

You Have to Struggle a Little to Be Able to Fly!

Nothing in life is ever straightforward. Success and achievement comes from hard work and determination. We often talk about the hurdles people have to face in life, some more than others. However, the following short story reminds us of the reason behind these struggles.

The Butterfly Story

A man found a cocoon of a butterfly, which he brought home. One day, a small opening appeared. He sat and watched the butterfly for several hours. It struggled to force its body through the little hole, and when it seemed to stop making any progress, it appeared as if it had got as far as it could and it could go no further.

Feeling sorry for the little butterfly, the man decided to help. He took a pair of scissors and snipped off the remaining bit of the cocoon. The butterfly emerged easily but it had a swollen body and small, shrivelled wings. He continued to watch the butterfly expecting that, at any moment, the wings would enlarge and the body would contract. Neither happened! In fact, the butterfly spent the rest of its

life crawling around with a swollen body and shrivelled wings. It was never able to fly.

Although the man acted with good intentions, he didn't understand the consequences of his kindness. The restricting cocoon and the struggle required to get through the tiny opening were nature's way of forcing fluid from the body of the butterfly once it achieved its freedom from the cocoon.

Sometimes, struggles are exactly what we need in our lives. If we were to go through life without any obstacles, it would cripple us. It is through the hard times that we learn the most. And the hard times that make us stronger to be able to cope with the more difficult times ahead. If we did not experience these times, we would not be as strong as we could have been and we would never be able to fly.

So the next time you are faced with an obstacle, a challenge, or a problem, remember the butterfly. You may have to struggle a little to eventually be able to fly!



Partner, Jane O'Rourke discusses business with Manager, Darren McDowell

Relieve Your Business of its Payroll Burden

Payroll is an indispensable aspect of any business. Having an effective payroll system through which employees are paid correctly and information such as sick leave, overtime, year end forms and other relevant information can be provided with minimum effort is of the utmost importance.

However, managing payroll is not only burdensome and time consuming but it can also become very complex, especially if your organisation has different types of

employees; full-time, part-time, salaried exempt, salaried non-exempt, contractor etc.

How You Can Benefit from Outsourcing Your Payroll to the Experts at Harbinson Mulholland

You can outsource your payroll to the experienced payroll team at Harbinson Mulholland. With over fifteen years experience in payroll administration, the team have dealt with a wide variety of

Tax Tips For You

A new act came into force on 5 December 2005 which gives same sex couples registering a civil partnership the same rights as married couples. Civil partners can now enjoy the same tax benefits as married couples, such as transferring assets to each other without any adverse capital gains tax or inheritance tax consequences.

However, anyone considering entering into a civil partnership should note that there are also taxation disadvantages. For instance, each couple within a civil partnership may only have one principal private residence (PPR), whereas each partner is entitled to a PPR outside a civil partnership.

YEAR END PLANNING

Pension Contributions

Remember that any personal pension contributions paid before 31 January 2006 (and retirement annuity premiums paid before 5 April 2006) can be carried back to 2004/05 and may reduce your tax bill for that tax year. You should consult your pension provider before making any additional contributions.

Defer Gains

There are a number of techniques which can be used to reduce or delay payment of capital gains tax liabilities:

- Realise gains after the end of the tax year, and delay payment of the tax by twelve months.
- Split sales across two tax years and make use of two years' annual exemption.
- Make an outright gift to your spouse who can then make use of his or her annual exemption.
- If commercial considerations allow, delaying a sale can mean increased taper relief and therefore less tax.

PRE - BUDGET REPORT REVIEW

Capital Allowances

The first year allowance for small businesses will be increased to 50% from 6 April 2006 (1 April for companies). To make the most of this allowance, you may wish to delay the purchase of capital items until after this date.

Planning Gains Supplement

The Chancellor has given some indication of the Government's proposals for a form of taxation on increases in property value arising from obtaining planning consent. It is proposed that this will be introduced sometime after 2007, consequently, if you are thinking of applying for planning permission, you may wish to do it sooner rather than later.

Self Invested Personal Pensions (SIPP)

Under the new pension regime due to be introduced from 6 April 2006, residential property was to be a permitted investment for most pension schemes. However, the Treasury have decided to revoke this tax advantage and therefore from 6 April 2006, there will be no tax breaks for residential property held directly by a pension scheme.

Businesses supplying services -spreading relief

The autumn 2005 issue of Correspondent highlighted the issue of new income recognition rules (introduced by UITF 40) coming into effect for accounting periods ended on or after 22 June 2005. The result of UITF 40 is that the profits of businesses that supply services over a period of time will increase in the first accounting period ended after 22 June 2005.

The increased level of profits is likely to increase the tax liability for that year. Measures will now be introduced in the Finance Bill 2006 to enable most businesses affected by the UITF 40 rules to spread any extra tax charge over three years, while those businesses most severely affected will be able to spread the charge over a period not exceeding six years.

clients across a range of industry sectors.

