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we start where other accountants finish

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Preparing for Leaner Months

Many businesses are now adjusting to the change in the market environment from rapid sales and staff income growth of recent years. While the focus on sales and service is crucial for a company's long-term survival, there is often significant potential for savings from better asset management.

In this article, we look at two key areas of asset management receivables and inventory control.

Receivables

Credit control is an important company function. Granting credit is always a balance between risk and opportunity. Having good intelligence from the market is always critical in deciding the exposure that a company should have with particular customers. In current market conditions, it is particularly important.

The following are a number of useful tips for credit control:

It's critical for effective credit control that the company has a culture that views a sales transaction as being only completed when payment is received.

Paying commission following payment is a useful way to encourage the sales team to assist the collection process.

It is also critical that a manager reviews the Aged Listing of outstanding accounts with administration staff on at least a weekly basis. It's important to ensure that staff are aware that consistent follow-up is crucial as accounts payable staff at the customers generally tend to prioritise payment to suppliers who are likely to hassle them when there is a delay.

Have a system where each credit customer is given a credit limit that is updated on the company's computer system.

Following progress of larger value invoices before they become due for payment is also important. It's a common excuse that an invoice was only approved following the current month's posting.

A company should have a system to ensure that customer service issues are swiftly addressed to ensure that both the business relationship is preserved and to avoid payment delays.

Continued 

Consistent extension of credit by a good customer should not be a reason for extending payment terms as the new terms would unlikely be complied with either.

Depending on the industry, a cash element in the payment terms should be considered. A company cannot improve on its quoted terms but it can always remove the cash element for particular customers.

Inventory

With a downturn in sales, many companies will find that they have surplus stock. This is the time to review the inventory with a particular focus on slow moving items.

If a company has a returns policy with a manufacturer, it should consider returning slow moving items even though it will only receive a partial credit.

However, it may be better to have some cash than items in stock that will be obsolete in another year.

Trading conditions in 2002 will be worse than the current year. This is therefore the year where the financial results could better sustain a charge for both scrapping and writing down inventory where applicable.

In relation to replenishing stock, close attention should be given to stock levels on a month-by-month basis. Nobody knows how severe the current downturn will be and a good stock control situation can quickly deteriorate as sales of particular products decline sharply.

The key to good asset management is never to relax the reins. It helps to keep the wise words of Julius Caesar in mind: 'The General who rests on his laurels, is usually wearing them in the wrong place.'



DIGITAL SERVICES TAXES

Digital Services Taxes (DSTs) are levied in a number of jurisdictions. They are charges typically levied on revenues associated with the provision of digital services and advertising.

Where the following DSTs have been incurred wholly and exclusively for the purposes of a trade, Revenue is prepared to accept that they are deductible expenses in computing income of that trade:

1. Austria's Digital Services Tax
2. France's Digital Services Tax
3. Italy's Digital Services Tax
4. Kenya's Digital Services Tax
5. Spain's Digital Services Tax
6. Turkey's Digital Services Tax
7. United Kingdom's Digital Services Tax
8. India's Equalisation Levy

WORKING FROM HOME TAX RELIEF



Since the pandemic, more people than ever qualify for the working-from-home tax relief - which can get you 30% off your electricity, heating and internet bills in 2022.

You qualify if you work from home on a part-time or full-time basis but you can only claim for the days that you actually work from home.

If your household bills for heating, electricity and broadband come to €2,000 in 2022 and you work at home full-time for 220 days of the year, you could claim 30% tax relief on €1,205 of your bill.

You can also claim:

- 10% of the cost of electricity and heat incurred (based on the number of days worked at home over the year)
- 30% of the cost of broadband, based on the number of days worked at home over the year.

Refunds for incorrectly charged interest on Customs Debts

During the period July 2018 to April 2022, some businesses were incorrectly charged a £25 minimum interest amount for the late payment of customs duty. Such businesses may be able to claim a refund of the difference between the £25 minimum charge and the actual amount of interest that should have been applied.

In addition, between July 2018 and April 2022, HMRC also used an incorrect interest rate which was higher by 0.5% to calculate late payment interest on customs debts.

You must email your request to custdebtrr.customspolicy@hmrc.gov.uk before 31st March 2023.

