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in this issue...

BREXIT EFFECTS FROM JANUARY 2021

THERE WILL BE NEW RULES FOR TRADE, TRAVEL AND LIVING IN THE UK AND EU FROM 1 JANUARY 2021.

Many businesses who trade with the EU are no doubt watching the Brexit negotiations closely. Whether or not there is a free trade agreement, many of the administrative changes for trade and travel are already known and it is important you plan ahead for these.

The British government produced guidance in trading between the EU, referring to 3 phases of importance:

From January 2021: Traders importing standard goods will need to prepare for basic customs requirements, such as keeping records of imported goods. Traders will also need to consider how they account for and pay VAT on imported goods.

Traders will then have up to six months to complete customs declarations. While tariffs will be payable where due on relevant goods, payments can be deferred until the customs declaration has been made.

From April 2021: All products of animal origin (POAO) and all regulated plants and plant products will require pre-notification and the relevant health documentation. Any physical checks will continue to be conducted at the point of destination until July 2021.

From July 2021: Traders moving any goods will have to make full customs declarations at the point of importation and pay relevant tariffs. Full Safety and Security declarations will be required.

While there will be changes to the way goods move between Great Britain and Northern Ireland, the Northern Ireland Protocol will support cross-border trade within Ireland.

Continued

BREXIT EFFECTS FROM JANUARY 2021

It is designed to avoid customs tariffs, customs declarations, and customs controls in trade between Northern Ireland and the European Union, in particular the Republic of Ireland. Effectively Northern Ireland is subject to EU rules on customs and on the regulation of goods.

The Northern Ireland Protocol necessitates checks and customs controls on goods entering Northern Ireland from Great Britain. To a lesser extent, it necessitates some controls on goods leaving Northern Ireland and going to Great Britain. The Protocol is due to last for four years i.e. Until the end of 2024. It may be renewed successively every four years, by democratic consent in Northern Ireland. Consent is to be expressed by a simple majority of the Northern Ireland Assembly. If consent is renewed with cross-community support, it holds for an eight-year period.

An Roinn Fiontar, Trádála agus Fostaíochta
Department of Enterprise, Trade and Employment

GETTING IRELAND BREXIT READY

Brexit Readiness Checklist

- Customs
- Supply Chain
- Other Controls
- Financial Management
- Product Compliance
- Other...

LEARN MORE
Go to www.gov.ie/brexit

Government Support and Advice

Rialtas na hÉireann
Government of Ireland

Enterprise Ireland	www.enterprise-ireland.com brexitunit@enterprise-ireland.com 01 727 2727
Local Enterprise Offices	www.localenterprise.ie
InterTradeIreland	www.intertradeireland.com brexit@intertradeireland.com 048 3083 4100 (028 from NI)
Strategic Banking Corporation of Ireland	www.sbci.gov.ie info@sbci.gov.ie 01 238 4000
Microfinance Ireland	www.microfinanceireland.ie info@microfinanceireland.ie 01 260 1007
Skillnet Ireland	www.skillnetireland.ie info@skillnetireland.ie 01 207 9630
Revenue	www.revenue.ie/brexit brexitqueries@revenue.ie 01 738 3685
Department of Agriculture, Food and the Marine	www.agriculture.gov.ie brexitcall@agriculture.gov.ie 076 106 4443
Department of Business, Enterprise and Innovation	www.dbei.gov.ie info@dbei.gov.ie 01 631 2121
Bord Bia	www.bordbia.ie brexit@bordbia.ie
Fáilte Ireland	www.failteireland.ie info@failteireland.ie 01 884 7101
Health and Safety Authority	www.hsa.ie wcu@hsa.ie 1890 289 389
National Standards Authority of Ireland	www.nsai.ie BrexitUnit@nsai.ie 01 807 3800
Competition and Consumer Protection Commission	www.ccpc.ie 01 402 5555
Health Service Executive	www.hse.ie hselive@hse.ie 041 685 0300
Food Safety Authority of Ireland	www.fsai.ie brexit@fsai.ie 01 817 1300

Tax Tip
In order to avail of Revenue Covid-19 supports, keep your tax returns filed on -time and up to date with Revenue.

