

# TAX GUIDE

## 2011

Audit – Tax – Advisory





# CONTENTS

▶ Main Tax Credits & Bands	2
▶ Mortgage Interest Relief	5
▶ Income Levy	6
▶ Universal Social Charge (USC)	6
▶ Excess Bank Remuneration Charge (EBRC)	7
▶ Social Insurance (PRSI)	8
▶ Pensions – Maximum tax efficient contributions	9
▶ Benefit-in-kind	10
▶ Gift/Inheritance Tax	12
▶ Capital Gains Tax	14
▶ Corporation Tax rates	15
▶ Start-up companies	15
▶ Research & Development Tax credit	16
▶ Intellectual Property Capital Allowances	18
▶ Other Capital Allowances	20
▶ Transfer Pricing	22
▶ Relevant Contracts Tax (RCT)	23
▶ Stamp Duty	24
▶ Value Added Tax	26
▶ Vehicle Registration Tax	29
▶ Dates to remember	30
▶ Mandatory electronic filing	32
▶ Food for thought	34
▶ BDO Offices	35

## MAIN TAX CREDITS & BANDS

	2011 €	2010 €
<b>Personal credits</b>		
Single person	1,650	1,830
Married couple	3,300	3,660
One-parent family/Widowed/Deserted /Separated	1,650	1,830
Widowed person w/out dependent children	2,190	2,430
Widowed person in year of bereavement	3,300	3,660
Widowed person qualifying for one-parent family tax credit	1,650	1,830
Employee (PAYE)†	1,650	1,830
Incapacitated child	3,300	3,660

† Not available to proprietary directors and the self-employed

### Age credit

Single/Widowed person	245	325
Married	490	650

### Blind persons credit

Married (both spouses blind)	3,300	3,660
Single or married (one spouse blind)	1,650	1,830

### Rent relief credit (20% of rent subject to maximum)‡

Under 55 – Single (max)	320	400
Under 55 – Married/Widow(er) (max)	640	800
Over 55 – Single (max)	640	800
Over 55 – Married/Widow(er) (max)	1,280	1,600

‡ Relief is not available to an individual that is considered a 'new claimant' from 8 December 2010. A 'new claimant' is an individual or couple that would not have been entitled to the relief in 2010.

	2011	2010
	€	€
<b>Home carer tax credit</b>		
Spouse caring for children, the aged or handicapped (maximum)	810	900

<b>Tax credit on trade union subscriptions†</b>	n/a	70
---	-----	----

†Relief abolished with effect from 1 January 2011

<b>Dependent relative credit</b>	70	80
----------------------------------	----	----

	2011	2010
	€	€
<b>Tax allowances</b> (allowed at marginal rates)		

**Carer allowance**

(cost of employing carer for incapacitated individual allowed at marginal rate of tax)	50,000	50,000
--	--------	--------

<b>Film investment</b> (max relief)	50,000	50,000
-------------------------------------	--------	--------

<b>Rent-a-room relief</b> (private residence)	10,000	10,000
---	--------	--------

<b>BES scheme</b> (max relief)†	150,000	150,000
---------------------------------	---------	---------

†BES is to be revamped into a new "employment and investment incentive" and remains subject to a ministerial commencement order. BES relief continues until the new scheme is launched.

## MAIN TAX CREDITS & BANDS continued

### Single & widowed persons: no dependent children

20% On first	32,800	36,400
41% On balance		

### Single & widowed persons: dependent children

20% On first	36,800	40,400
41% On balance		

### Married couples: one income

20% On first	41,800	45,400
41% On balance		

### Married couples: two incomes‡

20% On first	65,600	72,800
41% On balance		

‡Excess over €41,800 (2011) and €45,400 (2010) non transferable between spouses

# MORTGAGE INTEREST RELIEF

Mortgage interest relief (Main residence only)	Max. € 2011	Max. € 2010
---	----------------	----------------

