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THE ALTERNATIVE TO TRADITIONAL TRADE & EXPORT FINANCE

Aztec money

One of the most significant knock on effects of the financial crisis is that credit remains scarce for SME's throughout Ireland, leaving a major gap in funding that needs to be filled. Businesses seeking traditional forms of finance are faced with increased decision making, greater restrictions and higher rates, as banks apply stricter lending standards. One of Ireland's most exciting finance companies is emerging as the leading global alternative to traditional forms of finance providing companies with a badly needed alternative option.

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Aztec Money, by allowing suppliers to sell their invoices outright in a competitive auction market place, on terms the supplier chooses, is set to transform the availability of trade and export funding for companies in Ireland. Aztec connects (non-Bank) Investors such as Asset Managers to suppliers thus replacing bank lending and removing the need for credit scoring, lending limits, or personal guarantees as suppliers sell invoices rather than borrowing against them.

Aztec Money is the easiest, fastest and most secure way to access financing for any company without using Invoice Discounting, loans or Letter-of-Credit. Suppliers simply register and start selling invoices on terms they choose and watch bidders compete to buy their invoices. Aztec Money charges a fee for successfully completed transactions with no hidden charges. Aztec operate on a non-recourse basis supporting businesses in any sector worldwide or internally in Ireland, selling invoices for Goods OR Services.

The platform is proving particularly popular with Irish exporters. One of the key avenues in returning the Irish economy to some level of stability is through the growth of exports but there remains a long road to travel before this translates into significant and badly needed job creation. Currently non-exporters account for 82% of employment with SME's very much aligned to the domestic economy. What is required is for more Irish SME's to build an export capability to increase growth and drive the creation of new jobs leading to a steady economic recovery. One of the major obstacles for companies in deciding to approach new markets is access to finance. A recent IEA study concluded that 23.7% of companies believed this was the major stumbling block when considering branching out into markets outside of Ireland. In addition 70% of companies claimed that they had experienced difficulties in obtaining trade finance from their banks in the past year.

On the up side there are investors across the globe eager to help finance this export growth. These investors have an exceptional amount of capital to invest but the most significant restrictive factor, until Aztec, was a single market place in which they could compete to buy invoices directly from suppliers. Investors on the Aztec platform focus on the company that owes the supplier payment via the invoice rather than the credit quality of the supplier.

Companies like Aztec Money aim to re-shape the architecture of global finance and help vital companies and industries develop sustainable export growth.Aztec Money's presence in markets as disparate as Ireland and Thailand underscore the global nature of the problem facing SME's and Exporters at a critical point in the economic cycle. Supporting and developing alternatives to the shrinking traditional forms of credit from Banks will be critical to economic development. Thomas Edison remarked, "There's a way to do it better—find it", Aztec Money appears to have achieved exactly that.

Aztec money

www.aztecmoney.ie

tax briefs

ACCOUNTING FOR VAT

The threshold for accounting for VAT on the moneys received basis is being increased from €1,000,000 to €1,250,000 with effect from 1 May 2013.

Cash is king in the current climate therefore accounting for VAT on a cash receipts basis i.e. paying VAT to Revenue on sales invoices when the invoice is paid as against when the invoice is raised, could enhance cash flow. This option is available to businesses which either makes over 90% of its sales to unregistered customers or which has turnover of less than €1,250,000.

The delayed remittance of VAT to Revenue represents a significant cash flow saving and could provide the cash release to propel your business forward.

TAXATION OF MATERNITY BENEFIT, ADOPTIVE BENEFIT AND SAFETY BENEFIT

From 1 July 2013 Maternity Benefit, Adoptive Benefit and Safety Benefit will become taxable in full. It is important to note that such benefits will not be subject to USC and PRSI.

The Department of Social Protection (DSP) will liaise with the Revenue in providing them with payment details. To that end Revenue intend reducing individual's annual cut-off and credits by the DSP benefit payment amounts.

Employers/Pension providers will be advised of the adjusted cut-off points and a tax credit via P2C's provided on ROS online. Payroll personnel need to be vigilant to ensure that the payroll records are adjusted correctly for the amendments.

LOCAL PROPERTY TAX

Local Property Tax (LPT) legislation provides for a number of phased payment options. One such option is the deduction at source from wages/salary or occupational pension.

