



THE ACCOUNTANT

Volume 11, Issue 1

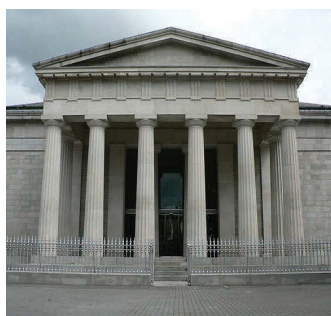
MARCH 2012

Illness and Leave Entitlements

In general an employee has no right under employment law in Ireland to be paid while on sick leave. Consequently, it is at the discretion of the employer to decide his/her own policy on sick pay and sick leave, subject to the employee's contract or terms of employment.

If your employee is a full time worker who is on sick leave during a public holiday, they have an entitlement to time off work for the public holiday(s) they missed. If your em-

ployee is a part-time worker on sick leave during a public holiday, they would be entitled



to time off work for the public holiday provided they worked for you at least 40 hours in the previous 5-week period. The employee only

loses their entitlement to public holidays if they have been on sick leave for more than 26 weeks in the case of ordinary illness and 56 weeks in the case of an occupational accident.

In 2009 the European Court of Justice (ECJ) ruled that a worker who is on long-term sick leave during the leave year does not lose the right to annual leave. The ECJ ruling states that employees who have not worked during the leave year because they are on sick leave,

Continued on page 2

INSIDE THIS ISSUE:

Illness & Leave Entitlements 1

Revaluation of Commercial Rates 1

Strategic Planning 2

Employer Incentive Schemes 3

In brief 2-3

Household Charge 3

Disclaimer 4

Revaluation of Commercial Rates

Commercial rates are an annual charge on commercial property to pay for the general provision of services of local authorities. Commercial rates do not represent payment for any particular service provided to any specific rate payer. They are payable on commercial, industrial and some other non-domestic properties. The local authorities charge commercial rates on the basis of

the valuations provided to them by the Valuation Office.

To establish the amount of commercial rates to be paid on your property, the valuation assessed by the Valuation Office for your property is multiplied by the annual rate on valuation (ARV) set by the local authority.

Property values have shifted

significantly in recent times so a revaluation is now necessary to ensure that all rate-payers pay a fair share of the commercial rates to be raised. The purpose of a revaluation is to bring more equity, fairness and transparency into the local authority rating system. Following revaluation there will be a much closer relationship between rental value and commercial rates liability.

Continued on page 2

Illness and Leave Entitlements (cont.)

A quarter of European retailers believe they could increase revenues by 25pc if they could sell more effectively online and cross-border in Europe, according to a new study from [Accenture](#).

Retailers are becoming increasingly focused on online, cross-border operations because of a growing willingness by European consumers to use digital channels as part of their shopping experience. Europe's consumers are becoming increasingly digital; they are empowered by smart phones and social networks, and access to unprecedented levels of information.

Key challenges faced by retailers in cross-border sales include, the diversity of product returns laws (47pc); difficulties in efficiently handling product returns cross-border (44pc); the cost of compliance with different national laws regulating consumer transactions (42pc); differences in labour laws (42pc); cost of compliance with different national fiscal regulations (42pc); differences in packaging and labelling laws (38%); and different VAT levels between markets (34pc).

IrishJobs.ie has reported a 4pc increase in the number of jobs advertised online in the first quarter 2012, compared with the fourth quarter of 2011. The *Irishjobs.ie* index reveals that substantial gains were made in: production, manufacturing, materials (+82pc over the previous quarter); science, pharmaceuticals and food (+52pc); banking and finance (+30pc); engineering and utilities (+22pc); education, childcare, training (+19pc); and hotel and catering (+13pc). *IrishJobs.ie* said IT also continues a steady upward trend. Sectors experiencing a decline in Q1 2012 compared with the previous quarter were: telecoms (-55pc); transport and motor (-24pc); legal (-14pc); marketing (-14pc); publishing (-12pc); and retailing, wholesaling and purchasing (-11pc).

The impact of the two Long Term Refinancing Operations (LTROs) by the European Central Bank (ECB) on improving liquidity conditions in European bond and money markets has been very considerable. The three-month inter-bank rate has fallen from over 1.4% at the end of last year to just 0.72% and the futures markets are implying that it will decline further by the end of the year.

are entitled to their statutory annual leave for that year. According to this ruling workers are entitled to accumulate annual leave while on sick leave. This means that the worker would be entitled either to carry over, or receive payment for, annual leave which was not taken because the

worker was on sick leave.

