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we start where other accountants finish

in this issue...

- budget 2018 page 2 • tax briefs page 3
- lonliness in the workplace page 4 • business briefs page 5
- succession planning page 6
- legal briefs page 7 • social selling techniques page 8

THE FINANCE BILL 2018



THE FINANCE BILL 2018

At time of writing (mid-November), Minister Donohoe has delivered his second Budget speech and the 2018 Finance Bill has just passed Committee Stage.

A very brief outline of changes to date (under summary headings) is:

PERSONAL/EMPLOYEE TAXES

An increase of €750 in the 20% band means that, in 2019, a single person will start to pay the 40% rate on income above €35,300 (or €44,300 for single income couples).

The USC entry point of €13,000 is not changed but the ceiling at which the 2% rate applies increases from €19,372 to €19,874 and the 4.75% rate falls to 4.5%; no change for income levels over €70,044.

The home carer credit is increased again (to €1,500; from €1,200).

The 0% BIK rate for electric vehicles has been extended to 31 December 2021 for vehicles with an original market value (OMV) of €50,000 or less. No sign yet of the promised report on the review of company car BIK rules announced last year.

The earned income credit for 2019 will increase by €200 to €1,350. While at least going in the right direction, it is still €300 short of the PAYE credit and Minister Noonan did indicate three years ago he expected they would be aligned by now. (And still no change to the 3% USC surcharge for non-employment income over €100,000 that means an effective USC rate of 11% on such income!)

There are some minor changes to tax exemptions for Hepatitis C payments, certain Defence Forces member benefits, certain childcare payments and Magdalen Laundry payments.

Minister Donohoe announced he intends to introduce a ceiling of €1 million on eligible income for those claiming the special assignee relief programme ("SARP"); it is a victim of its own success as the cost to the Exchequer tripled (from €6 million to €18 million) between 2014 and 2016.

The Group A CAT threshold increases from €310,000 to €320,000.

For public sector workers, from 1 January 2019, wave goodbye to the pension related deduction ("PRD") and say hello to the additional superannuation contribution ("ASC").

BUSINESS TAXES

Also announced were some minor changes to the new employee share option incentive scheme ("Key Employee Engagement Programme - KEEP") designed to enhance the scheme targeted at the SME sector to help SMEs attract/retain talent by deferring taxation of gains on employee shares until sold.

To (clearly audible, even in Leinster House) sighs of relief, the administration of the EII scheme is moving to a self-certification model aimed at addressing the current (let's call it

as it is, appalling) delays in processing applications. Similar measures are introduced for the SURE (it won't let you down!) scheme. The changes cover nearly fifty pages of legislation. Both are extended to 2021.

In 2018, employer PRSI increased from 10.75% to 10.85% and will increase again in 2019 (to 10.95%), with a further increase (to 11.05%) planned for 2020.

The corporation tax exemption for certain start-up companies was due to expire this year but has been extended for a further three years to 2021.

A new accelerated capital allowances scheme for gas-propelled vehicles and refuelling equipment is being introduced to encourage uptake of gas-propelled commercial vehicles as an alternative to diesel.

PROPERTY SECTOR

This year's "jumbo breakfast roll" offers are:

- A full restoration of interest relief for mortgages on private rental accommodation was announced; it had been restricted, and was not due to be restored until 2021
- Anti-avoidance changes to rent-a-room relief (e.g. a minimum continuous rental period of 29 days) are designed to put beyond doubt that the relief does not apply to short-term tourist accommodation (e.g. provided via internet booking sites). There are exclusions for certain types of use such as respite care or language students.

AGRI SECTOR

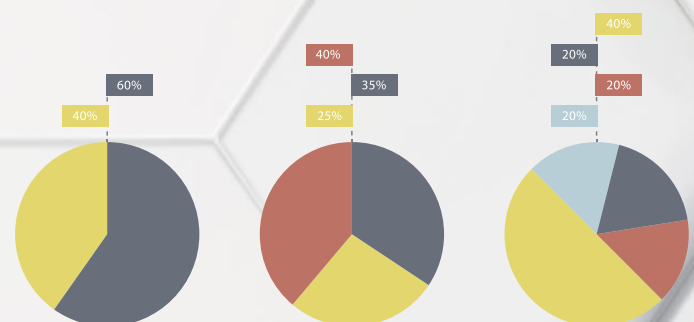
Unusually, a quiet Budget/Finance Bill for the farming community (so far...) in that there are no new measures just three-year extensions to 2021 of stock relief and the young trained farmer stamp duty exemption; but, no doubt, Brexit changes may feature before too long.

