

Re-Appointment of Managing Partner



I am delighted to announce that my partners have re-elected me as Managing Partner. I have really enjoyed my first term and am looking forward to managing the firm for the next three years. I am fortunate to have a superb team in OSK.

Providing an excellent service to our clients will continue to be our priority. We constantly review how we can improve the service we provide to you and your feedback is always welcome.

It has been a most uncertain start to the year. Our clients have become very aware of world economic matters. Almost daily we are asked for our opinion on many business topics such as interest rates, inflation and the outlook for European property and equity markets.

It is important to be realistic but we must not talk ourselves into a recession. Many businesses and industries are still performing well despite some negative sentiments being expressed in the media.

The team at OSK look forward to supporting and advising you during the year ahead.

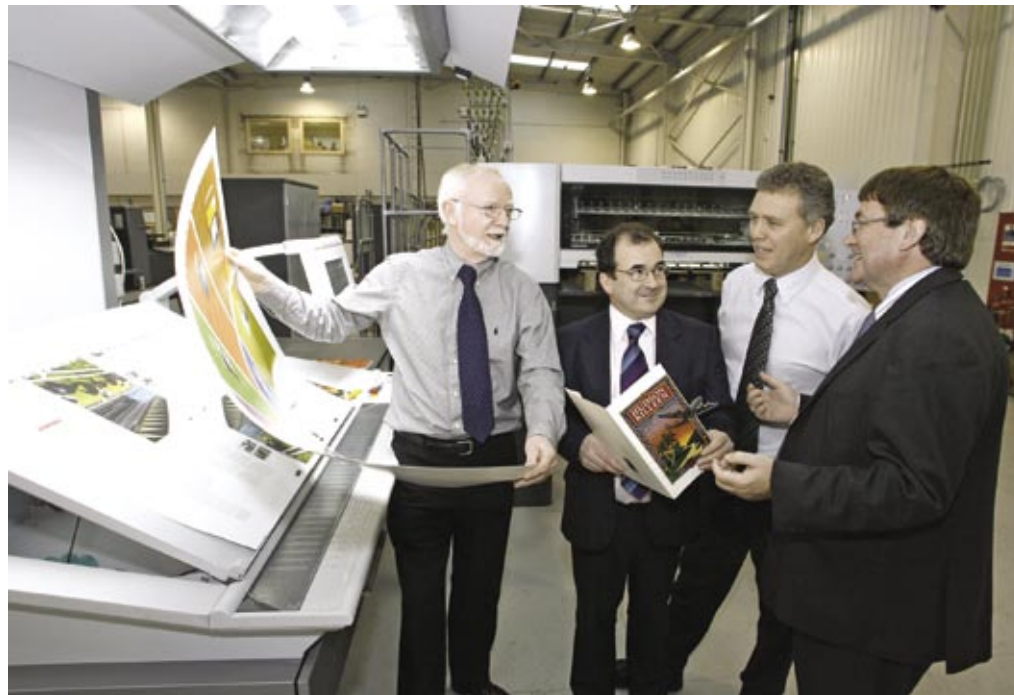
Warm regards,
Tadhg O'Sullivan

OSK advise Hudson Killeen Ltd. in move to new premises

OSK recently advised Hudson Killeen Ltd. on the sale of their premises in Dublin Industrial Estate and the purchase of larger premises in Ballycoolin Business Park. This also involved advising the company on the financing of two new state-of-the-art Heidelberg printing presses and a fully automatic plate making system.

Ulster Bank provided the financing for all these purchases.

Hudson Killeen are one of Ireland's leading suppliers of high quality, lithographic print solutions. They specialise in the production of promotional literature and marketing material.



Pictured in front of the new Heidelberg SM102-10P machine are (L-R) Jim Hudson (Sales Director, Hudson Killeen), Michael Shine (Senior Manager, Ulster Bank), Sean Killeen (Managing Director, Hudson Killeen), Tadhg O'Sullivan (OSK)

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Payments to Employees

Employers are often looking for tax-efficient ways by which to remunerate staff. Below are some ideas that might be applicable for your business.

