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we start where other accountants finish

in this issue...

Remaining Strong Amid A Slower Economy

The first signs of the marked slowdown in the pace of global growth impacting the Irish economy have become apparent recently, with announcements of imminent job losses in a number of high profile tech companies.

This is part of a worldwide retrenchment plan by these companies, who acknowledge that they expanded their workforces too rapidly in the past couple of years, given we are now facing into a period of much weaker global demand. Social media companies, in particular, appear vulnerable to a downturn in advertising revenues.

However, the IDA reported last week that it continues to see a strong flow of inward investment and the pipeline of new foreign direct investment (FDI) remains "healthy" for the first half of next year. Ireland has a well-diversified pool of FDI in sectors such as life sciences, financial services, pharma, as well as technology and media, with new capacity coming on stream all the time.

It should be noted that the very open Irish economy was never expected to escape the impact of the global downturn. Recent forecasts from the Central Bank of Ireland, ESRI (Economic and Social Research Institute) and Dept. of Finance (DoF) are for Irish GDP growth to slow sharply to between 4.5-5.25% in 2023 from circa 10% this year. Meanwhile modified domestic demand is projected to grow by around 2% next year, down from a 6.5-7.5% range in 2022.

Further out, the DoF sees Irish growth slowing to 3.3% in 2024, with the IMF at 4% and the CBI at 5%. Most forecasts see the unemployment rate rising somewhat to around 5% next year, up from 4.4% at present.

Thus, a marked slowdown is expected in the pace of growth in the Irish economy in the next two years, though, activity is projected to remain considerably stronger than in most other advanced economies.

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It is generally recognised that the risks to the global economy are skewed to the downside and the weakening in activity may prove more severe than currently anticipated.

While the pipeline looks healthy for 2023, the flow of inward investment into Ireland could take a bigger hit in 2024-25 if there is a sharp downturn in the global economy next year.

Regardless, a key focus for Ireland should be that it remains an attractive destination for FDI. Brexit has certainly helped in this regard, as the UK has been the main competitor for Ireland in relation to FDI.

However, the UK is now handicapped by being outside the EU and Single Market. It is notable that there has been a marked pickup in FDI into Ireland in 2021-22, i.e. post Brexit.

There are important issues to be addressed by Ireland, though, to maintain its attractiveness and competiveness. Severe capacity constraints have emerged in the labour market, housing, electricity grid, water, infrastructure and planning, as has been called out by the IDA and others.

Actions to ease these constraints are being taken. However, they need to be on a scale that is large enough to prove successful in maintaining Ireland's attractiveness for FDI relative to other locations. The recent marked fall in house building commencements is a worrying trend in this regard.

Oliver Mangan, Chief Economist AIB.

BENEFIT IN KIND (BIK) CHANGES TO COMPANY VEHICLES 2023

From 1 January 2023 onwards, Benefit in Kind (BIK) on company cars will be calculated with reference to CO2 emissions. These changes may increase costs for both employers and employees where the vehicle is in the higher CO2 emissions bracket. Employers should review the vehicles provided to employees in light of these changes.

Benefit-In-Kind Company Vans for the year of assessment 2023 onwards will increase from 5% to 8%. Benefit-In-Kind Electric Vehicles will see the phasing out of the 0% BIK over the next 4 years. For an electric vehicle made available for an employee's private use during the years 2023 – 2025, the cash equivalent will be calculated based on the actual original market value (OMV) of the vehicle reduced by:

- €35,000 in respect of vehicles made available in the 2023 year of assessment;
- €20,000 in respect of vehicles made available in the 2024 year of assessment; and
- €10,000 in respect of vehicles made available in the 2025 year of assessment.

If the reduction reduces the OMV to Nil, a BIK charge will not arise. Any portion of OMV remaining, after the reduction is applied, is chargeable to benefit-in-kind at the prescribed rates.

TEMPORARY BUSINESS ENERGY SUPPORT SCHEME (TBESS)

TBESS is aimed at businesses that are carrying on a trade or profession, which are chargeable to tax under Case I or II of Schedule D income. In addition, certain charities and sporting bodies can also avail of the scheme.

