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EXPORTING:
METHODS OF PAYMENT

To succeed in today's global marketplace and win sales against foreign competitors, Exporters must offer their customers attractive sales terms supported by the appropriate payment methods. Because getting paid in full and on time is the ultimate goal for each export sale, an appropriate payment method must be chosen carefully to minimize the payment risk while also accommodating the needs of the Importer. International trade presents a spectrum of risk, which causes uncertainty over the timing of payments between the Exporter (seller) and Importer (buyer). Therefore, Exporters want to receive payment as soon as possible, preferably as soon as an order is placed or before the goods are sent to the Importer. And of course Importers want to receive the goods as soon as possible but to delay payment as long as possible, preferably until after the goods are resold to generate enough income to pay the Exporter's invoice.

As shown below, there are five primary methods of payment for international transactions. During or before contract negotiations, Exporter should consider which method is desirable and appropriate depending on the relationship with the Importer.

TRADE PAYMENT RISK PYRAMID

Continued

Continued

EXPORTING:
METHODS OF PAYMENT

OPEN ACCOUNT

An open account transaction is a sale where the goods are shipped, delivered and payment remitted by the Importer on an agreed date without any role played by their banks. The Exporter ships the goods and issues an invoice to the Importer without any guarantee that the invoice will be paid. The Importer takes receipt of the goods and notes the date payment is expected by the Exporter. This can be any period from day of receipt of goods to 90 days later depending on what was agreed at contract negotiations. The Exporter then waits for payment to arrive in their account on the agreed date. Obviously, this is one of the most advantageous options to the Importer in terms of cash flow and cost and control over the payment decision but it is consequently one of the highest risk options for an Exporter. Because of intense competition in export markets, Importers often press Exporters for open account terms since the extension of credit by the Exporter to the Importer is more common abroad. Therefore, Exporters who are reluctant to extend credit may lose a sale to their competitors. Exporters can however offer competitive open account terms while substantially mitigating the risk of non-payment by insuring the risk of non-payment using export credit insurance.

TRADE COLLECTIONS

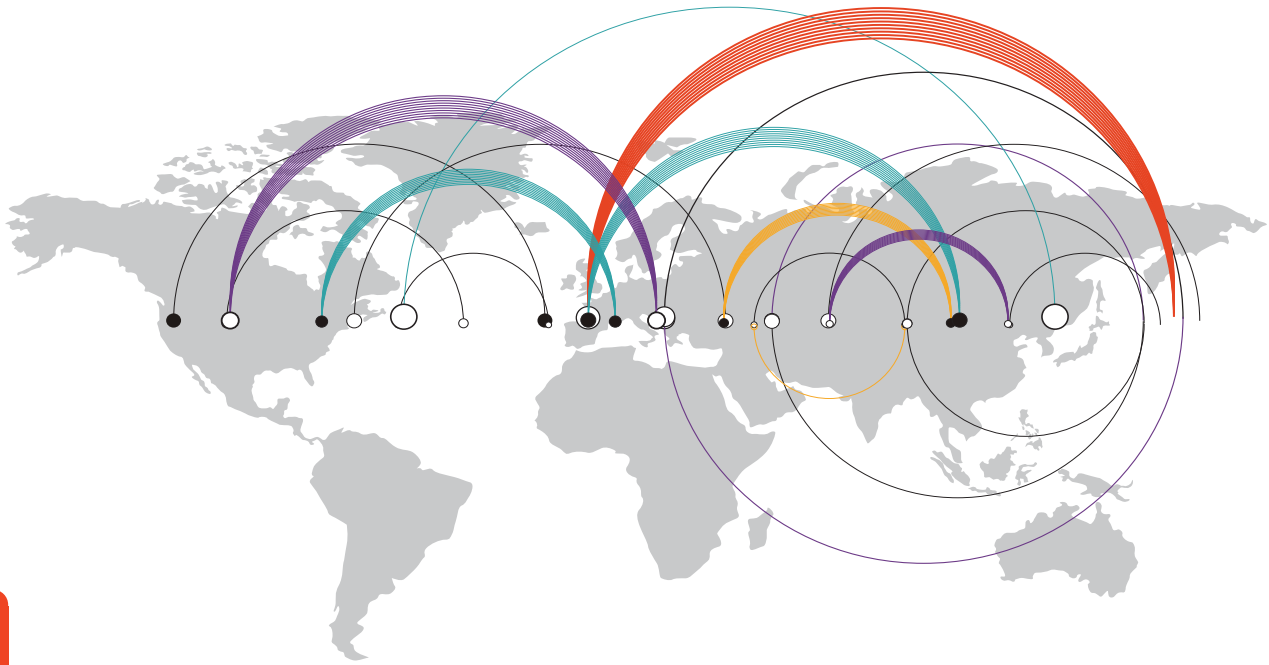
Trade Collections do not provide any guarantee of payment, and are therefore more widely used where the Importer and Exporter have established a good trading relationship. The Importer agrees to pay for goods only upon receipt of documents evidencing the shipment of the goods by the Exporter. There are two types of trade collections and their usage will depend on the payment terms agreed. In both cases the Exporter entrusts the collection of the payment for a sale to its bank (remitting bank), which sends the documents relating to the shipment to the Importer's bank (collecting bank).

