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BUSINESS LEADER

‘Extraordinary Budget of unprecedented scale’

Anne Hogan, associate tax director, McKeogh Gallagher Ryan runs the rule over Budget 2023



AN EXTRAORDINARY budget for 2023 of an unprecedented scale was delivered by ministers Pascal Donohoe and Michael McGrath with measures totalling €11bn announced.

This comes as opposed to the more usual €3-4bn package.

The importance and impact of Ireland's 12.5% Corporation Tax rate was evident with receipts exceeding expectations which allowed the budget to be funded without the requirement to borrow, unlike our British neighbours.

The emphasis made by the government that a substantial amount of these receipts are driven by ten large companies was a stark reminder of the volatility of this income source and that these funds cannot be relied on indefinitely.

Budget 2023 is the third in a series of "crisis" budgets following Brexit and the Covid-19 pandemic and the government was keen to emphasise that future budgets will not all be akin to this "bumper" one.

In this exceptional budget the government is seeking to dampen the inflationary fire and address matters such as the cost of living issues, the energy price issues caused by the war in Ukraine and the housing crisis. Some of the headline taxation measures are reviewed below.

Income Tax

The main changes to Income Tax were as follows:

- A substantial increase of €3,200 in the standard rate band bringing the entry point to the 40% income tax rate to €40,000 for single individuals and €49,000 for married couples with one earner (tax saving of €640).

- An increase of €75 in each of employee tax credit, personal tax credit and earned income credits.

- An increase of €100 in home carer credit to bring it to €1,700.

The Universal Social Charge ceiling for the 2% rate was increased from €21,295-22,920 to take account of the National Minimum Wage increasing to €11.30 from 1 January 2023.

Taking all these measures into account the average middle income family with two incomes should be around €1,660 better off.

While it was acknowledged that further consideration will be given to a potential third rate of income tax this was deemed to be a matter for future budgets following further review.



Contact Anne Hogan, associate tax director, McKeogh Gallagher Ryan with any tax queries on Budget 2023. Email: ahogan@mgraccountants.ie

SMEs and Agri

A Temporary Business Energy Support Scheme was introduced to assist businesses with energy costs over the winter months. The support will equate to 40% of the amount of the increase in the bill subject to a monthly cap of €10,000 and a possible overall cap.

October's Finance Bill will detail the mechanics of the scheme. It is hoped it will clarify issues including whether the cap will be linked per company or per business premises.

Most notably the scheme has been stated to be open to businesses carrying on a Case I trade which would exclude Case II businesses carrying out professional services e.g. solicitors, accountants etc. The Finance Bill should confirm this.

The Small Benefit Exemption which facilitates an employer to provide a non-cash tax free benefit or voucher of up to €500 in value each year has been given a welcome increase to €1,000 per annum, effective immediately.

Other positive moves for SMEs included extensions to the KEEP and SARP regimes to 2025 together with welcome announcements regarding changes to the R&D tax credit and the extension of the Knowledge Development Box (KDB) and film tax credit for a further four years.

On a less positive note, and despite industry lobbying, the reduced VAT rate of 9% applying to the hospitality sector will revert back to the 13.5% VAT rate from 1 March 2023.

A scheme of accelerated capital allowances for farmers for the construction of modern slurry storage facilities was announced and, farmers will be pleased that several important agricultural reliefs that were due to expire at the end of

2022, were also extended. The flat rate addition for farmers was however reduced to 5% to comply with EU directive requirements.

Other Energy Measures

The temporary reduction in the VAT rate applicable to gas and electricity supplies (from 13.5% to 9%) that was due to expire on October 31, 2022 was extended to February 28, 2023.

Carbon tax on fuels will increase as planned under Finance Act 2020 from the current rate of €41 to €48.50 per tonne of CO₂. This increase will equate to an increase of just over two cent (VAT inclusive) per litre of petrol and diesel.

During his Budget speech, Mr Donohoe stated that he is proposing to offset the carbon tax increase with a reduction to zero, from a rate of 2 cent per litre, of the National Oil Reserves Agency levy. The price at the pump will therefore not increase because of taxes or levies.

The current excise reduction on petrol (21c per litre), diesel (16c) and marked gas oil (5.4c) is extended until February 28, 2023.

A €600 credit for household energy bills will be paid in three instalments of €200, with the first payment to be made before Christmas and two further instalments in the New Year.

Consideration is also being given to capturing the windfall gains of energy companies which might also go towards funding any further measures required in future budgets.

