The Chartered Accountants Leinster Society held its 2018 Published Accounts Awards on 8 November in the Shelbourne Hotel, Dublin.

NINE THINGS TO MAKE YOUR LIFE EASIER IN PRACTICE

Orla McGahan writes:

1. Join a Network

“If you want to go fast, go alone; if you want to go far, go together.”

There are 1,730 Chartered firms in practice in Ireland. Of that, around 950 are sole practitioners; and yet, there are only 40 listed networks. Even with an average of ten members per network, there are a lot of people out there going it alone. Don’t isolate yourself.

The benefits of being part of a network are copious:

a. A case study group – for those times when a case needs to be talked out.

b. A forum to benchmark – to benchmark fees, charge out rates, overheads, staff salaries, and so on, can be invaluable. Consider joining a network outside your geographical or competitive area if necessary.

c. Knowledge sharing – share experiences on dealing with Revenue, CRO and other areas.

d. For that moment when you are just having a blank, being able to run it by a trusted colleague.

e. Referrals – often within a network various members specialise in varying fields, industries or disciplines. This can lead to additional work through referrals.

f. CPD and training – organising training by network offers more flexibility to custom make the course, attendees, and location, while gaining cost reductions.

2. Don’t underestimate the value of your work

I was lucky enough to be shown early in my practice life (by a client!) that the value of your work is not the time it took to put together the relevant documents and submit them to the appropriate authority. But rather, and more importantly, your fee should reflect the time, effort, knowledge and experience you have gained over the years which gives you the technical and practical knowhow.

For a lot of practitioners, our work revolves around solving problems or doing work our clients do not have the time, knowledge, skill or experience to do.

Make sure the price you put on your work adequately reflects value to both you and your client.
3. Stock control - Record your time
How often do we criticize clients for inadequate stock control and yet how many of us, particularly partners, do not record our time?
We sell time. Fact. And yet quite often we have no control over it. There are many good CRM packages available to practitioners offering time recording systems with simple reporting facilities. Invest in one and use it. It will pay for itself, and then some. Find the discipline to record your time, every day.

4. Organise your time and stick to it!
As the saying goes – “Failing to plan is planning to fail.”
If I were to pick one thing that will make a difference, it’s time management. This is crucial to creating and maintaining an easy (easier) practice life. Plan, systemise where possible, and stay on top of:
   a. The annual return and compliance review - do this when it comes in or as it falls due;
   b. Anti-money laundering compliance;
   c. Engagement letters;
   d. Practice housekeeping – A Chartered Accountant I know, who runs a very successful practice, has developed the habit of spending the first hour of his day, every day, without fail, to practice housekeeping. And his success is testament that it works;
   e. CPD and your CPD record;
   f. Staff mentoring records.

5. Embrace technology and update your software regularly
Efficiencies leading to higher profitability and better cash-flow can be achieved with regular investment in software and technology. Incorporate this cost as an ongoing overhead.

6. Value your staff
I’m sure this is not the first time you have been told this, but your staff are your most valuable asset.
“We are only ever as good as the people around us”. Invest in your staff. The cost of losing an experienced staff member goes far beyond the financial cost. Added to that, a new staff member will take at least six months to become comfortable and familiar with the position. The cost of this should never be underestimated. Invest in training, talk to your staff openly and regularly (maybe over a nice lunch) about the things that make a difference to their enjoyment of the position, and it’s not always about salary.
Particularly in the current environment, taking care of your staff should be a high priority.

7. Self-Care
In the words of Stephen Covey (The 7 habits of highly effective people) – “sharpen the saw”.
Take care of yourself, your health, your mental health and your private life. As a Practitioner, the pressure to develop, to stay up to date technically, meet deadlines, manage staff, and still live your life can sometimes be overwhelming, not to mention managing the expectations of clients. We carry a huge responsibility. So take time out regularly and routinely to take care of yourself.