Employers/ pension providers will be required to make this facility available to their employees/pension recipients from July 2013 onwards. Where this option is availed of, Revenue will notify the employer/pension provider via the individuals P2C (tax credit certificate) as the individual's tax credits and annual cut off will be adjusted accordingly.

To that end payroll administrators need to be vigilant to ensure that amended P2C's are updated on the payroll records and that the deductions are spread evenly between July and December. Employers/pension providers will be required to account for and remit the deducted LPT to Revenue on Forms P30 and P35.

VRT EXPORT

Owners of EU Classification M1 Passenger vehicles (saloon, hatchback, SUV, MPV etc) which were subject to VRT in Ireland, may claim a VRT repayment where such a vehicle is exported or permanently removed from Ireland.

The owner must make an appointment with an NCTS Centre for an 'Export Examination' prior to the export of the vehicle. The amount of the VRT repayable will be based on the Revenue valuation of the vehicle at the time of Export Examination. A VRT export repayment calculator is available on ROS. Claim forms are also available on ROS and are broken into three categories:

- **VRTER 1** - Vehicles removed by traders to another EU Member State
- **VRTER 1A** - Vehicles exported by traders to a country outside the EU
- **VRTER 2** - Vehicles removed/exported by a private individual

Once the vehicle is permanently removed or exported from Ireland, the owner must submit documentary proof of this removal/export along with the appropriate Export Repayment Claim form to the Central Repayments Office.

PAY AND FILE SUMMARY

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

Income Tax	
Filing date of 2012 return of income (self-assessed individuals)	**31 October 2013**
Pay preliminary income tax for 2013 (self-assessed individuals)	**31 October 2013**
On-Line pay and file date for 2012 return of income	**14 November 2013**
Capital Gains Tax	
Payment of Capital Gains Tax for the disposal of assets made from 01 January 2013 to 30 November 2013	**15 December 2013**
Corporation Tax	
Filing date for Corporation Tax returns for accounting periods ending in October 2012	**21 July 2013**
Balance payment of Corporation Tax for accounting periods ending in October 2012	**21 July 2013**

SINGLE EUROPEAN PAYMENTS AREA (SEPA)
COUNTDOWN TO FEBRAURY 2014

The Single European Payments Area (SEPA) is an EU initiative and its core objective is to create a cohesive internal market for all electronic Euro payments within the SEPA zone (EU 28 plus Iceland, Liechtenstein, Norway, Switzerland and Monaco). This will mean that users of payment services can make and receive Euro payments across all participating countries using common technical standards and common payment instruments, thereby creating a borderless payments area.

What is going to happen?

From 1 February 2014 we will see the end of national Euro clearing systems across Europe. In Ireland this will mean the end of the EMTS clearing system used by Irish banks for exchanging payments and direct debits. The traditional 6-digit National Sort Code and 8-digit Account Number will no longer be acceptable and must be replaced by the SWIFT BIC and IBAN for electronic payments.

Customers will be required to convert all domestic payee details from National Sort Code and Account Number to BIC and IBAN. The good news is that there is a free conversion tool available from the Irish Payment Service Organisation (www.ipso.ie). This service has the ability to convert bulk payment files also.

Organisations that utilise bulk payment services will only have to produce one payment file across the SEPA zone instead of multiple file formats based on the specific national clearing system requirements of each country.

For both SEPA Direct Debit and Credit transfer schemes businesses are required to change their file formats to the new ISO 20022 XML Formats.

The Irish Direct Debit Schemes will be replaced by SEPA Direct Debit Schemes in February 2014 also. Any business that is a direct debit originator faces a bigger challenge as new scheme rules may result in a change to collection processes. The SEPA Direct Debit Core scheme enables Euro collections from both consumers and businesses across the 33 SEPA countries. There is a second Business to Business scheme but both creditor and debtor banks need to be members of the scheme. Users of the new SEPA Direct Debits scheme can continue to collect under existing mandates. There are different rules under the new scheme, the most significant of which is the 8 week refund period for authorised collections. This enhanced consumer right entitles the Creditor to a "no questions asked" refund up to 8 weeks after their account has been debited. This new rule has obvious cash flow and credit implications for organisations which rely on Direct Debits as their preferred payment collection product.

So what actions need to be taken over the next seven months in order to be ready for SEPA in time for February 2014?

