquisitions Tax purposes, the tax-free thresholds for gifts and inheritances are reduced by 20% with effect from 7 December 2010.

NAMA News



Following publication of the National Asset Management Agency's Version 2 of the Debtor's Business Plan (for those outside tranches 1 – 3) the Chartered Accountants NAMA Forum Committee is planning an intensive CPD event on completing the Version 2 Plan. This will take place on 19th January 2011 in Chartered Accountants House, and full details are on www.charteredaccountants.ie

The NAMA Forum rounded up a very busy year with "NAMA – Steering the Ship out of the Storm?" This was a well-attended evening event on 16th December comprising short presentations and panel discussion with Dr. Michael Somers, Terence O'Rourke and Niall Mellon (pictured). The discussion was moderated by Dan O'Brien, Economics Editor of the Irish Times.

North West Charity Lunch



Neil Delamere entertaining guests at the North West Society Christmas Lunch on 16th December. The St. Vincent de Paul Appeal was the beneficiary of the gifts that guests brought and the event was sponsored by IQ Financial Services.

Refresh your career



David Maher receiving the Diploma in Insolvency from Paul O'Connor, President of Chartered Accountants Ireland.

Make 2011 the year when you update your CV or even change the direction of your career with a Diploma or other additional qualification from Chartered Accountants Ireland.

Our range of qualifications has been designed specifically with you the member in mind. We have involved leading experts in the design and in delivery of these programmes. These experts, who willingly share their experiences, are at the core of these exceptional qualifications which equip participants with the practical skills required to work in areas such as Insolvency, Forensic Accounting, Corporate Finance and Tax. Our programmes allow you to study part-time and, in as little as six months, gain practical new skills and an industry recognised qualification.

David Maher of GE Capital reported that “The Diploma in Insolvency has been an excellent experience, providing broad and deep knowledge on all aspects of insolvency in Ireland, utilising Ireland’s top Insolvency Practitioners as tutors which also resulted in practical and highly useful interactive sessions. In addition, the course included comprehensive working files to arm prospective practitioners with much of the material that would be required in day to day administration of insolvency appointments”.

For those in leadership positions seeking to gain and maintain an edge, we offer the exciting Executive Leadership Programme. This 5 day residential programme at the renowned business school INSEAD, outside Paris, will this year bring together over 30 leaders who are members of eleven of the world’s biggest accountancy bodies, in a truly inspirational environment.

So whether you’re newly qualified or an experienced finance professional we have programme for you in 2011. For more details contact Joe Carroll 01 637 7316 or go to www.charteredaccountants.ie/diplomas.

CPD prices go even lower for 2011

HAVE YOU HEARD ABOUT OUR NEW CPD PRICES FOR 2011?



More big reductions on Training Ticket prices. Check out www.charteredaccountants.ie/cpd for more information.



In these difficult economic times the CPD team at Chartered Accountants Ireland has slashed the price of its courses and **Training Tickets** even further for 2011 so you get the best quality and most extensive range of CPD available to accountants at really competitive prices. Take a look at our new member prices for the coming year.

Visit www.charteredaccountants.ie/cpd or email cpd@charteredaccountants.ie for full details on these latest reductions.

	CPD Courses 2010:	CPD Courses 2011:
2 hour course	€100.00	€80.00
3 hour course	€150.00	€120.00
7 hour course	€350.00	€280.00

Recruitment Market

Sonya Dick, Dave Riordan and Karin Lanigan, Careers Advisory and Recruitment Executive, Chartered Accountants Ireland, at the Leinster Society Christmas Lunch.



Reflecting the findings of the Business Sentiment Survey, in recent months we have witnessed a marginal increase in recruitment activity across all sectors as

companies realized that they need additional headcount and talent after a sustained period of recruitment embargoes. Many no longer have the talent or capacity to take on the workload so they need to look externally.