OTHER

Unless you have been off-grid, you'll know PAYE modernisation (or P-MOD, as hipster Revenue heads call it) is looming large; nothing further to add as, on P-MOD, you'll have heard it all before!

For VAT, on 1 January next he giveth (the rate on electronically supplied publications falls to 9% from 23%) and he taketh away (the "tourism" rate reverts to 13.5% from 9% apart from newspapers and sports facilities)

Excise duty increases this year affect fags (a pack of twenty is now at least €11), betting duty (it doubled; what odds would you have got on that!) and diesel passenger cars (a 1% VRT surcharge) but not booze (I'll drink to that!); since last year, the SSDT (sugar sweetened drinks tax) is also in force.



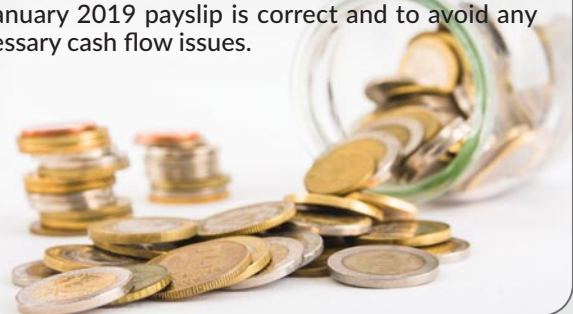
PAYE MODERNISATION FOR EMPLOYEES

Employers are obliged to inform their employees of the new regime from 1 January 2019 and particularly how the employee can register online with Revenue on "myAccount". Where employers have complied with the changes there should be no change to the employee's net payment other than for changes in Budget 2019. However it is important that all employees are aware of the following:

- Employers will now use a Revenue Payment Notification when calculating pay and deductions which will be reported to Revenue every time a payment is made to an employee.
- From mid-2019 all employees will be able to view pay and deductions on myAccount. The 2018 P60 will be the last P60 issued. Thereafter Revenue will issue an End of Year Statement.
- No P45's can be issued after 1 January 2019. A new employer will notify Revenue of the start date and Revenue will allow the new employer access to the Employees credits and rate bands.
- Employees can manage their own tax credits via myAccount.
- All employees should register without delay for myAccount via the following link:
<https://www.ros.ie/myaccount-web/register.html>

Tax Tip!

Register for myAccount early and check your tax credits and standard rate band are correctly allocated to your employment before 31 December 2018 to ensure that your January 2019 payslip is correct and to avoid any unnecessary cash flow issues.



LOANS APPLIED IN ACQUIRING AN INTEREST IN A COMPANY

Section 248 TCA 1997 provided tax relief for interest paid on loans applied in acquiring equity in, or giving a loan to, certain types of companies.

Relief under section 248 is not available for loans made on or after 7 December 2010. For qualifying loans made before 7 December 2010, relief was phased out over the tax years 2011 to 2013. **No relief** is available for the tax year 2014 and subsequent tax years.

TRACKER MORTGAGE REDRESS PAYMENTS

The Central Bank has published guidance entitled "*Principles for Lenders when Tracker Mortgages Related Issues Identified for Redress*". This confirmed that any tax liability that customers may incur as a result of the relevant issue or in respect of any redress, compensation or other payment made to impacted customers by the lenders are to be discharged by the lender.

Revenue subsequently confirmed that Taxpayers affected do not have to file amended returns for years to 2016 in relation to this matter, or to take account of such payments in rental computations for their 2017 tax returns.



PAY AND FILE SUMMARY

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

INCOME TAX

Filing date of 2018 return of income (self-assessed individuals)	31 October 2019
Pay preliminary income tax for 2019 (self-assessed individuals)	31 October 2019
On-Line pay and file date for 2018 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 March 2018	21 December 2018
Balancing payment of Corporation Tax for accounting periods ending in March 2018	21 December 2018

Stress, lack of sleep, and gruelling schedules mean that your working life can have a major effect on your health. One health issue that can derive from the workplace is loneliness, and not enough people are talking about it.