Cash against Documents (CAD) - In this case the documents are entrusted to the Importer's bank with instructions to only release the documents to the Importer against payment. This is a common method of payment for goods shipped by sea where bills of lading are issued. Even though the Exporter has shipped goods without any guarantee of payment, the Exporter has the comfort of knowing that the Importer cannot access the goods without the bills of lading and cannot get the bills of lading without paying in full. So should there be an issue with payment, the Exporter can recall goods or sell to another party.

Bills of Exchange – Bills of exchange are used where there are deferred credit terms agreed. A bill of exchange is a written order issued by the Exporter and drawn on the Importer binding the Importer to pay a fixed sum at a future determinable date. By signing a bill of exchange, the Importer is formally acknowledging that the funds are due and payable on the agreed date (note that this is not a guarantee and is only an acknowledgement of the amount owing though can be used in any legal proceedings against the Importer for non-payment). Unlike CAD above, here the documents are sent to the Importer's bank with instructions to deliver the shipping documents to the Importer against their signing a bill of exchange acknowledging the amount due and the date for payment. This method creates additional risk for the Exporter as the Importer will receive goods before payment becomes due and may use quality issues to seek a discount or may default on their payment obligation entirely. Although banks do act as facilitators for their clients, Documentary Collections offer no verification process and limited recourse in the event of non-payment and are therefore generally less expensive than Letters of Credit. They do give the privilege to a buyer to reject the consignment if it does not meet the quality standards. While this is not a method of payment, it does offer some form of protection for the buyer.

Kieran O'Byrne, Head of Trade Finance AIB

The above information is to be an overview of some methods of payment that are available to you. In our next issue in early 2022, we will discuss more methods of payment such as Letters of Credit, Standby Letters of Credit and Cash in Advance. In the meantime, if you have any further questions, contact your financial advisors.



GROWTH SHARES

A company may operate a growth share scheme to incentivise their employees and managers. Growth shares are a special class of ordinary shares that generally have a low or nil value until a certain target is reached by the business.
Conditions are specified by the employer when the shares are issued and may refer to:

- Company performance
- Individual performance
- Leaver provisions

An award of growth shares can be beneficial for:

- Employers as they can reward participants by providing for a hope equity for short to medium growth without diluting current equity.
- Employees as they own shares in the company and can participate in the company's growth.

From 2020 employers must report details of shares awarded on the Employers Share Awards return (Form ESA) for any year growth shares are awarded.

Details of growth shares forfeited must be reported under the relevant columns of the Forfeitable Shares section of the Form ESA in the return year when they are forfeited.

Form ESA 2020 was due to be filed by 31 August 2021. For subsequent years the reporting date of 31 March following the relevant tax year will apply. The return must be completed offline and then uploaded to Revenue Online Service (ROS) .

CENTRAL REGISTER OF BENEFICIAL OWNERSHIP OF TRUSTS (CRBOT)

The deadline for trustees to file beneficial ownership information on the Central Register of Beneficial Ownership of Trusts (CRBOT) for relevant trusts that were established on or before 23 April 2021 was 23 October 2021. Revenue recently confirmed that relevant trusts can continue to be registered after the deadline has passed. Revenue also confirmed that in some cases it can take up to two working days between the time a trust is registered and when the trust is listed on the Trust Register Functions page.

If you have a trust in place or you act as a trustee you should contact us today to discuss your compliance obligations.

TOP TIP

An individual may receive a gift up to the value of €3,000 from any person in a calendar year without having to pay Capital Acquisitions Tax (CAT). This means that an individual can gift €3,000 to another person in a calendar year without CAT implications. This can be an effective way of transferring wealth when executed correctly.