Vouchers

Where an employer provides a one-off benefit to an employee in a tax year and the benefit is in non-cash form and is no more than €250 PAYE and PRSI need not be applied to that benefit. Where a benefit exceeds €250 the full amount is taxable. If an employer provides small benefits on an on-going basis, say €25 voucher every so often, the first voucher is not taxable but all subsequent vouchers are taxable as BIK.

Laptops/Mobile Telephones

Where an employer provides an employee with a laptop or mobile telephone for business use a taxable benefit is deemed not to arise where private use is incidental to the business use.

Home High-Speed Internet Connection

Where an employer provides an employee with a home high-speed internet connection for business purposes and the employer pays for the costs of installation and use a taxable benefit is deemed not to arise where private use is incidental to the business use.

Employee using own car for business travel

Where an employee uses his own car for business travel and provided he pays all the running expenses, e.g. fuel, insurance, tax, repairs, he may be entitled to a tax free payment for business miles travelled. The current rates per kilometre are

Official Mileage in a calendar year	Engine Capacity		
	Up to 1,200 cc	1,201 cc to 1,500 cc	1,501 cc and over
Up to 6,437km	52.16 cent	61.66 cent	78.32 cent
6,438km and over	27.08 cent	30.96 cent	36.65 cent

An employee may be entitled to a subsistence allowance where he is away from the normal place of work for at least 5 hours. The current rates are

Class of allowances	Night allowance	10 hours or more	5 hours but less than 10 hours
A rate	€144.45	€43.13	€17.60
B rate	€141.60	€43.13	€17.60

As with any tax free payment, certain conditions must be satisfied. Revenue leaflets IT51 and IT54 can be obtained from the Revenue and provide more detailed information.

OSK Clients acquire commercial property in Munich, Germany



Custom House Capital have recently completed the purchase of a retail, office and hotel property investment in conjunction with OSK clients.

The total acquisition price was circa €99 million at an initial yield of 5.88%.

The modern development in Munich's Parkstadt district consists of a retail and office building, an existing 225 room hotel and a new four star hotel with 160 rooms, yet to be constructed.

The type of investment is ideally suited to direct investors or through a variety of pension arrangements.

About Custom House Capital Limited

Custom House Capital Limited, established in 1997, has a proven track record of introducing excellent investment opportunities to investors and has purchased in excess of 200 properties on behalf of clients in a number of different countries.

The Company are authorised by the Financial Regulator under Section 10 of the Investment Intermediaries Act 1995.



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PRSI for the Self-Employed

In most cases, self-employed people aged between 16 years and 66 with earnings of €3,174 or more a year must pay Class S PRSI. The Department of Social and Family Affairs is the government department responsible and they have issued an information leaflet (SW74) to help you understand the PRSI position of self-employed people.

Some of the questions commonly asked by our self-employed clients are covered below:

Who pays Class S PRSI?

PRSI Class S is paid by self-employed people such as:

- farmers, professional people (for example, doctors, dentists, solicitors etc.), certain company directors, people in business on their own or in partnerships, authors, artists, religious, contractors, sub-contractors carrying on independent businesses, people with income from investments, rents or maintenance payments
- employees who are also self-employed in a trade or profession pay Class S PRSI as well as their PRSI contribution as an employee
- company directors, motorcycle couriers etc. who pay their tax through the PAYE system but who are not regarded as employees for social insurance purposes.

Self employed medical card holders with earnings of €3,174 or more a year must pay Class S PRSI.

What benefits may I get by paying Class S PRSI?

PRSI Class S provides cover for:

- Widow's and Widower's (Contributory) Pension
- Guardian's Payment (Contributory)
- State Pension (Contributory)
- Maternity Benefit
- Adoptive Benefit
- Bereavement Grant.

Class S PRSI does not provide cover for any other schemes/benefits.

Where can I get more information?

For more information on PRSI for the self-employed, contact your local Social Welfare Office or Self Employment Section below.

Self-Employment Section

Social Welfare Services Office
Cork Road
Waterford.