You will benefit from a range of payroll services including:

- Customised payslips for employees
- Year ends for clients
- Pension schemes administration
- PAYE, national insurance, sick pay
- Staff costs and expenses analyses
- Statutory forms including year end returns to issue to your employees and submit to Inland Revenue.

Headed up by Ann McCully, the payroll team is dedicated to providing you with a first class, comprehensive and confidential service.

Why not get your New Year off to a positive start by letting Harbinson Mulholland manage your payroll!

For further information on how you can get help with your payroll, call Ann McCully on 028 9044 5100 or e-mail amccully@harbinson-mulholland.com

CORPORATE RECONSTRUCTION – A POSITIVE VIEW



Corporate Tax Partner, Richard Holley

Noel Lavery, a licensed Insolvency Practitioner and Richard Holley, Corporate Tax Partner head up the corporate reconstruction team in Harbinson Mulholland. Together, Noel and Richard have over 40 years of experience handling solvent restructuring cases.

Corporate reconstruction is a term usually associated with business decline and turnaround. It is often the means by which we seek to mitigate losses, avert insolvency and give a business a second chance. However, there are other less obviously threatening circumstances where corporate reconstruction may be the answer!

Does this sound like your company?

- ✓ Highly profitable
- ✓ Cash positive
- ✓ Building up a portfolio of investment property
- ✓ Considering a sale of your business in the medium term

These are not generally considered to be problems! And it doesn't sound like a company in need of restructuring, does it? However...

The Problem:

The investment portfolio might now represent over 20% of the asset value of the business. Therefore, a sale of the shares will potentially attract a high tax cost due to the denial of Capital Gains Tax business asset taper relief. The proprietor

may also wish to retain the investment assets.

The Solution:

The solution may be to restructure the business to separate the trading and the investment activities and keep the businesses separate until the time is right to sell the trading company. Depending on the timescale involved, it may be possible to achieve a much more favourable effective CGT rate.

Does this sound like your company?

- ✓ Two or more individuals or family members who have disparate business activities
- ✓ Two very different personalities – one individual is cautious, the other is a risk taker
- ✓ Interested in different aspects of the business but unable to view the entity as a whole

The Problem:

How can conflicting business objectives such as the above be delivered to mutual benefit, avoiding commercial and personal disaster?

The business is on a collision course and cannot maximise its full potential with conflicting leadership, which may lead to ultimate decline and failure.

The Solution:

The solution may be a business reconstruction, reorganising the business

activities into two separate companies under separate control. This ensures that both separate entities achieve their maximum potential, and avoid decline.

Conclusion:

Corporate reconstruction is a tool which can be used to preserve shareholder value and maximise shareholder return. It should not be associated solely with the problems of failure but can and should be used more often to deal with impending problems for businesses which currently exhibit all the signs of success.

In summary, some of the indicators which could trigger the need to consider restructuring might be:

- Disparate business activities within a single corporate entity
- Substantial investment assets in a trading entity may have a negative effect on business asset taper relief available to shareholders
- Planning the ideal corporate structure for a potential future sale of the business
- Tax planning issues for generational change
- Shareholder disputes

If you would like to discuss how corporate reconstruction may help solve your business or your clients' business problems, contact Richard Holley or Noel Lavery on 028 9044 5100 for more information or email info@harbinson-mulholland.com



Corporate Reconstruction Manager, Noel Lavery

PEOPLE IN FOCUS



Name:
Mark Coleman

Role:
Corporate Tax Manager

Qualifications & Experience:
Mark joined Harbinson Mulholland in April 2003. He has qualified as a member of the Institute of Chartered Accountants in Ireland and as a member of the Chartered Institute of Taxation. Mark is

responsible for managing the taxation affairs of a number of personal and corporate clients across a wide range of industry sectors.

Outside work:
Mark is married to Kitty and enjoys holidaying in the United States and Hong Kong.

Contact Details:
mcoleman@harbinson-mulholland.com

Harbinson Mulholland Launches New IT Company ETHOS

On 1st November 2005, Harbinson Mulholland's IT department began trading under the name of 'Ethos Information Solutions Ltd'.

Since its inception, the IT Team at Harbinson Mulholland has experienced considerable growth and recognition that it was necessary to create a separate identity. Hence, Ethos was born.

Ethos' main focus is to ensure that your IT infrastructure is efficient and secure and your organisation is getting the most out of your technology. It offers a range of preventative maintenance solutions, from pay per use to fixed price contracts.

In addition Ethos also offers highly competitive prices on hardware and software and a comprehensive range of products and services. The team has also established a new on-line support call management system which means you have your personal contact for any IT queries.

For a free review of your systems or to see how we compare to the high street prices, before you buy, contact Lee Surgeoner or

Mary Ellen Gribben on 028 9044 5110 or email solutions@ethos-is.com

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harbinson
mulholland

business & tax advisors
chartered accountants
forensic accountants

IBM House 4 Bruce Street Belfast BT2 7JD
Tel: 028 9044 5100 Fax: 028 9044 5101
www.harbinson-mulholland.com

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