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## Preparing for Retirement - Pensions

It is well known that your retirement is an important milestone to plan for. This is especially true if you're self-employed or a business owner. Self-employed business owners in Ireland are entitled to a state pension, providing you've met the necessary requirements and providing you have made enough PRSI contributions by the time you reach retirement age.

This however, is not always sufficient to live on which is why you need to plan for your own retirement fund.

By starting to contribute to your pension now you will build up a solid nest egg for your future, while also getting tax relief on your pension contributions now. There are different options for you to explore depending on your current business structure.

A sole trader may look at a Personal Retirement Savings Account (PRSA) or a Retirement Annuity Contracts (RAC's).

If you operate as a proprietary director with your own limited company you can set up an Occupational Pension Scheme or a Small Self-Administered Pension (SSAP).

### SOLE TRADERS & PRSA's

A Personal Retirement Savings Account (PRSA) is essentially an investment account because you can invest your savings in various investment funds through your account. You can make regular payments or lump sum payments to your PRSA, and these are usually tax deductible. You don't pay tax on any investment gains but you might end up paying a relatively low level of tax on the retirement benefits you get from your PRSA.

You can take out a PRSA with an authorised PRSA provider. PRSAs are flexible; you can increase, decrease or stop your contributions at any time without any charge or penalty. PRSAs are portable; you can transfer it to another PRSA provider without any charge or penalty.

**Start your  
 pension in your 20's  
 and you could save  
 €500,000 more  
 than if you started  
 in your 30's!**

On retirement, you can take a lump sum of 25% of your PRSA fund's value. This lump sum is currently tax free up to a maximum of €200,000 and taxed at 20% between €200,001 and €500,000 with any balance over this amount taxed at the marginal rate and subject to the USC.

With the remainder of your PRSA fund, you can:

- use the balance to buy an annuity, or
- take in cash (subject to income tax), or
- leave the remaining funds in your PRSA and withdraw from them at any time before age 75, subject to Revenue requirements (this is called a vested PRSA), or
- transfer the balance to an approved retirement fund (ARF), subject to Revenue requirements.

As at 1 January 2023, Employers will now be able to pay unlimited BIK free contributions to a PRSA for an Employee or Company Director. The contributions will not be limited to salary and service, existing scheme funding or retained benefits.

As a Company Director, small employer, or even a Sole Trader, if you are on a higher salary, you now have the option to extract a larger amount of profits in which all contributions paid will receive immediate tax relief in the year that it is paid. This means PRSA's may now offer you a more flexible and suitable means to retirement saving and planning according to your particular financial needs.

### **SOLE TRADERS & RAC'S**

A retirement annuity contract (RAC) is the formal name for what is more commonly called a personal pension. An RAC is a particular type of insurance contract approved by Revenue to allow tax relief on contributions made by an individual. An RAC provides a tax-free lump sum, within certain limits, and a pension or other benefits at retirement.

The value of the ultimate benefits payable from the contract depends on the amount of contributions paid, the investment return achieved less any fees and charges, and the cost of buying the benefits. Personal Pensions were deemed most suitable for self-employed individuals or professionals who want a wider range of investment options, with charging structures that offers a potentially better rate for higher contributions. That was until the changes to PRSA's and unlimited BIK (mentioned above) came into effect at the start of the year.

### **LIMITED COMPANY & OCCUPATIONAL PENSION SCHEME**

A defined contribution company pension, or an occupational pension, is set up by an employer. Employees usually pay in a set portion of their salary, and this can be increased at any stage. The idea is to build up a fund to give you the amount you need to live on in retirement. In a company pension, employers usually make contributions on behalf of their employees, but they are not obliged to do so.

Employers may be subject to an on-the-spot fine if:

- (a) they fail to respond to a request by the Pension's Authority to furnish information about their provision of access to a Standard PRSA for 'excluded employees', and
- (b) they do not provide at least once a month a statement to employees showing employee contributions deducted and employer contributions paid in the previous month.

### **SMALL SELF-ADMINISTERED PENSION SCHEME (SSAP)**

A Small Self-Administered Pension (SSAP) is a Revenue Approved scheme that is set up by a company for an employee or for a director. The key benefit of an SSAP is that the individual has more direct control over their investment choices versus a traditional insurance company scheme or occupational group scheme.

The ability to invest directly in property is especially attractive. This allows an individual to purchase an investment property through the scheme with the fund borrowing up to half of its value. Contributions to the scheme, which attract tax relief at the full marginal rate, pay off the debt while rental income from the property goes back into the fund tax free. All capital gains on the property are also tax free.