Eligible businesses must be able to demonstrate that the average unit price per their relevant energy bill (energy or gas bill) has increased by at least 50% during a claim period between September 2022 and February 2023 when compared with the average unit price for the corresponding period in 2021.

Qualifying businesses will be able to claim a cash payment, equal to 40% of the uplift in energy costs in a calendar month compared to the costs suffered in the same calendar month the previous year. The maximum amount of the TBESS is €10,000 per trade, per claim period. However, businesses that operate in a number of locations may qualify to claim up to €30,000 per claim period. There is also an overall cap on support for some industries.

Businesses can now register for the Scheme on ROS with the online portal for submitting a claim expected to open from 5th December through ROS. It is expected that the on-line application process will include a methodology of calculating average unit prices and will smooth the application process. It is important to note, claims will not be processed until the Finance Bill is enacted later in December. This means the Scheme is subject to change.

PAY AND FILE SUMMARY

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

INCOME TAX

Filing date of 2022 return of income (self-assessed individuals)	**31 October 2023**
Pay preliminary income tax for 2022 (self-assessed individuals)	**31 October 2023**
On-Line pay and file date for 2022 return of income	**TBC**

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	**21 December 2022**
Balancing payment of Corporation Tax for Accounting periods ending in March 2022	**21 December 2022**
Filing date for Corporation Tax returns for accounting periods in April 2022	**21 January 2023**
Balancing payment of Corporation Tax for Accounting periods ending in April 2022	**21 January 2023**

TOP TIP CHRISTMAS GIFT IDEAS

An individual may receive a gift up to the value of €3,000 from any person in a calendar year without having to pay Capital Acquisitions Tax (CAT). This means that an individual can gift €3,000 to another person in a calendar year without CAT implications. This can be an effective way of transferring wealth when executed correctly.

GRANTS AND SUPPORTS AVAILABLE TO SMEs

The world of business funding and supports can be a daunting one to navigate. Here are some supports that you may find beneficial to your business.

Enterprise Ireland Key Manager / Part Time Key Manager Support

This grant was set up to financially assist businesses that are looking to recruit a full-time or part-time key manager. Key manager examples include CFO, CTO, Production Manager and R&D Manager. Maximum annual salary covered for a full-time position is €100,000.

The amount awarded for a part-time role is between €50,000 and €100,000 for a 12 month period.

Applications are open to Irish businesses who have 10 or more Employees and at least two years of trading history at the time of Application.

INNOVATION VOUCHER

Innovation vouchers worth €5,000 are offered by Enterprise Ireland to encourage SMEs to utilise the resources of a number of third level institutions and public research bodies for the purpose of:

- New product/process development
- New business model development
- New service development
- Tailored training in innovation management
- Innovation/technology audit

Strategic Consultancy Grant

This Enterprise Ireland grant is aimed at assisting SMEs in the Recruitment of Strategic Consultants to work alongside the business in the process of developing and implementing strategic objectives. The grant will cover 50% of the costs involved in hiring a Strategic Consultant to a maximum of €35,000.

Applicants must have between 10-249 employees, be involved in manufacturing or internationally traded services and are unable to receive support from An Bord Bia or An Bord Iascaigh Mhara.

Elevate Programme

InterTrade Ireland have developed the Elevate programme to help Micro SMEs (less than 10 employees and below €1.8m in annual turnover) looking to identify cross-border markets. Successful candidates will receive €5.7k in funding for specialist Sales and Marketing support to grow your business across the border.

Small Loan Microfinance Ireland

Micro Finance Ireland (MFI) provide small loans through the Government's Microenterprise Loan Fund. The purpose of the fund is to help start-ups and established businesses to get the finance they need for their business

What is a micro-enterprise? It is simply a small business (including a self-employed person) with fewer than 10 employees and an annual turnover of less than €2m. MFI help these businesses by providing unsecured business loans of €2,000 to €25,000 for commercially viable proposals. Sole Traders, Partnerships & Limited Companies are all eligible to apply.

business briefs

SMALL BENEFIT EXEMPTION SCHEME

Under the Small Benefit Exemption Scheme businesses have the option to give employees, including directors, a voucher completely tax-free.

