

# BusinessMatters

A Newsletter for Chartered Accountants in Business



At the inaugural meeting of the CA NAMA Forum, picture shows Chairman Ronan King FCA (centre) with speakers, from left, Patricia O'Brien of P.J. O'Driscoll and Sons, Mark Barr of Arthur Cox, Michael McAteer FCA from Grant Thornton and Council Member Brendan Lenihan FCA, Group Finance Director of O'Flynn Group.

## The NAMA Challenge

Few issues have had such widespread impact on the profession as the introduction of the National Asset Management Agency (NAMA).

On 24th March, over 300 members of Chartered Accountants Ireland attended a seminar on issues arising from the establishment and implementation of NAMA. It was recognised that Chartered Accountants would play a key role in supporting the efficient and effective working of NAMA either as lenders, advisors or employees of borrowers. The delegates represented developers and construction firms; advisors – consultants, general practitioners, corporate recovery specialists; insolvency practitioners and bankers, from both participating and non-participating institutions.

A number of presentations addressing different aspects of the NAMA process were followed by plenary discussions and then 30+ discussion groups. The presentations are available on the website at <http://www.charteredaccountants.ie/General/News-and-Events/News1/2010/March/Lively-debate-at-Wednesdays-NAMA-Forum/>.

These groups reported on concerns and proposed possible solutions. These formed the basis of an Agenda for a meeting with NAMA on 21st April. Members' immediate needs relate to completion of the Business Plan Template, which was distributed to delegates at the March event. A conference focusing on this aspect of the NAMA process will be held in Dublin on Tuesday, 1st June, involving national and international speakers.

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## Three New BNGs

Over the past two months, three new Business Network Groups have been set up in Meath, North County Dublin and Wicklow. This brings the total number of groups to 24 around the island. Business Network Groups are open to all members in business living or working in a particular area. If you would like to join your nearest group or help set up a group in your area, please contact Stephen Molloy, contacts below.

## Planes, Politics, Coffee and Straight Talking!



*Challenging the speaker at the Young Professionals Conference*

The Young Professionals held their 8th Annual Conference last month. Eric Chaloner lead the interactive morning session which saw delegates working in teams to solve puzzles and role play different business case scenarios. Deputy Chief Executive of Ryanair, Michael Cawley FCA gave a no-frills overview of how

young professionals must add value to their qualifications. Michael highlighted a healthy knowledge of History and English as key components for a successful career. History because “nothing is happening today that hasn't already happened before” and English because “any business is a series of contracts” – good use of the English language allows young professionals to successfully develop and understand these contracts and operate their businesses through them.

Mary O'Rourke TD followed and delivered a frank and fascinating overview into the world of Irish politics. When asked what was the greatest attribute that a politician could have? Deputy O'Rourke replied “the ability to talk” to an attentive audience that erupted into laughter before adding “and the ability to listen as well”.

Dragon's Den star and Café king Bobby Kerr finished the programme with a practical overview of taking his coffee business from humble beginnings in the basement of Laura Ashley to the Insomnia nationwide network of over 50 stores. Bobby drove home the need for constant innovation in business, reacting to changes in consumer behaviours with new promotions and products, and reducing costs to add more value to the customer. He also spoke of the need for grass roots development of entrepreneurial ideas to positively combat the downturn.

## Two of the best

*Slave to a Job, Master of your Career* and *Beating the Recession: The 7Cs of Business Recovery* are two of the recent topical publications from Chartered Accountants Publishing.

The former title was written by Sean McLoughney of LearningCurve, the well-known learning and development consultancy, who delivers the highly successful Diploma in Managing People for the Institute. His book challenges readers to change their mindset from that of employee to that of entrepreneur in the workplace. His step-by-step approach shows how to:

- Think like an entrepreneur
- Treat your employer as your most important customer
- Grow your own personal brand
- Develop your skills, and
- Devise a business plan to stay employable.

*Beating the Recession* was written by insolvency and corporate recovery specialist Neil Hughes FCA, managing partner of Hughes Blake Chartered Accountants. It provides a framework to help businesses successfully trade through the recession. It sets out the seven principles of business recovery devised by the author based on his own professional experience.