Loneliness can be defined as “sadness because one has no friends or company”. In the real world however, loneliness can mean much more than this. As an affliction that comes without any physical side effects or obvious symptoms, it is very easy to underestimate the problems that can occur from feeling alone at work.

The study on the effect of this phenomenon have been studied and reported in the Harvard Business Review by former Surgeon General Vivek Murthy who reports that loneliness is a growing health epidemic. According to the study, loneliness can translate to a reduced lifespan equivalent to smoking fifteen cigarettes a day, an even greater risk than obesity. This was also confirmed in a similar study conducted in 2015 by Brighton Young University. They also found an association between loneliness and increased blood pressure, higher cholesterol levels, depression and Alzheimer’s disease.

Today, we are more connected than ever before so it may sound surprising that an estimated 400,000 people in Ireland suffer from loneliness. This may be due to the fact that historically mankind have formed groups naturally from hunter-gatherers in the Stone Age to after work drinks in the Industrial Revolution. Now however, the modern workplace environment has changed greatly to working remotely and communicating over various platforms rather than traditional face-to-face meetings. Close working friendships are all too often traded for social media connections and followers. Society is using technology that promises more connectivity but finding that it can actually create more distance.

So, why do employers need to be sensitive to this? Quite simply it

LONLINESS IN THE WORKPLACE CAN MEAN LOSS OF PRODUCTIVITY

seems as though loneliness is costing you money. Employees with close or supportive friendships at work are more likely to feel connected to their jobs according to research conducted by California State University. Employees that do not have close friends in their office are less likely to complete their work to a high standard. They are also more likely to leave.

If you find you are suffering from loneliness, there are a few things you can do to improve your situation, such as:

MAKE A MOVE

Frederick Douglass once said of change, “If there is no struggle, there is no progress”. Push yourself to start conversations with your colleagues. This might begin with a simple morning greeting that prompts a response from others and can start a conversation going. Such a small thing can encourage a new and friendly atmosphere for everyone.

SIGN UP

There may be a social committee in your company that you can become part of. Mixing with your co-workers will allow you to develop connections in a less formal environment. It will also make for great conversation topics when you’re in the office.

DITCH THE TECH

It’s all too easy to stay at your desk during breaks and get lost in browsing through your phone but this is a habit that is killing your chances of making workplace connections. Try to create new habits. Perhaps instead of emailing a coworker about a query you have, you could go to their office and have a quick chat about it. This will help both people to become more comfortable engaging with each other and conversation will soon start to flow a lot easier than before.

KNOW WHEN TO CALL IT QUITS

Sometimes workplace loneliness can indicate a much bigger problem within an organisation. If everyone seems a little miserable at work and nobody is talking to each other, that is not a good sign. Feeling unhappy in your workplace and knowing its not going to change should prompt you to take action and look for a new job.



REBUILDING IRELAND HOME LOAN

A Rebuilding Ireland Home Loan is a new Government backed mortgage for first time buyers. It has been available nationwide from all local authorities from 1st February 2018.

You can borrow up to 90% of the market value of the property. Maximum market values of the property that can be purchased or self-built are:

CORK DUBLIN GALWAY KILDARE LOUTH MEATH WICKLOW

€320,000

REST OF THE COUNTRY

€250,000

To be eligible for a Rebuilding Ireland Home Loan you must:

- ➔ be a first-time buyer
- ➔ be aged between 18 and 70 years
- ➔ be in continuous employment for a minimum of two years, as a primary applicant or be in continuous employment for a minimum of one year, as a secondary applicant
- ➔ have an annual gross income of not more than €50,000 as a single applicant or not more than €75,000 combined as joint applicants
- ➔ submit two years certified accounts if self-employed
- ➔ provide evidence of insufficient offers of finance from two banks or building societies
- ➔ not be a current or previous owner of residential property in or outside the Republic of Ireland
- ➔ occupy the property as your normal place of residence
- ➔ purchase or self-build a property situated in the Republic of Ireland of no more than of 175 square metres (gross internal floor area)
- ➔ purchase or self-build a property which does not exceed the maximum market value applicable for the county in which it is located
- ➔ consent to an Irish Credit Bureau check



TAX AND HOME TUITION GRANT SCHEME:

The purpose of this Home Tuition Grant Scheme is to provide funding towards the provision of a compensatory educational service for children who, for a number of specific reasons, are unable to attend school. However, it should also be noted that the Home Tuition Grant Scheme is not an alternative to a school placement and is provided in very limited and specific circumstances.