The total value of the tax free benefit/vouchers an employer can give an employee per year has increased from €500 to €1,000.

The number of qualifying vouchers per year has also increased from one voucher to two vouchers.

The change applies for Tax Year 2022 and subsequent years.

EXTENSION OF TAX WAREHOUSING TO 2024

Revenue have recently extended the tax warehousing scheme for an additional sixteen months to May 1st 2024.

Businesses using the scheme will aim to clear their debt in the warehouse or enter into a phased payment arrangement to clear the debt before they reach the new deadline. They will still be able to avail of the reduced 3% interest rate from January 1, 2023, as opposed to the general interest rate of 10%, when they come to pay the debt.

Businesses who have warehoused debt should expect correspondence over the coming months from Revenue outlining their statement of debt and also advising on the extension that has been put in place.

ENTERPRISE IRELAND ANNOUNCE NEW INVESTMENT OFFER FOR EARLY STAGE START-UPS

Enterprise Ireland has launched a new investment offer to meet the needs of early-stage start-ups.They offer start-ups support of €50,000 or €100,000, in the form of a convertible loan note. The funding is intended to convert into equity on a future priced round with a 20pc discount.

€100,000, in the form of Convertible Loan note instrument, will be released in two equal tranches of €50,000. The first €50k tranche will be released to successful applicants subject to the company providing confirmation that an additional new cash co- investment of a minimum of €5,000. This new investment must be made after the application for this investment.

This second tranche will be subject to a review conducted by Enterprise Ireland of how the first tranche of money has been spent and the progress the company has made to date.

RBO ONLINE SEARCH FACILITY SUSPENDED

Access to the Central Register of Beneficial Ownership (RBO) has been suspended until further notice. The European Court of Justice has ruled that it is not proportionate that the general public has unfettered access to entity ownership information. The RBO is currently working on providing access for designated persons only.

GOOD NEWS

From 2023, there will be a new annual public holiday in early February to mark St Brigid's Day. The public holiday will be the first Monday in February, except where St Brigid's day (1 February) happens to fall on a Friday, in which case that Friday 1 February will be a public holiday.

FINANCE BILL 2022 PROPOSES A NUMBER OF CHANGES TO IRISH PROPERTY-RELATED TAXES

1. Vacant Homes Tax

The new vacant homes tax (VHT) announced in Budget 2023 is included in the Finance Bill. It will apply to residential properties occupied for less than 30 days in a 12-month period. The VHT will be subject to various exceptions for properties which are vacant for a genuine reason, such as:

- Properties recently sold or listed for sale or rent;
- Properties vacant due to occupiers' illness or long-term care; or
- Properties vacant as a result of significant refurbishments.

The filing date for VHT returns will be 7 November after the end of the chargeable period, with the payment date for VHT being the following 1 January. The first chargeable period for VHT will commence on 1 November 2022 and end on 31 October 2023. Owners of vacant properties within the scope of the VHT charge will be required to self-assess their liability and file a return in November 2023, with payment of the VHT liability due on 1 January 2024.

The VHT will operate on a self-assessment basis and apply to all properties considered residential properties under the Local Property Tax (LPT) regime. The tax will apply at a rate of three times the current base LPT payable on the property and will be in addition to the LPT.

2. Rental payments to non-resident landlords

The Finance Bill introduced a new measure which was not mentioned in Budget 2023 regarding non-residents in receipt of rental income from properties situated in Ireland. These proposed measures are subject to a Ministerial commencement order. Tenants paying rent on properties in Ireland to a non-resident landlord are currently required to withhold 20% of the rent payable and remit it to Revenue using a R185 form. It is proposed they will now be required to disclose the following information to Revenue about their non-resident landlord:

- Landlord's name and address;
- Address of the rented property and its LPT identification number; and
- The date of the rental payment and the gross amount and the amount withheld.

