

Dear Client,

Welcome to our Spring newsletter designed to keep you informed of the latest issues affecting you or your business.

We hope you enjoy reading the newsletter; remember, we are here to help you so please contact us if you need further information on any of the topics covered.

Best wishes

Tracey Glacken

FINANCE BILL 2013

The Finance Bill was announced in recent weeks. The objective of this Bill was to effect the provisions made in the Budget. Some of the measures announced are as follows:

(1) Charitable Donations

With effect from 01/01/2013 tax relief on donations will no longer apply to the donor. Relief will be given to the charity at a blended rate of 31%.

(2) Taxation of Benefits

The Bill made provision for the taxation of maternity, adoptive and health and illness benefits from 01/07/2013.

(3) Employment & Incentive Initiative (EEI)

The Bill proposes to extend the EEI until 2020.

Where hotels, guesthouses and self catering accommodation which meet the criteria of EEI, they will be allowed to qualify on a temporary basis to be reviewed after 2 years.

(4) Corporation Tax Exemption

The three year relief from Corporation Tax for start up companies has been extended. The relief is still capped to the amount of Employer PRSI paid in the year.

(5) VAT

The cash receipts threshold for small and medium sized businesses will increase from €1m to €1.25 with effect from 01/05/2013.

(6) Capital Acquisitions Tax (CAT)

The Bill confirms the increase of CAT from 30% to 33% effective from 06/12/2012.

(7) Capital Gains Tax (CGT)

The rate of CGT increased to 33% in relation to disposals made on or after 06/12/2012.

LOCAL PROPERTY TAX (LPT)

The LPT will come into effect on 01/07/2013. In recent days the Revenue has launched their online interactive guide. This can be accessed at <https://lpt.revenue.ie/lpt-web/valuation-guide/index.htm>.

In 2013 a half year charge will apply to property owners. Revenue will write to property owners in the coming weeks.

Certain properties will be exempt from LPT until the end of 2016. These include:

- (1) Properties bought between 01/01/2013 and 31/10/2016 from a builder or developer. These properties must have been previously unused.
- (2) First time buyers who buy a property between 01/01/2013 and 31/12/2013

Other exemptions will apply to residents in unfinished estates, properties owned by a charity, registered nursing homes and properties fully subject to commercial rates.

The amount you pay will depend on the market value of your property at 01/05/2013 e.g. a house valued at €150,000 will be subject to a charge of €225 per annum. The value of your property will stay the same until 2016.

Some conditions do apply if a property owner needs to fully or partially defer their payment.

Further information on LPT can be obtained from <http://www.revenue.ie/en/tax/lpt/lpt-faqs.pdf>

CASHFLOW AND CREDIT MANAGEMENT

Each month clients tell me how difficult they are finding it to get paid and that credit terms seem to be extended all the time by their customers. It is very important that every business has a good credit management system in place because it's well known that 'Profit does not equal cash'.

A business offering credit terms to customers should consider the following:

- (1) Set up a credit management policy – set terms and conditions of sale with your customer e.g. amount of credit, specify credit terms
- (2) Should you carry out a credit check on a potential customer? This may alert you to any financial issues the customer may have.

Websites like www.creditcheck.ie can provide the information you need.

- (3) Ensure invoices are sent out on a regular basis
- (4) Issue statements to customers each month.
- (5) Follow up on overdue payments within a week of them being due. Sometimes customers will not pay until they receive a phone call from their supplier.
- (6) If an account is seriously overdue or has a large outstanding amount consider stopping any credit or deliveries until the account is back to within their terms of credit
- (7) Finally, ensure staff are trained to deal with debtor management.

As a matter of interest a recent report by the Small Firms Association found that the average payment days in Ireland is 62 and that 68% of companies experience late payments on their credit terms.

FINALLY...

The Personal Insolvency Act was signed into law into December 2012. 3 types of settlement arrangements can be offered to those who are experiencing financial difficulty:

- (1) Debt Relief Notices
- (2) Debt Settlement Arrangements
- (3) Personal Insolvency Arrangements

All these arrangements are dependent on each individual's personal circumstances.

More about this in the next newsletter!

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