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we start where other accountants finish

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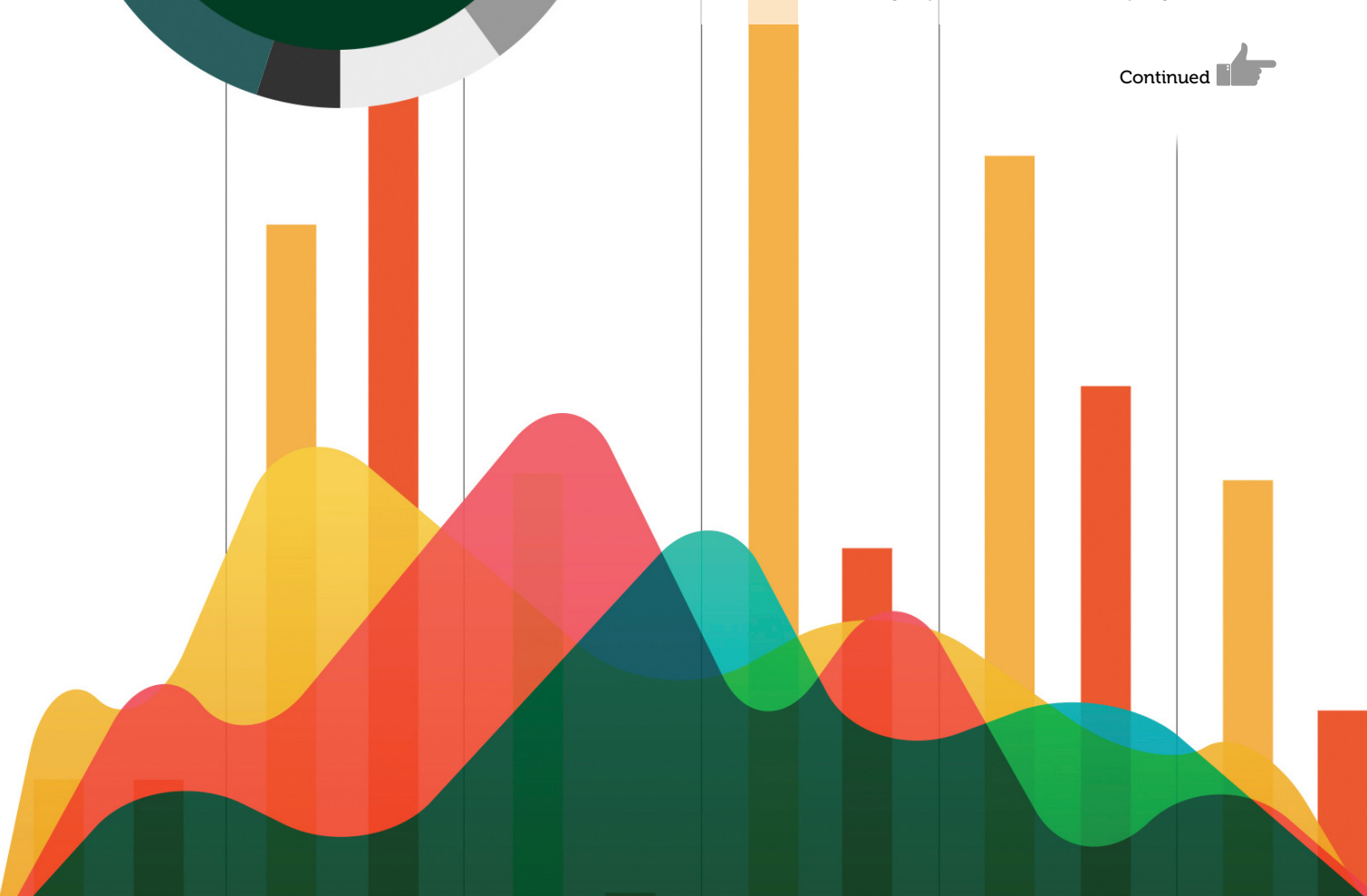
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**A**s we move into 2018, the Irish economy finds itself in the strongest position in a decade. A solid and broadly based economic recovery has become well established over the past three years. The year just past was a year of further solid progress for the economy. Growth remained very strong and most economic and financial indicators continued to evolve in a very positive manner. The unemployment rate has fallen to 6.2% of the labour force; employment has reached 2.21 million; although it plateaued during 2017, consumer confidence remains at high levels; the overall export performance remains positive, and Irish exporters are even managing to deliver strong growth in the UK market despite the strength of sterling; and consumer spending continues to steadily improve. The public finances are also in a much stronger position, but further progress is needed.