PAY AND FILE SUMMARY

The following is a summary of upcoming pay and file dates:

INCOME TAX

Filing date of 2021 return of income (self-assessed individuals)	**31 October 2022**
Pay preliminary income tax for 2021 (self-assessed individuals)	**31 October 2021**
On-Line pay and file date for 2021 return of income	**TBC**

CAPITAL GAINS TAX

Payment of Capital Gains Tax for the disposal of assets made from 01 January 2021 to 30 November 2021	**15 December 2021**
Payment of Capital Gains Tax for the disposal of assets Made from 01 December 2021 to 31 December 2021	**31 January 2022**

CORPORATION TAX

Filing date for Corporation Tax returns for accounting periods ending in March 2021	**21 December 2021**
Balancing payment of Corporation Tax for accounting periods ending in March 2021	**21 December 2021**

FINANCE BILL 2021

AN OVERVIEW...

Budget 2022 looks more positive by contrast to Budget 2021, where we saw unprecedented levels of financial supports being provided to support the Irish economy because of COVID-19 and a no deal Brexit looming. This year is a testament to the changing economic landscape.

Budget 2022 is based on an economic atmosphere where we have seen strong GDP growth in 2021 and an improvement in public finances created by strong taxation receipts.

The key changes and developments on the tax measures announced are as follows:

EMPLOYMENT AND INDIVIDUAL TAXES

Increases to the Personal, PAYE and Earned Income Credits of €50.

The Help-to-buy Scheme has been extended to December 31, 2022.

Also announced was the availability of a 30% deduction from income tax for heat, electricity, and broadband costs for those working from home on a statutory basis.

For employers, the Finance Bill extends the Employment Wage Subsidy Scheme (EWSS) to April 30, 2022, albeit on a tapered basis. Finance Bill 2021 introduces an exemption from a BIK charged in respect of employer provided Covid-19 tests where the test is necessary for the performance of the duties of employment, and it also introduces an exemption for employer provided flu vaccines.

BUSINESS

The extension, on a graduated basis, of the Employment Wage Subsidy Scheme (EWSS) to April 2022 in three stages was a welcome announcement for employers.

Further changes to the Employment Investment Incentive (EII) scheme are introduced to encourage the flow of much needed seed/early-stage investment capital. The scheme is opening to a wider range of investment funds than before.

Enhancements to the corporation tax exemption for start-ups has been extended by five years to December 31, 2026. For companies who commenced to carry on the qualifying trade on or after 01/01/2018 the exemption can now be claimed for a period of five years. The existing three-year period applies in all other cases.

FARMING

There were several existing reliefs extended under the farming sector, these include:

General stock relief extended to December 31, 2024.

The enhanced stock relief for young, trained farmers (100%) and registered farm partnerships (50%) has been extended for 1 year.

The stamp duty exemption for young, trained farmers has been extended and are now due to expire on December 31, 2022.

The farmers' flat rate VAT addition will be reduced from the current 5.6% to 5.5% for the year 2022.

DIGITAL GAMING CREDIT

The Bill also introduces a new tax credit for the digital gaming sector. The relief will take the form of a refundable corporation tax credit available to digital games development companies for qualifying expenditure incurred on the design, production, and testing.

As this will require EU state aid approval, it is to be introduced subject to a commencement order.

CORPORATION TAX RATE

An effective Corporation Tax rate of 15% will apply to companies with a turnover of more than €750 million, for companies with a turnover of less than this the 12.5% rate remains.

CAPITAL ALLOWANCES

The accelerated capital allowance scheme for gas vehicles and refuelling equipment has been extended for 3 years and will now include hydrogen powered vehicles and refuelling equipment, equipment directly operated by fossil fuels will now be prohibited from qualifying for the accelerated capital allowance scheme for energy efficient equipment.

CLIMATE CHANGE

A Carbon Tax increase of €7.50 up from €33.50 to €41.00 per tonne of carbon dioxide emitted. This applies from 13 October 2021 for auto fuels and 1 May 2022 for all other fuels.

The Benefit-in-Kind (BIK) exemption for battery electric vehicles is extended to 2025.

The Vehicle Registration Tax (VRT) rates tables have been revised from 1 January 2022. there will be a 1pc increase for cars in bands 9-12 (111g/km to 130g/km). Those in bands 13-15 (131g/km to 145g/km) will be hit with a 2pc hike in VRT, while the most polluting cars of all – those in bands 16-20 (from 146g/km) – face a 4pc increase.