The property, as well as all other assets in the fund, can be transferred directly into an Approved Retirement Fund (ARF) tax free on retirement. The rental from the property can then be taken as pension income in order to meet the 4% drawdown requirement without having to sell assets.



## Temporary Business Energy Support Scheme (TBESS) May - July Claim Period

The facility to make claims under the extended Temporary Business Energy Support Scheme (TBESS) in relation to periods from 1 May to 31 July 2023, is now open as of 29th of May.

Claims relating to the extended periods will automatically be assessed based on the 30 % energy cost threshold and the relief due will be calculated based on 50% of the eligible energy costs incurred by the business.

Businesses who have already registered should update their reference period details in ROS e-Repayments for May - July 2022 in advance of submitting a claim for the periods May – July 2023. The deadline for claims is 30 September 2023.

## Residential Development Stamp Duty Refund Scheme

When you build residential dwelling units on non-residential land, you may qualify for a partial refund of the Stamp Duty paid. The dwelling units can be single, or multi-unit, dwellings.

A single dwelling unit contains one property built on a piece of land. Multi-unit dwellings contain a number of houses or apartment blocks built on a piece of land.

The maximum amount of refund you can claim is:

- eleven-fifteenths of the Stamp Duty paid if you paid Stamp Duty at the rate of 7.5% OR
- two-thirds of the Stamp Duty paid if you paid Stamp Duty at the rate of 6%.

### TOP TAX TIP

Since 1 January 2023, any lump sum received by Irish resident individuals from an overseas pension will be treated as if it came from an Irish pension i.e. eligible to a tax-free lump sum of up to €200,000.

## 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 Oct 2023
Pay preliminary income tax for 2023 (self-assessed individuals)	31 Oct 2023
On-Line pay and file date for 2022 return of income	15 Nov 2023

### Capital Gains Tax

Payment of Capital Gains Tax for the disposal of assets made from 01 January 2023 to 30 November 2023	15 Dec 2023
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### Corporation Tax

Filing date for Corporation Tax returns for accounting periods ending in November 2022	21 Aug 2023
Balancing payment of Corporation Tax for Accounting periods ending in November 2022	21 Aug 2023

# COMMERCIAL LEASE FROM THE TENANT'S PERSPECTIVE

Are you a business owner looking to rent offices/retail space or industrial units? Here are some of the important/key issues to look out for before signing up to a commercial lease.

A FRI lease often is quite onerous for a tenant for obvious reasons – it is drafted by the landlord's solicitor and of course, they want to be able to lay as much responsibility at the tenant's door as possible. Good commercial solicitors, acting for a tenant, look at very specific things when examining a commercial lease. The ultimate objective is to ensure that the lease reads as favourably as possible for that tenant and limit their exposure to liability where possible.

Some of provisions that would be examined in more detail include:-

1. Rent: Is the rent fixed or is it a percentage of the turnover? Is vat payable in addition to the rent? Is there a rent free period? Is there a rent review? In relation to rent review, provisions can no longer require upwards only rent.

2. Repair clauses: Are the repair clauses in the lease fair and reasonable? Are they too onerous? Often repair clauses can create obligations for a tenant to restore the property to a better condition that it was in on taking the lease. Words such as "keep" or "put" can result in such an obligation.

To deal with this a good solicitor will advise a tenant to engage an engineer and have a schedule of dilapidations, (i.e. list of defects in the property) carried out on the property prior to entering into a lease. This schedule is then attached to the lease.

This will prevent a landlord subsequently claiming that a tenant is responsible for defects in the property where those defects have been identified and listed on the schedule. Without this schedule, it would be open to a landlord, under the provisions of a lease, to demand that the tenant "repair" the defect. This could be a significant cost to a tenant.

3. Insurance: who is liable to pay for the buildings insurance? Is the tenant required to pay a contribution towards this or will the landlord insure the building, simply requesting the tenant to pay the premium for this?

It is normal for a tenant to have responsibility for taking out other insurance like public liability, employer's liability and contents insurance.

4. Assignment/sub-leasing: it is quite common to see provision in leases to the effect that a tenant is not allowed to sublet a lease or assign it onto a third party without the landlord's written consent.

These provisions can be quite onerous but with proper drafting by an experienced business lawyer, the clause can be amended setting out the basis in which a landlord will provide his consent.

5. Break clauses: as with any start up business, the hope is for success but it is always nice to have a net to fall into in case things are not working out. This is where a break clause is important. It will allow a tenant break from the lease usually around half way through the term of the lease. But you can choose when you want this exit to be from.