These publications are available from

<http://www.charteredaccountants.ie/General/Shop/Books2/> or phone 353 1 637 7233.

## Companies Registrar in Northern Ireland

Readers should note that the address of the Registrar of Companies in Northern Ireland will change from 31 May 2010. Company forms containing the current address will be amended and appear on the Companies House website at the appropriate time. The new address is:

The Registrar of Companies, Companies House, Second Floor, The Linenhall, 32-38 Linenhall Street, Belfast, Northern Ireland, BT2 8BG.

## Our Man in Luxembourg



Former Council member Eoin O'Shea has been appointed by the Government to the European Court of Auditors, replacing Maire Geoghegan-Quinn. Just 33 years of age, he founded Ground Marketing, which he currently chairs. He successfully completed the Irish Taxation Institute exams, holds a Diploma in Commercial Law and a Diploma in Commercial Litigation from the Law Society of Ireland and has a Diploma in Legal Studies and a Degree of Barrister at Law from the Honorable Society of Kings Inns, where he took fifth place in Ireland in 2009.

He served on the Young Professionals and on the Ethics Committees of the Institute, on Council, and chaired the Chartered Accountants in Business Committee. He was appointed a Director of the Chartered Accountants Benevolent Association in 2009. Eoin served as Chief Executive of the Institute of Directors 2006 – 2008. He is married to Chartered Accountant June Menton, Chairman of the Public Sector Group and author of "Crack the Books".

## Live Public Sector Software Showcase

The Public Sector Network Group held its sixth event with a Software Supplier Showcase recently in Chartered Accountants House. The event saw Calyx, Core, iSOFT, Oracle and SAP 'speed present' their credentials and their opinions on whether or not shared services is the silver bullet for the public sector. Committee member Joan Curry FCA, Department of Finance put a practical context on the showcase by discussing recent efficiencies achieved through the use of software in her area. The event broke new ground as it was live streamed to members in the public sector. You can see the event here: <http://tinyurl.com/SoftwareSuppliers>



## Dual Incomes & Pension Funding

David Glennon, Corporate Consultant, Zurich Life

Many individuals have two sources of income (e.g. earnings from employment and earnings from self-employment). They may be making contributions to more than one pension contract such as standard contributions to their occupational pension scheme and contributions to an RAC or PRSA in respect of their self-employed income.

As confirmed in Tax Briefing 74, they are restricted to their age related contribution limit and subject to the overall earnings limit of €150,000, and they are also confined to the aggregate earnings limits, which is particularly pertinent to those with dual incomes.

The following examples illustrate the effect of these restrictions:

### Example 1:

Sheila, 45 years of age, earns €100,000 from her employment and another €80,000 from self-employment. At her age, she is restricted to a maximum pension contribution of 25% of €150,000, which is equivalent to €37,500.

Sheila makes a compulsory contribution of 5% of her employment earnings (€100,000) to the occupational scheme, which is **€5,000 per annum**. She is deemed to have used up €100,000 of the €150,000 earnings limit for tax relief purposes. The maximum Sheila can then contribute to a RAC or PRSA in respect of her self-employed earnings (€80,000) is 25% of €50,000, or **€12,500**. This gives a total contribution of **€17,500** on which she can claim tax relief.

Sheila cannot contribute **€20,000** to a RAC or PRSA to bring her up to the maximum contribution of €37,500. If she did, she would not receive tax relief on the €20,000 as the two incomes must be treated separately.

In this example, to maximise her potential for tax relief, Sheila must contribute the maximum 25% of her employment earnings to a pension. As she is making a compulsory contribution of 5% she has scope to contribute another 20% or €20,000. The only way this can be done is through an AVC scheme attached to her occupational scheme if one exists, or to a Standalone PRSA AVC.

### Example 2

An example where this situation is even more relevant is if we take the example of John, a health specialist who has HSE earnings of €180,000 and earns another €200,000 in his private practice. As a member of the HSE Superannuation Scheme, John is required to make a contribution of 6.5% of earnings to the scheme, or €11,700 per annum.

