

# MEMBER'S NEWSLETTER

FEBRUARY 2020



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**ISME**  
Irish SME Association



Dear member,

By the time you read this, the UK will have left the EU. We'll still be in the 'transition period' but that will last only until the end of December. With all the work that's been done on Brexit, hopefully your business is prepared. But please don't leave it until the last moment, and check out our [Brexit Page](#) for advice.

Insurance has finally made it onto the election agenda. We launched our [Fair Book of Quantum](#) on 23rd January, and I'm glad to see the broadsheets took notice. But we really need this, and other measures such as Perjury, an amended Defamation Act and an amended Occupiers Liability Act, put on a statutory footing asap. If your business is one of those affected by insurance, please ensure you print out copies of the Alliance for Insurance Reform's [Election Asks](#), and hand them to all canvassers. General Election 2020 is in full swing. This is always political 'rutting season' and one has to take what is said by politicians with a pinch of salt, but it is deeply worrying how quickly the auction politics kicked off. Promises to radically increase spending, reduce taxation, eliminate LPT or USC, and restore the social protection pension age may be popular, but they are also completely unaffordable. Naturally, different businesses have different general election priorities. I attach within this monthly our asks, and I hope you will be willing to bring these to the attention of canvassers on your doorstep. It is worrying that pensions have become an election football already. Ireland has a real problem with an unfunded black hole of €450bn for public sector and social protection pensions. As well, pension coverage for private sector workers is very low. ISME made its views on pensions known in its submission to the Department of social Protection on [Pensions Auto Enrolment](#). This will be introduced at some time in the future, and will significantly impact the cost of labour for your business.

On the upside, it is good to note the inclusion of some SME-friendly measures, such as 25% CGT (which will increase tax yield) in the Fianna Fáil manifesto.

We have come through two years when ISME expected a downturn but we've managed to avoid one so far. We're not going to put a hex on 2020 by saying this will be a good year! In an election year (with an impeachment trial) Mr Trump seems to be calming down on the trade front, and eagerly concluded an initial trade deal with China (which most trade commentators remain unimpressed with). The heavy lifting of a trade deal between the EU and the UK is being negotiated right now. Domestically, wage inflation is running at approximately 3.4%, while price inflation is barely managing 1.3%. This of course is unsustainable for most businesses in the long run, so productivity will have to adjust.

2020 looks like being an interesting year. ISME will be in your corner, fighting for you, whatever the complexion of the next Government looks like.

Neil McDonnell | CEO | [neil@isme.ie](mailto:neil@isme.ie)



Abeona Limited t/a Sherpa Kids Ireland  
Aran Island Ferries  
BCS Sales Recruitment Ltd t/a Biz Expo  
Character Print Solutions Ltd  
Charles Bell (Ireland) Limited  
Cherry Orchard Exhausts Limited t/a Cherry Orchard Tyres  
Clewbay Cruises and Westport Cruises Ltd  
Dental Care Limited  
Drakelands House Nursing Home  
Fleetfirst Contract Hire  
Galway Taxis  
Geaney O'Neill Commercial Mowers Ltd.  
Grattan Computers Limited  
Harris Group  
Imagine Networks Services Ltd  
In Vogue Beauty Salon  
Irish Bakery Association  
J2 Global Ireland Ltd  
Jefferson Payroll Limited  
Kenneally Steel Fabrication Ltd.  
Malone's Bookshop  
Masterstock Stocktaking Services  
Omos Limited  
Pest Plus Ltd  
PURE Marketing Innovations Ltd,  
Shine Hairdressing  
The Chocolate Garden of Ireland  
The Donkey Sanctuary  
The Railway Inn  
Urba  
Vendek Ltd ta Powerline

# iSME NEWS

## ISME Roadshow is back

ISME will continue to hold a series of Roadshows around the country in 2020. The Roadshows will provide an opportunity for businesses to network and enjoy talks and discussions from a selection of speakers. Admission to all of these events will be complimentary. The first event of 2020 took place on January 29<sup>th</sup> in Liffey Valley, insurance reform, the election and upskilling staff were some of the topics discussed. Find out where the roadshow will go next [here](#).



## Q4'19 Bank Watch Survey

This Bank Watch Survey provides us with the latest up to date information on SME's access to finance. We are seeking your views for Quarter 4 of 2019. Take the survey [here](#).