Continued 





# IRISH ECONOMIC UPDATE

Ireland has been helped enormously by the fact that the global economic cycle has experienced a relatively strong recovery over the past year or so. This is of crucial importance to a small open economy where external trade is so important.

Real GDP in Ireland is likely to have expanded by at least 5% in 2017 (higher than the official Budget 2018 forecast of 4.3%).

Looking ahead to 2018, the Department of Finance growth forecast of 3.5% looks somewhat conservative. Real GDP should be capable of expanding by at least 4% in 2018. This growth should be driven by the following factors:

- ➔ The ongoing improvement in the global economy will prove supportive of the Irish export sector. The improvement in the Euro Zone should offset the weakness of the UK. Further sterling weakness does pose a threat to the indigenous export sector and visitor numbers from the UK;
- ➔ Consumer spending should be supported by employment growth of 2.9%; average wage growth of around 4%; a modest easing of the tax burden; and growth of around 6% in personal disposable incomes; and
- ➔ The investment performance in 2017 was distorted by multi-national transactions, but these should feed out of the system in 2018. Construction output should expand strongly and business investment expenditure should expand quite strongly;

All in all, the indications for the coming year are positive. It is essential that national policy focuses very strongly on broadly-defined competitiveness. This includes wages and other business costs; IT infrastructure and capability; high quality public services; prudent management of the public finances; and the personal tax burden.

The two biggest external threats to Ireland in 2018 and thereafter will be posed by Brexit and global corporation tax developments, which have the potential to pressurise Ireland's FDI model over the coming years. There will have to be a greater focus on providing support to the indigenous economy. Volatile global equity markets and a more aggressive tightening of monetary policy are two other external factors worth keeping a close eye on.

There is still no certainty as to how Brexit will transpire, but Irish business should plan for the possibility of a 'hard Brexit' and act accordingly. If it turns out to be something softer, which is possible, that would be a bonus. The mantra should be to plan for the worst and hope for the best.

On the domestic front, the key challenges will be posed by the pressure to increase the quality and quantity of public services; growing wage pressures in the public sector; a shortage of labour in certain sectors; and the housing crisis. Ireland has an owner-occupier and a rental crisis that is due to demand exceeding supply. The simple solution is to identify and remove the barriers to delivering more housing, only then will equilibrium be achieved. Even if started now, this would take some time. Meanwhile national average house prices could easily rise by 10% during 2018.

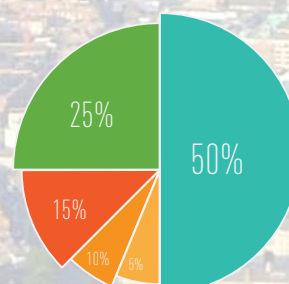
The following Irish economic forecast is suggested for 2018:

	2017f	2018f
GDP	+5.0%	+4.0%
GNP	+2.5%	+2.6%
Consumer Expenditure	+2.7%	+3.0%
Government Consumption	+3.0%	+3.5%
Investment	0.0%	+7.5%
Exports Goods & Services	+3.6%	+4.5%
Imports Goods & Services	+4.9%	+4.5%
Unemployment Rate (%)	6.3%	5.8%
Employment (000s)	2,060	2,120
Inflation (HICP)	0.3%	+1.5%

## INTEREST RATES

The ECB remained very relaxed about interest rates during 2017, despite the relatively strong growth recovery in the Euro Zone. Euro Zone inflation remains well behaved at 1.3% and although the labour market is improving at a steady pace, the unemployment rate is still at a high 8.7%. However, this is the lowest level of unemployment since early 2009 and clearly demonstrates the rapid pace of improvement in the Euro Zone labour market.

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## eRCT SYSTEM UPDATE

Principal contractors can make a payment notification for a closed contract up to 9 months after the end date of the contract. If the payment was made more than 9 months after the end date of the contract, the Principal contractor will need to reopen the contract to submit a payment notification.

Where a contract has been closed for 9 months or more, only unreported payment notifications can be input on that closed contract. Where a contract has been closed for 18 months, no payment notification either post payment or unreported can be input on that closed contract.

Principal contractors should consider extending the end date of contracts where retention monies will be withheld for a period on completion of works.

## HOME RENOVATION INCENTIVE ("HRI")

The HRI scheme provides for tax relief for homeowners by way of an income tax credit at 13.5% of qualifying expenditure on repair, renovation or improvements carried out to the homeowner's main home by qualifying contractors. Relief may be claimed on qualifying expenditure over €4,405 before VAT subject to a maximum spend of €30,000.