If we assume John is 45, then he can make a total contribution of 25% of €150,000, less his contribution to the HSE Scheme (€37,500 - €11,700 = €25,800) and claim full tax relief. Under these circumstances, John is assumed to have used up his entire aggregate earnings limit in contributing to the HSE Scheme. John cannot contribute any amount to an RAC or PRSA in relation to his private practice income. To benefit from tax relief he would have to contribute the €25,800 to the scheme's AVC plan or a Standalone PRSA AVC.

### Conclusion

For those who do not have access to an employer's AVC scheme or, for their own reasons, would prefer not to contribute to it, the only other alternative is a Standalone PRSA AVC. For those that in the past preferred to make contributions to an RAC or PRSA, a more attractive option may be the Standalone PRSA AVC.

A Standalone PRSA AVC gives the individual a certain degree of independence and confidentiality over an employer sponsored AVC scheme. While the trustees of the scheme will need to be informed of the existence of the PRSA AVC, the fund value and contributions paid will be confidential. A Standalone PRSA AVC also gives the individual more choice in terms of providers and how they invest their contributions. Ultimately, it can give the individual more control over their AVCs.

**This article does not constitute an offer and should not be taken as a recommendation. The above case studies are examples only. It is important to seek independent financial advice before investing in a Standalone PRSA AVC.**



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## Tax Matters – Finance Act 2010

Readers of the March edition of Business Matters will be aware of the provisions introduced by the Minister for Finance in Finance Bill 2010, published on 4 February 2010. Readers may not, however, be aware of the significant amendments made to the Bill by the Minister for Finance, before it was enacted into law on 3 April 2010. A summary of the key amendments is set out below.

**Mandatory disclosure requirement:** A significant amendment to the Bill was the introduction of new anti-avoidance legislation into Part 33 of the Taxes Consolidation Act (TCA) 1997. The new Chapter 3 provides that any person in the tax business will be required in certain circumstances to provide information, as specified by the Revenue Commissioners, relating to any transaction which gives rise to a tax advantage.

Under the new rules, within a "specified period" after a "relevant date", "specified information" must be given about "disclosable transactions". None of the phrases in (our) inverted commas are precisely defined - they are contingent on Regulations being made by Revenue. However the notion behind a disclosable transaction, which is set out in S817D of Chapter 3, seems quite extensive. It refers to any transaction, the main benefit of which is to obtain or secure a tax advantage. A tax advantage is defined in the legislation as a relief or increased relief, a reduction, avoidance or deferral of any assessment, charge or liability to tax, including future assessment, charge or liability. The definition of a tax advantage also covers any increase in a tax refund or overpayment, or the avoidance of any obligations to deduct or account for tax.

How this new legislation will take effect will only be truly determined on the making of Regulations by Revenue, however it is likely to have significant consequences for everyone working in the taxation arena.

**Mid Shannon Tourism Infrastructure Scheme:** The qualifying period for this Scheme is extended by two years, from 31 May 2013 to 31 May 2015, subject to a commencement order by the Minister for Finance. This latter condition is possibly prompted by a need to secure EU approval under the State Aid rules. This particular tax incentive has not been conspicuously successful. While not wishing to look gift horses in the mouth, it is unlikely that a simple extension, without any enhancements to the scheme, will make it more attractive.

**VAT for Local Authorities and Public Bodies:** Finance Bill 2010 contained provisions which made local authorities accountable for VAT purposes, and which obliged them to charge VAT when providing certain services where private operators, charging VAT, could compete. Report Stage amendments, which are now contained in the Finance Act, ensure that some services will only be so affected by Ministerial Order. These are the supply of "community facilities" - the hiring of halls, meeting rooms, grounds and other facilities of a similar nature to non-profit making sporting, cultural, social and community organisations.

**VAT Measures relating to "Transitional Properties":** A Committee Stage amendment made to the Bill provides that the "big-swing" rule in the Capital Goods Scheme (CGS) will apply to transitional properties. The CGS scheme is a mechanism for regulating VAT deductibility over the VAT-life of a developed property. The "big-swing" rules are special rules that recognise the fact that there has been a significant change in the taxable use of a property, and operate by providing for an adjustment at the end of a VAT interval. In the absence of the Committee Stage amendments these provisions would not apply to transitional properties.

