



December 2017 eNews

EMPLOYEE VOUCHERS

It's getting to that time of the year again and workers and directors alike are in line to benefit from the trend this Christmas for employers to thank staff and directors with tax-free vouchers (gift/shopping vouchers) of up to €500.



But if you are an owner/director of your own business, and your spouse is also an employee/director, then you can double that benefit to €1,000.

From the point of view of business owners, the scheme has some great advantages, including:

- It's a tax-efficient way of rewarding your staff;
- As the benefit is only tax-free for one single payment, it's ideal as a Christmas bonus, and
- There's a double benefit for owner / managers who are directors / employees of their business and whose spouse is also a director/employee – they could benefit from up to €1,000 in tax-free vouchers

WATCH THE YEAR END!

Readers will be aware of the strict 4 year time limit available to claim back tax from Revenue whether it relates to an old Income Tax refund based on amended accounts or a claim for tax relief on medical expenses. In simple terms, any claim for 2013 must be made by 31 December 2017.

Note in particular that a shorter 12 month period applies to R and D tax credit claims, while of relevance to December year end clients will be the 24 month general claim period in relation to loss relief on a same or carry back year basis.

Finally, note that while expenses in accounts are allowed on an accrued basis, tax relief will only be available to **companies on pension contributions** both accrued and paid in a particular accounting period.

This again is of most relevance for companies with December year ends.

80/20 RULE

Without going into an in-depth history of Vilfred Pareto, he observed that 80% of Italy's income went to 20% of the population. Interestingly, this observation translates to business extremely well. And as a general rule, 80% of your revenue will come from 20% of your customers (or from 20% of your product offering).

So, knowing the basics of the 80/20 Rule, who are the customers that occupy the top 20% of your customer base?

Here are 4 quick steps to get you started on your own 80/20 Analysis:



1. Print out the sales ledger for the most recent financial year by customer/client account number.
2. Save as an Excel spreadsheet.
3. Aggregate the information by "Buying Unit."
4. Do the same again by product type.



Here's what we've typically found:

Customer size*	% of customer base	No. of customers	% of total sales	Total sales
Extra Large	1	9	25	1,170
Large	4	35	27	1,300
Medium	16	139	30	1,450
Small	79	687	18	835
Total	100	870	100	4,755

** Remember this is a rule of thumb, so don't spend too much time defining your customer segments*

1. 5% of the customer base is contributing more than 50% of the businesses sales.
2. 79% of the customer base only contributes 18% of total sales

So what does this 80/20 Analysis tell us?

This business is heavily reliant on the top 5% of their customer base. If one or two of them defected, they would take with them, a large proportion of total sales. It is also evident that a lot of time is being spent serving smaller customers, when they only contribute 18% of sales.



One of the key questions we should be asking is, "Could time spent serving 79% of the customer base be better spent on the larger customers? The ensuing discussion should focus on strategies to move customers in the large bracket to extra large, and then turning medium sized customers into large customers.

Please let me know if you are interested in discussing this further. The 80/20 Analysis is a real eye opener. We know that what you can measure you can manage, and armed with this information your management decision making will improve dramatically.

SAVE TIME AND MONEY WITH OUR COMPLETE PAYROLL SERVICE

In today's competitive business world, it is important to make the most effective use of time. Outsourcing routine tasks, such as payroll, means you have more time to focus on your business.

If you're doing your payroll in-house, it can be both time-consuming and complicated and keeping up with legislation and tax changes can be an added headache.



We have therefore established a dedicated payroll department, headed up by Mary McElhinney FIATI, who has over 40 years' experience. We have well-trained staff and we use the very latest computer software.

Specifically we can:

- prepare your weekly and monthly payrolls,
- complete P60's, P30's and P35's,
- ensure that you meet the key dates and deadlines for PAYE, and
- do all this at a competitive price.

Please let us know if this would be of interest to you, our team would be delighted to assist you.



JOHN MCELHINNEY & Co.

*Chartered Accountants,
Taxation & Business Advisors*

www.johnmcelhinney.com

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TAXATION PAY & FILE SUMMARY

PAYE

P30 for November 2017 **14 December 2017**

VAT

Bi-Monthly and 4 monthly ending in December, return and payment **19 January 2018**

Relevant Payments Tax

Monthly return and payment **23 December 2017**

Corporation Tax

Filing date for Corporation Tax returns for accounting periods ending in 31 March 2017 **21 December 2017**

Payment of Corporation Tax balance for accounting periods ending in 31 March 2017 **21 December 2017**

Preliminary Tax for accounting periods ending in 31 January 2018 **21 December 2017**

Form 46G for accounting periods ending in 31 March 2017 **31 December 2017**

Note: *Extended date for certain taxes for customers who both file and pay electronically (via ROS)*

STRIKE OFF PERIOD REDUCED

The CRO has announced that the period before commencement of strike off procedures against a company which has missed an annual return (Form B1) has been reduced.

The previous period of 300 days has been reduced to 200 days.



The 200 days starts after the filing deadline which is 28 days after its ARD.

Link to further information on involuntary strike off:

<https://www.cro.ie/Termination-Restoration/Company/Involuntary-Strike-Off>

Don't hesitate to contact me or a member of our team if you would like to discuss any of the issues raised or on any of our services.



Johnny

John J. McElhinney | Partner

This newswire intended to provide a general guide to the subject matter and is necessarily prepared in a condensed form. In view of its purpose the reader will appreciate that we are unable to accept liability for any errors or omissions which may arise. Advice should be sought before acting on the information contained in it.



JOHN MCELHINNEY & Co.
Chartered Accountants & Business Advisors

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our priority"*

Services include:

- Audit & accountancy • Tax planning & compliance
- Succession planning • Unquoted share valuation
- Company Secretarial • Payroll bureau
- Forensic Accounting • Outsourcing



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