## First-time buyer credit – years 1 and 2 – 25%

Single max	2,500	2,500
Married max	5,000	5,000
Widow(er) max	5,000	5,000

## First-time buyer credit – years 3 to 5 – 22.5%

Single max	2,250	2,250
Married max	4,500	4,500
Widow(er) max	4,500	4,500

## First-time buyer credit – years 6 and 7 – 20%

Single max	2,000	2,000
Married max	4,000	4,000
Widow(er) max	4,000	4,000

## Non-first time buyer credit – 15%

Single max	450	450
Married max	900	900
Widow(er) max	900	900

Qualifying loans taken out before 1 July 2011 will continue to get relief for 7 years. Transitional measures will be provided for qualifying loans taken out between 1 July 2011 and the end of 2012. Home loans taken out on or after 1 January 2013 will no longer qualify for mortgage interest relief.

Those, whose entitlement to relief would, in the absence of this change, expire in 2010 or after; will continue to qualify for relief at the applicable rate up until end 2017.

Relief will be abolished by the end 2017.

## INCOME LEVY

	2011	2010
	€	€
<b>Income Levy<sup>†</sup> – employees &amp; self-employed</b>		
2% on first	N/A	75,036
4% on next	N/A	99,944
6% on balance	N/A	

<sup>†</sup>Income Levy abolished in 2011 and replaced with Universal Social Charge.

## UNIVERSAL SOCIAL CHARGE (USC)

The rates of USC applicable for 2011 are as follows:

<b>Under 70 years</b>		<b>Over 70 years</b>	
<b>Annual income</b>	<b>Rate</b>	<b>Annual income</b>	<b>Rate</b>
<b>For payroll purposes</b>			
Up to €10,036	2%	Up to €10,036	2%
€10,036 to €16,016	4%	Over €10,036	4%
Over €16,016	7%		
<b>For self-assessed individuals</b>			
Up to €10,036	2%	Up to €10,036	2%
€10,036 to €16,016	4%	€10,036 to €100,000	4%
€16,016 to €100,000	7%	Over €100,000	7%
Over €100,000	10%		

### For individuals with a medical card regardless of age

<b>Annual income</b>	<b>Rate</b>	<b>Annual income</b>	<b>Rate</b>
Up to €10,036	2%	Up to €10,036	2%
Over €16,016	4%	€10,036 to €100,000	4%
		Over €100,000	7%

## UNIVERSAL SOCIAL CHARGE (USC) cont.

### Notes

- Where an individual's annual income is below €4,004, the USC will not apply. However, once the annual income exceeds €4,004, the USC is applied to the full income.
- It is worth noting that whilst the government introduced a USC rate of 10% as applying to self-assessed individual's, the legislation as it currently stands suggests that it applies to any non-PAYE income in excess of €100,000 (e.g. rental income, dividend income). It is hoped that this issue will be clarified by the Revenue Commissioners in due course.

## EXCESS BANK REMUNERATION CHARGE (EBRC)

The USC rates noted above are replaced with an EBRC at a rate of 45% on awards/bonuses payable to employees of the various institutions that have received state support.

Where awards/bonuses are below €20,000 for a tax year, the EBRC will not apply.

## SOCIAL INSURANCE (PRSI)

2011

### Employer Class A1

---

Employer contribution (including training fund levy)	10.75% <sup>(1)</sup>
---	-----------------------

---

### Employee Class A1

---

Employee contribution	4% <sup>(2) (3)</sup>
-----------------------	-----------------------

---

### Self-employed contributors Class S

---

Self-employed contribution	4% <sup>(4)</sup>
----------------------------	-------------------

---

#### Notes

<sup>1</sup> 8.5% where weekly earnings are not more than €356.

<sup>2</sup> For those earning over €352 per week or equivalent.

<sup>3</sup> First €127 of weekly earnings exempt.

<sup>4</sup> Minimum contribution of €254 for 2011.

## PENSIONS – Maximum tax efficient contributions

Contribution levels deductible for tax purposes are as follows:

<b>Age</b>	<b>2011</b>	<b>2010</b>
Up to 30	15%	15%
30 to 39	20%	20%
40 to 49	25%	25%
50 to 54	30%	30%
55 to 59	35%	35%
60 and over	40%	40%

30% also applies to individuals with limited earnings span, e.g. athletes, entertainers.

