

We owe it to ourselves and our family, now more than ever in these challenging times, to get the best financial and tax advice available

# Look after your money, consult the tax experts

AT a time when financial challenges lie ahead at every turn, and we're all looking to save every penny we can, it is more vital than ever to keep well informed and up to date on tax reliefs, planning ahead, inheritance issues, and more. It simply is not enough to hope for the best and let things slide. We owe it to our relatives and children if not to ourselves. Fortunately there are highly qualified consultants on hand who can advise on all aspects of taxation and financial planning. Make sure your affairs are running as efficiently and effectively as they can, and that you're not missing out on something to which you are entitled. **Ask the experts!**

## O'Connor Pyne & Co: Succession planning for the future

IN this time of increasing uncertainty over the continuation of certain tax reliefs, say O'Connor Pyne & Co, of Ballincollig, now is the time to engage in succession tax planning for passing on your business or farm. This firm has vast experience in helping clients transfer their business from one generation to the next. There has been indication from the Department of Finance that both Capital Gains Tax and Capital Acquisitions Tax reliefs are being examined as part of the National Recovery Plan, they point out, and will be either abolished or significantly reduced in the future. It is important to use the most tax-efficient method for your circumstances now in 2011 while these reliefs are still available.

Capital Gains Tax relief in the form of retirement relief enables a person to possibly obtain up to €750,000 tax free from the sale of their business, shares in family company or farm to a third party. Proceeds over €750,000 are chargeable to capital gains tax but the liability can be further reduced by marginal relief. The main conditions to be met to obtain retirement relief are: 1. Seller is over 55 years of age 2. Seller is a working director of the family company 3. Assets being sold are chargeable business assets eg land, buildings, machinery and plant etc, owned for the last 10 years If the business or farm is transferred to the person's children, foster children or nieces or nephews who have worked with them for at least the

last 5 years, there is no limit to the amount of tax free proceeds. This means that you could pass on your business with a value in excess of €750,000 to your child without any capital gains tax liability arising. NB: It is not a requirement to actually retire from business to claim the relief.

Business relief is available to reduce the gift tax on the transfer to the child by reducing the value of the gift by 90%. The tax free capital acquisitions tax threshold may also be available to reduce any CAT liability arising.

Another method of extracting proceeds on retirement is for the company to buy its shares back from the shareholder. In normal circumstances proceeds taken from the company could be taxable at the marginal rate of 41% plus PRSI and the Universal Social Charge.

Under the buy back method the consideration is chargeable to capital gains tax and a rate of 25% would apply to the gain. The main conditions to be met for this relief are:

1. Company must be an unquoted trading company
2. Buyback must benefit the trade, this can include the passing of control of the company to the shareholders children
3. Scheme is not used mainly to avoid treatment as a distribution Succession planning is an important consideration for all business owners. If you would like to meet to discuss how you can plan for the future please contact Tomás O'Connor Tax Partner or Lisa Ryan Tax Consultant on 021-4810080.

## O'Connor Pyne & Co

CHARTERED ACCOUNTANTS & REGISTERED AUDITORS

Joyce House, Barrack Square, Ballincollig, Co. Cork  
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## LOOKING TO TRANSFER YOUR BUSINESS TO THE NEXT GENERATION?

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1. owner managed businesses
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4. succession planning especially the hand-over of businesses to the next generation and the maximisation of retirement reliefs
5. providing tax advice on day to day issues

We specialise in providing advice on the availability and maximisation of tax reliefs, especially important now as the National Recovery Plan places uncertainty over the future of some reliefs from 2012 onwards.

For more information please contact  
Tomás O'Connor Tax Partner or Lisa Ryan  
Tax Consultant 021-4810080

We are also currently recruiting for trainees  
in our accounting and tax departments.  
Email CVs to Tomás O'Connor Tax Partner;  
toconnor@oconnorpyne.com



## All Finance Tax Ltd

WE need to strike the right balance in our income tax system between what we consider to be fair play and what motivates self-starters to work harder within the system, says Colette Cassidy, a registered tax consultant who runs a boutique tax practice in Cork. "My client base consists of highly motivated self-starters many of who are in the PAYE sector." One of the most frequently asked questions over the last 12 months, she reveals, has been the length of time you need to be out of Ireland to be considered non-tax-resident. "I think it's a very worrying trend that the people who have the right skill set to help Ireland work its way

out of our current crisis want to leave because of our overly aggressive income tax system. We need these people. Our income tax system is just as critical as our corporation tax system for inward investment in Ireland. It needs to be competitive with other European countries and with countries with which Ireland has a tax treaty. We need other ways to raise money for the exchequer." In the same way, she says, an overly aggressive wealth tax will have the same negative consequence. "We need to be competitive here too compared to our European neighbours and other countries otherwise we will lose our brightest and most successful people."

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Contact: Colette Cassidy BCOMM ACMA AITI  
Telephone 021/4810028  
Email: info@allfinancetax.com  
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## GBW O'Callaghan Lotty: The best financial and tax advice

In February two established firms, O'Callaghan Lotty, and GBW, formally merged their businesses. The new firm will have two offices, one in Cork and the other in Dublin, with all contact details remaining the same. The merger of these practices is part of their plan to be one of the best providers of financial, strategic and tax advisory services in Ireland.

They now possess an excellent team of skilled and experienced professionals which will enhance the existing offerings of both firms while increasing their combined breadth and depth of knowledge.

As such, GBW O'Callaghan Lotty can compete for more business in the family owned, owner-manager companies sector as well as leveraging niche services such as management consultancy and insolvency, where they already hold a strong market position.

With the merger, Kevin O'Callaghan retires from practice. "This coming together makes a lot of sense for our clients, as it provides access to the size and service range of a national firm, combined with the personal service and knowledge of a local firm," says Kevin. "I believe I am

leaving the practice in very good hands." Jim Butler of GBW will join Alan Lotty in the Cork office; Jim said "I am delighted with the completion of this merger."

Both practices are committed to strong growth strategies, and the merged business will be positioned to compete for new business on a bigger scale for tax, audit and assurance work. There is a great fit with the expertise in both firms."

The new firm of GBW O'Callaghan Lotty looks forward to meeting you in the coming weeks and months.

## Andrew Guerin Associates: Essential guidance on tax reliefs

The recent introduction of new taxes, combined with increases in existing tax rates, has strongly increased the necessity for tax planning for all taxpayers both personal and corporate, say Andrew Guerin Associates. The most recent and controversial is the Universal Social Charge (USC), which can rise to 10% for high earners. In addition, big reductions in inheritance tax exemption thresholds is triggering substantial tax liabilities, while proposed changes to capital taxes and Section

23 property investments will have significant consequences for investors.

Advance planning ensures that valuable tax reliefs are preserved, minimising taxation and business costs.

Andrew Guerin Associates can advise you expertly on:

- Business and agricultural relief for inheritance tax purposes.
- Retirement relief for capital gains tax purposes.
- Use of corporate structures for professionals, including the

medical profession, to reduce tax rates from 55% to 12.5%.

- Effective use of corporate structures and trusts to transfer assets and businesses.
- Use of corporate structures for tax efficient pension funding.
- Tax effective investment structures and products to maximise the after tax return for surplus funds and saving.

Tax strategies and exit mechanisms for business disposals and retirement.



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Contact Jim Butler or Alan Lotty  
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David Gillett in our Dublin office.

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19 White Street, Tel. +353-21-4840721  
Georges Quay, Fax +353-21-4840726  
Cork. Email: andrew@aguerin.ie  
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