The following are the conditions required under the provision of Tuition:

- ➔ Tuition must be provided from Monday to Friday inclusive, between the hours of 9am to 6pm only.
- ➔ Tuition must be provided on a one to one basis (exceptions may apply in the case of siblings) in the home of the student only.
- ➔ It is not permitted to provide tuition on bank holidays.
- ➔ Only in the case of Maternity Related Absences, tuition can be provided during the holiday periods
- ➔ when mainstream schools are closed but not on bank holidays or at weekends
- ➔ The student can receive a maximum of 5 hours tuition per day only.
- ➔ The tutor can provide a maximum of 8.5 hours tuition per day only.
- ➔ The weekly number of hours sanctioned cannot be exceeded for any reason. Any unused hours cannot be carried forward.

BRITISH BUDGET

The UK Budget also took place recently and the below table outlines the Income Tax Rates for 2018-2019

Income Tax Rates	2018/2019	Rate
Individuals – UK		
Starting Rate	€1 – €5,000	20%
Basic Rate	€5,000 – €34,500	20%
Higher Rate	€34,501 – €150,000	40%
Additional Rate	Over €150,000	45%
Individuals – Scottish Income Tax		
Starting Rate	€1 – €2,000	19%
Basic Rate	€2,001 – €12,150	20%
Intermediate Rate	€12,151 – €31,580	21%
Higher Rate	€31,581 – €150,000	41%
Top / Additional Rate	Over €150,000	45%

SUCCESSION PLANNING

The following issues are a guideline of topics that you need to bear in mind when you are succession planning:

Pensions: Are you sufficiently funded for retirement? Will your pension fund give you a source of income that will meet your future income requirements?

Business Assets: If you own a business do you want to pass to the next generation or sell the business to a third party? If you want to pass to the next generation, is there a member of your family that you have in mind, possibly more important, do they want to take the business on and do they have the appropriate skills to do so?

Wills: It is good practice to review or re-draft your Will every few years, as your circumstances change. Similarly, as tax law changes over time your current Will may not be as "tax friendly" as when initially drafted. When you have young children, you may want to include a trust in your Will. As your children mature, a trust may not be appropriate and you may want the asset to transfer directly to them on your death rather than going into a trust. Do you want to pass any assets during your life, or are you happy to transfer assets on your death?

Lifetime Thresholds: The current tax rate for Capital Acquisitions Tax (CAT) is 33% in respect of gifts or inheritances. However, there is a lifetime threshold amount that an individual can be gifted or can inherit tax free. This is determined by the relationship between you and the person receiving the gift or inheritance.

TAX MATTERS

When you have a clearer picture of what you want to do, it is then advisable to consider the tax implications that could arise. Thought must be applied to determine if you can avail of the reliefs/exemptions or if there is any planning that you can do now to obtain these reliefs in the future.

TRANSFER OF BUSINESS

Retirement relief provides relief to individuals on the sale or transfer of certain business assets (including agricultural assets), provided certain conditions are met, one of these conditions is that you must be 55 or over, however you do not actually have to retire. This relief can eliminate the CGT due on the transfer of certain business assets and/or certain shares in trading companies where the business is transferred to the next generation. If this is done between the ages of 55 and 65, there is no cap on the value of the business assets. Where the transfer is made after you turn 66 years there is a threshold of €3 million.

Full CGT relief may be available up to a limit of €750,000 if this occurs when you are between the ages of 55 and 65 on transfers to persons other than a child. The limit is reduced to €500,000 once you turn 66.

This relief could result in significant tax saving for a person transferring their business property.

Transfers of business assets by way of a gift or inheritance may result in a Capital Acquisition Tax (CAT) liability for the individual receiving the gift or inheritance. Again there are certain reliefs that should be considered such as business

property relief or agricultural relief depending on the business to hand.

If the gift or inheritance consists of certain business assets (including certain shares in family companies) the market value of the business assets can be reduced by 90% if certain conditions are met. This relief can facilitate the transfer of a family business to the next generation.