Irish collection agents acting on behalf of non-resident landlords, previously chargeable and assessable for the rental income of a non-resident landlord, will no longer be so, where they disclose the above information when remitting withheld tax on rental payments to Revenue.

3. Pre-letting expenses for landlords

A tax deduction was introduced in 2017 to allow landlords to deduct certain expenses incurred before a property is let. The purpose of the deduction is to encourage landlords in the residential rental sector to return empty properties to the market as quickly as possible.

The cap on the maximum tax deduction available to landlords for pre-letting expenses will double to €10,000, and the required period of vacancy for properties to qualify will reduce from 12 months to six months.

4. Zoned Land Tax

The Finance Bill introduces technical measures to support the efficient administration of the Zoned Land Tax (ZLT), including introducing a €3,000 penalty for failing to register for the ZLT, and bringing the tax within scope of mandatory e-filing.

The ZLT will apply to land zoned suitable for residential development that is serviced but not developed for housing. The tax will operate on a self-assessment basis and will be at a rate of 3% of the market value of the land. The ZLT replaces the vacant site levy.

5. Rental Tax Credit

A new annual tax credit of up to €500 (up to €1,000 for jointly assessed couples) will be available for rental payments in respect of an individual's principal primary residence, a residence to facilitate work or college or a residence of a qualifying child attending college. The credit will be available from 2023, and will be claimable in respect of 2022, and be given on foot of a claim made by the taxpayer to Revenue.

6. Living City Initiative

The Living City Initiative (LCI) was introduced in 2015 and allowed various tax reliefs for money spent on refurbishing or converting residential and commercial properties in designated "special regeneration areas" in Irish cities. The LCI will be extended until the end of 2027.

The allowable deduction for owner-occupier relief under the LCI will be increased from 10% of eligible expenditure per year to 15%. This means that eligible expenditure can be reclaimed over seven years instead of ten years.

legal briefs

S137 BOND IN LIEU OF A STATE RESIDENT DIRECTOR

Under the Companies Act 2014, Irish companies are legally required to have at least one EEA-resident director. However, this does not apply to any company that holds a Section 137 Bond to the value of €25,000.

The bond secures the company against offences under the Companies Act 2014. It also provides an exemption from the requirement of having an EEA-resident director.
You need to renew a bond every two years unless you have appointed an EEA resident Director.

THE PAYMENT OF WAGES (AMENDMENT) (TIPS AND

Under the Act;

Employers cannot use tips to make up an employee's basic wage and are prohibited from deducting from an employee's wage in respect of tips and gratuities made to an employee.

Employers are required to clearly display their policy on tips and service for customers clarifying how they are distributed (including those received electronically through debit or credit cards).

Employers cannot use the term 'service charge' or similar unless the gratuity goes directly to staff. The Act also clarifies the difference between mandatory payments and service charges. The former being a payment that a "customer is required to pay in order to receive certain goods or services" while the latter is a payment "voluntarily made to, or left for, an employee" where the "customer intended or assumed that the payment would be kept by the employee".

An employer may keep a share of tips given electronically where the employer can prove they performed, to a substantial degree, the same work performed by the employees who receive a share of electronic tips. Any share of tips kept by an employer should be no more than an amount that is fair and reasonable in the circumstances.
An employer will also be under the obligation to indicate clearly within 10 days of a distribution of tips, the total amount retained and the amount distributed to the employee specifically for that period.

Where an employer fails to adhere to specific obligations under the Act, they are liable under summary conviction to a maximum fine of €2,500.

NEW WORK LIFE BALANCE AND MISCELLANEOUS PROVISIONS BILL

The Work Life Balance and Miscellaneous Provisions Bill 2022 (Bill) has been published. The Bill will transpose the EU Work Life Balance Directive (Directive) into Irish law and provide additional statutory entitlements to parents and carers in support of a better work life balance.