The lowest claim amount is €595 ((€4,405@13.5%) and the highest is €4,050 (€30,000@13.5%).

The works may be phased, and multiple payments to different contractors are allowed. Qualifying works must be carried out on or after 25 October 2013 and up to 31 December 2018. The credit is payable over two years following the year in which the work is undertaken. Unused tax credits may be carried forward to the next tax year.

Homeowners must be LPT compliant. Claims may be made for costs at the 13.5% rate of tax and it excludes anything subject to VAT at 23%.

Contractors must be registered for VAT and RCT compliant. The HRI scheme has been extended to rental properties in the State where properties are refurbished and let to tenants under leases registered with the Private Rental Tenancies Board (PRTB), and occupied within six months of the works being carried out.

There are special provisions in place that allow for the conversion of one premises to two rental units. The effect of this is to allow the maximum claim of €4,050, to apply to each unit, although the minimum spend of €5,000 equally applies to each unit.

This incentive is due to expire by 31 December 2018, to that end it is important that if you are considering complete works to your property that you secure planning permission before 31 December and that the works are fully completed by 31 March 2019. Works complete in 2019 will be deemed to have taken place in 2018.



## LONG TERM UNEMPLOYED

Where an individual, who has been unemployed for at least 15 months and has been in receipt of jobseekers benefit, jobseekers allowance or a one parent family credit, starts a new business, he/she is entitled to claim relief from income tax on the first two years of trading profits capped at a value of €40,000 per annum. USC and PRSI continue to be payable.

The new business must commence during the period 25 October 2013 to 31 December 2018, but excludes trades previously carried on by other people to which the qualifying person has succeeded, or activities which were previously carried on by the individual previously.

The qualifying period is a period of 24 months from commencement of business.

A relief of €40,000 is applicable pro rata over each tax year, for the first 24 months from the date that trading has commenced.

The relief applies in priority to losses forward or capital allowances. Pay and file obligations will apply to the individual applying for the relief.

*This relief is currently due to expire at 31 December 2018, so if you are thinking of starting a business, don't delay. Speak to us today!!*



## PAY AND FILE SUMMARY

The following is a summary of upcoming pay and file dates:

### INCOME TAX

Filing date of 2017 return of income (self-assessed individuals)	31 October 2018
Pay preliminary income tax for 2018 (self-assessed individuals)	31 October 2018
On-Line pay and file date for 2017 return of income	TBC

### CAPITAL GAINS TAX

Payment of Capital Gains Tax for the disposal of assets made from 01 January 2018 to 30 November 2018	15 December 2018
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### CORPORATION TAX

Filing date for Corporation Tax returns for accounting periods ending in July 2017	21 April 2018
Balancing payment of Corporation Tax for accounting periods ending in July 2017	21 April 2018

# CASH IS KING

**W**hile we are entering new worlds of Bitcoin and other new currencies, the old adage “Cash is King” is still very much in vogue. Many business are experiencing growth in today’s market, however employment costs and overheads are rising meaning that numerous SME’s are still finding cash flow challenging. To assess the issue, business owners need to look at how fast their customers are paying them as opposed to how fast they are paying their suppliers. Several businesses may find that they are paying their suppliers up –front or within 30 days, while their own customers are taking 45-60 days to pay. Therefore while turnover may be increasing businesses may find that cash is becoming sparser. So what can be done? Cash flow solutions will be unique to each business however the following measures should be considered:

Project your cash flow for the year ahead so you can see when your cash flow is likely to be at its worst and plan accordingly. We can assist you with this!

Review your credit terms with customers or new account holders to assess if your credit terms can be aligned with that of your suppliers. Introduce a policy whereby any small invoices are paid Cash on Delivery (COD) or by visa.

Negotiate better credit terms with your supplier to help bridge the gap.

Review credit limits and where customers reach the limit, ask for a payment on account before more credit is given.

Review your aged debtors listing regularly and ensure debtors are called regularly.

Use of invoice discounting where a finance provider may loan you a percentage of your debtor invoices (typically 80%) each month which will unlock cash where debtors normally take up to 90 days credit. The finance provider will charge a fee for the service and may wish to be involved with the collection of the debt. However there are many providers in the market today who can offer more flexible arrangements depending on the industry sector.

Smooth your monthly cash flow by using fee finance or standing order/direct debit options to pay insurance, accountancy and other annual bills.