6. Termination: where there is a breach of any of the conditions of the lease there is provision for a landlord to go to court to remedy the situation. Where rent is not paid, a landlord can peacefully re-enter the premises.

Other important matters that a commercial solicitor will be looking to make sure are in order from a tenants perspective include:-

1. Rates: Are the water and commercial rates paid up to date by the landlord? Where a tenant takes occupancy of a building and the commercial rates are outstanding by a landlord, the current tenant becomes responsible for those outstanding rates. This can be thousands of euros.

2. Tax: Taxation will need to be looked at and whether VAT applies or not to the transaction.

3. Title: Does the landlord have title to give the lease?

4. Planning: Does the property have planning permission for the use intended by the tenant? If not, does this pose a problem or is it possible for agreement to be reached where a tenant enters into an agreement to lease and prior to taking on the full lease applies for the planning permission?

Like any commercial contract you would be best advised to seek out some expert advice on whether the terms contained in that lease are fair and reasonable.

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## Changes to Taxation of Tips

New rules about how employers share tips, gratuities and service charges among employees was introduced on 1 December 2022. If a tip is collected by a restaurant for example, and the tip is passed on to an employee, the amount should go through payroll. This means that tips will now be taxed when processed this way.

Another change to note is that employers are now banned from describing a mandatory charge applied to a customer's bill as a 'service charge' unless the payment is treated by the employer in the same way as electronic tips or gratuities.

## Work E-mail Monitoring - What are the Boundaries?

Employers possess the right to monitor employee's activities in many situations at work. Organisations may wish to monitor staff's use of email in order to protect their business, reputation, resources and equipment. Such monitoring is governed by data protection law. The law doesn't prevent monitoring in the workplace, but it does set down rules and guidelines about how and in what situations monitoring should be carried out. While employers may not be required to obtain the specific consent of employees to carry out such monitoring, they are obliged to take reasonable steps to let staff know that monitoring is taking place, what is being monitored and why it is necessary. Sticking to these guidelines ensures that employers are not required to obtain an employee's consent to this monitoring.

Article 29 governs on the surveillance of electronic communications in the workplace. Its main aim is to ensure that employees do not lose their privacy and data protection rights. A balance must be struck between any limitation of the employee's right to privacy and the likely damage to the employer's legitimate interests.

An employer can legally monitor an employee's email activity for many reasons, including:

- to establish facts which are relevant to the business and to check that procedures are being followed
- to prevent or detect crime
- to check if employees may be using the internet or email for personal use
- to prevent computer viruses entering the system
- to check whether a communication you have received is relevant to the business

To avoid any potential problems, an employer should have a Code of Conduct or a policy that covers workplace monitoring, for example including it to form part of a contract of employment. The result of this is that where an employer is allowed to monitor employees email activities, these activities could become the subject of disciplinary action if employees are misusing workplace equipment in ways not permitted by the contract of employment. Alternatively, employers should adopt an Acceptable Usage Policy. A carefully drafted Usage policy along with making the employee aware of work email monitoring, can also circumvent the need to obtain consent from an employee to carry out such monitoring.

## TIPS TO SAVE MONEY ON YOUR TRAVEL INSURANCE POLICY IN IRELAND

### 1. Get your cover type right.

If you have always had an annual policy but you have only been away on one trip in the last two years, ask yourself, do I really need this cover or would a single trip policy be sufficient.

### 2. Is the policy suited to my type of holiday?

If you have a policy that covers winter sports, ski equipment & avalanche closure but you're more likely to go to the moon than to ski slopes, downgrade the policy & remove winter sports cover.

### 3. Where am I travelling to?

Worldwide policies tend to be more expensive than a policy that just covers Europe. If applicable, downgrade the cover & notice the savings you will make.

### 4. Who is travelling with me?

If you have a family policy but your kids are now too cool to be seen travelling with their Mum and Dad, why not take their names off the policy and watch that premium shoot down.

### 5. What does the policy actually cover and do I actually need it?

If you think it's unlikely that you will be carrying baggage up to the value of €5,000, perhaps see if there is a lower cover more suited to your needs. The same might apply for cancellation cover, not everyone is fortunate enough to go on a holiday costing over €10,000 per year so why pay for an insurance policy to cover that amount.

### 6. Do you have a Private Health Insurance Plan?

Do you know that if you mention this to your Travel Insurer you could stand to make substantial savings on your Travel Insurance? Many companies offer a discount to customers who have overseas cover in their health insurance plan.

