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## DO YOU KNOW ANYONE STARTING A NEW BUSINESS? WE CAN HELP!

According to the experts, thousands of start-ups are expected this year. Apparently in Ireland, we're losing small medium sized enterprises (SMEs) every day, but for each one of those, many more are starting up. The majority of them are one person bands, risk averse, taking on little or no debt, and not employing anyone any time soon. As far as Ireland's economic recovery goes, they point to long and slow because they'll do little to reduce rising unemployment.

Of all the firms in Ireland, only a few are big businesses. The rest are SMEs which employ the majority of the workforce. They're the shopkeepers, taxi firms, hairdressers and plumbers we do business with everyday and can't get by without. They've been more robust in the current recession than many analysts expected. At the height of the recession in the 1990's, hundreds of SMEs a week were closing. This time around they seem to be carrying less debt and are better placed to make their repayments and keep their costs down.

### Redundancy money

So why are so many would-be entrepreneurs choosing now to give it a try? People are looking for something to do with their redundancy money. Savings are attracting such derisory levels of interest that people are more willing to take the risk. Like many new business owners they're able to finance the start-up themselves without borrowing, and they intend to stay small.

There are always people who have long held a dream of working for themselves, for whom redundancy is just the push they need. Also, owners of empty premises are doing good deals in order to attract businesses in. There are deals to be had from suppliers too. It's always that bit cheaper to start up in recession. If you have an idea for how to improve on something already on the market you could find that a lot of your competition has already gone to the wall, leaving you the way clear to pick up the customers as the economy recovers.

If you know anyone who is thinking of starting a business why not give us a call and we will send them our free "New Business Kit – The financial, tax and accounting considerations of starting a new business".

## Team Update

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*At Paul O' Donovan & Associates we have a team of experienced qualified Accountants on hand at all times to provide assistance and advice when you need it most.*

### Paul O' Donovan & Associates Business Start Up Services

Paul O'Donovan & Associates employs an experienced team of qualified Chartered Accountants, each with extensive business exposure, technical know-how and the commercial and financial skills needed to help you implement your project. We can provide the following business support services:

- Initial evaluation and assessment of your project or concept
- Development and implementation of a feasibility study
- Formulation of a business plan or development strategy
- In house expert consultative service
- Formulation of financial plans and access to sources of funding
- Innovation and technology issues (licensing, patenting, etc)
- Access to a network of specialists and mentors
- Development of an e-commerce strategy evaluation and implementation
- Provision of strategic links to financial institutions and potential public and private partnerships
- Grant applications to enterprise boards
- Introductions to like-minded entrepreneurs and innovators in the region

### Ireland Receives Taxation Commission's Report

The Irish Commission on Taxation's comprehensive report on the overhaul of the Irish tax system, spanning over 550 pages and with over 230 recommendations has been published.

As anticipated, the Commission, in its report, recommended the introduction this year of an annual property tax, increases in water charges, and a dedicated carbon tax, as well as calling for the expansion of the PRSI tax base and streamlining of the income tax system.

Although most of the Commission's proposals are thought to be major contenders for inclusion in Finance Minister Brian Lenihan's forthcoming December budget, the proposed property tax – arguably the focal point of the report – was ruled out by Lenihan before the report was even presented.

According to the Commission, Lenihan's December budget should feature a carbon tax, which would raise revenues of around EUR500m annually and be levied progressively, according to the carbon footprint of each fuel type. This is expected to amount to around 5 cents on a litre of petrol, according to reports.

Another recommendation contained in the Commission's report was far-reaching reform of the tiers of the existing income tax system.

The PRSI tax base would also be expanded under the Commission's proposals, and would include making all workers pay PRSI on all sources of income.

Possibly the most controversial measure within the report was the Commission's recommendation to begin taxing welfare payments and child benefit.

The report however stressed that any tax on child benefits 'should be means tested' in order that the poorest families aren't unfairly burdened, and noted that impoverished families should not come under its scope.

Other key measures recommended by the report included phasing out Ireland's attractive regime for artists, and removing stamp duty from ATM, credit card and debit card transactions.

The Commission, formed in February 2008, was drafted in to propose enhancements to "the structure, efficiency and appropriateness of the Irish taxation system", in such a way as to retain Ireland's low-tax economy whilst not introducing tax policy that might discourage employment.

We think that anyone considering establishing a new business would be encouraged by the prospect of a three year tax holiday at start-up, whether they are founding a new company or setting out as a self employed person.

Also larger companies would welcome greatly simplified rules for paying their taxes and new flexible options to set their investment in research and development against their payroll costs.

With these changes in our tax system happening shortly please note we WILL keep all clients fully aware of the actions and timescales involved. Talk to us sooner than later if you have any concerns over the proposed changes.



## A New Angle on "Snail Mail" From paper to electronic!

The Swiss postal service now offers an electronic Post Box to customers wanting to receive their physical letters over the internet.

This system was first developed by the Seattle-based company Earth Class Mail, which has its own subscribers around the world.

### 'Relevant mail'

For 14 Euros a month, letters are redirected to a secret location in Zurich where the envelopes are scanned and an image is e-mailed out to customers. They can then decide whether letters should be opened and scanned by vetted personnel sworn to secrecy, or simply shredded.

### Internet power

The Swiss Post Box service is currently only available in Switzerland and Germany, with plans to expand to locations in France, Italy and Austria this year. The service is tapping into the power of the internet which is replacing snail mail business with e-mails, documents in PDF files and downloads.

