



DEREK MADDEN & COMPANY



Derek Madden & Company welcomes you to our latest newsletter (May 2011)

Welcome to the latest Derek Madden & Company Newsletter. While the performance of the economy continues to trouble us all, there are reasons to be positive. The Economic and Social Research Institute (ESRI) says in its Spring Quarterly Economic Commentary, that following a 2010 of essentially no Irish economic growth, moderate growth of GNP (gross national product) of 2¾ per cent and GDP (gross domestic product) growth of 2½ per cent is forecast in 2011. The institute says the banking crisis "in no way threatens the solvency of the State." From that comment at least it looks like the country is going to continue to trade a little while longer. Also it's heading into the summer so there is something to look forward to!!

About Us

Derek Madden & Company was established in March 2007 with the aim of helping a broad range of businesses meet their compliance obligations in relation to the Revenue Commissioners and the Companies Registration Office. As well as helping to meet all compliance obligations we aim to add value to businesses with regard to saving costs, providing good tax advice and helping businesses grow and enjoy future success.

For a free consultation do not hesitate to contact us.

Taxation:

Share-Based Remuneration - Finance Act 2011 Changes

The Budget and Finance Act 2011 made several changes to share-based remuneration, in particular charging certain gains made by employees to the universal social charge (USC) and to PRSI. These changes also impact on employers who are to be responsible for deduction and payment of most of the relevant charges. For further details please contact the office or go to the Revenue's website.

<http://www.revenue.ie/en/practitioner/ebrief/2011/no-172011.html>

Revenue to facilitate credit card payment of tax liabilities

Is this a positive or negative sign of the times? Up until now it was not possible to pay your tax bill by credit card. Only laser card, cheque or electronic debits were acceptable means of paying your tax liability which essentially means that you had to have the money in the bank to be able to pay your tax bills. On the one hand, credit cards are an acceptable means of payment across most sectors of the economy so arguably this could just been seen as the next step for modernising the activities of tax collection and the Revenue.

On the other hand a cynic could perhaps suggest that in these troubled economic times, the Revenue are happy to take money in whatever way they can get it and opening up a credit card payment facility is for just that purpose! It is only inevitable that some cash strapped taxpayers will now consider settling tax liabilities by putting them on their credit cards and will deal with paying off the credit card company at a later stage.

From the perspective of a taxpayer, the more options open to them for managing their financial affairs the better. For anyone using credit cards to pay their tax bills however, don't forget that credit card financing is one of the most expensive forms there is and we recommend that cheaper financing alternatives should be explored first.

Bowling Green, Mallow, Co. Cork. Tel: 022-51752 Fax: 022-42023

Web: www.maddenco.ie Email: info@maddenco.ie

Company Secretarial News:

New B1 form: Ensure your Auditor is on the list

The Companies Registration Office have been busy. They have revised another form – Annual Return Form B1 – in an effort to fight back against individuals allegedly impersonating auditors or passing themselves off as auditors. Form B1 must be filed by companies each year and in most circumstances the B1 will be accompanied by either full or abridged Financial Statements.

From 1 April 2011 a new B1 form will be introduced which will need to include the Auditor Registration Number (ARN), unless the company has audit exemption. The ARN can be obtained from

<http://www.cro.ie/auditors/Default.aspx>

The officers of the company are responsible for ensuring that the individual/firm they appoint as the company's auditor is on this list.

Register a Business Name

If a sole trader trades under a name other than his/her own name, then he/she needs to register a business name. For example Tom Smith is a sole trader who runs a cafe called "The Daily Grind." He will need to register this name so that suppliers, government departments and the public is aware of who the legal entity is behind the business.

Remember that companies who trade under a name other than the company's own name also need to register the trading name.

Business names can be registered by submitting one of the relevant forms to the CRO together with the appropriate filing fee (€40 paper / €20 electronic filing):

<http://www.cro.ie/ena/business-registration-business-name.aspx>

Voluntary Strike Off changes announced by the CRO

The Companies Registration Office has issued a notice stating that from 1st May 2011 a new H15 form will need to be completed for a company applying for voluntary strike off.

The notice states that from **1st May 2011** a company requesting a voluntary strike off will need to state that the company did not have an issued share capital in **excess of €150 for the previous three years** in addition to the company stating that it **does not have any assets or liabilities in excess of €150 at the date of application**. Companies who do not satisfy the conditions will not be able to avail of the voluntary strike off and will need to have the company liquidated which is a much more complicated and costly procedure.



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The Snippets Corner (A few quick and easy adjustments that might improve your business)

- **NPPR:** Collection of the Non Principal Private Residence Charge for 2011 commenced on the 31st March 2011. The 2011 charge is based upon the ownership and status of the property on the 31st March 2011. Please note that you must pay the NPPR charge for 2011 on or before the 30th June to avoid late payment fees.
- **Have you been refused finance?** The Credit Review Office has been set up to help SME's or Farm borrowers who have had an application for credit of up to €250K declined or reduced, and who feel that they have a viable business proposition. For further information log onto www.creditreview.ie
- **Mandatory e-filing:** Mandatory electronic payments and filing, using Revenue's Online Service (ROS), is part of Revenue's strategy to establish the use of electronic channels as the normal way of conducting tax business. Most tax payers will be required to file all returns electronically in the future. For further details of this log onto www.revenue.ie
- **Pension Term Assurance vs. Life Assurance:** Life assurance premiums are not tax deductible. However, if you replace your life assurance policy with what is known as a Pension Term Assurance policy you will be entitled to claim tax relief on the premiums under the same rules which apply to personal pension contributions. A Pension Term Assurance policy is a life assurance policy with two main restrictions i.e. the policy cannot be assigned to a mortgage or other loan and the policy cannot be taken out on a joint life basis. This can therefore be a tax efficient method for the self-employed to pay for the cost of life assurance.
- **Medical Check Ups:** The provision of one medical check up per year can be paid by an employer on behalf of an employee without the employee incurring BIK. This is another tax efficient benefit which can be offered to employees.

Disclaimer: This information bulletin is intended to be used for guidance purposes only. For further information you should contact the office directly. Derek Madden & Company cannot be held liable for any error, or for the consequences of any action, or lack of action arising from this bulletin.