## Q4'19 Business Trends Survey

We would like your experiences for the fourth Quarter of 2019 for the ISME Business Trends Survey. This survey is an important part of our lobbying and representation. Take the survey [here](#).

## Share the love with local business

As Valentine's Day approaches ISME is appealing to Irish consumers to make a real effort to 'shop local' and 'buy Irish.' Every €10 spent locally on Irish products generates more than €40 of benefit to the local community in terms of employment. The retail sector employs more people than any other sector in the Irish economy. With retailers under significant pressure with rising business costs, it's more important than ever to shop local.

### Colm Healy, the owner of Skelligs Chocolate in Ballinskelligs, Co. Kerry Told ISME

"Local businesses are part of the fabric of the local community, providing a focal point in every village, town and city in Ireland. If you value where you live, and want it to thrive, buy local."



# ISME NEWS

## ISME launch Fair Book of Quantum

ISME launched its 'Fair Book of Quantum' at 2 pm on Thursday 23rd January in Buswells Hotel, Molesworth St., Dublin 2. ISME has revised the range values in the 2016 Book of Quantum using the following convention for most awards: Minor injuries - Discounted by 80%, Moderate injuries - Discounted by 75%, Moderately Severe injuries - Discounted by 65%

You can download your copy of the Fair Book of Quantum [here](#)



## Brexit: Resources from ISME

ISME have created a page for BREXIT resource to help you navigate these unknown times. Included on the page is **A Brexit Guide** written by ISME Roadshow speaker, Paul McMahon 'BrexitLegal.ie' is a comprehensive free website about Brexit for Irish business. Read more [here](#).

## ISME Learning & Development is calling Managers across Ireland

The ISME Learning and Development department are calling on SME managers on a national and sectoral level that will participate in the below survey: [Take the survey here](#)

## Irish business delegation to Russia

ISME Members, Opora Russia are calling Irish business to Russia in 2020, below is an event which might be interesting to visit for Irish Entrepreneurs who are focusing on exporting or manufacturing abroad.

St Petersburg International Economic Forum  
Dates: 3-6th of June 2020  
More information available [here](#).

## ISME resources for exporting

With the UK now out of the EU we have prepared a guide to working with a number of countries both in the EU and further a field. Browse the guides [here](#).



# ISME NEWS

## Captive Insurer Survey

In order to tackle the cost (and availability) of insurance, ISME is exploring the development of specialist group insurance schemes. If there is sufficient interest in the formation of captive insurers, ISME will issue a formal Request for Proposals to the brokerage community in Q1 2020. Read more [here](#). If you are interested in the formation of a captive insurer for your business sector, please take 3-4 minutes to complete the seven-question survey [here](#).



## SEAI host a Business Energy Presentation

Dr Eric Woodruff, an energy expert from the US, will be giving a presentation on 'Energy Perspectives from the States' on the 04th February. This will focus on energy related emission reductions; what the specific drivers for action are, what companies are seen to be leading and why. He will also speak on the most successful financial policies and schemes currently available; as well as giving his top tips for developing and pitching a business case for energy projects. This talk will be particularly relevant to businesses with operations in the United States, or an interest generally on financial solutions and developing a business case for energy projects. For more information and to register please [click here](#).

## ISME Roadshow is coming to Meath



The ISME Roadshows provide business owners with an opportunity to network and enjoy talks and discussions from a selection of speakers. The second Roadshow of 2020 will take place on Thursday 27th February in CityNorth Hotel & Conference Centre, Gormanston, Co. Meath.

In addition to our speaker line up, attendees will have the opportunity to **'Pitch their Business'** so don't forget your business cards! Find out more [here](#).

## Promote your business with ISME

Advertising with ISME is an effective way to reach Owner / Managers of Irish SMEs. We currently have an opportunity for members to advertise in our online publication The bISME. If you wish to receive members rates and more details on advertising packages please email [Ciara@isme.ie](mailto:Ciara@isme.ie)



# ISME **WELLNESS** PROGRAMME

EMPLOYEE ASSISTANCE PROGRAMME

UNLIMITED ACCESS FOR AN EMPLOYEE  
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- Video/telephone counselling option
- Support across finance, legal, mediation, parenting coaching, life coaching and more

€500 p.a. for up to 30 employees, for each subsequent employee €9 per employee p.a.