The Chartered Accountants Ireland Recruitment Service provides a professional, consultative and comprehensive recruitment solution. We understand how crucial this process is to your business and how much of an impact it can have, and we provide it at very competitive rates – 7.5% of annual salary. We can provide companies with a pool of high calibre candidates that previously would have been very difficult to source. Salary expectations have moderated and candidates are more flexible in terms of working arrangements, open to contract and part time roles. Our Recruitment Service advertises your vacancy on our website and includes it in our weekly eNews, We provide good candidates or none. Many of our candidates are automatically considered for second round interview so thorough is our screening.

Value Added Services: As a result of the constant contact with members, we are very much in tune with the trends in the market including salary and remuneration levels, motivational factors etc and provide a useful source of information to client companies and members alike.

The Recruitment Service can act as an extension to your HR function and can provide you with valuable assistance in the area of drafting job specifications and advice in relation to the design and roll-out of a recruitment process.

Rigorous Reference Checking: Companies are currently requesting a much stronger emphasis on reference checking as they endeavour to assure the best possible recruitment decision. We can design a bespoke reference check process specifically to suit your requirements, and ask the pertinent questions to ensure the most relevant information is obtained.

Supporting Other Members: We have seen a trend in recent years where members seek to recruit fellow chartered accountants. This is something that we totally support. If you or your organization are seeking to recruit a finance professional please contact Karin Lanigan, Careers Advisory & Recruitment Executive at (01) 637 7331 or email Karin.Lanigan@charteredaccountants.ie.

Accounting and Reporting by Charities

Governance Specialist Tom O'Higgins FCA, pictured with David Brady FCA, Chair of Charity & Not for Profit Network Group at the recent 'Practicalities in Board Management' roundtable discussion session. The next event will take place in February.



For the many members who are involved in the running of charities, often in their spare time, the Publishing Department is issuing a new book which is pertinent to you. Accounting and Reporting by Charities, is written by Teresa Harrington, a partner with PricewaterhouseCoopers based in Dublin. The book sets out an analysis and discussion of Generally Accepted Accounting Practice in Ireland (Irish GAAP) as it applies to charities in the Republic of Ireland.

For information email publishing@charteredaccountants.ie or phone Becky McIndoe on 01 6377204.

Non-Executive Directors

Developing best practice in corporate governance requires financially qualified non-executives at Board level. The Institute is often contacted by companies as part of their search to recruit such talent. The profile of our senior members is often suited to the requirements of these roles. To provide a more comprehensive service in this area, we are in the process of building a database of screened members with the skills and competencies sought. If you are interested in being considered for such appointments, or in recruiting non-executive directors, please contact Karin Lanigan at (01) 637 7331.

A Corking Christmas



Matt Cooper addressing the Chartered Accountants Cork Society Annual Christmas Lunch at Maryborough House Hotel.

Congratulations



Shane Fitzsimons FCA, CFO
Global Growth and Operations, GE,
based out of Hong Kong

Diary Dates

At the time of going to press, many events and CPD courses for the beginning of the year are in the process of being finalised. Please check on the Events section of www.charteredaccountants.ie or in Chartered Accountants News each Friday for information on relevant courses or networking events.

January

19	Members Services CA NAMA Forum: Business Plan Version 2	Dublin
19	Young Professionals: Interactive Life Coaching	Dublin

February

3	Young Professionals/Young Solicitors Table Quiz	Dublin
10	Leinster Society Ladies Evening	Dublin
24	TBC. Ulster Society joint dinner with Institute of Bankers	Belfast
TBA	Mid West Society CAB Seminar	Limerick
TBA	Cork Society Ladies Evening	Cork

March

10	Ulster Society Annual Dinner, Culloden Hotel	Co. Down
25	Cork Society Daffodil Day Business Breakfast	Cork
TBA	Ulster Society Cost Reduction Seminar	Dungannon

Dates of major events

April 15	Young Professionals Annual Conference	Dublin
May 5/6	Chartered Accountants Ireland Annual Conference	Dublin

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