However, the Organisation of Working Time Act 1997 states that the employee's entitlement to annual leave is based on hours actually worked. Until this legislation is amended this ECJ ruling that an employee can accrue annual

leave while on sick leave is not enforceable by employees in the private sector. However under the principle of 'direct effect' it does apply to the public sector and therefore workers in the public sector can accrue annual leave when they are off work on sick leave.

Strategic Planning

Entrepreneurs are often so preoccupied with immediate issues that they lose sight of their ultimate objectives. That is why a business review or preparation of a strategic plan is a virtual necessity. This may not be a recipe for success, but without it a business is much more likely to fail. A strategic plan should:

- Serve as a framework for decisions or for securing support/approval,
- Provide a basis for more detailed planning,
- Explain the business to others in order to inform, motivate &

involve,

- Assist benchmarking and performance monitoring, and
- Stimulate change and become a building block for the next plan.

A strategic plan should not be confused with a business plan. The former is likely to be a short document whereas a business plan is usually a much more substantial and detailed document. Neither is a strategic plan to be confused with an operational plan. The former should be visionary, conceptual and directional in contrast to an operational plan which is likely to be shorter

term, tactical, focused, implementable and measurable.

A critical review of past performance by the owners and management of a business and the preparation of a plan beyond normal budgetary horizons require a certain attitude of mind and predisposition. Some essential points which should be observed during the review and planning process include the



Continued on page 3

Revaluation of Commercial Rates (cont.)

A valuer will assess the value of your property and set a valuation in line with rental values at the valuation date. You will be asked to complete and return a market information form. The Valuation Office will analyse the returned market information and the other information available to it so as to establish the true and fair market rental

values at the date of the revaluation for your area.

Should an inspection / survey of your property be required (expected to be less than 30% of cases) you will be notified in advance. When the revaluation is complete, the Valuation Office will send you a **proposed** valuation certificate which will show

the details and the valuation proposed for your property. The valuation will be in the form of the annual market rent of your premises on the valuation date which should make the new valuation more transparent and easier to understand. **Final** certificates are then issued with various rights of appeal.

Employment Incentive Schemes

Revenue Job Assist allows employers a double wages deduction in their accounts, if they employ a person who has been unemployed for 12 months or more. The double wages deduction applies to:

- Wages paid to a qualifying

employee in a qualifying employment, and

- Employer's PRSI contributions paid in respect of such wages

The double wages deduction is an additional deduction in calculating your taxable income for the year of assessment or accounting period. It can last for a period of up to three years from the date the employment com-

mences, provided the employee is still employed by you. There is no limit to the number of 'qualifying employees' you can take on under the scheme, provided they take up 'qualifying jobs'. You will not qualify for Revenue Job Assist for an employment, if any of your employees were made redundant in the 26 weeks prior to the date of commencement of the new employment.

The Employer Job (PRSI) Incentive Scheme exempts employers from liability to pay

According to the latest daft.ie report, the first quarter of 2012 provided the least change in the property market since the middle of 2007. Asking prices continued to fall, but the drop of 1.7% is the smallest quarterly drop since the market collapse began in earnest in 2008. Meanwhile, in the rental sector, stabilisation has been present for almost two years and nominal rents at the start of 2012 are no different than they were at the start of 2010.

A word of caution - the recovery in the housing market will not be when prices start to rise; the recovery will be when activity starts to rise. With our ailing banks still in no position to lend and the many problems created by the bubble still outstanding there is no sign that this is about to change.



Continued on page 4

Strategic Planning (cont.)

following:

- Relate to the medium term i.e. 3/5 years,
- Focus on matters of strategic importance,
- Be realistic, detached and critical,
- Distinguish between cause and effect, and
- Be written down.

As the precursor to developing a strategic plan, it is desirable to clearly identify the current status, objectives and strategies of an existing business or the latest thinking in respect of a new

venture. Correctly defined, these can be used as the basis for a critical examination to probe existing or perceived Strengths, Weaknesses, Threats and Opportunities (SWOT). A useful technique for exploring performance shortfalls is to review the business's financial return and to drill down through the components of this return to locate and assess the key determinants of performance.

