

Then & Now



1985 - Clients, Friends & Sporting Hero

Back row L to R: Tadhg O'Sullivan, OSK, Dave O'Halloran, Coyle Hamilton, Diarmuid O'Siochain

Front row L to R: Harry McElhinney, Clontarf Private Nursing Home, Seve Ballesteros, Sean Griffin, Kieran Howard, B & R Howard Ltd



OSK Golf Outing 1994, Paula Oliver presents to Liam Walls, PJ Walls



2000 - Opening of Swords Office
L to R: David Keogh, Label Tech Ltd, Tadhg O'Sullivan, Dylan Byrne and Terry Oliver, OSK



January 2005 - OSK Partners
L to R: David Price, Brian Dignam, Sean Fitzpatrick, Tadhg O'Sullivan, Jimmy Dolan, Imelda Prendergast, Dylan Byrne



21st Birthday Message

As one of the founding partners of the practice, it gives me great pleasure in 2006 to be celebrating OSK's 21 years advising Irish business.

As many of you will know, running and growing a business is a great learning and rewarding experience. OSK started in 1985 with two partners and six staff in a small office on Grafton Street. From there we moved to Baggot Street, Fairview and Swords and more recently to state of the art offices in East Point Business Park. We now have six partners and over sixty employees. While many faces have changed, our underlying ethos has remained the same and we continue to deliver practical advice to progressive Irish businesses.

Most importantly we are delighted that many of our clients have been with us throughout our journey to date and we thank all of our clients, both old and new, for their continued support.

The economy has changed enormously during the last 21 years, with each change bringing a new set of rewards and challenges. In 1985, unemployment was the biggest issue. In 2006 there has been a complete reversal with filling jobs now an issue for many sectors.

Over the same period the Irish taxation system has undergone significant changes. The move to Self-Assessment and Revenue Audits, the development of electronic monitoring and latterly filing of returns and the dramatic reduction in tax rates, have all led to increased levels of compliance. In 1985 the top rates of Income Tax, CGT & Corporation Tax were 65%, 60% & 50%. Today they are 42%, 20% & 12.5%. Significant though these reductions have been they were surpassed by the level of reduction in interest rates over the same period. Let us hope that both remain low for the next 21 years.

Indeed there have been significant changes in all areas of compliance over the years. Although this has increased the administrative burden, it has had a positive impact on the way business is conducted. We will continue to assist our clients in complying with all regulatory requirements.

We look forward to continuing to deliver effective advice to help your business succeed and prosper.

With sincere thanks for your business over the last 21 years.

Warm Regards,

Tadhg O'Sullivan

IN THIS ISSUE:

[Then and Now](#)

[21st Birthday Message](#)

[Tax Pensions and the Efficient Acquisition of Property](#)

[Revenue Audits](#)

[Hudson Killeen Celebrating 25 Years in Business!](#)

Celebrating 21 Years Advising Irish Business



Ned Gladney - OSK Tax
t: 01 439 4228
e: gladneyn@osk.ie

Tax Pensions and the Efficient Acquisition of Property

Ned Gladney recently presented to members of the Institute of Auctioneers & Valuers on property tax.

PENSIONS – THE NEW PROPERTY TAX INCENTIVE?

With the extinction of most property tax incentives on 31st December 2006 pension planning will become more important as a tax effective manner of acquiring property.

Two specific areas where pensions may be used in a tax effective manner are:

1. Pension Mortgages

An interest only loan is matched with a personal pension plan. At retirement age the pension fund is used to clear the outstanding loan balance. The aim is for the pension fund to grow sufficiently to clear the loan at retirement date. Only interest is paid on the loan which makes the loan highly tax effective. Pension contributions are made to a separate private pension fund and subject to normal tax criteria should be fully tax deductible. In effect one is getting a tax deduction for what in effect are capital repayments.

Only 25% of the lump sum available at retirement may be taken tax free. If this amount is not sufficient to clear the outstanding loan, the balance will be subject to tax at the marginal rate of tax. The likelihood of such an outcome depends of course on the individual's funding capacity.

2. Self Administered Pension Schemes

Self Administered Pension Schemes may now, subject to certain conditions, borrow. This increases their attraction as property investment vehicles.

In a Self Administered Pension Scheme:

- The loan is taken out by the pension scheme
- The property is acquired by and in the name of the pension scheme
- Interest is paid by the pension scheme
- Rent is received by the pension scheme
- Pension contributions are made to the scheme to pay down the borrowings

There are certain investments which are not allowed by pension schemes. The most relevant exclusions are as follows:

- Self dealing. Pension schemes may not purchase, sell, lease or rent property to the beneficiaries of the pension scheme.
- Pride in Possession Investments such as holiday homes, antiques, art work, classic cars, fine wines etc.

New Year's Resolution 2006

Review your personal wealth plan for 2006.
Contact OSK Today

Deadlines to Remember!

