JOHN McELHINNEY & Co.
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ESTD 1961

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DEVELOPING KPIs FOR YOUR BUSINESS

The competitive environment that businesses operate in makes it imperative to have the right systems in place in order to gauge business performance. Reporting of performance against Key Performance Indicators (KPIs) among your team will allow informed decisions to be made.

KPI selection and adoption should be a considered process, with periodic refinements based on market and operational realities.

In order to develop appropriate KPIs for your business, you should consult with staff, key suppliers and customers in order to identify the most important indicators of business success. Consulting with these groups will allow you to focus on measuring and reporting on the things that really contribute to the success of your business.

You will need to address the following in order to successfully develop relevant and measurable KPIs:

1. What are the critical success factors of your business?
2. Why are performance measures being introduced?
3. How will performance measures be used?

When developing your KPIs with the management team it is important to emphasise that these performance measures will be used in order to keep the business focused on achieving its goals.

The management team should consider how the KPIs fit with other strategies, especially highly visible ongoing enterprise-wide initiatives such as winning profitable customers, improving quality of service, etc. Stress that these new measures enable everyone in the firm to focus on achieving business success.

Importantly, your KPIs should be easy to measure and allow for action to be taken immediately. Once you have created your draft list of KPIs, you should consider the following questions:

- Have you covered all critical success factors?
- Can you easily sustain the number of performance measures that you are proposing to use?
- Is each performance measure providing useful information that can be used to analyse and improve key processes in the business?
- What happens when a KPI target or goal is not achieved?

Should you require any assistance in developing your company's KPI's please do not hesitate to contact us.

PERSONAL TAX FILING DEADLINE – PENSION PLANNING

The statutory deadline for filing 2016 tax returns is 31 October 2017. As in recent years, this has been extended by the recent Revenue announcement to mid-November for those who file returns electronically via ROS and pay the correct tax liability.

Revenue

This year's extended pay and file deadline is Tuesday 14 November 2017.

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It is useful to summarise the requirements as to the tax liability that needs to be paid on or before that date; these are:

1. balance of any tax outstanding for 2016, &
2. preliminary tax for 2017 (which in turn must be at least equal to lower of either 100% 2016 liability or 90% of estimated 2017 liability)

November may seem a long way off but it is important to start planning now in order to minimise what is for many unincorporated businesses the biggest cash outflow each year.

One way to do that is by pension planning.

Pension planning overview
First and foremost, pension planning is an economic decision. Before any taxpayer decides to part with his or her hard earned cash, they should always consider what exactly they are investing in and whether it is suitable for them.

From a personal tax perspective, two key rules determine the tax relief applicable:

(i) The age of the contributor - the tax relief available increases with age, from 15% of net relevant earnings for a taxpayer aged under 30 years to 40% of earnings for a taxpayer aged 60 or over.

(ii) The deemed net relevant earnings is capped at a figure of €115,000 per annum which means that a person earning over this limit will apply the age percentage above to this figure rather than their higher actual earnings.

Tax relief is available in the year the pension contribution is made, subject to a very important measure which allows taxpayers making contributions before 14 November 2017 to carry back the relief against their tax liability for 2016.

This payment window is very effective for cash flow planning because it means that not only will the 2016 tax bill be reduced by 40% of the pension payment, but, in addition, a taxpayers preliminary 2017 tax liability can be reduced by a similar amount by basing the current year liability on 100% of the final 2016 tax bill.

Thus, a payment to a pension now can reduce the tax payment due to Revenue by 80% of the pension paid.

Medical Expenses
Taxpayers are entitled to tax relief at the standard rate of tax (currently 20%) on a large variety of health expenses, some of which we have detailed below:

- Prescription medicines
- Treatment in a hospital
- Doctor's bills
- Routine maternity care
- Non routine Dental treatment
- Diagnostic procedures, such as x-rays

Taxpayers can claim tax relief for expenditure on prescribed medication for amounts **up to €144 per month.**

Any amounts in excess of this limit are recoverable from the Health Service Executive under the Drugs Payment Scheme.

Taxpayers are entitled to relief at the marginal rate of tax (currently 40%) for expenses relating to treatment in an approved nursing home.

For a nursing home to be regarded as approved, it must provide qualified nursing care on-site on a 24 hour per day basis.

Care of Incapacitated individual
The maximum relief available to a person who employs a carer to take care of an incapacitated individual has been increased from €50,000 to €75,000 from 1 January 2015.

Tax relief is provided by way of a deduction at the individual's marginal rate of tax where the individual employs a person to take care of either:

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- Himself/herself or his or her spouse who is totally incapacitated by reason of physical or mental infirmity, or
- A relative of the individual or of the individual's spouse who is totally incapacitated by reason of physical or mental infirmity.

Home Carer
There is an additional tax credit available to be claimed in the case of married couples (or those in civil partnerships) where one spouse stays at home to care for a dependent child or other incapacitated person.

This can be worth €1,000 in tax credits for you, so long as the carer doesn't earn more than €7,200 in the year 2016 (€5,080 in 2015), then it starts to get reduced.

Third Level Fees
An Income Tax relief is available at the standard rate (20%) on third level fees to:

- Approved courses in approved colleges in Ireland and the EU;
- Part- time courses on behalf of students who do not have a third level qualification, and
- Post graduate courses in private and public funded third level colleges in non-EU member states.

Each claim is subject to a single disregard amount each tax year. This amount is taken away from your qualifying fees. You cannot receive relief on that portion of the fees.

There are different disregard amounts for each year, and for full-time or part-time courses.

Year	Full-time course	Part-time Course
2017	€3,000	€1,500
2016	€3,000	€1,500

TAXATION PAY & FILE SUMMARY

Income Tax
Manual 2016 return and payment **31 October 2017**

PAYE
P30 for August 2017 **14 September 2017**

Relevant Payments Tax
Monthly return and payment **23 September 2017**

Corporation Tax
Filing date for Corporation Tax returns for accounting periods ending in 31 December 2016 **21 September 2017**

Payment of Corporation Tax balance for accounting periods ending in 31 December 2016 **21 September 2017**

Preliminary Tax for accounting periods ending in 31 October 2017 **21 September 2017**

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

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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
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