## TRADING BETWEEN NORTHERN IRELAND AND UK PROTECTED WITH THE WINDSOR AGREEMENT

The Northern Ireland Protocol ensures that a hard border is avoided on the island of Ireland following the UK's withdrawal from the EU. Under the Windsor Framework, the EU and the UK agreed on new arrangements to address practical issues, for example, for goods travelling from Great Britain to Northern Ireland, in the interest of people and businesses in Northern Ireland.

Since the beginning, the EU has shown genuine understanding of unforeseen practical challenges relating to the implementation of the Protocol, including by proposing a set of tailored measures to increase its flexibility. These specific measures respond to the difficulties that people and business in Northern Ireland have experienced on the ground as a result of Brexit.

Following extensive discussions and outreach with stakeholders, the EU and the UK worked together to find a comprehensive, cross-cutting and definitive solution to these practical difficulties. These efforts culminated in February 2023, when the European Commission and the UK government reached a political agreement in principle on what is now known as the Windsor Framework.

The new solution, which will ensure lasting certainty and predictability for all communities in Northern Ireland, has been found within the framework of the withdrawal agreement, of which the Protocol is an integral part. The Protocol, and the joint solutions under the Windsor Framework, include new arrangements that respect the integrity of both the UK and the EU single market and protect the Good Friday (Belfast) Agreement in all its dimensions.

These arrangements include:

- Customs – facilitations for trusted traders
- VAT and Excise – avoiding unintended consequences of EU VAT and excise rules applying in Northern Ireland
- Agri-Food (sanitary and photo-sanitary rules) - facilitating retail goods to enter Northern Ireland
- Medicines - ensuring supply of new medicines to Northern Ireland
- State Aid – clarifying when state aid is applicable to subsidies that have a genuine and direct link to Northern Ireland
- Pet Travel – facilitating pet travel between Northern Ireland and Great Britain

## OVER €4BN PER ANNUM TO BE INVESTED IN HOUSING FOR ALL PLAN

Housing for All is the Government's plan to increase the supply of housing to an average of 33,000 per year over the next decade. This includes the delivery of 90,000 social homes, 36,000 affordable purchase homes and 18,000 cost rental homes. Housing for All is supported by an investment package of over €4bn per annum.

The Plan commits to reducing the cost of construction by scrapping the development levies required to connect new homes with roads, water and other services, and subsidising development levies, saving up to the value of €12,650 per home on average.

Under the Plan, the Vacant Property Refurbishment Grant is available in a bid to cut the costs of restoring vacant homes. This grant will be increased from €30,000 to €50,000 for vacant properties and from €50,000 to €70,000 for derelict properties.

The grant will now include properties built up to 2007 and will be available to properties intended for rental as well as owner-occupied dwellings. Government financing for the construction of affordable apartments under the Cost Rental Scheme is proposed to get work started on thousands of affordable apartments to rent which have been given planning permission but which are not being progressed.



## ELECTRICAL BILLS STANDING CHARGES TO BE REGULATED

The Electricity Regulation (Amendment) (Standing Charges) Bill 2023 is currently before Dail Eireann and proposes to effectively monitor and regulate standing charges on electricity and gas bills, and to provide for related matters. The Bill aims to ensure that standing charge rates are calculated to cover the fixed costs of electricity and gas providers and not used as a mechanism to increase profits. It is hoped that all electricity and gas suppliers will need to apply for prior approval from the Commission for Regulation of Utilities (CRU) for any increase in their standing charge rate.

Any application by a supplier to the CRU seeking an increase in their standing charge rate shall require the supplier to provide to the CRU a detailed explanation as to why such an increase is needed and how it relates to an increase in their fixed costs. The Bill is expected to be enacted in the coming months.

## ANNUAL LEAVE IRELAND

All employees, whether they are full-time, part-time, temporary or casual, earn annual leave entitlements from the time they start work. Most employees are entitled to four weeks paid annual leave per leave year. Depending on time worked, employees' holiday entitlements should be calculated by one of the following methods:

- 4 working weeks in a leave year in which the employee works at least 1,365 hours (unless it is a leave year in which he or she changes employment) or,
- 1/3 of a working week per calendar month that the employee works at least 117 hours or,
- 8% of the hours an employee works in a leave year (but subject to a maximum of 4 working weeks).

If more than one of the preceding methods at (1), (2) or (3) above is applicable, the employee shall be entitled to whichever method provides the greater entitlement.