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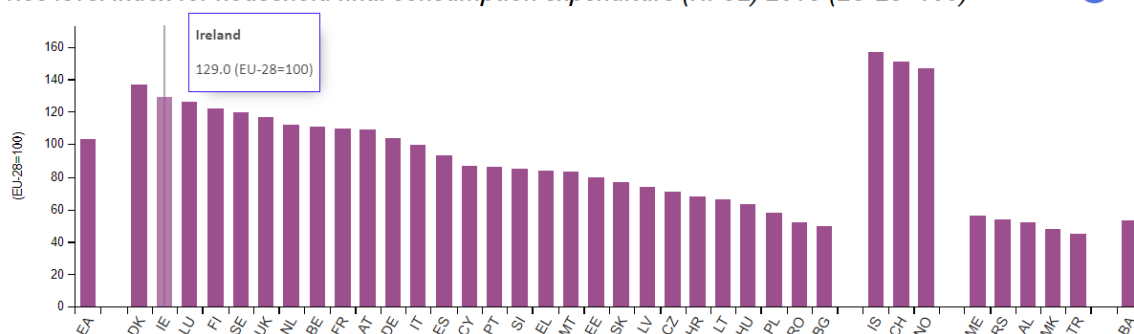
## COMPETITIVENESS

### Issue

### Solution

Ireland is too expensive for citizens and SMEs: target improvement to 115% of Euro-area average (from 129%)	DPER to be tasked with driving reductions in key cost components of CPI, especially household rents.
Cost of Insurance reform - no material progress on key issues	Legislative and executive action required per the Alliance key asks
No progress on Troika-sought legal reforms	Next Minister for Justice needs to be from a business background
Upward only Rental Reviews - still not reformed	Legislative ban required
Access to affordable credit	Force expansion of credit channels; 2 <sup>nd</sup> force required for local/SME lending (e.g. via credit union network); regulate P2P lenders urgently
Commercial rates especially in Dublin	Next Finance Minister to overhaul all property tax, incl LPT.
Excessive water costs through inefficiency and underfunding of system	Terminate the grandfathering provisions on formation of IW. Set up dedicated funding element for IW via LPT deduction

Price level index for household final consumption expenditure (HFCE) 2018 (EU-28=100)



Source: Eurostat (online data code: prc\_ppp\_ind)

## SUSTAINABILITY

Issue	Solution
State driven labour cost inflation through NMW and SEOs	Benchmark against Hanseatic league countries
Unrealistic expectations among public sector unions are crowding out all current account spending initiatives, and preventing reform in Health, Education, and Justice.	Formation of a standing public pay commission must be a priority for next DPER Minister
After the pay gap, the next major inequality between public and private sector is the absence of a structured pensions arrangement for the latter.	Establish the auto-enrolment pension as the basis for all pensions, public and private, in order to eliminate the pensions gap: Priority for next DEASP minister
The Social Insurance Fund goes into deficit in 2020, with no credible plan to bridge the deficit for public service pensions, and social protection pensions.	Show the pensions vote for each department (Health, Justice, Education) as a separate vote, as currently happens with Defence. Use USC and an increased public sector contribution to close the deficit in the Social Insurance Fund and the deficit in the public service employees fund Priority for next DPER & DEASP Ministers
PAYE tax-base too narrow	Follow recommendations of Irish Tax Institute; set long term goal of raising marginal rate threshold to x2 average industrial wage (e.g.)
CGT rate too high and yield too low.	Inverse relationship between yield and rate. Lower rate to 20%, which would provide a substantial yield increase.

## ENGAGEMENT

Issue	Solution
No longer tenable to have SME representatives excluded from Labour-Employer Economic Forum (LEEF) or National Competitiveness Council (NCC) and Skillnet board	Ex-officio ISME membership of LEEF, NCC and Skillnet

## IMPROVEMENT

Issue	Solution
The Department of Finance does not model behavioural effects of fiscal measures, e.g. VAT increases. Making budgetary estimates on straight-line yield assumptions (excluding behavioural effects) is no longer acceptable	The Department must train its tax division on dynamic taxation modelling.
We must provide a vehicle to deliver on the OECD 11-point roadmap for Irish SMEs	ISME proposes the adoption of a tax-incentivised basic standard of business education at diploma level, similar to the 'Green Cert' in agriculture