VAT and payroll taxes may be paid monthly by direct debit to Revenue and no interest will apply once 90% of the annual tax liabilities are paid within 12 months.

Review your overdraft interest rate to assess if perhaps a term loan would be a cheaper alternative.

Review your overheads, can you switch broadband, electric or fuel provider to get a better deal? Postage can be dramatically reduced by using email where possible.

Small changes can make a positive impact on your cash flow to allow you to concentrate on growing your business.



## NEW COMPANY STARTUPS

An exemption from Corporation Tax (CT) for the first three years of trading applies to certain new startup companies.

Where a company is incorporated after 14 October 2008 and commences to trade in 2016, 2017 or 2018, it is exempt from CT and Capital Gains Tax (CGT) on the disposal of assets used for the purposes of the new trade. The exemption is subject to a liability threshold, and no relief will be available where profits exceed €480,000.

CORPORATION TAX LIABILITY FOR THE PERIOD	AVAILABILITY OF RELIEF
< €40,000	Full exemption
€40,000 to €60,000	Marginal relief
> €60,000	Fully taxable

The relief is restricted to new trades and does not apply where the trade was previously carried on by another person, or where the trade, or part thereof, was carried on by an associated company.

Any unused relief in the first three years of trading may be carried forward to subsequent periods.

The relief is limited to the amount of employer PRSI that is paid. There is a cap of €5,000 applicable per person, with an overall limit of €40,000.

The relief does not apply to companies carrying on professional services, nor does it apply to companies which carry on a trade of:

- ➔ land dealing,
- ➔ petroleum and mineral activities,
- ➔ aquaculture or agriculture,
- ➔ coal,
- ➔ road freight operations,
- ➔ export related activities,
- ➔ undertakings in difficulty

In addition, in order to comply with EU requirements it should be noted that Revenue may disclose details of relief granted under the scheme.

This relief is due to end on 31 December 2018 as it will not apply to companies who commence trading in 2019.



## BREXIT ADVISORY CLINICS

Now that the first stage of negotiations is complete and progress to Brexit is gathering real momentum, Enterprise Ireland is encouraging companies to be pro-active in their preparations and are running a series of Brexit Advisory Clinics to support this. These clinics are designed to help companies plan and take immediate action to effectively mitigate the risks and avail of the opportunities that Brexit poses, increasing a business's resilience and making practical business sense, irrespective of Brexit.

Enterprise Ireland is encouraging companies to develop their capabilities in 3 specific operational areas:

- ➔ **Financial and Currency Management**  
Managing a volatile exchange rate and implementing best practice for financial management for SMEs in uncertain times.
- ➔ **Strategic Sourcing**  
Understanding and reviewing your sourcing arrangements to reduce costs, increase efficiency and identify alternative suppliers with better supplier management.
- ➔ **Customs, Transport and Logistics**  
Implementing more efficient transport and logistics arrangements and preparing for import and export procedures (customs declarations and administration etc.) with the UK if necessary.

These free events are open to all and involve 2 streams of activities running in parallel throughout the day:

- ➔ One to one 40-minute meetings with independent experts in the 3 business areas.
- ➔ 90-minute seminars on each of the 3 business areas.

For more details, visit

[www.enterprise-ireland.com/en/Events/OurEvents/Brexit-Advisory-Clinics/](http://www.enterprise-ireland.com/en/Events/OurEvents/Brexit-Advisory-Clinics/)

## 2017 THE STRONGEST YEAR ON RECORD FOR NEW .IE DOMAINS

IE Domain Registry (IEDR) has reported that 39,523 new .ie domains were registered in 2017- an average of 108 a day. The figure is a 14% increase on 2016 and the biggest single year for new registrations.

The increase was driven by nationwide demand, with new registrations up in all but four counties on the island of Ireland. Corporate bodies and sole traders make up the majority of new .ie registrations (67%) in 2017. The following table shows the figure per province:

LEINSTER	66%	24,776
MUNSTER	20%	7,905
CONNACHT	9%	4,866
ULSTER	5%	1,976

Online address registrations are often recognised as a forward indicator of economic growth and entrepreneurship.