PAY AND FILE SUMMARY

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



INCOME TAX

Filing date of 2021 return of income (self-assessed individuals)	31 October 2022
Pay preliminary income tax for 2022 (self-assessed individuals)	31 October 2022
On-Line pay and file date for 2022 return of income	16 November 2022

CAPITAL GAINS TAX

Payment of Capital Gains Tax for the disposal of assets made from 01 January 2022 to 30 November 2022 **15 December 2022**

Payment of Capital Gains Tax for the disposal of assets made from 01 December 2022 to 31 December 2022 **31 January 2023**

CORPORATION TAX

Filing date for Corporation Tax returns for accounting periods ending in March 2022 **23 December 2022**

Balancing payment of Corporation Tax for Accounting periods ending in March 2021 **23 December 2022**

BUDGET 2023: A “PRO-SME” BUDGET

From crisis response schemes and increased agency funding to tax credits, here's what you need to know about Budget 2023. In what has been described as a “pro-SME Budget”, the Government has revealed a host of supports for businesses of all sizes – from start-ups to established companies.

Top of the agenda were the cost of living and energy crises that are currently gripping most European countries – Ireland no exception – following the invasion of Ukraine earlier this year and ongoing market challenges.

Presented by Minister for Finance Paschal Donohoe, TD, and Minister for Public Expenditure and Reform Michael McGrath, TD, Budget 2023 aims to help businesses survive a tough winter with interest rates going up and consumer confidence waning.

COST OF LIVING AND ENERGY CRISES

Perhaps the headline figure in terms of supports for business is a €1.25bn Temporary Business Energy Support Scheme (TBESS) that aims to provide qualifying businesses with up to 40pc of the increase in electricity or gas bills – up to a maximum of €10,000 per month. While expected to benefit start-ups and small businesses the most, TBESS will also help larger business cover some of the skyrocketing costs of energy. The scheme will run until at least February 2023.

For businesses that deal in manufacturing and other international traded services, a €200m Ukraine Enterprise Crisis Scheme is set to help alleviate some of the costs associated with the crisis, including energy costs. The scheme will provide up to €2m in grant aid for each energy-intensive companies affected by the rising energy costs. The grant, only available to companies that can produce a plan to reduce energy costs, will be administered by Enterprise Ireland, IDA Ireland and Údarás na Gaeltachta.

A €1.2bn Ukraine Credit Guarantee Scheme will assist the wider business sector with liquidity and energy efficiency. It will provide low-cost working capital to SMEs of up to €1m on a six-year term with no collateral required for loans up to €250,000.

The credit guarantee scheme is in addition to a new Growth & Sustainability Loan Scheme that will make up to €500m in low-cost investment loans of up to 10 years available to SMEs. The scheme requires no collateral for loans up to €500,000. A minimum of 30pc of the lending volume will be targeted towards environmental sustainability purposes.

AGENCIES GET FUNDING BOOST

Funding for offices and agencies under the Department of Enterprise, Trade and Employment – such as Enterprise Ireland and IDA Ireland – has also increased. Overall, Budget allocation for the department has risen by €36m to €940m this year.

Local Enterprise Offices will receive an additional €4m in funding to include a new grant for microenterprises. The Small Firms Investment in Energy Efficiency Scheme will provide a grant to companies to encourage capital investment in projects to reduce carbon emissions.

IDA Ireland, responsible for the attraction of foreign direct investment, has received a €14.8m increase in capital funding to help it accelerate implementation of its regional property programme. It will also use the funding to invest in the National Institute for Bioprocessing Research and Training (NIBRT) as well as in advanced manufacturing.

Enterprise Ireland's increased capital allocation includes €12m for the Climate Transition Fund and the Digital Transition Fund, both of which opened earlier this year and are part of Ireland's National Recovery and Resilience Plan. In addition, €7m is being provided for Enterprise Ireland's many innovation development programmes, while there has been a €1.5m increase in funding to assist Irish companies in securing additional contracts with the European Space Agency.

The Budget will enable Enterprise Ireland to enhance their science and technology programmes. It will also allow further calls to take place under the Disruptive Technologies Innovation Fund.

TAX CREDITS

The Government is updating the Research & Development tax credit to keep up with international definitions, and extending the Knowledge Development Box (KDB) for four additional years.

KDB provides for an effective rate of 6.25pc for corporation tax on income arising from qualifying assets – with the objective of encouraging the development of intellectual property in Ireland.

The Key Employee Engagement Programme (KEEP) has also been extended until 31 December 2025. This tax share option scheme allows employees to acquire shares at a future date and at a fixed price, under specific conditions, without paying tax.

NATIONAL LIVING WAGE - IRELAND

In principle, a living wage is intended to establish an hourly wage rate that should provide employees with sufficient income to achieve an agreed acceptable minimum standard of living. In that sense it is an income floor; representing a figure which allows employees afford the essentials of life.