Cost of Living Measures

This budget was unusual as the focus would normally be on the taxation side rather than expenditure but, in this instance, the expenditure measures were to the

forefront. There were numerous cost-of-living expenditure measures with regard to social welfare etc. announced, some of the following positive measures to assist students merit a mention here:

- A once-off reduction in the student contribution of €1,000 for eligible students in the 2022-2023 education year.

- A once-off double monthly payment for those in receipt of the SUSI maintenance grant.

- A once-off €1,000 increase to the Post Graduate Tuition Fee Contribution Grant.

- Funding will be provided to reduce the student contribution fee by €500 for eligible families earning between €62,000 and €100,000. The income limit to qualify for a 50% reduction in contribution fees under SUSI will be increased from €55,240 to €62,000 and all SUSI maintenance grants will be increased by between 10% and 14% in September 2023.

- The 20% public transport fare reduction and the youth travel card discount of 50% on all operators' services will be extended to the end of 2023.

Housing Measures

The housing measures that were introduced included the rental tax credit of €500 per person, an increase in the amount of pre-letting expenses available for deduction from €5,000 to €10,000 in certain cases and the extension of the "help to buy" scheme to 31 December 2024.

A new Vacant Homes Tax at a rate of three times the property's Local Property Tax liability was also introduced which seeks to serve as a "stick" to encourage property owners to rent out their property albeit the potential effectiveness of this measure remains to be seen.

It will not apply if the property is vacant for genuine reasons including being recently sold, currently listed for sale or vacant due to occupier's illness or significant refurbishment work. It also does not apply to residential properties occupied for 30 days or more which, one would imagine, should serve to exempt properties such as holiday homes.

The database held by the Revenue Commissioners is likely to assist them in identifying the potential properties that this will apply to.

The Residential Development Stamp Duty Refund Scheme and the Living City Initiative are also both being extended.

One of the surprise negative measures in the budget was the introduction of the Defective Concrete Products Levy of 10% on a range of 18 concrete products.

The levy is to apply from April 3, 2023, it is likely that this levy will be passed on to the ultimate consumer which seems a strange move given the rising costs of construction already faced by those seeking to build new homes.



Mick and Valerie Dolan, Dolan's Pub, photographed with Cllr James Collins, Collins Bar

Bars in running for prizes at pub awards

NICK RABBITTS

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THREE Limerick hostelries are hoping to be able to toast victory next month after being nominated in the 2022 Irish Pub Awards.

Collins Bar in Dooradoyle, Mother Mac's at High Street in the city centre and live music venue Dolan's at Dock Road, also in the urban area, have all received category nominations in the awards.

Now in their fourth year, the Irish Pub Awards, presented by the Licenced Vintners Association (LVA) and the Vintners Federation of Ireland (VFI), are acknowledged as the definitive in-

dustry standard and have gained recognition throughout the trade as the most credible and comprehensive assessment of the best in pubs.

The three Limerick pubs have all won through a south-western regional final.

Collins Bar and Restaurant - owned and run by former mayor James Collins - is in the running for the title of best food pub.

Among the nominations for the best music pub is Dolan's, while the innovative pub of the year title could go to Mother Mac's.

VFI president Paul Moynihan said: "The Irish Pub Awards is firmly established as the pre-em-

inent awards in our sector. The awards have helped raise the national profile of our fantastic pubs across the entire country.

"The awards showcase the best of the best and I'm delighted that so many great venues are getting the recognition they deserve."

"We all know our pubs are a unique part of Irish culture and remain the best place for locals and tourists alike to come together."

The final awards will be announced at a special ceremony to take place in Dublin on Wednesday, November 16, next.

For up to the minute news, visit www.limerick-live.ie

Kildimo man earns title of 'restaurant boss of the year'

NICK RABBITTS

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A LIMERICK man who runs a popular Thai restaurant in Dublin is celebrating this week after securing a prestigious industry award.

Conor Sexton, who hails from Kildimo, has for the last five years, run Nightmarket with his wife Jutarat Suwankeeree, in Ranelagh on Dublin's southside.

He was named national restaurant manager of the year and Dublin manager of the year at the annual Restaurants Association of Ireland awards, which were held in the capital's Convention Centre.

It's the highest personal award Conor has received, and he is delighted to have been recognised for his



Winner: restaurant boss Conor Sexton

we were adaptive. We didn't close for any period at all. We got into takeaway and delivery," he explained.

Conor came to the capital 20 years ago, after stints working at the Woodlands House Hotel in Adare with Mary and Dick Fitzgerald as well as enjoying employment at Great Southern Hotels in Kerry.