CRSS – COVID RESTRICTIONS SUPPORT SCHEME

The proposed Covid Restrictions Support Scheme "CRSS" was published in the Finance Bill 2020. It is a targeted support for businesses significantly impacted by restrictions introduced by the Government to control to spread of Covid-19.

- CRSS will provide support for businesses carrying on a trade from a business premises located in regions subject to restrictions introduced in line with the Living with Covid-19 Plan, with the result that the business is required to prohibit or severely restrict customers from accessing their business premises. Generally, this refers to Covid restrictions at Level 3, 4, or 5 of the Living with Covid-19 Plan but certain businesses may qualify for support where a lower level of restriction is in operation.
- Where a business is either forced to temporarily close or operate at a significantly reduced level because of the restrictions the business may qualify for support.
- To qualify for CRSS, businesses must be able to demonstrate that because of the restrictions, the turnover of the business in the period for which the restrictions are in operation will be no more than 25% of an amount equal to the average weekly turnover of the business in 2019 multiplied by the number of weeks for which a claim is made.
- A qualifying business can claim for a cash payment known as an Advance Credit for Trading Expenses (ACTE) equal to 10% of their average weekly turnover up to €20,000 and 5% thereafter, subject to a maximum weekly payment of €5,000.
- Other qualifying conditions must also be satisfied including:
  - The business must have been issued with a tax clearance certificate and complied with any obligations with regard to registering for and accounting for VAT.
  - The business intends to resume trading once restrictions are lifted.
  - The business has registered for CRSS on ROS and provided all information required.
  - The business applies for ACTE on ROS and makes the necessary declarations.

CRSS is due to run from 13 October 2020 to 31 March 2021. Claims must be submitted within 8 weeks from the date the claim period commences.

If you feel your business has been affected by restrictions imposed under the Living with Covid-19 plan talk to us without delay.

VAT CHANGES

A temporary reduction in the standard rate of VAT from 23% to 21% was introduced on 1 September 2020 and is currently set to end on 28 February 2021. Finance Bill 2020 detailed that a 9% VAT rate will apply to the following services from 1 November 2020 to 21 December 2021:

- Supplies of certain food and beverages in the restaurant, take away and catering sectors
- Admissions to certain attractions including cinemas, museums and exhibitions
- Hotel, guesthouse and other holiday accommodation
- Hairdressing services
- Supplies of certain printed matter

INCOME TAX WAREHOUSING

Tax Debt Warehousing Scheme's extension to Income Tax was announced in Budget 2021. It is proposed that balances due for 2019 Income Tax liabilities and 2020 preliminary tax be incorporated in the Tax Debt Warehousing Scheme were self-assessed taxpayers expect their 2020 income to be at least 25% lower than their income for 2019.

Currently, ROS filers have until 10 December to pay and file their 2019 Form 11 and to pay preliminary tax for 2020. The deadline will also apply to ROS filers who wish to avail of the Debt Warehousing Scheme.

It is proposed that where a self-assessed taxpayer has an underpayment of preliminary tax for 2019, then the balance for the year cannot be warehoused but can concessionally be included in a 3% reduced interest phased payment arrangement if the taxpayer agrees this with Revenue no later than 10 December 2020.

STAY AND SPEND CREDIT

The Stay and Spend Tax Credit is a new tax credit available for the years 2020 and 2021. You can claim the Stay and Spend credit for qualifying expenditure incurred between **1 October 2020 and 30 April 2021.** This includes expenditure on either:

- holiday accommodation
- 'eat in' food and drink

The minimum spend is €25 per transaction. You must submit a copy of your receipt with the claim. A 'qualifying service provider' must provide the service. Qualifying service providers are those who have registered with Revenue to participate in the scheme. The maximum tax credit available under the scheme is **€125** when you spend a total of €625. The maximum tax credit available for those under joint assessment is **€250** when you spend a total of €1,250. The tax credit will used to reduce your IT liability. Any excess credit may then be off set against your liability to USC. You must have an IT or USC liability to offset against the credit to claim same.