We wonder if this will work in Ireland?

## FINDING A GOOD HOME FOR YOUR CASH

With deposit interest rates set to fall again, now could be the time to invest any money you're sitting on. Vintage wine and antique cars seem to be the talk of the town right now but not many of us have a Ferrari sitting in our driveway. But although we're still in the midst of a recession, many of us still have some cash built up during the good years.

If you're one of these, you're probably not too happy with the deposit rates currently on offer. Last January, you could have snapped up an interest rate of 8 per cent by opening a regular saver account with Anglo Irish Bank. Today, you'll only get a rate of 5 per cent on the same account -- and that's about as high as deposit rates go these days.

So if you've some cash that you want to invest in something other than a low-interest deposit account, where should you start? If you are looking for alternatives you should generally avoid products which promise unrealistic returns and have high investment charges. If your broker says that you don't have to pay any fees or charges on a particular investment, this usually means those charges have been built into the product from the start -- so find out how exactly those built-in charges will affect any return you expect to make.

If you are seeking an unbiased opinion, avoid approaching your bank for investment advice -- or taking up its offer of a 'free financial review'. An adviser in a bank is known as a tied agent and cannot recommend products other than those offered by the bank or its life assurance arm.

Banks are now in a drive to rebuild their profitability, and we think this means they'll be using their sales route to push their own products. Financial reviews should be treated as a sales approach from your bank rather than advice. Be sceptical of such reviews and benchmark them against independent advice.

What if you have a larger sum to invest?

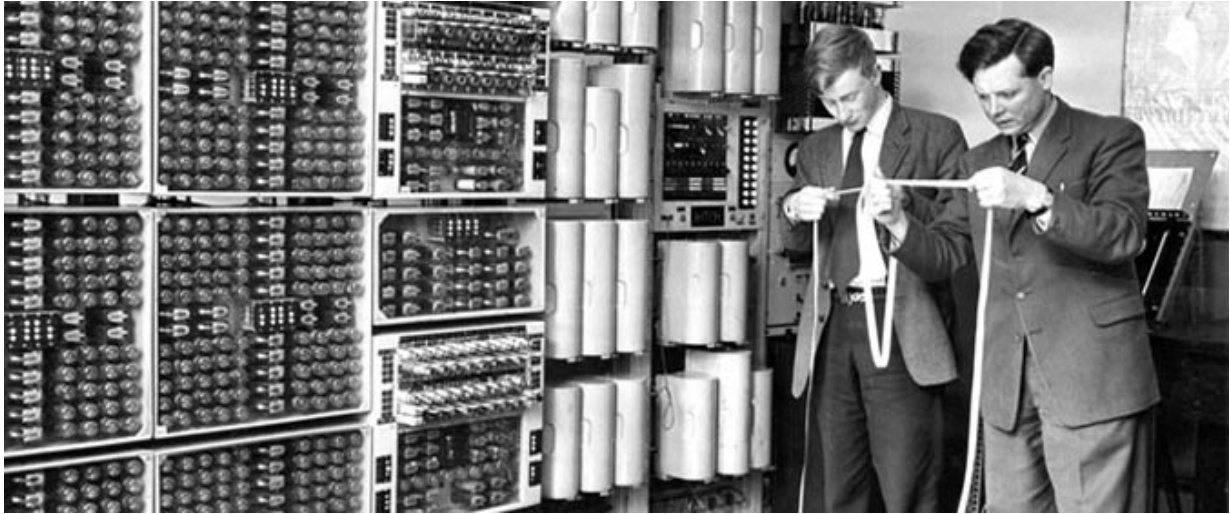
With a large sum, you can approach a range of firms for advice, including the private client unit of a stockbrokers, or our authorised financial adviser, Thomas O' Regan and the wealth management team of Paul O' Donovan & Associates.

If you want to make your own investment decisions, we will do the research for you -- and provide you with information and advice. With lump sums to invest, we can provide you with advice on various investment products, in both domestic and international markets. Our advice is to contact us and we will look at all the alternatives.

The key to a sizeable lump sum investment is diversification so a mix of advisers would be best. The overall stability of the company you invest in is important. You also want to make sure your money is spread across different types of investments.

Whether you have €5,000 or millions to invest, our financial adviser who is regulated by the Institute of Chartered Accountants, is available to give you advice to help you to make the best possible decision.

Definitely! For some people it will become the norm. Initially, we can think that Expats would benefit and those working away from home, but maybe there will always be the need for the Post man as we do still love putting pen to paper!



## The Latest IT!

Bluetooth burglar alarm protects mobiles and laptops.  
Radio controlled alarm fobs off thieves.

Mobile technology specialist TenBu has launched a Bluetooth based security gadget called Nio that protects laptops and other Bluetooth devices while you're away from the office. Nio works by creating Bluetooth links to your mobile devices and sounding an alarm if the link is broken, such as would happen if you accidentally abandoned one of your devices in a restaurant or if a thief tried to run off with one.

This is an interesting use of Bluetooth technology, but it raises several questions. For example, Bluetooth devices have a poor reputation for battery life. Although the makers claim Nio's battery would last for several weeks before needing a recharge, it remains to be seen what impact using Nio would have on the batteries in laptops and mobile phones.

Similarly, the Police and insurance companies may not welcome such devices without reservation. After all, thieves are unlikely to return stolen goods just because the victim starts shouting at them.

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