

# Newsletter

## October 2021



"You can sum up this year's budget with one word."

Welcome to our October newsletter. A big issue for many of our clients is in supply chain, leading to delays in delivery to customers and this is having a negative effect on trading performance. The pipeline is strong, but people cannot complete the sales, especially in the construction sector. I don't see this situation changing until at least next spring, so further adapting will be required.



## Relevant points from the budget

- A married couple, where both people work, should see a net pay increase of up to €830 due to the widening of the tax bands, plus an increase in the earned income tax credit and a minor change to USC.
- A single person earning €45,000 should see a net pay increase of €415.
- EWSS scheme extended to 30th April 2022.
- Reduced VAT rate of 9% for the Tourism & Hospitality sector until 31st August 2022.
- Tax breaks maintained for electric cars but will be reduced from 2023 onwards.
- The simplification of the EIS scheme to encourage more investment in start-ups.
- 30% of home utility costs allowable for employees - we recommend paying the E-Workers allowance of €3.20 per day as a more simple method of compensating employees. Please contact us if you need a claim form to circulate to your employees.
- A detail item is that the Small benefit exemption of €500, may now be split into 2 payments rather than 1 that was previously the case (e.g. you could now give a voucher of €250 in July and a second of €250 at Christmas).
- The Help to Buy Scheme is extended to 31st December 2022.
- **A new Covid related support has been announced.**

## INCOME TAX RETURN DEADLINE

The deadline for filing paper personal income tax returns is 31st October and via ROS is 17th November, if you have not sent us your data yet please do so immediately as our cut-off date to be able to complete your return is fast approaching.



# Business Resumption Support Scheme

- The support will be available to eligible businesses who carry on a relevant business activity. Your business must be able to demonstrate a significant reduction in trade during the period 1st September 2020 to 31st August 2021.
- Eligible businesses can make a claim to Revenue for a payment known as an Advance Credit for Trading Expenses (ACTE). Applications under the scheme may be made between early September 2021 and 30th November 2021.

## Scheme Rates

The Advance Credit for Trading Expenses (ACTE) payment will be calculated as three times the sum of:

- 10% of the average weekly turnover of the reference period up to €20,000
- and**
- 5% of so much of the average weekly turnover of the reference period that exceeds €20,000.

The ACTE payment will be subject to a maximum payment of €15,000.

**To see if your business may qualify for this scheme, please contact us.**

## Is it time to switch to a Limited Company?

Many people start off in business trading as a sole trader. This is a low cost and easy method to enter the business world. However, as a business grows we recommend switching to a limited company for a number of reasons.

As the name suggests the director's liability is restricted to the share capital they have invested.

There are huge advantages in the area of pension contributions e.g. a 40 year old male self-employed may only contribute 25% of their profit to a pension. A director may contribute 65% of their salary to a pension.

There are tax free opportunities when ceasing to trade such as compensation for loss of office and paying Capital Gains Tax @ 33% rather than Income Tax @ up to 53%.

A director may avail of mileage and subsistence allowances - a sole trader may only claim for expenses incurred, and even then these are restricted.

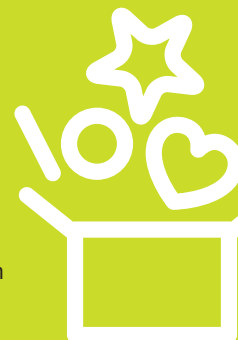
A limited company facilitates the introduction of new shareholders seamlessly compared to trying to introduce another person to a sole trader business.

## PERSONAL FINANCE CORNER

### Small Gift Exemption

If you are in a comfortable financial position, now may be the time to consider utilising the **Small Gift Exemption**. This allows a person to gift to another up to €3,000 tax free per annum, without this figure being taken into account for inheritance purposes. This could save your children 30% in taxes on any inheritance liability.

So if you had 3 children, and 2 were married, and both had 1 child, you could gift each of these people €3,000 tax free giving a total of €21,000. Your spouse could also make these gifts, thus giving a total of €42,000. Over 15 years this gives a total of €630,000, which would save €189,000 in inheritance tax.



### Local Property Tax (LPT)

On 1st November people must declare the revised value of their home for the first time since 2013. The Revenue have introduced a very friendly website that allows you see what their estimate is of homes in your area. The address is <https://lpt.revenue.ie/lpt-web/valuation-guide/index.htm>



#### What you need to do for 2022

To meet your LPT obligations for 2022, you need to do three things:

- determine the market value of your property at 1st November 2021
- submit your LPT Return, including your valuation, by 7th November 2021
- pay or make arrangements to pay your LPT charge for 2022.