PAY AND FILE SUMMARY

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

INCOME TAX	
Extended On-Line pay and file date for 2019 return of income	**10 December 2020**
CAPITAL GAINS TAX	
Payment of Capital Gains Tax for the disposal of assets Made from 01 January 2020 to 30 November 2020	**15 December 2020**
Payment of Capital Gains Tax for the disposal of assets Made from 01 December 2020 to 31 December 2020	**31 January 2021**
CORPORATION TAX	
Filing date for Corporation Tax returns for accounting periods ending in March 2020	**21 December 2020**
Balancing payment of Corporation Tax for accounting periods ending in March 2020	**21 December 2020**

The Irish Finance Bill 2020 has now been published and contains proposed legislation to implement the Irish Budget measures of 13 October 2020 along with certain new measures. The Bill will now proceed through the Dáil (the Irish Parliament) and will be enacted into law before the end of the year. The Bill contains several technical tax measures which will be relevant to Irish and international business.

This year, tax measures have been significantly overshadowed by spending and support measures, including the Covid Restrictions Support Scheme (CRSS), which is to provide circa €80m per week to businesses impacted by Covid-19. The legislation behind the CRSS is included in the Finance Bill and helpfully confirms that it applies to businesses that have seen turnover decline to 25% or less of average 2019 turnover, increased from 20% announced on Budget day. A new subsection to provide for the scenario where restrictions continue to apply after the end of a Covid restrictions period has been included in the legislation for the CRSS. This period is defined as a 'Covid restrictions extension period'.

As mentioned in our tax briefs on page three, other notably positive announcements were made on Budget Day. The extension of the arrangements for warehousing of tax liabilities to include income tax and repayments of overclaimed amounts received under the Temporary Wage Subsidy Scheme will be a timely reprieve for many businesses in Ireland.

The Income Tax Debt Warehousing Scheme will allow taxpayers who are subject to self-assessment to defer payment of their Covid-19 Income Tax on an interest free basis for up to one year. To avail of this relevant parties need to make a declaration that they expect their total income from 2020 to be less than 75% of their 2019 income as a result of Covid-19 restrictions imposed by the government. It should be noted that you need to agree this with Revenue in advance and continue to file your taxes on time.

Other changes to income tax were announced which meant a welcome reduction in taxes for many classes. One of those changes is an increase in the Earned Income tax credit for the Self-Employed from €1,500 to €1,650 and will apply to the 2020 tax year.

Entrepreneurs were not forgotten as the Finance Bill reflects an amendment to the Revised Entrepreneur Relief. This allows an individual who held at least 5% of the shares of a qualifying company (or companies) for a continuous period of any 3 years to qualify for the relief. It will come into effect from 1 January 2021.

In a welcome move that demonstrates the Governments commitment to supporting the Agricultural industry, a Stamp Duty Consanguinity Relief was announced. This reduces the stamp duty rate from 7.5% to 1% on the transfer of agricultural land to close relatives, providing certain conditions are met.

Addressing housing and climate change has been another welcome focus in this years Finance Bill through measures like:

- The extension of the Help to Buy Scheme
- The extension of and amendments to the Stamp Duty Residential Development Refund Scheme
- An increase of €7.50 per tonne in Carbon Tax in 2021
- The extension of the Accelerated Capital Allowance Scheme for energy efficient equipment for a further 3 years

It was announced that the Dependent Relative tax credit will increase from €70 to €245 from 1 January 2021, a commendable increase for those committed to caring for dependent relatives. New exemptions for payments by the HSE to a carer in respect of a Home Sharing Allowance and payments by the HSE in respect of Mobility Allowance have also been included.

The Finance Bill 2020 is currently before the Dáil at Committee Stage. It is scheduled to be signed into law by the President of Ireland on December 25th, 2020 when it will become the Finance Act 2021.

TECHNICAL ASSISTANCE FOR MICRO EXPORTERS (TAME) GRANT

The Technical Assistance for Micro Exporters (TAME) grant enables clients to explore and develop new market opportunities. The TAME grant part-funds the costs that can be incurred investigating and researching export markets, e.g. exhibiting at Trade Fairs, preparing marketing material and developing websites specifically targeting overseas markets. This grant covers 50% of eligible costs (net of vat) to a max of €2,500 in any calendar year.

