

JOHN O'CALLAGHAN LTD

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Newsletter

March 2022

Welcome to our March newsletter. At the time of writing, war continues to reign in Ukraine, and our thoughts turn to its people, that they may be safe and an end comes to this madness. Our normal world pales into insignificance when compared to their plight, but nonetheless, we will try to continue to guide you, our clients as best we can.

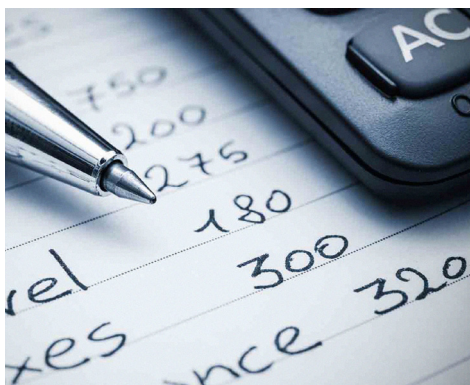
Are you happy with
our service?
**Refer a friend and
receive a pre-paid
credit card**

Over all our years in business, our best new customers have come from referrals by you, our existing customers. If you know of a fellow business owner who could benefit from our service and advice on tax saving opportunities, please pass us their details and if they become a client we will give you a voucher, or make a donation to a charity of your choice.

**Please forward contact details to info@johnocallaghan.ie
headed "Potential client"**



**REFER
A FRIEND**



Now is the time to complete your tax return for 2021

Traditionally people wait until September to even think about doing their tax return, but there is no reason to wait until then. Many of our clients are due tax refunds for various reasons such as medical expenses, paying for nursing home fees for their parents, investing in EIS schemes, etc. If you feel you may be due a refund, or just like to get your return done and dusted, please send your data into us and we'll get it done.

Shop Front Improvement Scheme

- Most local County Council's established the Shop Front Improvement Scheme to support the improvement of the overall appearance of commercial properties that front onto public streets in their area.
- The appearance of shop fronts and the buildings in which they reside have a considerable impact and influence on the character of a place. They are an essential element not only of the buildings in which they are set, but also of the wider streetscape. A shop front that has been designed with respect given to the architecture of the building and character of the surrounding area can add charm and vitality, making it attractive to shoppers and visitors alike.
- The shop front improvement scheme will support owners of small independent businesses who contribute to the local environment and raise the image of town centers which in turn leads to increased local and visitor footfall.

Aims of the Scheme

- To encourage the sensitive restoration and refurbishment of shop facades.
- To enhance the streetscape in the area by incentivising the creation of shop fronts which are more attractive for shoppers, residents, visitors and businesses.
- To make the remodeling of existing shops and the design of new shop fronts more affordable for small businesses.
- To promote quality design in the County.

Important

An application must be made prior to any expenditure being incurred i.e. any expenditure incurred prior to the grant application date does not qualify.

Sole Trader v's Limited Company?

Many of our clients ask us what are the advantages of trading as a Limited Company.

Here are the top 10:

1. Limited Liability – As a director of a limited company your personal exposure is limited to the value of the share capital, which is most commonly €100. This is particularly important when things go wrong – Revenue can sue.
 2. Profits in a Limited company are only taxable at 12.5% in most cases thus it makes building up working capital much easier than as a sole trader.
 3. The rates of contribution to a pension are far greater for a director than for a sole trader.
 4. A director, on leaving or resigning from a company, if they are over 50 years of age may access their pension (up to €200,000 tax free), subject to some restrictions.
 5. A company may buy certain assets for the use of a director and only pay 5% benefit in kind (not a car or a house).
 6. Upon cessation of a limited company, director's may be paid tax free "Compensation for loss of office" which is essentially redundancy (subject to limits and qualifying criteria).
 7. As a director of a limited company, you will be paid a monthly salary and your taxes are paid monthly, thus avoiding having to pay a big lump sum once per year. Many people prefer this and assists in managing their cash flow.
 8. When it comes the time to take in a new shareholder or sell the business, it is much easier to do through the limited company structure.
 9. Directors of a limited company may claim mileage and subsistence allowances tax free, rather than only claiming for expenses incurred in the case of a sole trader.
 10. Limited companies are often perceived by banks and other institutions as more professional.
- If you would like to consider switching to a limited company please contact us for a free consultation to discuss.

PERSONAL FINANCE CORNER

If you are considering purchasing a property for investment, we recommend you consider doing so via a Small Self Administered Pension (SSAP).

Essentially you start a pension and when you have sufficient funds in the pension, the pension may purchase property up to 50% of the value of the fund. What's so great about this? The advantages in doing so are:

1. The contributions to the SSAP are tax free (within limits).
2. The rental profit is retained in the SSAP and is not subject to tax, until you elect to draw down or access the pension.

The net effect of these items is it allows you to become a property investor quicker and to earn a higher rate of return, and to keep your taxable profits at a minimal level as any surplus is generally transferred into the SSAP.

SOLE TRADER

LIMITED COMPANY