Convert domestic payee details from National Sort Code and Account Number to BIC and IBAN

Engage with your IT provider about updating accounts payable, accounts receivable and enterprise resource planning (AP/AR/ERP) systems to enable the output of SEPA standard file formats

Contact your bank to learn of any actions required to ensure that the business is SEPA ready in good time for 1 February 2014.

AIB Corporate Cash Management

IXBRL FILING MANDATE

Since November 2012, Revenue Corporation Tax and Income Tax filers have optionally been able to file financial statements in iXBRL format via ROS (Revenue On-line Service). iXBRL (inline eXtensible Business Reporting Language) is a language which allows financial information to be communicated and presented in a format that may be recognised and read by both people and computers. From 1 October 2013, it will be mandatory for all Corporation Tax customers of Revenue's Large Cases Division (LCD) to file iXBRL financial statements when making their tax returns, in respect of accounting periods ending on or after 31 December 2012.

Revenue recently announced the extension of the iXBRL filing obligation to companies outside Revenue's Large Cases Division (LCD). From 1 October, 2014, non-Large Case Division customers filing corporation tax returns in respect of accounting periods ending on or after 31 December, 2013 will be obliged to file financial statements in iXBRL format. However, this mandation date will not apply to companies that meet the audit exemption criteria currently proposed in the Companies Bill 2012, vis that in respect of the year concerned—

- the balance sheet total of the company does not exceed €4.4 million;
- the amount of the turnover of the company does not exceed €8.8 million; and
- the average number of persons employed by the company does not exceed 50.

To avail of an exemption from the 1 October, 2014 iXBRL mandation date, a company must meet all of these criteria. These 'exempt' companies will be mandated in 2015 at a date yet to be decided by Revenue. All companies may still optionally file iXBRL financial statements and companies who do not make iXBRL returns are still obliged to complete the Extracts of Accounts menu on CT1s.

Revenue have also scheduled a release of software enhancements to ROS for the end of June which will encompass a number of iXBRL related changes. iXBRL filers will notice an extension to the number of taxonomies accepted by Revenue to include the most recent versions of Irish GAAP and Irish IFRS taxonomies.

Finally, Revenue have also recently provided clarification /guidance in respect of a number of iXBRL related matters on the iXBRL FAQ page including details of what must be tagged in the Directors Report and the Auditors Report and the tagging requirement where the submission of 'draft' accounts has been authorised.

For further information on Revenue's iXBRL filing requirement, visit their webpage at www.revenue.ie/en/online/ros/ixbrl/ or contact the Revenue iXBRL Business Team at iXBRL@Revenue.ie .

IRISH EXPORTERS

The Irish Exporters Association (IEA) is the only national body representing the interests of export businesses based in Ireland. As an organisation the IEA has over 60 years' experience in developing Ireland's exports by representing and promoting the interests of all Irish exporters and export industry service providers. The establishment of a low corporate tax rate on exports sales profits in the 1950s was one of our first major successes, and has been utilised by the IDA since its inception as a key strategy in attracting FDI to Ireland, as the best European base from which to export.

The IEA champions the needs of export industry acting as a coherent and collective voice for all members of the Association from the largest international company to smaller exporters in all sectors. The IEA do this in a number of ways and their primary focus is on providing consistent high-profile lobbying at regional, national and international level with the aim of creating the best possible economic conditions for all export industry sectors. The IEA also provides dedicated assistance to exporters offering day-to-day support in helping them grow new markets and helping them understand international compliance requirements. In addition, the IEA also liaises with Government Departments, Ministers, state agencies, national agencies, European and International bodies and overseas governments on all matters of interest to its members.

The Irish Exporters Association assists exporting companies grow their international trade from Ireland in four key areas:

1. **Identifying new markets**
   - increasing market share & developing your business
   - access to our panel of international country experts, working with bi- lateral trade associations, embassies and commercial sections.

2. **Education**
   - on matters relating to export compliance, while improving your company's export excellence, seminars and briefings.
   - (customs seminars which would be of benefit to you, learn about any changes in export policy and active Q&A with revenue /customs officials after)

3. **Lobbying Effectively**
   - for your business and promoting Ireland as a competitive trade location

4. **Support**
   - key day to day support services to help grow your business, clinics, workshops , one on one assist, documentation support, access to a wide panel of experts and mentors, express visa processing etc.