The €5,000 relief for battery vehicles (BEVs) has been extended up to the end of 2023.

PROPERTY

The Help to Buy scheme has been extended, in its current form, for another year to the end of 2022.

The relief for pre-letting expenses incurred by residential landlords has been extended for a further 3 years.

A new zoned land tax has been introduced. An annual 3% tax (based on the market value of the land) will apply to serviced land which is zoned for residential development. There will be a two-year lead-in time for land zoned before January 2022 (three years for land zoned after January 2022). This will replace the vacant site levy.

EUROPE SET TO REQUIRE COMMON CHARGER FOR (MOST) CONSUMER PRODUCTS

If you're tired of managing different charging cables, relief may be on the way — at least in Europe. After giving the consumer electronics industry 10 years to propose their own solution, the European Union is pushing forward plans to standardize all charging ports to USB-C. Enacting a common charger across mobile phones, cameras, headphones, speakers, and more would serve two goals.

- **First, waste reduction.** Electronic waste (aka, e-waste) is the fastest growing waste stream in the E.U. with less than 40% recycled. Disposal of unused chargers results in roughly 11,000 tonnes of e-waste *annually*.
- **Second, increase consumer convenience.** European consumers spend €250 million a year on unnecessary charger purchases. The proposal not only limits the number of chargers needed, but also ensures consumers can easily determine the correct charger through simple labelling of power requirements.

Why USB-C? USB-C was ultimately chosen for its wide adoption (nearly all Android devices) and support of the latest technology standards.

RENT TO BE CAPPED AT 2% IN RENT PRESSURE ZONES

Rent Pressure Zones are located in parts of the country where rents are highest and rising, and where households have the greatest difficulty finding affordable accommodation. A new Bill published recently aims to cap rent increases at 2% per year in Rent Pressure Zones (RPZs). The Bill will also provide for tenancies of unlimited duration – a key reform under the government's recently published plan to create a sustainable housing system in Ireland. The new cap will only operate when general inflation is higher than 2%.

These changes will be enacted under the Residential Tenancies Act once passed by the Oireachtas. The legislation proposes to provide enhanced tenancy protection by making a 'Part 4' tenancy one of unlimited duration after a tenant has been in place for six months and not subject to expiry at the end of a six-year term.

It is intended that this would apply to new tenancies commencing six months or more after enactment of this Bill. In addition, where any existing tenancy is renewed after this time, it will become a tenancy of unlimited duration.

Further information on these zones can be found on **www.rtb.ie/rent-pressure-zones**

CHRISTMAS LAST POSTAL DATES 2021

Christmas season is always a busy time for postal services around the world. Christmas postal dates are listed below for your convenience. Along with this, AnPost have also published last dates for distribution of commercial flyers/advertising.

SERVICE	REPUBLIC OF IRELAND	NORTHERN IRELAND	GREAT BRITAIN	REST OF EUROPE	USA	REST OF THE WORLD
STANDARD POST LETTERS	DECEMBER 21	DECEMBER 21	DECEMBER 20	DECEMBER 18	DECEMBER 09	DECEMBER 04
STANDARD POST PARCELS	DECEMBER 21	DECEMBER 21	DECEMBER 20	DECEMBER 13	DECEMBER 09	DECEMBER 04
REGISTERED POST	DECEMBER 21	DECEMBER 21	DECEMBER 20	DECEMBER 13	DECEMBER 08	DECEMBER 04
EXPRESS POST	DECEMBER 21	DECEMBER 21	DECEMBER 20	DECEMBER 13	DECEMBER 10	DECEMBER 08
INTERNATIONAL COURIER			DECEMBER 20	DECEMBER 20	DECEMBER 16	DECEMBER 16

International mail delivery times are estimates and subject to local postal operator delays.

CRM – KEEPING CUSTOMERS AND GROWING YOUR BUSINESS

IF YOUR BUSINESS IS UP AND RUNNING, you know how hard you worked to get your first customers. But did you know that acquiring customers can be the easy part - keeping those customers loyal and making sure they return to do repeat business with you can often be much more difficult.

However, existing customers can contribute significantly in helping you build a successful business - so it makes good business sense to manage these relationships effectively.

Customer Relationship Management (CRM) software has been around for years but many small business owners don't consider it as an option as they think their business may be too small or just doesn't need it.

On the other hand, small business owners that use CRM software to track interactions and keep in touch with customers and/or prospect customers could not envisage operating without it.