Utilise the €3,000 a year small gift exemption.

Be mindful of age in terms of retirement relief.

Consider transferring assets that have a market value which is lower than the price paid for the asset as this should result in no CGT.

Review gifts to children where they are over 18 to ensure they do not fall foul of Revenue guidelines.

If you have foreign properties consider any foreign taxes that may arise in the event of your death.

Tips

It is important to be aware that as family circumstances are changing, so do the laws that can affect the legal and tax implications. Therefore it is vital to review your plans on a regular basis to ensure that your plan is still appropriate for your circumstances.

GROUP RELATIONSHIP TO DISPONER THRESHOLD

AMOUNT

A Son/Daughter	€320,000
B Parent*/ Brother/ Sister/ Niece / Nephew / Grandchild	€32,500
C Relationship other than Group A or B	€16,250

*NOTE: In certain circumstances a parent taking an inheritance from a child can qualify for Group A threshold.

PARTNERSHIP AGREEMENTS

Section 1(2) of the Partnership Act 1890 (the “1890 Act”) states that a partnership agreement is a “relationship which subsists between persons carrying on a business in common with a view to profit.” When two or more people carry on any form of business together with a view to profit but without incorporating as a limited company, they form a partnership, even though this may be unintended.

However, there is no requirement that the partnership arrangements must be in writing. The 1890 Act, in essence, offers a default partnership agreement. The 1890 Act may be viewed as a default partnership agreement whose terms apply to every partnership if no other conditions have been set out in writing. For this reason, it is crucial for partners and their advisors to be aware of all the rights and duties which are implied by the 1890 Act and then to decide which of them are appropriate for the partnership and which of them should be modified by the terms of the Partnership Agreement. The

importance of preparing your own agreement lies mainly in some of the ineffective conditions laid out in The Act, such as:

- 1 There is no right under the default 1890 Act to expel a partner.
- 2 Any one partner may dissolve the partnership by simply declaring so at a partners meeting.
- 3 If a partner dies the partnership will automatically dissolve under the terms of Section 33 of the 1890 Act and may be wound up by the wish of any one partner.
- 4 There is no general power to retire under partnership law therefore the only possibility for a partner to retire without the inclusion of a provision, is to dissolve the partnership.

Due to these factors, it is important that parties to a partnership carefully lay out provisions for certain circumstances in a carefully drafted agreement.



DEBT RECOVERY- WHERE TO DRAW THE LINE

All companies are inclined to give their debtors some leeway and credit, for a variety of reasons. It may be in the hope of ultimately collecting the full debt or even to secure future business. But where should you draw the line – being overgenerous might mean you go under while being too rigid can deflect clients to your competitors.

As we all know, cash flow is the lifeline of any business and, as the economy tightens, how effective you are in retaining that cash flow will depend on how effectively you utilise the legal procedures available to you. Outlined below are details of our three Irish Courts followed by a description of various procedures, which may assist your business in their recovery efforts.

The District Court deals with cases up to €6,348.00. If your efforts of debt collection or letters of demand and pre-legal activity have not been successful then it is necessary to issue a Civil Summons in the District Court. The Summons is served on the Defendant and if the case is undefended, there is no Court hearing and Judgement issues automatically on foot of an Affidavit of Debt sworn by the Plaintiff.

The Circuit Court deals with debts between €6,348.00 and €38,092.00. The same procedure takes place as mentioned above as long as the case goes undefended. Unlike the District Court, however, it is possible to undertake a Summary Judgement Application. This is where a creditor is of the opinion that there is no defence to the claim or the Defence filed shows no grounds for a defence and this is, in effect, a short cut to trial and does not require witnesses to attend Court.

The High Court hears cases where the amount due is greater than €38,092.00. As in the District and Circuit Court the same procedure takes place when a case is undefended. If the case is defended, it is by way of a Motion before the Master of the High Court in Dublin.

The most important thing for a business to do is to act within a reasonable timeframe, ensuring that the procedures applied are in line with the particular circumstances of the debt. Once the credit period has expired you should contact a legal debt recovery specialist which should persuade the debtors to offer some kind of repayments rather than throwing your statements in the bin every month.