P35 Return

P35s for the tax year 2005 must be filed with the Revenue by 15th February 2006.

Penalty

Employers who fail to submit a P35 return on time will be liable to a penalty of €630 and €630 for every month thereafter that the P35 remains outstanding, subject to a maximum penalty of €2,535.

Penalty Interest

If there is a balance of PAYE/PRSI payable with the P35 and that amount is more than 10% of the total PAYE/PRSI due for the year, interest on that amount will be calculated from 31st July 2005.

Capital Gains Tax

If you made any disposals, during the period from 1/10/05 to 31/12/05, giving rise to a capital gains tax liability, the capital gains tax must be paid before 31st January 2006.



Terry Oliver - OSK Tax
t: 01 439 4227
e: olivert@osk.ie

Revenue Audits

In light of the amounts of tax that revenue's recent campaigns have yielded, it is now their intention to keep up with this high 'tax take' approach.

For years the Revenue Audit programme has seen a dedicated number of staff conducting Tax Audits and in most cases extracting additional tax.

Certainly the "Leslie Reynolds" audit has increased Revenue's profile on audit matters and has heightened the public's awareness of how Revenue use their considerable powers.

The Revenue have recently been concentrating their audit programmes sectorally, examples being, Health and Leisure, Motor Trade and Fishermen.

It is widely envisaged that 2006 will be "The Year of the Builder". There has been widespread abuse of the RCT (Relevant Contracts Tax) regulations within the industry and Revenue are now to take non-compliant operators to task.

Other areas that will receive consideration will be "Professional Service Providers" especially those involved in the building/developer area.

Targets for Revenue Audit: -

1. Late or non-filing of tax returns.
2. Late payment or non-payment of taxes.
3. Third party information. Revenue may act on information supplied by interested parties.
4. Suspicious transactions. Internal dissemination of information within Revenue.
5. Large transactions. These can be of a monetary or high profile nature.

It will also be interesting to see if Revenue decide to follow up on purchasers of foreign property, a phenomenon that does not appear to have abated. How these properties were funded will be of particular interest, if they come to light in a Revenue Audit.

In the words of Benjamin Franklin there are two things that are certain in life "Death and Taxes".

You have been warned!

New People

A big welcome to the trainee accountants who joined OSK in recent months - Edel Wynne, Cian Morrissey, James Devine, Aidan Kearney and Declan Moore.



Edel Wynne



Cian Morrissey



James Devine



Aidan Kearney



Declan Moore

Hudson Killeen Celebrating 25 Years in Business!

Hudson Killeen one of Ireland's leading printers have been a client of OSK since 1985. As one of OSK's longest standing clients, we are delighted to profile them in this 21st celebratory edition.

Established in 1981, Hudson Killeen is one of the longest standing service providers of high quality, lithographic print solutions in Ireland.

Nominated Irish Printer of the Year in 2004, and the proud recipients of over 15 additional print awards, it is no wonder that many of our customers return to us time and time again for their print needs.

We specialise in the production of promotional literature and marketing material and are renowned within the industry for delivering a 'best-in-class' lithographic print service.

Our Success is a direct result of our people, our technical expertise and our continuous investment in state of the art pre press, printing and finishing equipment.

Client Relationship Management plays a very big part of our daily operation. We develop and enhance our relationships with clients through our dedication to continuously delivering a high quality service within a flexible environment. Client management reports and quarterly business reviews are available and are an ideal opportunity for both parties to review performance and set future goals.

Our end to end internal **Quality Control Measures** supported by ongoing re-engineering and development of processes and procedures significantly reduces any margin for error.

Hudson Killeen have shared a healthy working relationship with OSK for over 20 years. We are proud to print this B2B Magazine for OSK on a quarterly basis.



Hudson Killeen Ltd,
Fine Lithographic Printers,
130 Slaney Road,
Dublin Industrial Estate,
Glasnevin, Dublin 11.

Tel: (01) 830 6128. Fax: (01) 830 6993.
Email: print@hudsonkilleen.ie

Exam Results

Well done to Niamh O'Rourke and Turlough O'Brolchain who recently passed their Final Admitting Exams with the Institute of Chartered Accountants. Congratulations also to Frances Nolan who passed her final taxation exams and to Ray Masterson who also passed taxation exams.



OSK People

Brian Dignam

Title
Partner
– Audit

Specialist Area
Personal & Business Financial
Planning

Hobbies & Interests
Family & Sport Activities

Most recent book
Sugar Ray
– Champion Five Different Weights

Favourite Saying
You will never walk alone

OSK services

OSK Audit

OSK Tax

OSK Business Advisory Services

OSK Consulting

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.

OSK,
East Point Plaza,
East Point,
Dublin 3.

t: 01 439 4200 f: 01 439 4299
e: advice@osk.ie w: www.osk.ie