There is cap of €115,000 for 2011 (€150,000 for 2010) on the amount of earnings on which tax relief may be obtained for contributions by individuals to Retirement Annuity Contracts and Personal Retirement Savings Account. This cap also applies for employee contributions to occupational pensions schemes.

The earnings limit for 2010 will be deemed to be €115,000 for the purposes of contributions paid by an individual in 2011 which are to be treated as paid in 2010.

The Standard Fund Threshold ("SFT") is capped at €2.3 million with effect from 8 December 2010. A higher threshold may apply if the value of an individual's pension rights is greater than €2.3 million and lower than €5,418,085, i.e. the previous SFT value.

With effect from 1 January 2011, an overall life time limit on the amount of tax-free retirement lump sums that an individual can draw down from a pension is reduced to €200,000. The excess of this amount will be liable to income tax at the standard rate up to €575,000 (i.e. 25% of the SFT). Any further excess will be taxed at the individual's marginal rate of income tax.

## BENEFIT-IN-KIND

### General

In general, the taxable BIK is the higher of the following, less any amount made good to the employer by the employee.

1. The value of the benefit provided to the employee; *or*
2. The cost to the employer of providing the benefit.

However, certain BIKs are subject to specific calculation rules.

### Company cars

The charge to BIK on company cars is currently based on a fixed percentage of the original market value of the car provided to the employee, starting at 30% and reducing to 6% depending on the level of annual business mileage.

It is proposed that the charge to BIK on company cars be based on the cars level of CO<sub>2</sub> emissions. However, this is subject to a ministerial commencement order which, at the time of writing, has yet to be made.

### Private use of employer van

The charge to BIK for the private use of an employer's van is 5% of the original market value of the van. However, this charge does not arise where the employee performs at least 80% of his/her duties of employment away from the employer's premises (subject to certain other conditions).

## Preferential loans

A BIK arises where an employer provides a low or interest free loan to its employees. A BIK arises on the difference between the specified interest rate (below) and the interest rate actually paid in the tax year.

Specified rate for home loans	5.0%
Specified rate for other loans	12.5%

With effect from 26 January 2011 interest must actually be paid, by the employee, in the year of assessment to receive a reduction in the amount of interest assessable to BIK. Previously the reduction was granted on the interest due and payable under a loan agreement.

## Small benefits in kind

An employer can provide an employee with a small benefit to a value not exceeding €250 per annum tax free.

## Cycle to work scheme

Subject to certain conditions, an employer can provide cycling and related safety equipment to an employee, up to a maximum value of €1,000 per employee, tax free.

## Professional subscriptions & employer provided childcare

With effect from 1 January 2011, the payment of professional subscriptions on behalf of employees and the cost of providing free/subsidised childcare facilities for employees are no longer exempt from the BIK charge. Accordingly, the cost is now treated as a BIK and now subject to income tax, PRSI and the USC.

## **GIFT/INHERITANCE TAX** (Capital Acquisitions Tax)

### **Group thresholds**

(Effective for gifts and inheritances taken on or after 1 January 2010)

Parents to child/spouse	€414,799
Blood relative	€41,481
Others	€20,740

(Effective for gifts and inheritances taken on or after 8 December 2010)


Parents to child/spouse	€332,084
Blood relative	€33,208
Others	€16,604

Rate of tax up to threshold amount	Nil
Rate of tax above the threshold amount	25%
Business/agricultural relief – % reduction in taxable value	90%

Gifts and inheritances received since 5 December 1991 within the same group threshold are aggregated to determine the tax payable on the current gift/inheritance.

No gift/inheritance tax is payable between spouses.

The annual gift exemption for gifts received from any particular individual is €3,000.



New and pay and file arrangements have been introduced for gift/ inheritance tax as and from 14 June 2010.

Finance Act 2011 brings forward the pay and file date for all gifts/ inheritances from 31 October to 30 September. This amendment applies to returns filed and tax paid on or after 21 January 2011.

New electronic return (IT38) available through ROS and can be used for all tax years from 2001.

Mandatory to file online where the valuation date is on or after 14 June 2010 unless certain criteria met.