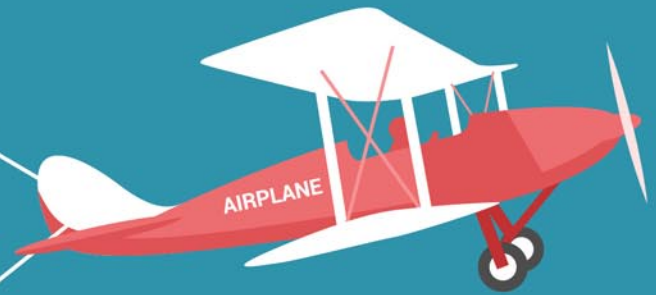
"A good relationship starts with good communication"



**GET SEEN**

You may be a business that allocates time monthly to your marketing or sporadically turns out a few ads throughout the year. Either way, if you want your marketing strategy to be more effective you need to have a plan in place. Here are some techniques and platforms to look at as you plan for the year ahead.

**IN 2018**



**CONTENT**

**CONTENT IS INDEED A KEY ELEMENT TO YOUR MARKETING. ENSURING THE RIGHT PHRASES AND POINTS OF INFORMATION ARE VISIBLE TO YOUR AUDIENCE MEANS CLARITY OF PRODUCT AND SERVICE OFFERING. 89% OF B2B MARKETERS AND 86% OF B2C MARKETERS WILL USE CONTENT MARKETING TO GROW LEADS AND CEMENT THEIR BUSINESS IN THE MIND OF THE CONSUMER.**

Make sure you are more aware of how people are consuming your content! A high volume of people now prefer *watching* or *listening* to content rather than reading it!

Where possible, incorporate Facebook Live videos, YouTube videos or even short podcasts if you have a lot of interesting and informative content.

**SOME TRADITIONAL RULES OF MARKETING WILL ALWAYS APPLY TO BUSINESS:**

- 1 People who are emotionally motivated will buy
- 2 When you communicate the value of an offering to a customer in a personalised way, they take notice
- 3 If your target market is properly engaged, they want to hear from you and stay connected
- 4 Face to face interactions are powerful, especially in the right setting
- 5 Building a personal connection with a customer can turn into sales and future leads via referrals

Often, a company can be too involved in ticking the boxes of marketing requirements that they lose sight on what is really needed for the company and wanted by the consumer. Taking a step back in order to reassess your strategy and review your position in order to implement a winning mix of advertising, communicating and lead generation. Enterprise Ireland are now offering a grant for companies who wish to do this. The Strategic Marketing Review is a financial support for established SME's that have successfully traded internationally, but need to further develop their strategic marketing capability in a more structured way. This support offers seven consultancy days with an Enterprise Ireland Marketing Adviser and up to €5,000. You can find more information on this on their website [www.enterprise-ireland.com](http://www.enterprise-ireland.com).

## BULLYING IN THE WORKPLACE – AN UPDATE FOLLOWING THE RUFFLEY CASE

Bullying in the workplace not only affects individual employees, but also workplaces as a whole. High levels of absenteeism and staff turnover, costly legal actions and tribunal proceedings, and a loss of public image if the bullying is revealed publicly are some of the consequences of workplace bullying.

Bullying in the workplace has been described in many ways. The generally accepted definition of workplace bullying is “repeated inappropriate behaviour, direct or indirect, whether verbal, physical or otherwise, conducted by one or more persons against another or others, at the place of work and/or in the course of employment, which could reasonably be regarded as undermining the individual’s right to dignity at work”.

The original threshold of workplace bullying in Ireland was set down in *Quigley v Complex Tooling and Moulding Ltd*. The judgement in this case honed in on the idea of conduct being (i) repeated, (ii) inappropriate and (iii) capable of undermining the plaintiff’s dignity at work.

However, the recent Supreme Court Decision in *Ruffley v The Board of Management of St Anne’s School* appears to “set the benchmark for bullying going forward”, according to one of the trial Judges. In this case, a Special Needs Assistant claimed she

was belittled, humiliated and reduced to tears during a workplace disciplinary meeting. The claimant was initially awarded €225,276.39. However, the Court of Appeal, was not satisfied that the plaintiff had met the threshold to establish bullying and thus the matter was then appealed by the plaintiff to the Supreme Court where judgement was made in favour of The Board of Management of St Anne’s School.

In delivering Judgement, the Supreme Court once again honed in on the ideas of “repeated”, “inappropriate” and capable of undermining dignity at work. The Supreme Court stated that while it is important to discuss these concepts individually, they must be viewed in light of one another. Just because behaviour happens more than once does not necessarily mean it can be classed as “repeated” for the purposes of this test. Similarly, just because behaviour is inappropriate does not mean that it is automatically undermining to dignity at work. The Judgement also stated that there is a distinction between what may be viewed as an unfair process and actual bullying.