Applications must be made prior to any expenditure being incurred. Successful applicants should consider using an Enterprise Ireland Mentor to develop an export/marketing plan.

What does the TAME Grant cover?

- Participation at trade fairs and shows covering Trade Show Exhibitor costs including rental/fees relating to space/stands; foreign travel & subsistence*
- Participation at international trade networking events organised through the Enterprise Europe Network
- Development of specific Marketing Materials aimed at exploring new export markets
- Translation, e.g. of existing material (booklets, webpages, etc. for export markets
- Development of export related websites
- Investigation of new internal or external processes to develop export business, e.g. new business model or the carrying out of non-regulatory technical requirements.

THE BUSINESS EXPANSION GRANT

The Business Expansion grant is designed to assist a business in its growth phase after the initial 18-month start-up period.

Business Expansion grants may be awarded to sole traders, partnerships or limited companies that fulfil the following criteria:

- Located and operating within the LEO geographic area
- A business, which, on growth, will have the capacity to progress to the Enterprise Ireland portfolio
- A business employing up to 10 employees
- A manufacturing or internationally traded service business.
- A domestically traded service business with the potential to trade internationally.
- The maximum Business Expansion Grant payable shall be 50% of the investment or €150,000 whichever is the lesser.

Expenditure may be considered under the following headings:

- Capital items
- Salary costs
- Consultancy/Innovation/Marketing costs
- General overhead costs

Grants over €80,000 and up to €150,000 shall be the exception and shall only apply in the case of projects that clearly demonstrate a potential to graduate to Enterprise Ireland and/or to export internationally. In all other cases, the maximum grant shall be 50% of the investment or €80,000 whichever is the lesser. Subject to the 50% limit, a maximum grant of €15,000 per full time job created shall apply in respect of any employment support granted.

All grants of a value greater than or equal to €50,000 or with a cumulative value of €100,000 over three years require Enterprise Ireland Approval.

DECIDING ON THE FUTURE OF YOUR BUSINESS

PART 2

In our last issue, we explored some of the options available to company proprietors when deciding the future of their businesses, with a particular focus on liquidation. In this issue, we are now going to touch on some considerations regarding the going concern of a business and when business owners need to take a pragmatic view of how their business is performing. Not every business is going to be a success but the best business people find this out fast and understand it is not a reflection on them – instead of being emotionally attached, they take a clinical overview and move on to new business avenues and prove their success that way.

BUSINESS CASHFLOW

This requires careful examination of the funding mix that is appropriate to your business – does the business need debt to fix a cashflow issue or does it need new equity investment? It requires reflection and an honest appraisal of the business that is logical and not just emotional.

Simplistic and short-term debt solutions can involve overdrafts and SME lending facilities (bank or financial institution loans) or even injecting personal funds into the business via a Director's Loan or new equity. It should be noted that these forms of funding carry a risk element be it in the form of Personal Guarantees or losing one's personal savings.

"Insanity is doing the same thing over and over and expecting different results."

Oftentimes businesses which are loss making are fundamentally unsound and require serious reorganisation. Sadly, the anecdotes of down and out business owners who makes no changes to a lossmaking business persist because people still hold the belief that more money will fix the problem.

If you or your business advisors cannot formulate a step-by-step business plan to turn a business around, then, you need to acknowledge the fact that pouring more money into the business is highly unlikely to fix the business but instead prolong the inevitable business failure.

NEW INVESTMENT AND BUSINESS SUPPORT SCHEMES

While many optimistic entrepreneurs believe they can fix an ailing business, it must consider whether a business is fundamentally sound. Is the cost base under control and can revenues be nurtured?

Common pitfalls to avoid are the delusions of raising new equity or accessing grants as a way of sustaining a bad business and business practices.

While many successful businesses have started with grants, business partners and equity investors, most SMEs have built up their funds from zero, without relying on 3rd party funding or grant aid.