8. Get involved in your Institute
For some members “The Institute” may seem like an anonymous entity from which they can feel somewhat disconnected.
But the Institute has many more facets than members realise and offers many valuable services. In addition to the staff, many member volunteers are lobbying and working away for the interests of its members. Volunteers are always required in many areas. The benefit of involvement and having an active role is that you can help shape and change the world in which you work, influence policy and changes in legislation, education, membership and many other areas.
And as an added bonus, involvement gives you a sense of belonging to the Institute of which you are a member.

9. Agree fees upfront and in writing
When you make this routine a habit, it is second only to time recording in revolutionising your practice, your fee recovery and your cash flow. It focuses your mind in identifying exactly what service is required, what the client is willing to pay for that service, and the timing of when you will get paid.
It opens the doors for a discussion on what work the client wants done, and identify any work they are willing to do themselves. Make a list of the steps involved in the work and use this as a template to assist in the conversation.
The benefit is that it saves a lot of stress and bad feeling when you think you’ve done a great job only to find that the client does not appreciate it and is unwilling to pay for it.
Orla McGahan is the principal of McGahan and Co, and is a member of the Members in Practice Committee of Chartered Accountants Ireland.
DISCLOSURE REQUIREMENTS IN SMALL AND MICRO COMPANY FINANCIAL STATEMENTS

Users of Practice Consulting’s Practice Toolkits should note the following:

ROI Small companies applying FRS 102 Section 1A
The latest Small Company Pro Formas published by Practice Consulting include a disclosure showing creditors due after the end of five years separately analysed between those due by instalments and those due otherwise than by instalments. Practitioners should note that the separate analysis of creditors between those payable or repayable by instalments and those payable or repayable otherwise than by instalments is no longer required by ROI small entities.

At the time our Pro Forma Financial Statements 2017 toolkit was issued, Irish companies applying the small companies regime were required to comply with the disclosure requirements in Appendix C to Section 1A of FRS 102, which included the above disclosure. The Financial Reporting Council’s December 2017 Triennial Review amendments to FRS 102 incorporated the new small companies regime in ROI, including changes to Section 1A, and the addition of a new Appendix D to Section 1A specifically for small entities in ROI. Irish companies applying Section 1A must now comply with the disclosure requirements in Appendix D to Section 1A, rather than Appendix C, which applies to UK entities. The disclosure requirements in the new Appendix D are based on the requirements of company law in ROI, which do not require the above disclosure.

UK Micro-entities
Users of Practice Consulting’s Audit Exempt Work Programme 2018 toolkit should amend the disclosure aide memoir for UK Micro-entities to include:

- Details of off-balance sheet arrangements (FRS 105 s6A.1); and
- The average number of persons employed in the financial year (FRS 105 s6A.2).

As part of the FRC’s Triennial Review, amendments were made to FRS 105 for further alignment with the company law disclosures for the micro-entities regime, including the company law disclosures noted above. The legal requirement to make these disclosures was effective for accounting periods beginning on or after 1 January 2016.

CPD COURSES FOR MEMBERS IN PRACTICE

Look out for the following courses over the coming months designed with small and medium-sized practitioners in mind, all of which can be booked online through the Professional Development area of our website:

- **4 December** (all day) Going into Practice Dublin
- **5 December** (a.m.) Financial Reporting Seminar Belfast
- **5 December** (p.m.) Audit & Assurance Seminar Belfast
- **12 December** (a.m.) Financial Reporting Seminar Dublin
- **12 December** (p.m.) Audit & Assurance Seminar Dublin

TECHNICAL SIGNPOST

The Chartered Accountants Ireland Representation and Technical Policy Department (RTP) writes:

Anti-Money Laundering legislation
The Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2018 has been signed into law and at the date of going to print is expected to commence on 26 November 2018.