Tel: Waterford (051) 356000
Dublin (01) 704 3000

E-mail: selfemployment@welfare.ie

You can get information on social welfare services, or get information booklets and application forms from any of the following sources:

- www.welfare.ie,
- from your local Social Welfare Office (see State Directory section of your phone book or the Golden Pages for contact numbers),
- by telephoning the Department's LoCall Leaflet Request Line at **1890 20 23 25**,
- by telephoning Information Services at **LoCall 1890 66 22 44** (from the Republic of Ireland) or **+ 353 71 91 93313**.

Promotions



Congratulations to Lauren Allman and Alan Ward who were promoted to Assistant Manager – OSK Audit.

New Faces



Welcome to Padmadevi Ramalingam who joined OSK Small Business Support and to Jenny Gallagher who joined the Finance team over the past few months.

Changes to Stamp Duty on Residential Property

The stamp duty system applicable to residential property has been reformed with a view to stimulating the housing market. A simplified system with two rates has been introduced. There will be an exemption on the first €125,000 consideration, 7% stamp duty on amounts above €125,000 and not exceeding €1 million, and 9% on amounts in excess of €1 million*. The table across compares the old and new rates of stamp duty.

House Cost	Old Liability/ Effective Rate	New Liability/ Effective Rate
€500,000	€37,500 (7.5%)	€26,250 (5.25%)
€1,000,000	€90,000 (9%)	€61,250 (6.125%)
€1,500,000	€135,000 (9%)	€106,250 (7.08%)
€2,000,000	€180,000 (9%)	€151,250 (7.56%)

* This relates to purchasers other than first time buyers and owner occupiers of new property under 125m².

Client Profile - Wills and Estate Planning

Have you followed up on your New Year resolution to make a will?

Ruairi O Ceallaigh, Partner in the firm of Sean O’Ceallaigh & Co runs through some of the practicalities in relation to making a will and Estate Planning.



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Q. When to make a will?

As Benjamin Franklin once said “there are two certainties in life, death and taxes”. The time to make a will is now regardless of your age. Having worked in the legal profession for over 20 years I have visited many clients on their death beds in hospital or in their home who have never made their wills. As you can imagine this is not the ideal situation in which to be and generally they have then neither the time nor – in many cases the ability to plan effectively.

Q. Why make a will?

If you do not have a will made the Succession Act determines to whom your Estate passes. If you are married with children and die without a will your spouse would be entitled to 2/3rds of your Estate and your children would share 1/3rd. This could be potentially awkward for your spouse especially if some of your children started to demand their 1/3rd share. There are also tax-planning aspects in respect of making a will and with the correct advice large tax liabilities can be avoided.

Q. What do I need to make a will?

You need to appoint an executor which is essentially the person who will administer your estate after your death. It is advisable to consider having two executors.

You need to have an idea as to how you wish to divide up your assets in the event of your death. This will obviously vary if you are married, widowed, or separated with children.

Q. Where do I make a will?

It is preferable to make a will in a solicitor’s office. A homemade will can be purchased somewhere like Easons, however in 20 years I have yet to come across a homemade will that did not contain errors which had to be rectified subsequently.

Q. How much can I leave before Inheritance Tax kicks in?

These are the thresholds:

Group A	Children	€521,208
Group B	Brothers, sisters, nieces, nephews and/or grandchildren	€52,121
Group C	Any other relationship	€26,060

Q. What is the cost of making a will?

A simple will costs €150 plus vat and a more complicated will would be priced on a time basis.

Exam Success



Well done to Tim Roddy, Aine Mulligan, Alan Ward and Aine Moran who recently passed their Final Admitting Exams with the Institute of Chartered Accountants and to Olga Ciesielska who also passed her final ACCA exams. Congratulations also to Clíodhna Grant who passed her final exams with the Institute of Taxation.

OSK services

OSK Audit

OSK Tax

OSK Business Advisory Services

OSK Corporate Finance

OSK Contracting

OSK Small Business Support

OSK Company Secretarial

Disclaimer

These articles provide a general guide only and specific advice should be sought before any action is taken.

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



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