## CAPITAL GAINS TAX

<b>Annual exemption per individual</b>	€1,270
<b>Rate of tax</b>	25%
<b>Retirement relief exemption limit</b>	€750,000

The payment date in respect of disposals in the period January to November is 15 December and the tax arising on disposals in the month of December is due by the following 31 January.

## CORPORATION TAX RATES

<b>Standard rate on trading income</b>	12.5%
<b>Investment/Rental income</b>	25%
<b>Manufacturing rate*</b>	10%

\* Only for established qualifying companies. Expired 31 December 2010

## START-UP COMPANIES

New start-up companies may avail of an exemption from Corporation Tax for the first three years from commencing to trade. Finance Act 2011 extends the exemption to companies which commence to trade in 2011. The value of the relief will be linked to the amount of employer's PRSI paid by a company in an accounting period subject to a maximum of €5,000 per employee and an overall limit of €40,000.

Among the conditions to be satisfied in order to qualify for the exemption are:

- The company must be incorporated on or after 14 October 2008
- The company must commence to trade during 2009, 2010 or 2011
- The trade must be a new trade, and
- Professional services companies cannot qualify for exemption.

# R&D TAX CREDIT

## General

A credit of up to 25% of a company's expenditure on qualifying research and development activity can be offset against a company's corporation tax liability.

The method of calculating the relief is on an incremental basis using a base year threshold amount to determine the level of incremental expenditure.

The base year is fixed at 2003.

Partial relief is also available to companies for the cost of sub-contracting research and development work to unconnected parties.

## Cash rebates of R&D tax credits

For accounting periods commencing on or after 1 January 2009, it is possible to claim a rebate of excess R&D tax credits over the corporation tax liability of a company for the same and previous accounting period.

The rebate is payable in three installments and is restricted to the greater of the following two amounts:

- The aggregate corporation tax paid by the company for the previous 10 accounting periods, *or*
- The aggregate Irish payroll tax liabilities accounted for by the company for the accounting period in question.

Any rebate due will be paid in three installments over a period of 33 months from the end the accounting period in question. The relevant dates and amounts are as follows:

- 33% of the refund will be payable by 9 months from the end of the accounting period

- 50% of any remaining excess credit will be payable by 21 months from the end of the accounting period
- The remaining excess credit will be payable by 33 months from the end of the accounting period.

Note that the second and third installment must be offset firstly against any Corporation Tax arising in respect of the company's subsequent and next subsequent accounting period respectively, with any remaining balance being refundable in the manner specified above.

Where a company carries out qualifying activities in a fixed geographical R&D centre during 2003 and subsequently the centre ceases to operate, subject to meeting certain criteria, the amount of expenditure incurred at that centre can be excluded from the base year threshold amount for the purposes of calculating the current year R&D Tax credit.

Finance Act 2011 introduced a technical amendment to insure expenditure qualifying for relief under the Intellectual Property regime does not qualify.


## INTELLECTUAL PROPERTY CAPITAL ALLOWANCES

Capital allowances are available in respect of capital expenditure incurred in relation to the acquisition/internal generation of intellectual property assets on or after 7 May 2009.

The tax deduction allowed is equal to the amount of accounting amortisation or impairment charged in the annual financial statements of a company. Alternatively, a company may elect to claim the tax deduction over 15 years (7% per annum and 2% in year 15). The 15-year period applies to all capital expenditure incurred on that asset and the election, if availed of, is irrevocable.

The definition of IP assets is broad and includes the acquisition of, or the licence to use:

- Patents and registered designs
- Trademarks and brand names
- Know-how
- Secret processes, formulae or other secret information concerning commercial, industrial or scientific experience (effective from 4 February 2010)
- Domain names, copyrights, service marks and publishing titles
- Authorisation to sell medicines, a product of any design, formula, process or invention (and any rights derived from research into same)
- Certain computer software and or right to use/deal with computer software (effective from 4 February 2010), and
- Goodwill, to the extent that it directly relates to the assets outlined above.



The tax deduction is only available for utilisation against trading income generated from the exploitation of the IP assets and is subject to certain other restrictions.