There are many options available for small business with a lot of providers offering free versions - what is key is to take some time and research what the best option is for your business.
All CRM platforms enable you to easily build and maintain a customer and/or prospect database. With this database you can:

- Store customer details, product preferences, special requirements etc
- Communicate with your customers easily and track responses to calls/emails
- Identify visitors to your website and track their activity, building a profile of what prospective customers are particularly interested in
- Deliver email marketing campaigns in bulk to promote special offers, discounts etc
- Follow up with inactive customers that have not bought in a while or did not complete a purchase, with a gentle reminder

PERSONAL DATA AND GENERAL DATA PROTECTION REGULATION (GDPR)

If you process personal data as part of your business, then GDPR applies to you.

It is important to remember that:

- Customer AND employee data is personal data
- Storing personal data either electronically or in hardcopy constitutes 'processing' personal data and is governed by the General Data Protection Regulation.

There is a lot of helpful information available from the Data Protection Commissioner in Ireland to make sure you are fully compliant with all data protection regulation.

FITNESS FOR WORK: *GUIDANCE FOR EMPLOYERS AND EMPLOYEES AFTER COVID-19 ABSENCE*

The Health and Safety Authority HSA) has published interim guidance on its website to assist employers to manage workers' return to work following Covid-19 related absence. The guidance can be considered within existing sickness and absence management procedures and policies.

Fitness for Work (FFW) refers to a state of physical and psychological health and well-being which enables a worker to carry out their work reliably, safely and efficiently and in a way that does not affect their safety or the safety of others. Most workers who contract Covid-19 will recover with no long term health effects. Some workers, however, may suffer serious or on-going health effects and need additional support to return to work.

Maintaining communication with the absent worker is important and will help you in assessing whether the worker is fit / unfit to return to work. Employers should apply existing policies and procedures to encourage workers back to work, after a longer absence due to COVID-19, in the same way that return to work following any long illness is managed.

Employers should establish whether workers, who are returning to work following COVID-19 infection, are fully fit to return to their pre-COVID-19 roles and responsibilities. In some instances, workers may be unable to resume their pre-COVID-19 roles and responsibilities and may require both transition arrangements or altered responsibilities. This can be done in line with the organisation's existing policies and procedures. Employers should make workers aware of worker assistance programmes and or wellbeing initiatives that have been put in place by the employer, that may help workers adjust to returning to work after absence due to COVID-19.

On the return to work, the employer should inform the worker of any relevant changes in the COVID-19 response plan made at the workplace, e.g. specific COVID-19 infection prevention and control measures or any other changes to work practices. It is expected that there is a regular update issued to staff of relevant health advice to workers on COVID-19 in the workplace on an on-going basis.

In the event an employee is unable to return to their pre Covid-19 roles/responsibilities, employers may wish to consider the following options:

- **relocation:** same job in an alternative location (remote working arrangements) where the risk assessment indicates control measures can be put in place
- **change in tasks:** modification, adaptation or removal of higher risk tasks
- **change in role and / or retraining:** alternative roles such as office-based role with the required controls in place or the ability to work from home in the new role.

EMPLOYEES TO BE GIVEN LEGAL RIGHTS ON PAYMENT OF TIPS

There will be new requirements on employers to clearly display their policy on how both card and cash tips, gratuities and service charges are distributed. All electronic tips must be distributed fairly and in a transparent way. This new law will, for the first time, give workers legal protections over tips. It will mean that any tips received cannot be counted towards an employee's basic pay, they must be counted as additional and separate.

The aim of the Payment of Wages (Amendment) (Tips and Gratuities) Bill is to:

- Provide clarity on the meaning of tips, gratuities and service charges
- Place tips and gratuities, but not service charges, outside the scope of a person's contractual wages
- Oblige employers to display prominently their policy on the distribution of both cash and card tips
- Oblige employers to distribute fairly, equitably and in a transparent manner, tips that are received in electronic form, that is, through debit or credit cards or smart phones

An important element of the new law will be to give employees a legal entitlement to receive tips and gratuities paid in electronic form (that is, by debit or credit card) with a provision that these tips and gratuities should be paid out to workers in a fair, transparent and equitable manner. A fair and equitable distribution will be context specific and is likely to take into account matters such as staff hours, busy and quiet periods, a worker's role in service delivery, customs and practice etc.

This new law builds on the suite of legal rights that the Government is introducing to protect workers, which includes the Sick Leave Bill, the Transparent and Predictable Working Conditions Directive and the right to request remote work.