EXAMINERSHIP

Examinership is an option not considered by many.

Most companies in Ireland are of the size to qualify for Examinership via the Circuit Court, rather than the High court.

In order to enter examinership the following need to be in place:

1. A good management recording / accounting system.
2. A Team of Staff, the Staff in most cases are the true business.
3. The potential for a 3rd party to take over the business and invest into it by:
    1. Cash Investment
    2. Extended Products / Services.
    3. Fresh Skillsets / Management

GENERAL EXAMINERSHIP OBSERVATIONS:

1. In order to go into Examinership the Court must be satisfied that the potential to survive exists.

2. Creditors: Quite often they get less than 10c in the Euro.

3. Revenue: In general, they will endeavour to recoup 100%

4. Personal Bank Guarantees do not go away.

5. Landlords may find themselves in Mediation to reduce their Rent, but only to the current economic level.

6. Be conscious that when the Creditors are reduced, the VAT on the reduction if previously claimed by the company reverts as a liability to the revenue on the company.

7. Examinership often brings in Strangers to the Business as examiners should advertise for Investors.

8. In Examinership employees' rights continue unlike Liquidation.

IN CONCLUSION:

- Act early
- Lingering costs everyone
- Get early advice
- Examinership via the Circuit Court can be a viable option.
- Liquidation of a good business does not spell doom in the right hands.

E-BUSINESS AND LEGAL CONSIDERATIONS

With many companies faced with e-commerce as their only option to trade, it is important to be aware of the legal responsibilities when selling online. If you are running a business which trades over the Internet, it is important that you have terms and conditions which comply with the requirements as set out in the Consumer Information Regulations and the E-commerce Regulations, in addition to any obligations you have under The Sale of Goods and Supply of Services Act 1980.

Some points that you may overlook when developing your business online is that a website makes you globally accessible. Restrict your delivery services to areas that permits the sale of your goods as transactions are subject to local laws.

The other aspect that needs to be considered is General Data Protection Regulation (GDPR). This is a minefield to work through but at a basic level, you need to have permission to collect and hold the information and identifying details of your website users and clients. It should not be a deterrent to utilising online selling however, you will need to ensure you are compliant.

INCREASE IN TERM FOR UNPAID PARENTAL LEAVE

On 1st September 2020 unpaid parental leave entitlement in Ireland was increased from 22 weeks to 26 weeks in respect to each eligible child.

Parents will now be able to take 26 weeks' parental leave for each child. Parental leave must be taken before the child reaches twelve years of age. In relation to adopted children under twelve, parental leave may be taken within two years of the date of the adoption order. In cases of a child with a disability, parental leave maybe taken up to 16 years of age or until the disability ceases (whichever is the earlier).

Parents who have taken their 22 weeks' parental leave entitlement will now be able to benefit from the increase of four weeks' entitlement provided their children still fall under the categories outlined above.

In order for an employee to qualify for parental leave they must provide a minimum of 6 weeks' notice of their intention to take parental leave. Employees must include in their notice to their employer the following information:

- Commencement date of leave;
- Duration of leave; and
- The manner in which leave is to be taken.

Generally, an employer cannot refuse parental leave entitlements unless the particular employee is not entitled to it. Employers have a right to refuse granting parental leave and postpone it for a maximum period of 6 months if the leave would have a substantial and adverse impact on the operation of the employer's business.

IMPLICATIONS FOR LANDLORDS FROM STUDENT HOUSE PARTIES

With Covid restrictions prohibiting social scenes across the country, some people are defying the new rules by partying at home. Such behaviour is a major concern for neighbouring residents who are left dealing with the noise pollution along with the worry of a spreading of the virus. While complaints may be made to the Guards, the landlord is also responsible to a point.

Under the Residential Tenancies Act 2014 tenants can not behave within or around the rented vicinity in an anti-social way. This is not only binding the tenants to an acceptable social standard but also puts pressure on the landlord to ensure their tenants comply with these obligations. Landlords may suffer legal consequences should those effected pursue a private prosecution. This can be due to noise pollution charges for example.