The minimum period of ownership of an intangible asset that a company must have in order to avoid a clawback of capital allowances on the disposal of said asset is 10 years.

Capital allowances are also available in respect of capital expenditure incurred on intangible assets prior to the commencement of a trade.

## OTHER CAPITAL ALLOWANCES

	Motor vehicles Year 1 – 8‡	Plant & machinery Year 1 – 8‡	Industrial buildings
Writing down allowance	12.5% p.a.	12.5% p.a.	4% p.a.

‡ These allowances apply to expenditure incurred on or after 4 December 2002.


Accelerated capital allowances are available for certain energy efficient equipment acquired by a company. The allowance for such equipment is 100% of the cost of the asset.

In order for the equipment to qualify, it must be maintained on a list published by the Sustainable Energy Authority of Ireland.

The maximum allowable capital cost for new and second hand private cars purchased on or after 1 January 2007 is €24,000.

In respect of motor vehicles purchased or hired on or after 01 July 2008, the allowability of allowances and expenses are linked to the CO<sub>2</sub> emission levels of the vehicles. The vehicle emission categories are as follows:

Vehicle category	CO <sub>2</sub> emissions (CO <sub>2</sub> g/km)
A	0g/km up to and including 120g/km
B	More than 120g/km up to & including 140g/km
C	More than 140g/km up to & including 155g/km
D	More than 155g/km up to & including 170g/km
E	More than 170g/km up to & including 190g/km
F	More than 190g/km up to & including 225g/km
G	More than 225g/km



The qualifying cost for capital allowance purposes for each category is as follows. In each case, the specified amount equals €24,000.

- a.** In the case of a vehicle in category A, B or C, an amount equal to the specified amount,
- b.** In the case of a vehicle in category D or E, an amount equal to:
  - i.** 50% of the retail price, at the time of purchase, of the car where the retail price is less than or equal to the specified amount, or
  - ii.** 50% of the specified amount where the retail price, at the time of purchase, is greater than the specified amount.
- c.** In the case of a vehicle in category F or G, nil.

## TRANSFER PRICING

Finance Act 2010 introduced general transfer pricing legislation. The provisions apply to cross-border and domestic transactions and will generally apply to any transaction between associated enterprises involving services, goods, money or intangible assets. The provisions will apply where Irish trading receipts are understated or trading expenses are overstated.

The legislation has been introduced for chargeable periods commencing on or after 1 January 2011. The regime will not apply to contracts or terms and conditions agreed before 1 July 2010. Any new arrangements or amendments to existing arrangements after this date will be within the scope of the new regulations.

Small and medium enterprises (broadly defined as enterprises with less than 250 employees and either a turnover of less than €50m or assets of less than €43m on a global consolidation basis) are excluded from the scope of this legislation.

The larger companies to whom transfer pricing will apply should maintain sufficient documentation to show compliance and must ensure that such documentation is made available on request.

## RELEVANT CONTRACTS TAX (Reform)

The current RCT system is being replaced with a three rate withholding system on a revenue neutral basis being:

- 0% rate for subcontractors who meet the current certification (C2) criteria
- 20% rate for subcontractors registered for tax with an established compliance record
- 35% rate to apply to all other subcontractors.

The monthly repayment system will be abolished and will be replaced with an offset system. There will also be a strengthening of the reporting system for RCT Principals in order to enhance compliance and reduce the opportunities for fraud.

## STAMP DUTY

	Consideration (€)	Rate
Stocks & shares		1%
<b>Land/Commercial Buildings/Goodwill</b>		
	0 – 10,000	Exempt
	10,001 – 20,000	1%
	20,001 – 30,000	2%
	30,001 – 40,000	3%
	40,001 – 70,000	4%
	70,001 – 80,000	5%
	Over 80,000	6%

These rates apply to the full value of the property.

### Residential property

Consideration:	Up to €1,000,000	Amounts over €1,000,000
First time buyers, new & second hand houses.	1%	2%
Other buyers & investors – new house less than 125sq m.	1%	2%
Other buyers & investors – second hand houses or new houses over 125sq m.	1%	2%

## General

Various residential reliefs and exemptions are abolished in respect of instruments executed on or after 8 December 2010, including:

- First time buyer relief
- Relief for purchases of new property by any owner-occupier
- Relief for the transfer of a site to a child
- The exemption for purchases not exceeding €127,000, and
- The 50% relief for transfers of residential property between relatives.