The Act updates the Irish regulatory framework set out in the Criminal Justice (Money Laundering and Terrorist Offences) Act 2010 for provisions introduced by the 4th Anti-Money Laundering Directive, which came into force at EU level on 25 July 2015. The overall aim of the changes is to introduce a more risk-based and effective approach to identify and respond to potential money laundering and terrorist financing. Key points to note:

- before establishing a client relationship or accepting an engagement, firms need to have controls in place to address risks arising from it;
- client due diligence must be conducted on the basis that responds to potential risks: ‘automatic’ application of simplified procedures is no longer permitted;
- obligations previously relating only to ‘politically exposed persons’ (PEPs) based overseas will now also extend to all ‘domestic’ PEPs.

Guidance from the Consultative Committee of Accountancy Bodies (Ireland) will also issue shortly, to provide support for firms in ensuring their procedures respond to the updated requirements, in particular to identify and monitor potential risks.

Further changes will follow during 2019, as the 5th Anti-Money Laundering Directive is implemented in domestic law.
TAX MATTERS

The Chartered Accountants Ireland Tax Department writes:

REPUBLIC OF IRELAND TAX DEVELOPMENTS

Finance Bill 2018

Finance Bill 2018 was published on Thursday 18 October 2018 and covers 61 sections, implementing tax changes announced on Budget Day as well as anti-avoidance measures along with a number of other changes to the tax code considered now in the following briefing.

Personal tax measures

A BIK exemption introduced in 2017 for electric vehicles is extended to 31 December 2021. The Bill puts a cap on the value of the electric vehicle such that a vehicle with an original market value exceeding €50,000 is subject to BIK on the excess over €50,000.

Members of the Defence Forces are exempt from BIK on living accommodation and health care for 2018 and subsequent years.

The Bill extends the tax exemption on compensation payments made by the Hepatitis C Tribunal in Ireland to payment made under similar schemes in other EEA countries and a tax exemption on redress payments under Magdalen Restorative Justice Ex Gratia Scheme is also extended to residents of adjoining institutions. The Bill also introduces a new section 194AA TCA 1997 which exempts from tax income paid under the Single Affordable Childcare Scheme which is due to come into operation in 2019.

Property measures

The Bill amends section 216A TCA 1997 to stipulate a minimum rental period of 28 days for the purposes of accessing rent-a-room relief.

The Case V 100 percent interest deduction for landlords on residential lettings was also formally reinstated under the Bill and will apply from 1 January 2019.

Capital Taxes

The Group A CAT threshold for gifts or inheritances from a parent to a child has increased by €10,000 to €320,000 and takes effect on or after 10 October 2018.

The CGT transfer of a site to a child exemption is now extended to include transfers involving the spouse or civil partner of the child and takes effect from 1 January 2019.

The Bill introduces an anti-tax avoidance measure to Dwelling House Relief which says that the beneficiary will be treated as having an interest in a residential property at the date of the inheritance if the property is in a discretionary trust that they have established and where the trust property may be applied for their benefit.

The Bill allows Revenue to now make enquiries during the four year look back period starting on the latest date on which all of the conditions for CAT reliefs such as business property relief or agricultural relief were met.

VAT measures

As announced on Budget day, section 41 of the Bill amends section 46(1) (ca) VATCA 2010 to increase the rate of VAT on tourism from 9 percent to 13.5 percent with effect from 1 January 2019, except for the provision of sporting facilities and the supply of newspapers and other periodicals.

Agri-tax measures

The Bill introduced a life-time cap of €70,000 on the aggregate of certain Stamp Duty and CGT tax reliefs available to young farmers. The measure is framed in the context of meeting anti-State aid provisions set out by the EU. Farmers or their spouse/civil partner with off-farm income from a trade or profession can now avail of the five-year income averaging relief per section 657 TCA 1997 as announced on Budget day while stock relief (section 666 TCA 1997) and young farmer stamp duty relief (section 81AA SDCA 1999) are extended to 2021. The rules for CGT relief on farm restructuring under section 604B TCA 1997 are also amended to specify when and how Revenue should receive information supporting a claim for this relief.