Now he employs 25 people in Dublin - 20 on a full-time basis, five part-time.

One thing he learned from lockdown, he said, is that take-away and home delivery is "the growth area".

As a consequence, he hopes to expand that offering by opening a new location in the next 12 months.

Soda-so good as business earns dough

NICK RABBITTS

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GIVEN the cost-of-living crisis, it's often said business owners 'knead' a bit of a boost right now.

That's exactly what Jane Conlon of popular city centre cafe Sodalicious has got after she was named one of five entrepreneurs from across the country to receive a grant of €10,000 and 12 months of business coaching.

Ms Conlon, whose cafe is located in Lower Cecil Street, won the prize as part of Visa's second She's Next grant programme, created to boost and empower women entrepreneurship.

Ms Conlon beat more than 350

other applicants, with entries to the contest up by more than 60% on the campaign's debut in 2021.

"The quality of entries received this year has been truly incredible and it is encouraging to see so many extremely talented female business owners in Ireland," said Mandy Lamb, Visa's managing director for Ireland and Britain. "We know that many female-run businesses still need support, which is why we're delighted to be able to offer five worthy winners an even bigger grant this year, on top of the coaching."

The Sodalicious boss joined entrepreneurs from Donegal, Waterford, Dublin and Sligo in winning prizes.



Jane Conlon runs Sodalicious cafe, based in Lower Cecil Street

BUSINESS IN BRIEF

Aldi planning permission

COUNCIL has granted Aldi planning permission to open a new €7m store in Moyross.

The discount retail chain is planning to open its new store on the city's northside mid-way through 2024, in a move which will create up to 30 permanent jobs.

Approximately 50 jobs will be supported during the construction period.

There will be 117 car parking spaces available for customers and 10 bike parking spaces.

Aldi will also provide four electric vehicle charging points, while the store will feature 90 square metres of solar panels on the roof.

In a statement, Colin Breslin, the regional managing director of Aldi Ireland said: "We are delighted to receive planning permission from Limerick City and County Council to open a new store in Moyross. Every new Aldi store brings greater choice, quality and value to shoppers, which during a cost-of-living crisis, is arguably more important now than ever before."

Business trio take part in retreat

NICK RABBITTS

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THREE business people from the region joined some of the best and brightest entrepreneurial minds from international, political, and thought leaders.

The entrepreneurs spent the week between Austin, Texas and New York City, where they participated in an agenda of executive coaching and education, as well as sessions with the leaders of some of America's most successful businesses.

Roger Wallace, partner lead for EY Entrepreneur Of The Year said: "This year we celebrate 25 years of the EY Entrepreneur Of The Year

focused on fostering entrepreneurship.

Its aim is to support, inform, and challenge the entrepreneurs through talks from international, political, and thought leaders.

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Roger Wallace, partner lead for EY Entrepreneur Of The Year said: "This year we celebrate 25 years of the EY Entrepreneur Of The Year

Ireland™ programme in Ireland. Our theme 'The Changemakers' was top of mind when we selected the location for our annual retreat, as we knew we wanted to host this key event somewhere that would truly inspire and invigorate our entrepreneurs."

Austin is well-known as a hub for technology, startups and innovation.

A number of companies with significant operations here in Limerick are headquartered and founded in the Texan city. Most notable are Dell based in Raheen and WP Engine, which is located in Henry Street in the city.

FOR SALE

Seeking Expressions of Interest by 5pm on Friday 11th of November 2022



Toll Cottages (No 1-4) Verdant Place, Limerick City



- > Comprises a terrace of 4 residential properties requiring refurbishment overlooking River Shannon and Thomond Bridge.
- > Combined Floor Area of 106 sq.m. (1,137 sq.ft.) on site area of 0.037 hectares.
- > Zoned 'Existing Residential'.
- > Refurbishment opportunity with development potential for residential / commercial uses.
- > AMV - €120,000.
- > Viewing strictly by appointment.
- > Further details available on request.

Mary Street / Meat Market Lane, Limerick City



- > City Centre re-development / refurbishment opportunity on corner of Mary Street / Meat Market Lane, close to Barrington's Hospital.
- > Comprises two storey former Garda station property on a site area of 495 sq.m. (0.047 hectares).
- > Zoned 'City Centre' and designated as a 'Protected Structure'.
- > Re-development opportunity for commercial / residential uses.
- > AMV - €100,000.
- > Viewing strictly by appointment.
- > Further details available on request.



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