# VALUE ADDED TAX

## VAT registration thresholds

€

Supply of taxable goods in Ireland. (90% of turnover must be from the supply of goods for this threshold to apply)	75,000
Provision of taxable services in Ireland	37,500

**Note 1.** These thresholds do not apply to traders established outside Ireland who must register irrespective of turnover.

**Note 2.** A registration threshold of €41,000 applies to certain persons acquiring goods in Ireland from other EU member states (other than new means of transport or goods subject to a duty of excise).

**Note 3.** A registration threshold of €nil applies to certain persons acquiring certain services in Ireland from abroad.

**Note 4.** A registration threshold of €35,000 applies in relation to "distance selling" – i.e. persons supplying certain goods to non-taxable persons in Ireland *from* other EU member states.

## VAT Rates

---

**21%** Standard rate (applies to all supplies not chargeable at other rates) Includes – cars, petrol/diesel, telecommunications, soft drinks and alcohol, computers and software, consultancy services, opted leases.

*Standard rate reduced from 21.5% to 21% as of 1 January 2010*

---

**13.5%** Reduced rate applying to certain goods and services. Includes – Heating fuel, electricity, restaurant services, newspapers, hotel and B&B lettings, property and child car seats.

---

**4.8%** Includes – Livestock, live greyhounds , hire of horses etc.

---

**0%** Includes – Exports, certain food and drink, oral human medicine, books, children's clothing and footwear.

---

**5.2%** "Flat rate addition"

---

### VAT exempt services

---

Includes certain financial services, insurance, educational, training, medical, optical and dental services, passenger transport services and non-opted leases.

### Penalties

---

A number of new penalty offences have been introduced with effect from 1 January 2011.

1. Failure to file a VIES return (also known as an EC Sales list or a recapitulative statement) for services (€4,000 for each return not filed).
2. Failure to maintain a Capital Goods Record (in relation to immovable property).
3. Failure to supply a Capital Goods Record.
4. Failure to supply a document to the landlord/assignee in the supply an interest in property which details the amount of tax due on the surrender/assignment and the number of intervals remaining in the adjustment period.
5. Failure to return a VAT 13B authorisation when the holder no longer qualifies.

The amount of the penalty for the above offence is €4,000 per offence.

Another penalty of note which also attracts a €4,000 penalty is the failure to register within 30 days of becoming obliged to register.

# VEHICLE REGISTRATION TAX

## Extension of the car scrappage scheme to 30 June 2011

VRT relief of up to €1,250 will be provided where a car of 10 years or older is scrapped in accordance with certain criteria and a new car of emissions bands A or B (i.e. with CO<sub>2</sub> emissions of 140g/kg or less) is purchased.

## Extension of VRT relief for hybrid vehicles & flexible fuel vehicles

The VRT relief for series production hybrid and flexible fuel vehicles, due to expire on 31 December 2010, is being extended for two years until 31 December 2012, with the rate of relief provided being up to €1,500.

## Increase in the VRT flat-rate for commercial (Category C) vehicles

This is being increased from €50 currently to €200 per year.

## DATES TO REMEMBER

### Income Tax – Pay & File

Preliminary Income Tax payment for 2011	31 October 2011
Balance of tax due for 2010	31 October 2011
File Personal Tax Return for 2010	31 October 2011

2010 filing and payment deadline extended once all payments and the filing of the return are completed via ROS.

### Capital Gains Tax – Payment dates

Disposals made between 1 January 2011 & 30 November 2011	15 December 2011
Disposals made between 1 December 2011 & 31 December 2011	31 January 2012

### Capital Gains Tax – Filing dates

Individuals – 2010 disposals	31 October 2011
2011 Disposals	31 October 2012

### Capital Acquisition Tax – Pay & File

Valuation date between 1 September 2010 & 31 August 2011.	30 September 2011
--	-------------------

## Corporation Tax

---

### Small companies – Payment dates

---

1. Choice of 90% of current year liability or 100% of previous years liability due one month before year end (but no later than the 21st day of that month)
2. Balance of tax to be paid on date the Corporation Tax Return is due.