Corporation Tax measures

In line with the Government’s Roadmap on Corporate Taxation, the Bill provides for a Controlled Foreign Company regime in accordance with the EU ATAD and the introduction of a new ATAD-compliant exit tax regime which operates under the 12.5% rate.

The Bill extends the three year tax relief for start-up companies under section 486C TCA 1997 to 2021.

The Bill provides for a scheme of accelerated capital allowances for equipment and buildings used by employers for the purposes of providing childcare services or a fitness centre to employees. A new accelerated capital allowances scheme will apply from 1 January 2019, for capital expenditure on gas propelled vehicles and refuelling equipment used for a trade.

Six entities have been removed from the list of accountable persons required to operate PSWT while four entities are added as accountable persons.

The Bill extends the charge to income tax to include loans made by companies controlled by close companies to participants for the purposes of catching
arrangements not subject to section 438 TCA 1997 and applies to arrangements entered into on or after 18 October 2018.

Investment tax supports
Finance Bill 2018 introduced measures aimed at supporting the limited number of tax reliefs still in place under the Irish tax code; KEEP, start-up company investment incentives (EII and SURE) and film relief. The Budget day measures announced for KEEP are reflected in amendments to section 128F TCA 1997 subject to a Ministerial order following State Aid approval. In response to calls to tackle the complex conditions underpinning the legislation for the EII scheme, the text of Part 16 of TCA 1997 is replaced with a revised and consolidated text which introduces a new Start-up Capital Incentive aimed at early stage start-ups and introduces a self-assessment system for companies raising investment. The EII, SURE and the Start-up Capital Incentive are set to operate until 31 December 2021.

Film relief, in the form of a corporation tax credit under section 481 TCA 1997 is extended until December 2024 and will operate on a self-assessment basis. The Bill also provides a time-limited tapered percentage uplift in relief for productions in State Aid approved regions of the country.

NORTHERN IRELAND TAX DEVELOPMENTS
Belfast event on Making Tax Digital
Over 100 people attended a Making Tax Digital event in October held jointly by the NI Tax Committee and Chartered Accountants Ulster Society. Speakers included Verna Gellweir from HMRC and the Institute’s UK Tax Specialist Leontia Doran. Leontia and Verna’s slides are available to download from the Institute’s website. Attendees also heard from Alan Gourley, Chair of the NI Tax Committee and a number of software providers. There was a lively debate at the session and it is clear that the move to Making Tax Digital from April 2019 (commencing with VAT) will be challenging but also presents potential opportunities for the profession and businesses. The Institute’s NI Tax Committee is now considering what further support to make available to member’s to help them prepare for this change.

Making Tax Digital VAT trial
Tuesday 16th October 2018 marked the launch of the ‘public beta’ phase of the Making Tax Digital (MTD) VAT pilot. Beta testing is a type of testing period prior to official release of a system or piece of software. The MTD VAT pilot is now open to around half a million businesses meeting eligibility criteria. The pilot is open initially to businesses whose affairs are up to date and straightforward, and will extend to most other business types over the coming months.

Six month MTD deferral for certain businesses
On foot of concerns raised by stakeholders about business readiness for MTD, mandation has been deferred for six months for a small minority of taxpayers to ensure they have sufficient time to test MTD. The deferral will apply to around 3.5% of mandated customers, including trusts, ‘Not for profit’ organisations not set up as a company, VAT divisions/groups and certain public sector entities required to provide additional information on their VAT return. HMRC will write directly to all categories mandated customers, including trusts, ‘Not for profit’ organisations not set up as a company, VAT divisions/groups and certain public sector entities required to provide additional information on their VAT return. HMRC will write directly to all categories within this group before the end of 2018.

MTD software
Over 70 software suppliers are currently listed on HMRC’s GOV.UK page who have tested their products in HMRC’s test environment and demonstrated a prototype to HMRC. A choice of ‘bridging software’ products will be made available, which can extract the required data from records kept in spread sheets and submit it to HMRC.
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