# INSURANCE COSTS ARE HURTING COMMUNITIES CHARITIES & BUSINESSES



**Ask your local general election candidate what they are doing about insurance reform and urge them to**

Demand a cut in  
**Unfair Personal  
Injury Awards**



Set-Up & Resource a  
**Garda Insurance  
Fraud Unit**



Rebalance the  
**Duty of Care**



Demand  
**Lower Premiums  
from Insurers**



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getting your message across

Email: [contact@insurancereform.ie](mailto:contact@insurancereform.ie)

Visit [www.insurancereform.ie](http://www.insurancereform.ie)

Please complete the below letter and sent it to your GE2020 candidates. We, the SMEs of Ireland need insurance reform NOW.



Dear {***name here***}

As a policyholder affected by the current insurance crisis and as a member of the Alliance for Insurance Reform, I wish to express my sheer frustration at the slow pace of insurance reform so far and to ask for your support for the four key reforms we are seeking as a matter of urgency, namely:

- *Reduce unfair general damages to reflect international norms and the principles already established by the higher courts - including that 'minor injuries attract modest damages'*
- *Review and re-balance the "common duty of care" to require occupiers to take a duty of care that is reasonable, practical and proportionate*
- *Support a fully-resourced Garda Insurance Fraud Unit*
- *Insist on insurers committing to a schedule of forecast reductions for planned reforms*

Can you please confirm whether you {***and your party***} support each of these reforms?

Yours sincerely,





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**An Roinn Oideachais  
agus Scileanna  
Department of  
Education and Skills**



Full course calendar  
available here:

### ISME Members

Can avail of up to **33%** discount & we can design a suitable training course to meet your needs or we can help you source suitable trainers.

Course	Date	Location	Fees
Introduction to Excel	10/02/2020	Dublin	€230 ISME members, €325 Non- Members
Customer Focused Sales	19/02/2020	Dublin	€230 ISME members, €325 Non- Members
<b>Morning Business Clinic: 0800-12.00</b> Closing Your Deals – Preparing for a Record 2020	21/02/2020	Dublin	€95 ISME members, €120 Non- Members
Introduction to Good Project Management	26/02/2020	Dublin	€230 ISME members, €325 Non- Members
<b>Morning Business Clinic: 0800-12.00</b> Managing a Heavy Workload	28/02/2020	Dublin	€95 ISME members, €120 Non- Members
<b>Breakfast Clinic Series:</b> Positioning Your Business – How to Attract Talent	04/03/2020	Dublin	€45 ISME members, €60 Non- Members
Customer Service & Complaint Handling	05/03/2020	Dublin	€230 ISME Members, €325 Non- Members
<b>Breakfast Clinic Series:</b> <b>Witness a Live Hack</b>	06/03/2020	Dublin	€45 ISME Members, €60 Non- Members
<b>Breakfast Clinic Series:</b> Going Global – How to Become an Exporter	11/03/2020	Dublin	€45 ISME members, €60 Non- Members



## ISME BUSINESS CLINIC SERIES 2020

Late last year, we entertained 30 avid learners with our recent Business Clinic Series which address the recently published OECD report's recommendations for Irish businesses.

We will be continuing the series in 2020.

- 21st February - Closing Your Deals - Preparing for a Record 2020
- 28th February - Managing a Heavy Workload – Goal Setting & Winning Formulas
- 04th March - Positioning Your Business – How to Attract Talent
- 06th March - Witness a Live Hack – Cyber Security for Your Business
- 11th March - Going Global – How to Become an Exporter

You can express your interest for these courses [here](#):

### Other topics to be covered:

- Practical Remote Working Strategies for Your Staff
- Successful Conflict Conversations
- Digital Optimisation – Your Online Presence
- Data Protection as a Marketing & Engagement Tool



## INNOVATION AND R&D PROGRAMME FOR SMES

**This programme perfectly aligns with the 2019 OECD report's recommendations for Irish business – Innovation, R&D and entrepreneurship. This is currently FREE of charge at the pilot phase – a saving of €2,500 per learner. It will be accredited to Level 8 status.**

This programme is an online programme and can be completed in your business environment at a pace that you are comfortable with.

