



Grant Thornton

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Tax and legal update

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Companies (Accounting) Act 2017

Statutory instrument SI 246 of 2017 has been signed into law by the Minister for Jobs, Enterprise and Innovation. This instrument means that the Companies (Accounting) Act 2017 came into effect on 9 June 2017.

With respect to financial statements and some other reports, the Act will apply to financial periods beginning on or after 1 January 2017. It should be noted that section 14 of the Act allows for early adoption of certain sections (set out in section 14), mainly to do with financial statements which may be adopted for financial years beginning as early as 1 January 2015.

The Act introduces the small and micro companies regimes, facilitating the adoption of FRS 102 section 1A or FRS 105 accounting and reduced disclosure options for such companies. It also increases the size thresholds for small and medium companies, eliminates the option for medium companies to file abridged accounts and restricts the exemption from preparing consolidated accounts, on the basis of size, to small and micro entities.

Another major change brought about by the Act are changes around the filing requirements for unlimited companies. The scope for unlimited companies to avoid filing their financial statements on public record is now greatly reduced.

The new rules take effect for accounting years commencing on or after 1 January 2017.

Other changes include a new requirement on investment companies to file their accounts and directors reports with the Companies Registration Office (CRO) and new reporting requirements in relation to payments to governments for certain companies in the mining, extractive and logging industries.

More detailed information on these changes will be published in the coming weeks. The statutory instrument is available [here](#). The full Act is available [here](#).

Register of beneficial ownership

As you may be aware, Ireland has recently implemented the EU's Fourth Anti-Money Laundering Directive (MLD4) by way of statutory instrument, which is the first step in creating a central register of the beneficial owners of all Irish incorporated entities, who are now required to create and maintain their own register of beneficial owners (the register).

A beneficial owner is any individual who, directly or indirectly, has a greater than 25% ownership or controlling interest in a relevant corporate or other legal entity.

The information contained on the register will need to be filed on a centrally controlled register, which has been assigned to the CRO. The central register is expected to be operational by 1 October 2017 and companies will have a six month period from this date in which to submit their information via an electronic portal (paper submissions will not be accepted).

Failure to comply with the new legislation carry criminal sanctions, with fines of up to €5,000 that may be levied on non-compliant companies.

There has been much debate as to whether this information will be available publically and discussions are ongoing in relation to access to information held on the central register and this aspect is also the subject of much debate at European level. No final decision has been advised as of yet.

More information on setting out disclosure of beneficial ownership of Irish companies is available [here](#).

Company letterhead requirements

We will now consider the information required to be shown on business letters, e-mails, order forms, invoices and websites of Irish companies by answering the five most frequently asked questions on this topic.

What information is required to be disclosed on our headed note paper?

In accordance with Section 151 of the Companies Act 2014 (the Act), all paper and electronic forms of communication issued by companies, including business letters, e-mails, faxes and order forms must include the following:

- the name and legal form of the company, even if a company is exempt from the obligation to use the company type;
- the registered number and place of incorporation;
- the address of its registered office;

- a statement confirming that the company is in the process of being wound up, if applicable, which includes situations where a liquidator, receiver or examiner has been appointed; and
- if reference is made to share capital, it must relate to paid up share capital only.

In addition to the above, all business letters and order forms on which the company's name appears is required to show the forename or initials and the surname of each director along with the nationality of any non-Irish director. This section also states that an exemption to disclosing the name and nationality of a director may be granted by the Minister for Jobs, Enterprise and Innovation under special circumstances.

What information are we required to disclose on our website?

If a company has a website, it is required under Section 151(4) of the Act to display the information set out in the five points listed above on its homepage or if not the homepage, another webpage that is easily accessible.

What happens if my company is not currently complying with these requirements?

The company and any officer of it who is in default shall be guilty of a category four offence under Section 151 (6) of the Act, which is a summary offence punishable by a fine not exceeding €5,000. Under such circumstances, we advise all company directors to carry out a review of all letterheads and websites.

My company trades under a registered business name – do the requirements still apply?

Yes, if a company is trading under a business name, the business name must be disclosed in addition to the company name. In such cases, the business name is usually featured in a more prominent place on the letterhead, with the name of the limited company in smaller print.

We are in the process of closing down and have just appointed a liquidator - do we need to change our letterhead or website?

Yes, all companies in liquidation must disclose the fact that the company is in liquidation on its website and on all business letters issued by the company, which includes e-mails, invoices, order for goods or on any other document on which the company name appears. Similarly:

- any company where a receiver has been appointed. The fact that the company is in receivership must be stated on the website and on all documents mentioned above, in accordance with Section 429(1) of the Act; and
- under Section 531 of the Act, if an examiner has been appointed, immediately after where the company name appears, the words 'in examination under Part 10 of the Companies Act 2014' must be added on all such documents and on the website.

Another requirement that is often overlooked is where a company commences the winding up process and has changed its name in the previous 12 months. In such cases, the previous company name is required to appear alongside the current name on all notices and advertisements relating to the winding up. If you would like us to review your current letterhead or have any other specific queries, please contact us.

Changes to employee travel and subsistence expenses rates

New civil service travel and subsistence rates came into effect on 1 April 2017. These rates may also be used by employers who wish to reimburse employees for subsistence expenses incurred using flat rates rather than on a receipt basis. The key points to note are:

- the overnight rates have been increased by between €4 and €8 depending on the category;

- there have been no changes to the day rates;
- a new vouched accommodation rate has been introduced for the Dublin area. This provides for a vouched cost of accommodation up to €133.73 plus an additional allowance for meals equal to the appropriate day rate;
- there have also been changes to the subsistence rates relating to employees working outside of Ireland. As before, the applicable rate depends on the destination and the length of time working outside Ireland; and
- there have been significant changes to the motor travel rates including:
 - an increase in the number of distance bands from two to four;
 - a reduction to the rate payable for the first 1,500 km; and
 - a higher compensation rate for cars with lower engine sizes.

Revenue have updated their tax and duty manual (Parts 05-02-04 and 05-02-05) to reflect the above changes and Revenue leaflet IT 54 has also been amended.

Employers should amend their policies and systems where necessary to reflect these changes to ensure they remain compliant from PAYE perspective.

Reminder - VAT and zero rating of goods sold to VAT registered traders in other EU member states

Goods sold to a VAT registered customer in another EU member state by an Irish VAT registered supplier,

may be treated as an intra-community dispatch of the goods and zero rated provided the following four conditions are satisfied, the:

- customer is VAT registered in an other EU member state;
- customer's VAT registration number (including country prefix) is obtained and retained in the records of the Irish VAT registered supplier;
- VAT registration number of both parties is quoted on the sales invoice; and
- goods are dispatched or transported to the other EU member state within three months from the date of the supply. Documentary evidence that the goods have been transported out of Ireland must be retained. If transported by or on behalf of the customer, documentary evidence that the goods were received in another member state (e.g. a copy of a delivery docket) must be obtained and retained. It would also be prudent to record details of the means of transport used by the customer (e.g. vehicle registration number and flight number).

Irish VAT at the rate appropriate to the good in question should be charged if all four conditions are not satisfied or there is any doubt as to whether the conditions are satisfied (e.g. payment in cash is received). Post Brexit, zero rating of goods to the UK may not be possible, depending on the intricacies of any VAT/sales tax system which may be introduced by the UK.

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 Grant Thornton Ireland

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