The Judgement in *Ruffley* provides employers and employees with clarity in regard to this on-going issue. The test to be satisfied appears to be more onerous than before. The effect of this case on future workplace bullying cases will become clear in time.

## THE MEDIATION ACT 2017

January 1st marked the commencement of the Mediation Act 2017. The Mediation Act 2017 covers all civil disputes with some exceptions.

Mediation is a collaborative process which offers the opportunity to resolve disputes by way of negotiation and agreement. An agreed neutral person acts as the mediator and they help parties to try to negotiate the resolution of the dispute. If a mutually acceptable outcome can be agreed, the parties will execute it so that it becomes legally binding on them. If the mediation process is not successful then the parties can still go to Court. The mediation process operates without prejudice to client’s rights in that regard.

Under the new Act, and if a dispute is amenable to the use of mediation, solicitors are obliged to advise, and provide the client with, information in respect of mediation services. Solicitors must also inform clients of the benefits of using mediation as an alternative to the sometimes-costly court litigation process. To ensure that these provisions are complied with, and if mediation is not availed of and court proceedings are instituted, solicitors are obliged to submit a Statutory Declaration to the Court. This Statutory Declaration confirms that a solicitor has explained to a client whether their case is amenable to mediation or not, and if so, the benefits of availing of mediation services.

The 2017 Act allows Courts to invite parties to take part in mediation prior to court proceedings. In the event that proceedings begin and conclude, the 2017 Act allows a Court to take into account any unreasonable refusal/failure by a party to consider using mediation, or to attend mediation, when awarding costs in such proceedings.

In regard to existing mediators, the 2017 Act provides for the introduction of codes of practice for the conduct of mediation by qualified mediators.

The introduction of the Mediation Act 2017 is a welcome development. It provides greater access to justice for parties in civil disputes. It also adds greater structure and clarity to a method of dispute resolution that has operated successfully in Ireland for a number of years.

## THE FINANCIAL SERVICES AND PENSIONS OMBUDSMAN ACT 2017

The Financial Services and Pensions Ombudsman Act 2017 (“the Act”) came into force as of the 1st January 2018. As a result of the Act, the office of the Pensions Ombudsman and the Financial Services Ombudsman Bureau have been dissolved and replaced by the Office of the Financial Services and Pensions Ombudsman.

Under the Act the following class of persons may make a complaint to the Ombudsman: a consumer, an actual or potential beneficiary, a person acting on behalf of an actual or potential beneficiary, or a person of a class specified in regulations made by the Minister.

Under the Act the persons against whom a complaint can be made have been significantly widened. A complaint can be made against a pension provider, defined as: (i) any employer who adheres to the scheme, (ii) any person or undertaking that provides services to the scheme as a trustee, administrator, registered administrator, consultant or advisor, investment manager, custodian, paying agent, insurer or actuary, (iii) any person to whom the implementation or interpretation of the rules of the scheme is entrusted, (iv) any other person of a class specified in regulations made by the Minister.

Under the Act complaints relating to the conduct of a pension provider can be made up to: (i) 6 years from the date of the conduct concerned, or (ii) 3 years from the earlier of the date on which the person making the complaint first became aware, or ought reasonably to have become aware, of the conduct concerned, or (iii) such longer period as the Ombudsman may allow where it appears that there are reasonable grounds for such a longer period and in granting the longer period it must be just and equitable, in all the circumstances.

More information relating to the scope of the Office and Ombudsman’s jurisdiction can be found at [www.fsपो.ie](http://www.fsपो.ie).

# General Data Protection Regulation



The General Data Protection Regulation (GDPR) will come into force on the 25th May 2018, replacing the existing data protection framework under the EU Data Protection Directive.

The GDPR emphasises transparency, security and accountability by data controllers and processors, while at the same time standardising and strengthening the right of European citizens to data privacy.

Raising awareness among organisations and making the public aware of the new law will be a combined effort of the Data Protection Commissioner (DPC), the Government, practitioners, and industry and professional representative bodies.

## GUIDANCE

The DPC has launched a GDPR-specific website [www.GDPRandYou.ie](http://www.GDPRandYou.ie) with guidance to help individuals and organisations become more aware of their enhanced rights and responsibilities under the General Data Protection Regulation.

The DPC has also prepared an introductory document for organisations to help them as they transition to GDPR: "The GDPR and You". This document lists 12 steps, which organisations should take in order to be GDPR ready by 25 May 2018.

## General Data Protection Regulation

An Coimisinéir  
Cosanta Sonraí  Data Protection  
Commissioner