EMPLOYER PROTECTION FOR THE CHRISTMAS PARTY SEASON

As the festive season approaches it brings with it a new search for the best venue for your Christmas party. While this is a time to make employees feel appreciated and celebrate another year of hard work, it does not always come to pass without challenges. If you are unfortunate enough to find an employee suffered an incident at the Christmas party, there are ways to ensure you are protected as an employer. There are factors, such as alcohol and alternative location to the normal work environment that can lead to people behaving in ways they normally would not.

It is important that an employer has taken responsible measures to protect everyone while enjoying the festivities, such as:

- Review the “Dignity in the Workplace” policy and ensure that it clearly states the employer will not tolerate bullying, harassment or sexual harassment. The policy should include that it is applicable in work-related social events. This should be circulated to all employees.
- Employees should be reminded that inappropriate behaviour at the Christmas party will not be tolerated and may lead to disciplinary action.
- Review the social media policy to ensure it sets out the consequences of posting pictures online from the Christmas party that may cause damage to the reputation of the company or affect a colleague’s right to privacy.
- Employees should be informed that alcohol consumption at the Christmas party should be moderate.

Any complaints made after the Christmas party should be treated seriously and investigated quickly. If necessary, disciplinary action should be taken. However, ensure that it is appropriate and proportionate to the incident and that it is consistently applied.

Once you have followed protocol to ensure a safe environment for you employees, then eat, drink and be merry!



SOCIAL SELLING TECHNIQUES TO BOOST YOUR SALES



Every senior sales professional knows that social media provides a unique opportunity to connect with prospects and customers. Never before has the distance between seller and buyer been so short, allowing you to merge the worlds.

Social media and social selling have become integral parts of every reputable organization's blueprint for sales success, but it doesn't merely begin and end with creating a profile and uploading some posts.

Expert social selling is part science and part art form and when done correctly will help you shorten the sales cycle, nurturing your leads and boosting close rates compared to other tactics. That is because with social selling you can get right to the heart of why people buy and then meet them when they are at their most receptive.

In this article, we explore 6 of the best social selling techniques that will help take your sales efforts to the next level to achieve true master status.

1. Create Relationships Not Sales

Nobody likes the idea of being 'sold' something. It makes customers feel like they have been taken advantage of or fallen prey to a salesperson's skills and manipulation. Even if you have the best product or service in the world, a seller needs to create a relationship with prospects before making a sale.

This concept is especially true with social selling because people are inundated with offers on a regular basis. Be genuine, be a real person, and take the time to form relationships before trying to make a sale.

2. Serve Before Selling

Showing you are human and forming a relationship are great social selling tips, but expert sales pros need to provide value before someone is really going to trust what's being said. Just because they may have opted in or shown some interest doesn't mean they are saying "please sell me something."

Serving before selling means giving away valuable information for free. It means solving problems and offering solutions without a dollar value attached. By thinking, "how can I help you?" instead of "what can I sell you?" will mean you are on the right track.

3. Give More than You Receive

If there seems to be a pattern among these social selling techniques, it's because this way of thinking is the only real way to find success with social platforms. Sharing content and ideas is what social media is all about, and you need to give far more than you receive to be successful.

Make the majority of posts value-driven, with useful information that's designed to help your audience. Also, spend a good proportion of time sharing other people's content and leaving helpful comments.

4. Take Time to Build the Foundation

You can't be an expert unless you build a strong foundation for social media platforms. So many sellers seem to just create their LinkedIn, Twitter, Facebook or Instagram accounts haphazardly and end up not getting the most out of them.

Think of each one as a mini website of its own and place relevant information in bios, profiles, and pinned posts so that potential customers will find it professional and will want to do business with your company right from the start.

5. Create a Content Schedule

Every social selling expert will have a content schedule that they follow to ensure the right information is being posted on a consistent basis.

Certain days can be dedicated to particular topics or mix things up throughout the week, just be sure to execute and be consistent with timing and branding, so prospects get to know you and feel comfortable with what is being promoted or sold.

6. Do Your Research

When you decide to reach out to another business via social media, take time to do some research beforehand. You don't want to throw out some blanket pitch for each and every account contacted.

Even if you take five or ten minutes to research the company and its needs, you'll be ahead of the game! and will be able to communicate in a way that's unique to that organization.

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