Earnings below the living wage suggest employees are forced to do without certain essentials so they can make ends-meet. This living wage is the average gross salary which will enable full time employed adults (without dependents) across Ireland to afford a socially acceptable standard of living.

The difference between this and the National Minimum Wage is that the minimum wage rate is not based on the cost of living. The national living wage for Ireland is calculated to be €12.90 per hour.

**THE NATIONAL
MINIMUM WAGE
IN IRELAND IS
CURRENTLY €11.00**

**RISING TO
€11.30
FROM 1ST
JANUARY 2023.**



CREDIT REVIEW - CREDIT WHERE IT'S DUE

Credit Review was set up in 2010 by the Minister for Finance and provides an independent appeals process for SMEs, sole traders and farmers who have had bank credit facilities refused, reduced or withdrawn, or who need to restructure debt. It also operates a helpline for business borrowers who are having difficulty getting credit. Credit Review sees at first hand the issues faced by SMEs and farm businesses seeking bank credit to grow and develop their businesses.

While 2022 started positively for Irish SME's following the lifting of Covid restrictions, the war in Ukraine has set back recovery and a number of significant challenges remain for businesses. All of this means that SME's may require additional bank finance, or need to restructure their existing debt, to make repayments more manageable in the current business environment.

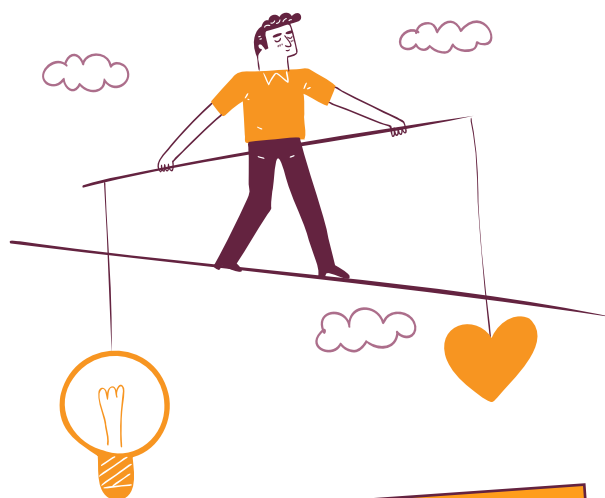
If your business is experiencing any of the following, contact Credit Review:

- credit facilities refused, reduced or withdrawn
- need to restructure existing debt
- difficulty getting credit or loan facilities of up to €3 million
- experienced an unfavourable change to existing credit terms and conditions.

The process is independent, easy to complete and covers applications for new loans or restructured credit facilities from participating banks (AIB, Bank of Ireland, PTSB and Ulster Bank).

Visit www.creditreview.ie to see if you're eligible.

GIVE YOUR EMPLOYEES A WORK-LIFE BALANCE



STEP AWAY FROM THE EMAIL

This includes on your phone or tablet. Turn off notifications from your work email when you are out of the office.

JUST SAY NO

You don't have to be available 24/7. Ensure you are taking any time due to you to recharge.

GET OUT

Get out and breathe in the fresh air! This is most important for those with desk/indoor jobs.



Start your Christmas promotion early...



... and reap the benefits

Have you decided what you want to achieve this Christmas and the actions you need to take? Have you thought about what marketing is necessary and how soon you can begin? Planning out your activities and getting started early will help you achieve your goals for 2022. With buyers starting their Christmas shopping earlier and earlier, September and October are prime times to get their attention.

There are many ways you can get ahead this Christmas including selling online, social advertising and email marketing but maybe you should consider the following before you begin.

WEBSITE CHANGES

A new quarter and new season are opportunities to review and improve business assets. When was the last time you considered if your website was performing as it should? Small changes can make a massive difference in how your customers view and engage with your businesses. Start now, before you get busy with Christmas and ask yourself:

- Does your website reflect the message you want to get across to your customers this Christmas season?
- Are your KPIs, delivery information and opening hours displayed correctly?
- Is your online shop up to date and working properly?
- Could your images do with a refresh?

Website updates show your new and existing customers what your business can offer them this Christmas. It will also improve your visibility on search engines such as Google that prioritise relevant and active websites.

GOOGLE ADS

Google advertising allows you to get ahead of the competition in online search results. The versatility of Google advertising also allows you to have adverts on third party sites, YouTube and in apps.

Make sure you show up when people search for what you offer this Christmas. One of our favourite things about Google advertising is the flexibility it offers. In the run-up to Christmas, we like to get creative with client campaigns. Christmas is the perfect time of year to have fun with ad copy and tug at customer heartstrings.