A small company is a company with a corporation tax liability of less than €200,000 in the preceding year.

### Other companies – Payment dates

---

1. Choice of 45% of current year liability or 50% of previous year liability due in sixth month of accounting period (but no later than the 21st day of that month)
2. Payment bringing total preliminary tax up to a minimum of 90% of current year liability due one month before year end (but no later than the 21st day of that month)
3. Balance of tax to be paid on date the Corporation Tax Return is due.

### Company Tax – Filing date

---

Within nine months of the end of the accounting period but no later than the 21st day of that month.

Where tax payments and filings of returns are completed via ROS deadlines are extended to the 23rd of each month.

## MANDATORY ELECTRONIC FILING


Mandatory electronic filing for companies whose tax affairs are dealt with by Large Cases Division was introduced from 1 January 2009.

The 2nd phase, which affects large companies, local authorities and state agencies came into effect 1 January 2010. The criteria set for companies which must now electronically file and pay on-line are:

- Turnover greater than €7.3 million, *and*
- More than 50 employees.

The 3rd Phase is being introduced in two stages – Stage 1 from 1 June 2011 and Stage 2 from 1 October 2011. Regulations, which Revenue will make shortly, will provide:

- That returns/payments due on or after 1 June 2011 must be made on-line by the following categories of persons/businesses, where they are not already the subject of such a requirement:
  - All companies
  - All trusts
  - All partnerships
  - Individuals filing stamp duty returns as respects instruments executed on or after 1 June 2011
  - Individuals or companies filing a return of payments to third parties [Form 46G]
  - Individuals subject to the high earners restriction
  - Individuals benefiting from or acquiring foreign life policies, offshore funds or other offshore products

- 
- Individuals claiming a range of property based incentives (residential property and industrial buildings allowances).
  - That returns/payments due on or after 1 October 2011 must be made on-line by the following categories of persons/businesses where they are not already the subject of such a requirement:
    - Employers with more than 10 employees.

## FOOD FOR THOUGHT

### Have you considered?

- ▶ Investing in qualifying films
- ▶ Incorporating your sole trade or partnership
- ▶ Investing in Business Expansion Scheme (BES)
- ▶ Maximising your pension
- ▶ Tax efficient charitable donations
- ▶ Provision of PRSA's for employees
- ▶ Employee Incentivisation Schemes
- ▶ Extracting wealth from the business
- ▶ Passing on the business to the next generation
- ▶ Remember certain tax reliefs are effectively restricted so that a minimum effective tax rate of 30% plus PRSI & levies is charged

This publication has been carefully prepared using the existing law incorporating the Finance Act 2011 provisions, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO to discuss these matters in the context of your particular circumstances. BDO, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

## BDO OFFICES

### Dublin

---

Beaux Lane House, Mercer Street Lower, Dublin 2  
T: (01) 470 0000 F: (01) 477 0000 E: info@bdo.ie

Contact:

**Direct Taxes:** Ciarán Medlar, Peter O'Neill, David Giles, John Gilmor  
Gavin, Eddie Doyle or Kevin Doyle

**Indirect Taxes (VAT & Customs):** Ivor Feerick

---

### Limerick

---

Four Michael Street, Limerick,  
T: (061) 414455 F: (061) 414172 E: limerick@bdo.com

Contact: Denis Herlihy or Paul Nestor

---

### Belfast

---

Lindsay House, 10 Callender Street, Belfast BT1 5BN  
T: 048 9043 9009 F: 048 9043 9010 E: belfast@bdo.co.uk

Contact: Frank McCartan, Peter Burnside, Maybeth Shaw or  
Sean Lavery


---







[www.bdo.ie](http://www.bdo.ie)



BDO is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business.

BDO, a partnership established under Irish Law, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent members firms.

BDO is the brand name for the BDO International network and for each of the BDO Member Firms.