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THE CASE FOR IRISH COMMERCIAL REAL ESTATE

Ireland's commercial real estate market may have been through the mill in the last five years but we expect a recovery to get underway this year. Aviva Investors believe it is an opportune time to invest as both cyclical and structural factors currently support the market.

THE CYCLICAL CASE...

- **Near-term risks to the economic outlook have eased:**
  A more sustained recovery is expected from 2014 onwards as Ireland starts to benefit from its economic adjustment.
- **We expect to see capital growth from this year:**
  The rate of decline in capital values eased in 2012 and we believe they have now bottomed out.
- **Irish real estate yields appear attractive compared to most other European markets:**
  Dublin yields remain close to peak levels, with prime office yields at 7.0% as at the end of March 2013.
- **We expect transactional activity in the Irish market to pick up during 2013:**
  Signs of a recovery in the real estate investment market are evident with a very sharp rise in transaction levels in the last two quarters.
- **We expect the rental market to improve over the next five years:**
  While some Irish markets are still characterised by oversupply, rents have now largely adjusted to reflect this.
- **We are forecasting attractive total returns:**
  We expect returns to be driven by a combination of yield compression and rental growth over the 2013-17 period.

However, exploitation of this market opportunity will demand careful asset selection. In particular, an assessment of the sustainability of rental levels and a careful evaluation of lease terms will be required before any potential transaction.

THE STRUCTURAL CASE...

- **Diversification:**
  Studies show Irish real estate to have a fairly low correlation with returns from equities and government bonds.
- **Robust performance:**
  The Irish property market has delivered robust returns over the long term.
- **Liquidity and transparency:**
  We believe Ireland is one of most transparent and best-established property investment markets in the world.
- **Tangibility and ability to add value:**
  Real estate is a tangible asset with intrinsic value. It is also an asset that can be improved by active management.
- **Stable income and low volatility:**
  Returns from the real estate market have generally exhibited lower volatility than returns from the equity market.
- **Inflation hedge:**
  Some commercial real estate leases benefit from indexation against the retail price or other inflation indices, providing a highly effective inflation hedge.

SUMMARY

We believe this is the year to re-evaluate the benefits of investing in Irish commercial real estate. The strategic case is attractive, while the amount of downward adjustment seen in recent years in both occupier and investment markets has created significant cyclical opportunities for investors. In addition, the introduction of REITs in Ireland will bring benefits to the real estate market over the medium term.

Although risks remain – including economic uncertainty in the euro zone, ongoing weakness in the banking sector and a lack of clarity from NAMA – we believe that now is an opportune time to reappraise the merits of Irish commercial real estate as part of a diversified investment portfolio.

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WORKING TO LIVE / LIVING TO WORK?

The State Pension (Contributory) is paid to people who have, throughout their working life, paid enough Irish social insurance contributions. Most employers and employees over 16 years of age pay social insurance contributions.

The contributory pension is currently paid from age 66. However it is due to increase to age 67 in 2021 and to 68 in 2028. With many contracts of employment explicitly stipulating a retirement age of 65 - do you have any idea how you are going to pay for the essentials of living from when you finish work until you get the State Pension?

We are living longer and the Government has decided that we will have to work longer too. It has announced that the age when we can draw down a State pension is to be raised. This will have repercussions on many employees. Awareness needs to be generated amongst trustees of pension funds, employers and individuals of the likely major impact for their pension schemes, workforce and individual circumstances and at the moment the need to address these issues is not being communicated.

Currently, the State Pension is payable in the rate of €12,000 per annum. It appears that many people are oblivious as to how they are going to fund this gap between the age they want (or have) to retire and the age the pension will actually come into payment.

WHY MAKE A WILL

A Will is an instrument whereby a person's assets are distributed on his/her death, pursuant to his/her wishes (subject to certain conditions). However a relatively large proportion of us have not made a Will. This may be to do with a person's fear of death and feeling overwhelmed by the fact that a document pertains to ones wishes following death, it may be that a person hasn't considered death or maybe the cost of getting a Will drafted is thought to be prohibitive.

However, overcoming these notions and making a Will not only ensures that your wishes will be fulfilled with respect to distribution of your property but also makes settling your affairs easier on family and friends.