If landlords feel that they have tenants who are acting in an unsociable manner, they can contact the Gardaí. Another avenue to pursue may be the Residential Tenancies Board who now offer an online dispute resolution centre.

No legislation currently exists to cover a landlord with tenants who ignore Covid-19 guidelines and restrictions. Landlords can however, give a verbal and written warning to tenants that they are at risk of breaching their Tenancy Agreement and may face eviction. A landlord can then say that measures were taken to address the issue and may avoid a court prosecution.

MINIMUM WAGE INCREASE

From 1 January 2021, there will be a 10cent increase to the National Minimum Wage. This will bring the minimum wage to €10.20 per hour.

THE IMPORTANT DIFFERENCE BETWEEN CYBERSECURITY AND CYBER RESILIENCE

(AND WHY YOU NEED BOTH)

Cyber threats like hacking, phishing, ransomware, and distributed denial-of-service (DDoS) attacks have the potential to cause enormous problems for organizations. Not only can companies suffer serious service disruption and reputational damage, but the loss of personal data can also result in huge fines from regulators.

Cyberattacks are hitting the headlines with increasing frequency, the effects of which can be permanent and devastating. Therefore, all companies need to invest in cybersecurity and cyber resilience. In a nutshell, cybersecurity describes a company's ability to protect against and avoid the increasing threat from cybercrime. Meanwhile, cyber resilience refers to a company's ability to mitigate damage (damage to systems, processes, and reputation), and carry on once systems or data have been compromised. Cyber resilience covers adversarial threats (such as hackers and other malicious actors), as well as non-adversarial threats (for example, simple human error).

One way of thinking about the difference is that cyber resilience involves accepting the fact that no cybersecurity solution is perfect or capable of protecting against every possible form of cyber threat. This is why every company needs both aspects. The cybersecurity strategy is designed to minimize the risk of attacks getting through. But when they inevitably do, the cyber resilience strategy is there to minimize the impact.

What does all this mean in practice?

Practical cybersecurity steps are perhaps more immediately obvious than those for cyber resilience. At the very least, cybersecurity involves ensuring:

- All your devices are running the most up-to-date firmware
- That firewalls, VPNs, and antivirus/malware protection is running and up-to-date
- That all software and tools are fixed with the latest patches
- That employees at all levels of the business are educated on the potential threats and how their actions help to defend the organization

Cyber resilience steps will vary from business to business, but a good starting point is to work out where cyber events and incidents could have the most damaging effects on the business. Drawing up a list of where your operations are reliant on technology, as well as where sensitive and valuable data is stored and used, will help you to gain an overall understanding of how continuity of service could be affected. This is where the concept of a "digital twin" can play an important role in cyber resilience. A digital, simulated model of your organization or its processes can help you understand the impact on overall output and efficiency.

Having gained an understanding of how core functions could be affected, cyber resilience involves putting in place measures to mitigate the damage as best as possible in the event of an attack. For example, you might develop offline emergency processes to keep essential functions such as customer service, quality assurance, finance, and security running as well as possible until the breach can be fixed.

Technology brings incredible new opportunities and business advantages, but it also brings unprecedented new threats. Cybersecurity and resilience both require an investment in time, resources, and education, but that investment will be repaid many times over once you've withstood your first cyber-attack.

Forbes.com

WISHING YOU A MERRY

Christmas

and Happy New Year!

Postal Dates 2020

Service	Republic of Ireland	Northern Ireland	Great Britain	Rest of Europe	USA	Rest of the World
Standard Post Letters	December 21, 2020	December 19, 2020	December 18, 2020	December 17, 2020	December 11, 2020	December 07, 2020
Standard Post Parcels	December 21, 2020	December 19, 2020	December 18, 2020	December 12, 2020	December 07, 2020	December 07, 2020
Registered Post	December 21, 2020	December 19, 2020	December 18, 2020	December 12, 2020	December 07, 2020	December 07, 2020
Express Post	December 21, 2020	December 19, 2020	December 18, 2020	December 12, 2020	December 09, 2020	December 07, 2020
International Courier Service*			December 21, 2020	December 21, 2020	December 17, 2020	December 17, 2020