However, the maximum statutory annual leave entitlement of an employee in a leave year is four of his/her normal working weeks. The employer determines the timing of an employee's annual leave, taking into consideration work and personal requirements and should consult him/her or the relevant union in advance. Pay for the leave must be given in advance and calculated at the employee's normal weekly rate.

## SEASONAL CONTRACTS – SUMMER JOBS

*A seasonal worker is a person who, for a limited period, works for a seasonal operation which is frequently found in the horticultural or agricultural sector.*

Other sectors, such as tourism and construction, are also included. Employees placed by an agency to carry out seasonal work are also in this category.

Workers on seasonal work patterns have full access to the employment law provisions and to the terms and conditions of employment that employees are guaranteed under the law in Ireland.

## REDUNDANCY PROTECTION CONSIDERED UNDER INSOLVENCY BILL 2023

The Irish Government recently approved priority drafting of the 'Plan of Action on Collective Redundancies following the introduction of the Insolvency Bill 2023'.

Principally, the Bill will seek to add new protections for employees in a collective redundancy particularly, but not exclusively, where the collective redundancies result from an employer's insolvency.

Following the publication of the general scheme on the plan of action for collective redundancies, several key points have emerged.

These include:

- Liquidators will be required to go through the full information and consultation process with employees
- Where the collective redundancies arise because of the insolvency of an employer's business, the Minister will have to be informed at least 30 days in advance of the first redundancy taking effect
- Liquidators may be prosecuted and fined for not complying with their obligations under the collective redundancy legislation
- A fine will be imposed on an employer who fails to enter initial consultations with employees ahead of collective redundancies and this fine shall not exceed €5,000, and
- Where employees are made redundant before the expiry of the 30 day period, they will be able to make a complaint to the Workplace Relations Commission

The primary objective of the new proposals will be the introduction of greater transparency in the collective redundancy process insofar as it relates to employees of insolvent businesses, and to provide an avenue of complaint by employees whose employers are not complying with their collective redundancy obligations.

# DOES ONLINE PAID ADVERTISING WORK?

We are living in an age in which advertising takes place predominantly on digital platforms, and online paid advertising can be a very successful method of growing your business and revenue.

However, it is sometimes tricky to get your advertising right, and if you do not implement it properly, you could find yourself making a very expensive mistake.

If you're looking for the most effective advertising for your money, you should be sure that you know what paid advertising offers you, and which of the different types of advertising will work best for your business.

The ability to analyse your advertising and make changes can make the difference between a successful advertising campaign and a waste of resources, so it's important to understand the options available to you.

## What types of online paid advertising are available?

Online paid advertising covers any form of marketing that brings promotional material to potential customers via the Internet. It can range from Google AdWords to pop up adverts and promotional videos, and can be made available on various online platforms. There are many different types of online paid advertising, including:

**1. PAID SEARCH ADVERTISING.** Paid search advertising, also known as pay-per-click (PPC), refers to advertising via sponsored listings within a search engine, for which you pay each time your advert is clicked or displayed. It's important to understand exactly what you're paying for here, and why this may be a good solution for your type of business. It is worth remembering that you tend to get what you pay for in this field.

**2. GOOGLE CONTENT ADVERTISING.** This method of online advertising allows you to display your advertising to potential customers on related web pages. This is a great way to target your advertising, growing the scope of your audience and developing specific target demographics based on those who have shown interest in similar products or services.

**3. SOCIAL MEDIA ADVERTISING.** Social media has taken the world by storm, and Facebook advertising alone has a potential audience of 1.4 billion people. Facebook advertising requires strategic targeting and design, but if you get it right, an ad that goes viral on social media can promote your business like nothing else.

**4. RETARGETED ADVERTISING.** Retargeting is a bit like preaching to the converted, and as such, it has a good rate of conversion to sales. Making your advertising available to an audience who have already expressed interest in your company allows you to build on your satisfied customer base and interest like-minded contacts in your products or services.

## Making Your Online Advertising Pay

The key to successful online paid advertising is to constantly evaluate and re-frame your advertising, according to what is working well and what is not. There are many options for analysing your advertising, including analytics programmes which will enable you to see what your audience are looking at, which of your landing pages are offering the best user experience, where you are making conversions and, ultimately, which marketing investments are giving you the best returns.

Online paid advertising offers unparalleled opportunities to grow your business and increase your revenue, but to make it pay, it is vital to get it right. Paying attention to the quality and uniqueness of your advertising, and taking the time to understand how to target your ads, can enable you to formulate an effective and successful advertising campaign.

Analysing and measuring the way in which your advertising performs can take your campaigns to a whole new level and make the most of the exciting potential of online paid advertising.

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