



SME FOCUS A 'TWEAK' SAYS EXPERT

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There was a strong emphasis on small and medium enterprises by Michael Noonan in his Budget speech yesterday, but one tax expert has criticised the Government for merely tweaking schemes already in place.

"I am aware that the operating environment in the domestic economy remains difficult, particu-

larly for small and medium enterprises," said Mr Noonan.

"To give this critical sector a helping hand, I am bringing forward a 10 point tax reform plan. This plan includes measures that will make a real difference to SMEs such as reforming the three year Corporation Tax Relief for start up companies to allow unused credits to be carried forward. This will help SMEs and start ups navigate their

early years."

The Minister also outlined his plan amend the research and development by doubling the initial spend eligible for the credit from €100,000 to €200,000 to encourage innovation and business expansion.

"These measures will make a real difference to SMEs by assisting their cash position and supporting their creation of jobs," said Mr Noonan.

However, taxation director at Quintas in Blackpool in Cork, Sean McSweeney, expressed disappointment that nothing concrete was delivered within the Budget as a whole.

Tweaking

"They did a lot of tweaking, a lot of planning but very little action," said Sean McSweeney, who estimated that low to middle income families will lose up to €1,100 a year as result of property tax, cut in

child benefit and PRSI changes.

"I would have liked to see some specific targets at the construction sector, especially short-term in tackling the black economy. They did nothing for people in negative equity in terms of being able to move your tracker mortgage.

"It's all tweaking on programmes that are not driving the incentives in the economy."

Mr McSweeney was critical of the 10 point plan for reform, likening it to the five point plan that Fine Gael had before it entered government.

"Nothing in this Budget was extremely positive. I would welcome certain aspects such as the diesel rebate for hauliers, the enhancement of start up company exemptions and the extension of the film tax relief to 2020. "They had some movement on the VAT thresholds for cash receipts but instead of moving to €2m like people were calling for, they went

for €1.25m"

Cork Chamber President, John Mullins, welcomed the focus that the Government put on SMEs, as well as the "reinforcement of its commitment to the 12.5 per cent corporation tax rate, the absence of any increases to employer's PRSI and that the much feared transfer of sick pay costs to employers did not materialise."

However, Mr Mullins was also critical of the Government's new 10 point plan as "falling short of the scale of initiative and innovation required to truly grow the level of business activity that Ireland now needs."

The ministers did announce a new 10 year €175m venture capital fund that will fund new and expanding businesses over the medium term the tourism sector will retain the nine per cent VAT rate for 2013 and The Gathering.



Sean McSweeney, taxation director of Quintas, Blackpool. Photo: Billy macGill

The tax relief on pensions will continue at the marginal rate of 41 per cent but will be restricted to pension schemes that deliver a pension of €60,000 per year while Capital Gains Tax, Capital Acquisitions Tax and DIRT all rise by 33 per cent.

The economy grew by 0.9 per cent in 2012 and is expected to grow by 1.5 per cent in 2013 while the adjustments needed under the terms of the bailout programme will be 85 per cent completed after next year.