Three of the key changes to be introduced by the Bill are:

- The introduction of five days unpaid leave per year to provide medical care or personal care and support to certain categories of people. Examples may be a spouse, child, sibling, cohabitant, parent or grandparent where any of those persons is in need of significant care or support for a serious medical condition.
- A right for parents and carers to request flexible working arrangements for caring purposes.
- The extension of the current entitlement to breastfeeding breaks under the Maternity Protection Acts from six months to two years.

Employers should review and amend their existing family and caring leave policies to ensure compliance with the new legislation once enacted, given that the entitlements outlined above are in addition to those already in place.

REGULATIONS RETURN AS "INTERIM PERIOD" ENDS

The Companies (Miscellaneous Provisions)(Covid-19) Act 2020 was initially enacted to provide breathing space to struggling companies during Covid-19. It was due to come to an end in April of 2022 until the government provided an extensions or "interim period" to 31 December 2022.

The main changes that companies will need to be aware of include:

- General and creditors' meetings may no longer be held virtually
- Documents which are required to be executed under seal will need to be done in-person
- The examinership process will need to conclude in 70 days, which can be extended by application to the court to 100 days in some circumstances

HOW TO CALCULATE THE ROI ON YOUR SOCIAL MEDIA

Social Media Return On Investment (ROI) refers to the value of your social media activities divided by the investment made.

To truly calculate your ROI, you must first consider the objectives of your organization and the metrics you use. There are many social media goals you can choose. It really depends on your core objective, which could be:

- New followers
- Click-through rates
- Conversions
- Completed lead generation forms
- Downloaded files (e.g. eBook, whitepaper)

Common metrics to help measure social media ROI include:

ENGAGEMENT - as one of the most common and valuable metrics, engagement on social media shows the level at which people are interacting with your content and brand.

REACH - This metric is all about who sees and interacts with you on social media. It's about audience size and shares, it looks at how far your social media content travels and is seen.

LEADS - Social media plays a role in lead generation and it's important to know which channels provide leads and what content drives those leads.

CONVERSIONS - When you put so much effort into your social media content and posts, it's important to know at what level they convert. The easiest way to do this is to use tracking parameters on the links so you can track clicks by campaign and platform.

Once you select a goal or goals for your social media activities, you will need to set up a system for tracking your ROI. The easiest way to do this is to set a goal in Google Analytics. You can do this by setting up goals and event tracking. If you want to track other metrics - likes, shares and brand mentions - use a platform like Hootsuite which will work best when using one of the paid subscription options which range in price from €49 per month.

To calculate your social media ROI, you also need to track how much you spend on creating and implementing campaigns. Examples of spend include:

- Your time or the time of your marketing team - it takes time and effort to set up campaigns, so account for the time spent on social media
- Tools or software - account for any software or tools you need to buy and pay for regularly
- Social ad spend - If you run paid social media campaigns, take your weekly or monthly budget into account
- Content creation - Social media requires content so account for any money required to create it
- External agencies - Do you use a copywriter or video content creator? Include the investment you make in your calculations

No matter what your average ROI for social media is, there's always room for improvement!

UNDERSTAND YOUR AUDIENCE - The key to ROI and social media success is understanding your audience. Make sure you know who is interacting with you and on what platforms so you can provide content that engages.
BE CLEVER WITH YOUR CONTENT - It can be hard to get noticed on social media platforms with so much content out there. It's about quality content, not quantity, so take time to create content that's relevant, exciting and entertaining.
USE SOCIAL LEAD GENERATION - Ensure you include lead generation forms on valuable content assets e.g. eBooks or online calculators to capture customer information.
TEST AND OPTIMIZE - Tweak and optimize your organic social posts using new imagery, keywords and headlines. On paid media try out new ad types and audiences to see the results.
USE INFLUENCERS - Across social media, influencers have power. For marketers, it's all about finding an influencer that aligns with your brand and can drive brand awareness and leads.
KEEP AN EYE ON SOCIAL MEDIA AND CUSTOMER TRENDS - Networks don't stay the same year on year. As customers' needs and behaviors change, so does their consumption of social media.

Remember, social media success, however you define it, does not come overnight. Ensure you are being realistic with your expectations and give your strategies the time they deserve to succeed.