EMAIL MARKETING

A personalised service always goes down well with customers and digital marketing is no different. This is because customers love to feel special and shop with businesses that make them feel good. Personalisation is one of the many reasons that email marketing is very effective. In fact, businesses have reported a 20% increase in sales from personalised campaigns.

Email marketing is an excellent Christmas promotion tool. When your customers are planning for the festive season, your products can be in their inboxes ready to buy. The visual presentation of email marketing helps build brand awareness, while trackable insights help target your existing engaged audience.

Let's not forget too that 75% of Gmail users access their accounts via their phones. Ideal for mobile optimised email marketing campaigns that lead them to your site – and checkout – with ease.

SOCIAL MEDIA ADVERTISING

There are nearly four million social media users in Ireland. Users of all ages and locations, all engaging online with – not only their networks but also brands and businesses. Social media is more popular than ever, with online users spending an average of three hours a day on social sites. Needless to say, this is a melting pot of e-commerce opportunities.

Given the size and engagement of the audience, it is an opportunity to get your brand in front of the right people. Targeted social media advertising campaigns can reach your customers when and however you choose.

Using Analytics to Guide Your Marketing Decisions
Data analytics and insights may sound very techy and complicated but are actually useful and intuitive business tools. They can be especially useful in planning Christmas promotions.

Data is something all businesses have, but not all businesses utilise. By looking at the data from previous years, we can start to understand your customers' habits. Such as how they search your site, when they buy and how much they spend. Armed with these insights, Christmas promotion planning becomes so much easier.

Data analysis can also highlight any areas where sales drop off. For example, if customers seem to all leave at the same point, it might suggest a website glitch. Spotting this in advance gives you the opportunity to fix the glitch for a smoother sales experience.





EXTENSION OF PARENTAL LEAVE

Parent's Benefit and parent's leave are for parents in the first 2 years after their child's birth or adoption. Since July 2022, Parent's Benefit increased from 5 weeks to 7 weeks.

You will get a total of 7 weeks Parent's Benefit, if you are the parent of:

- A child born or adopted after 1 July 2022
- A child under the age of 2 on 1 July 2022 or an adopted child placed with your family less than 2 years on 1 July 2022 - you must complete the extra parent's leave on or before your child's second birthday or within 2 years of the adoption placement

You can take 7 consecutive weeks or 7 separate weeks of leave.

NEW STATUTORY SICK PAY SCHEME

On 20th July 2022 the Sick Leave Act was signed into law. The new scheme aims to bring Ireland in line with other European countries that have mandatory paid sick leave for workers in place. Under the legislation, employers will be obliged to provide a minimum number of paid sick days annually from 2022.

Currently, an employee whose employer does not provide paid sick leave can apply for Illness Benefit. However, the payment is a flat €203 per week and the worker must satisfy a minimum level of PRSI contributions. Under the new scheme, which will be rolled out in four phases, both full and part-time employees can avail of paid leave. They'll be entitled to a rate of 70% of usual daily earnings up to €110 a day for three days.

In 2024, this rises to five days of paid leave, before increasing again in 2025 (seven days) and 2026 (10 days). The eventual 10 days, or two working weeks, of sick pay per year will be in addition to other leave entitlements including annual leave, parental and maternity leave as well as public holidays.

The staggered roll-out has been designed to avoid placing an excessive financial burden on employers. It gives them time to plan and budget for the additional costs. As an employer, you must keep proper records for each employee. The records must be maintained for four years and include information in relation to each employee who availed of sick leave.

The following information must be included in the records:

- The employee's period of employment
- The dates of statutory sick leave in respect of each employee
- The rate of statutory sick leave payment in relation to each employee.

An employer who fails to maintain accurate records may be convicted and subject to a fine of up to €2,500.

SEASONAL STAFF - WHAT EMPLOYERS NEED TO KNOW

In response to the need for extra workers, employers may take on seasonal staff. Before you do this, it may be important to note the following points:

- Seasonal staff should be aware that their employment is for a specific purpose and not indefinite.
- Despite seasonal employment being short-term, you still need to provide a written statement specifying the terms and conditions of employment. In particular, the fixed-term, specific purpose or event that will trigger the termination of the temporary contract.
- Seasonal staffing must also take account of the ban on zero-hours contracts
- It's possible to agree with your seasonal staff that unfair dismissals legislation won't apply in certain cases. These include either the expiry of the fixed-term or the achievement of the purpose specified in the contract.
- Despite the fact that they're short-term, you still need to provide your temporary staff with an induction. This will allow you to specify what you expect of them, and the standards your business adheres to.

WHY DO I, AS AN EMPLOYER, NEED TO PROVIDE A CONTRACT OF EMPLOYMENT?