- Module 1: Using research to identify future opportunities
- Module 2: Smart methods to gather and analyse data
- Module 3: Managing your research project
- Module 4: Evaluating success and future opportunities

For more information on the project click here: <https://isme.ie/learning/funded-projects/57219-2/>

Or, contact Adam at [adam@isme.ie](mailto:adam@isme.ie)



## BUSINESS MANAGEMENT PROGRAMMES LAUNCHING IN FEBRUARY, MARCH & APRIL.



- ISME's Essential Management Skills QQI L.6 – End Feb 2020
- Dublin Business School's Diploma Business Management – 16th March 2020
- Griffith College: Marketing & Sales Programme QQI L.7 – April 2020

Please email Adam at [adam@isme.ie](mailto:adam@isme.ie) for expressions of interest and more information on any of these long programmes.

**February**      **Dividend Withholding Tax**

**14<sup>th</sup>**      Due date for payment and filing of returns of withholding tax on dividends paid by companies in January 2020.

**PAYE/PRSI**

**23<sup>rd</sup>**      Filing and payment of PAYE/PRSI deductions for January 2020 (ROS Filers).

**Corporation Tax**

**23<sup>rd</sup>**      Company year-end 31<sup>st</sup> March 2020: Preliminary tax due, minimum 90% of total liability for the year. Small companies can pay 100% of previous year's liability.

Company year-end 31<sup>st</sup> May 2019: Payment of balance of corporation tax and filing of corporation tax return. If this is paid by ROS, the payment date is extended to 23<sup>rd</sup> February 2020.

**Relevant Contracts Tax (RCT)**

**23<sup>rd</sup>**      RCT monthly return and payment for January 2020.

**Corporation Tax**

**29<sup>th</sup>**      Company year-end 31<sup>st</sup> August 2018: Close companies with undistributed profits may have to make a distribution by this date to avoid surcharge.

Company year-end 31<sup>st</sup> May 2019: Filing of 'Return of third party information' (Form 46G).

**Company Secretarial**

**29<sup>th</sup>**      Company year-end 31<sup>st</sup> May 2019: Final date for holding Annual General Meeting.

Filing of Annual Returns dated 31<sup>st</sup> January 2020.

## **VAT Exemption on certain medical diagnostic services**

In *Wolf-Henning Peters (Peters)* (C-700/17), the Court of Justice of the EU (CJEU) concluded that certain medical diagnostic services provided by a doctor to a laboratory could qualify for VAT exemption.

It is generally accepted that most medical services supplied by qualified medical and healthcare professionals are exempt from VAT where they are carried out for the principal purpose of protecting, maintaining and restoring a patient's health. Otherwise, it would be subject to VAT.

In the facts of this case, Peters was a doctor established in Germany specialising in clinical chemistry laboratory diagnostics. Peters provided medical care services to a company that performs laboratory work for independent doctors, rehabilitation clinics, medical services and hospitals.

Peters considered that his services were exempt from VAT and the German tax authorities sought to argue that the VAT exemption does not apply and that these services should be treated as taxable as Peters did not provide his service under a relationship of trust between the doctor and the patient.

In this case, the CJEU ruled that the services provided by Peters could qualify for VAT exemption on the basis that the services were the provision of medical care in the exercise of a medical profession and that it is not a requirement for such a confidential relationship to be in place.

This case is currently very topical given the increase in arrangements where self-employed doctors are providing services via companies.

## **VAT repayment offset changes with effect from 25th November 2019**

With effect from 25th November 2019 VAT registered traders now have an option to automatically offset any VAT repayment claims to another tax head and period on Revenue's Online Services (ROS). We understand that a similar offset function for corporation tax will be available in March.

In the ROS offset screen, it is now possible to instruct that the VAT repayment is offset to another and indicate so by ticking the box provided on screen. It is important to note that if there are outstanding taxes prior to the periods identified in the offset instruction, these periods will be paid by the VAT claim first to ensure that older available debt is satisfied before current or future debt is considered in accordance with the instruction.

The trader will be informed as to how their VAT3 claim was offset, whether that is exactly in accordance with the instructions given or not, through the generation and issue of a Statement of Account outlining to where their VAT3 credit was offset.

The development to automate VAT repayment offsets, where a trader selects and provides a specific offset instruction, should speed up the processing of VAT repayments and is a welcome development.



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