This then leads to strategy development. The preparation of a strategic plan is a multi-step process covering vision, mission, objectives, values, strategies, goals and programs. The strategic plan

is normally undertaken by performing a SWOT analysis. The objective is to build up a picture of the outstanding good and bad points, achievements and failures and other critical features within the company. Independent advisers or non-executive directors can play a valuable role in this process because they can readily adopt the role of devil's advocate and also bring external knowledge and expertise to bear.

Once the SWOT review is complete, the future strategy may be readily apparent or, as is more likely the case, a series of strategies or combinations of tactics will suggest themselves.

Household Charge

The household charge is a new annual charge, the first tax on domestic property since rates were abolished in 1997. The flat rate of €100 is temporary. A new tax based on site value will be introduced next year.

Every homeowner, including the owners of rental property are liable to the charge. The

tax relies on householders to self-register and pay.

Those who fail to pay on time (by 31 March 2012) will begin to pay fines and interest. The fine for the first six months is 10 per cent of the fee plus 1 per cent interest a month. After six months, the fines will go up to 20 per cent.

The number of jobs in the economy rose strongly in the final three months of 2011, according to the Central Statistics Office (CSO). The surprise increase on the previous quarter, of 0.6 per cent, was the first time employment had grown in four years. The figures, which are adjusted to take account of seasonal factors, show that 1,807,000 people were at work in the fourth quarter, up by 10,000 on three months earlier.

However, an analysis of the figures show that the decline in the numbers working for themselves continued to fall at the end of last year. The numbers of self-employed who employ others declined by 1,200, to 86,400 in the final quarter of the year. For the first time since 2003 the numbers of self-employed who do not employ others fell below 200,000.

In the final quarter 385,600 foreign nationals over the age of 15 were resident in Ireland. The rate of unemployment among foreigners was slightly over 17 per cent. Just under 14 per cent of Irish nationals were unemployed.



At JBW Consultants, we assist SME and start-up businesses, in the step-by-step process of developing your ambition for your business, be it doubling your turnover, diversifying into new areas or planning a retirement / exit strategy.

JBW Consultants

Certified Public Accountants
3 Church Street
Dungarvan
Co. Waterford
Phone: +353(0)58 45878
Fax: +353(0)58 48435
E-mail: info@jbw.ie

From our experience as accountants, auditors, taxation consultants and business management experts, we have developed methodologies to help you make the right decisions for the future of your business. We specialise in the provision of professional service solutions for family businesses and SME's in the South East region. Why not visit our website to see how we may be of assistance to you.

Disclaimer

This publication is for general guidance on matters of interest only and does not constitute professional advice. No decisions, particularly investment decisions, should be taken on the basis of information supplied in the publication. JBW Consultants will not be responsible for any loss or damage on the part of users arising from use of the information contained herein.

Listening. Thinking. Delivering.



Employment Incentive Schemes (cont.)

their share of PRSI for certain eligible employees for 12 months from the date you are approved for the scheme. A qualifying employee is one who has been in receipt of certain Social Welfare Benefits for a continuous period of at least six months. The job must be new and additional, be for at least 30 hours a week and last for at least six months. Under this scheme, you will be limited to a maximum of 5% of your existing workforce or five employees, whichever is the greater.



JobBridge, the National Internship Scheme (NIS) is an initiative designed to offer job-seekers who are on the Live Register and have been in receipt of certain

Social Welfare payments for at least 3 months (78 days), the opportunity to enhance their current skills. The duration of individual internship positions is a 6 month or a 9 month placement. It is a time-limited scheme for a maximum of 2 years and commenced on 1st July 2011.

The scheme is open to organisations private, public (including commercial semi-state) or community and voluntary sectors. Qualifying criteria apply to host organisations including a condition that the placement is not displacing an employee. Sole-traders are eligible

to participate as host organisations.

Payment of participants is not permitted under this Scheme. During the internship placement, interns will be paid an internship allowance by the Department of Social Protection. This allowance is equivalent to the intern's current DSP payment plus an additional €50 per week. This top-up will be paid in arrears for the duration of the internship. Interns are entitled to all the Public holidays and 1.75 annual leave days per month of internship.

All payments of the Internship Allowance will be made by the Department of Social Protection via Electronic Fund Transfer into the intern's bank account. There are currently 2129 internships available.