A person is said to die intestate if they die without leaving a Will, which results in your estate not being divided in accordance with your wishes and a higher cost of probate thus reducing the amount of wealth transferred to loved ones.

There are many benefits to making a Will and very few drawbacks. Perhaps the biggest benefit is that it allows you to dictate, via a clear legal document, how you want your assets distributed following your death. Further it allows you to provide for the special needs of family members and gives you the opportunity to ensure the minimum tax is paid on death.

The making of a Will should not be done last minute or only by elderly people. Alot of thought and planning should go into it and, in many instance, a Will should be regularly revisited to take account of your current circumstances (family, financial etc.) and in line with changes to the taxation regime.

COMPANIES BILL 2012

The long-awaited Companies Bill 2012 ("the Bill") was published on the 21st December 2012 by the Minister for Jobs Enterprise and Innovation. The primary function of the impending legislation is to consolidate the existing 16 Companies Acts, to reform certain sections of existing law and seek to simplify company law. The Bill has received much media coverage for some time and with it being the largest Bill in the State (with over 1400 sections) the legislative wheel is understandably moving slowly.

Under the proposed legislation, the private limited company will now form the model company type and the provisions applicable to it represent the majority of the Bill. Some of the key proposed changes for private companies in the Bill include:

- Private companies will have the same capacity, for the purposes of company law, as natural persons, effectively abolishing the doctrine of "ultra vires" in relation to companies. This will remove the need for an "objects clause" in its constitutive documents.
- Companies will be permitted to have a one-document constitution and so there is no longer a requirement for detailed Articles of Association.
- Single director companies will be permitted.
- AGMs may be dispensed with in favour of written resolutions.
- Directors' duties will be codified which should ensure the often complex law in this area is more easily understood by and accessible to directors.
- All company law offences will be streamlined and categorised from 1 to 4. A category 1 offence will be the most serious and will carry a maximum fine of €500,000 or imprisonment up to a maximum of 10 years.

Any company may convert to another type of company provided for in the Bill. An existing private company which does not wish to convert into a private company under the Bill will have a six month period from the time when the relevant section of the Bill is commenced to convert into a "designated activity company". After that six month period, every private company will have a 12 month "transition period" to adopt a new constitution. Directors are required to adopt the constitution if the shareholders do not do so. Otherwise, at the end of the transition period, the company will automatically be deemed to have adopted a "default" constitution.

Unlimited companies; public limited companies and guarantee companies are specifically dealt with under separate provisions within the Bill.

ROOM TO EXPAND IN LONDON

Looking for a Location in London?

London & Partners (L&P), London's official promotional organisation, helps international companies set up and expand their business in the UK capital. The services are fully funded and confidential, and the team of experts can help businesses on a wide range of issues.

L&P open up direct access to expert and experienced professionals, who advise and guide overseas companies through every aspect of locating and doing business in London. L&P experts work with government and the business community to provide access to the best people, places and opportunities in the city.

As one of Europe's most advanced economies, and the UK's closest neighbour, Ireland is a leading source of investment for London. L&P work with many of Ireland's fastest growing Information & Communication Technology (ICT) firms that are expanding their UK client base or that wish to use London as a launchpad for further international expansion. L&P have also attracted several investors from other high value sectors in Ireland including financial services, construction, business and professional services and cleantech.

L&P can help Irish companies set up new offices or grow existing operations. Whether you are a multi-national corporation or a business start-up, L&P can tailor their approach to meet your needs. L&P also has a global network of support and contacts which are able to provide sector-specific intelligence to help you create an accurate and compelling proposal for any business. The services L&P offers span up-to-date information and data on opportunities, markets, customers, suppliers, labour and recruitment, infrastructure, property, legislation, tax and more.

L&P are very much aware of the challenges faced by Irish businesses in overcoming their international expansion issues. For companies which have chosen London for their first international expansion and/or to start their operation from a smaller base, L&P is trying to make it easier for them to invest in London and runs Touchdown London – a scheme which includes a subsidised office solution to enable companies an easy start up. The package provides a desk in London, exclusive one year free membership to London Chamber of Commerce and Industry and assistance in helping enlarge a company's business network in London.

L&P offers Irish businesses fast-track access to impartial information, expertise, contacts and networks to help them set up, succeed and grow in London

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