The contract of employment in Irish employment legislation is probably one of the most valuable documents available to the employer and the employee alike.

While there is no legal obligation on an employer to provide a contract of employment, there is an obligation on the employer to give an employee a written statement of certain terms of employment within 2 months of starting work.

A well written contract of employment will cover all aspects of the employment relationship and in doing so, will help eliminate the friction which can occur when problems are not dealt with.

Outside of the required document outlining the terms of employment, it is recommended to include the following items in an employment contract:

- a probationary period;
- retirement;
- provision for lay-off and short time;
- a flexibility clause;
- confidentiality clause;
- health and safety;
- disciplinary and grievance clauses;
- changes to conditions of employment.

BLOCKCHAIN EXPLAINED

Blockchain defined: Blockchain is a shared, immutable ledger that facilitates the process of recording transactions and tracking assets in a business network. An asset can be tangible (a house, car, cash, land) or intangible (intellectual property, patents, copyrights, branding).

Virtually anything of value can be tracked and traded on a blockchain network, reducing risk and cutting costs for all involved.

Why blockchain is important: Business runs on information. The faster it's received and the more accurate it is, the better. Blockchain is ideal for delivering that information because it provides immediate, shared and completely transparent information stored on an immutable ledger that can be accessed only by permitted network members. A blockchain network can track orders, payments, accounts, production and much more. And because members share a single view of the truth, you can see all details of a transaction end to end, giving you greater confidence, as well as new efficiencies and opportunities.

HOW BLOCKCHAIN WORKS

As each transaction occurs, it is recorded as a "block" of data. Those transactions show the movement of an asset that can be tangible (a product) or intangible (intellectual). The data block can record the information of your choice: who, what, when, where, how much and even the condition – such as the temperature of a food shipment.

Each block is connected to the ones before and after it.

These blocks form a chain of data as an asset moves from place to place or ownership changes hands. The blocks confirm the exact time and sequence of transactions, and the blocks link securely together to prevent any block from being altered or a block being inserted between two existing blocks.

Transactions are blocked together in an irreversible chain: a blockchain.

Each additional block strengthens the verification of the previous block and hence the entire blockchain. This renders the blockchain tamper-evident, delivering the key strength of immutability. This removes the possibility of tampering by a malicious actor – and builds a ledger of transactions you and other network members can trust.

There are several ways to build a blockchain network. They can be public, private, permissioned or built by a consortium.

PUBLIC BLOCKCHAIN NETWORKS

A public blockchain is one that anyone can join and participate in, such as Bitcoin. Drawbacks might include substantial computational power required, little or no privacy for transactions, and weak security. These are important considerations for enterprise use cases of blockchain.

PRIVATE BLOCKCHAIN NETWORKS

A private blockchain network, similar to a public blockchain network, is a decentralized peer-to-peer network. However, one organization governs the network, controlling who is allowed to participate, execute a consensus protocol and maintain the shared ledger. Depending on the use case, this can significantly boost trust and confidence between participants. A private blockchain can be run behind a corporate firewall and even be hosted on premises.

PERMISSIONED BLOCKCHAIN NETWORKS

Businesses who set up a private blockchain will generally set up a permissioned blockchain network. It is important to note that public blockchain networks can also be permissioned. This places restrictions on who is allowed to participate in the network and in what transactions. Participants need to obtain an invitation or permission to join.

CONSORTIUM BLOCKCHAINS

Multiple organizations can share the responsibilities of maintaining a blockchain. These pre-selected organizations determine who may submit transactions or access the data. A consortium blockchain is ideal for business when all participants need to be permissioned and have a shared responsibility for the blockchain.

BENEFITS OF BLOCKCHAIN

What needs to change: Operations often waste effort on duplicate record keeping and third-party validations. Record-keeping systems can be vulnerable to fraud and cyberattacks. Limited transparency can slow data verification. And with the arrival of IoT, transaction volumes have exploded. All of this slows business, drains the bottom line – and means we need a better way. Enter blockchain.

GREATER TRUST

With blockchain, as a member of a members-only network, you can rest assured that you are receiving accurate and timely data, and that your confidential blockchain records will be shared only with network members to whom you have specifically granted access.

GREATER SECURITY

Consensus on data accuracy is required from all network members, and all validated transactions are immutable because they are recorded permanently. No one, not even a system administrator, can delete a transaction.

MORE EFFICIENCIES

With a distributed ledger that is shared among members of a network, time-wasting record reconciliations are eliminated. And to speed transactions, a set of rules – called a smart contract – can be stored on the blockchain and executed automatically.