The above represents a brief summary of the changes to the Finance Bill. If there are any matters of particular concern to you, please contact any member of our Tax Department at Chartered Accountants House.

## Congratulations



*Bernard Byrne FCA, appointed Chief Financial Officer at AIB Bank Group plc*



*Paul Cooke FCA, elected Chairman of the National Newspapers of Ireland*

## Diary Dates

### MAY

17	Accounting for Groups - Back to Basics	CPD, Belfast
18	Excel Macros from A to Z	CPD, Dublin
18	Company Registration & the Companies Act 2006	CPD, Belfast
18	Directors Duties & Obligations	CPD, Belfast
18	Finance Act, jointly with Tax Institute	Mid-West Society
19	New Capital Allowances - Pitfalls & Planning	CPD, Belfast
19	Pension Planning - Revisions, Rules & Pitfalls	CPD, Belfast
20	Data Analysis & Report Design	CPD, Dublin
21	Refresher in Irish GAAP	CPD, Dublin
21	Chartered Accountants Ireland AGM	Dublin
22	Getting to grips with IFRS for SMEs	London Society
22	Hill Walking, Glendalough	Leinster Society
24	The I Factor in Presentations & Chairing Meetings	CPD, Dublin
26	The Role of the Finance Director	CPD, Dublin
26	Raising the Bar – examinership & corporate recovery options	CPD, Cork
26	Annual General Meeting, Cork	Cork Society
27	Driving Cashflow & Ensuring Efficiency	CPD, Belfast
27	Annual General Meeting, Strand Hotel, Limerick	Mid-West Society
28	Reduce Overheads without crippling the Business	CPD, Dublin
28	IFRS: The Core Standards	CPD, Belfast
29	Special Olympics Event, Garryowen Rugby Club	Mid-West Society

### JUNE

1	CA NAMA Forum Conference – the Business Plan	CPD, Dublin
2	Society AGM and Outlook for the UK Economy	London Society
4	Annual Golf Outing	Cork Society
4	Annual Golf Outing, Fota	Cork Society
8	Practical Financial Control	CPD, Dublin
8	Employment Benefits, PAYE & NIC Issues & Planning	CPD, Belfast
8	Capital Taxes Update	CPD, Belfast
9	IFRS 3 Revised Business Combinations	CPD, Dublin
10	Breakfast Briefing with Denis Brosnan, Chair Mid-West Task Force, Strand Hotel, Limerick.	Mid-West Society
10	FRS & IFRS Update	CPD, Dublin
10	MS Excel 2007 - New Features	CPD, Belfast
11	London Society Golf Day, Finchley	London Society
11	Negotiation Skills	CPD, Dublin
11	IFRS – the Core Standards	CPD, Limerick
11	Charity Golf Outing, the K Club	Leinster Society
14/15	Company Secretarial 2 Day Workshop	CPD, Dublin
15	NAMA Forum, Thomond Park	Mid-West Society
16	Sourcing Capital for a distressed Trading Company	CPD, Dublin
16	Debt Restructuring	CPD, Belfast
17	Annual Summer Barbeque	Cork Society
17	Communications for Finance Professionals	CPD, Dublin
17	Top Tips for Managing People	CPD, Belfast
17	Annual Summer Barbeque	Cork Society
18	Company Law & Insolvency Technical Update	CPD, Galway
18	Annual General Meeting, Dublin	Leinster Society
18	Young Professionals Summer Event	Ulster Society
21	Company Law & Insolvency Technical Update	CPD, Sligo
22	Preparing for the Solvency II Directive	CPD, Dublin
23	Raising the Bar – examinership & corporate recovery options	CPD, Dublin
24	Refresher in Irish GAAP	CPD, Cork
24	Technical Update & Audit & UK/Irish GAAP Accounting Issues	CPD, Belfast
24	Buying, Selling or Merging your Firm	CPD, Belfast
25	Driving Cash Flow and ensuring Efficiency	CPD, Dublin
25	Annual Golf Classic, Dromoland Castle Golf Club	Mid-West Society

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