CONSUMER RIGHTS BILL 2021

Consumer rights in Ireland are set for significant reform. The proposed Consumer Rights Bill was published earlier this year for public consultation by the Department of Enterprise, Trade and Employment. The public consultation process completed on June 30, 2021 and submissions will be fully considered before the text of the Bill is finalised.

The Bill only applies to Business to Consumer (not B2B) transactions and is expected to include new statutory rights and remedies in contracts for digital content. It is also expected to contain:

- Enhanced protections relating to contracts for the sale of goods with digital elements including a minimum 2 year legal guarantee against faulty products
- A black list of standard contractual terms and conditions that are always unfair
- New enforcement powers for the Competition and Consumer Protection Commission against traders who do not provide consumers with the remedies they are entitled to under the Act
- Rights and remedies in consumer contracts for the sale of goods
- Rights and remedies in consumer contracts for the supply of digital content and digital services
- Rights and remedies in consumer contracts for the supply of non-digital services

The Omnibus Directive requires the enacted legislation to take effect in Ireland from 28 May 2022. Consequently, businesses may be afforded only a narrow window between the date of enactment and the legislation coming into force when relevant changes to documentation or processes will have to be complete.

UPDATED WORK SAFETY PROTOCOL OCTOBER 2021

The Work Safety Protocol outlines guidance for employers on a returning workforce. It was expected that the government would lift the "work from home where possible" guidance after October 22nd which would allow for a more substantial return to the workplace. However, it is now expected that the work from home guidance will remain until Spring 2022.

The Protocol advises a cautious and careful return to workplace and also encourages the acknowledgement of the following points:

- Appropriate attendance levels, cognisant of public health guidance as reflected in the Work Safely Protocol and associated checklists;
- The use of staggered arrangements, such as non-fulltime attendance and flexible working hours, and
- That attendance is for specific business requirements.
- Each workplace will still be required to nominate a lead worker representative to prevent the spread of Covid-19 in the workplace, according to the Protocol.

This Newsletter is intended to provide a general guide to the subject matter and is necessarily in a condensed form. Advice should be taken before acting on information in it.

A MODERN MARKETING MAP FOR CUSTOMER-CENTRIC SUCCESS

You know that your customer is fundamental to your strategic success. At the heart of everything you do and everything your organization does, there should be an all-encompassing consideration of your customer.

Digital tools and channels have dramatically transformed the way buyers choose to purchase. They're more empowered, and more inclined to research online before reaching out to a sales rep. Because of digital, the fate of marketing campaigns and sales pipelines lies very much in the hands of the buyer. And despite this shift in power, a large number of organizations still haven't adopted a customer-centric approach to marketing and selling.

They're preoccupied with their products, their marketing, their sales, their success. They're preoccupied with themselves. But now it's time to look at everything through the eyes of the customer. Your success starts with knowing thy buyer.

What business problems do your customers face? What are their opportunities? What are they trying to accomplish? What is the environment in which they operate? These key questions should underpin the way in which you market and sell to them. Your primary motivation should be to identify and address the needs of the buyer. Or, in the words of renowned entrepreneur and marketer Seth Godin, "don't find customers for your products, find products for your customers".

INFLUENCERS

Establishing relationships with industry influencers is the first essential step in this modern marketing map. These are the people your potential customers trust, the people they listen to, the people they learn from. Associating yourself with these individuals not only increases your visibility; it increases your credibility too. Influencer marketing has the power to humanize your brand and foster customer engagement in a much more organic way.

CONTENT

Self-empowered modern buyers are actively going out and seeking knowledge, trying to find their own solutions. Consequently, the problem that sellers and marketers are facing is that these buyers are no longer responding to cold outreach and traditional broadcast marketing techniques. Buyers now turn to search engines and social networks to self-educate through the consumption of digital content. You should look to create content that tells a story and is human, in a variety of formats. It could be a how-to video, an instructional webinar or podcast. Once created, you need to share your content in the space where your target audience exists, engages and learns, be it on LinkedIn, or via Twitter.

COMMUNITY

By creating opportunities to connect customers and cultivate a sense of community, you can enhance the ongoing effectiveness of your marketing strategy, build your brand's reputation, earn the trust of your customers and drive revenue!

ADVOCACY

Your best salespeople are not on your payroll. They're your customers, who are willing to say good things about you. Buyers today not only have more choice, they have a louder voice, which you can leverage to your brand's advantage.

The most effective marketing strategies are driven by a customer-centric culture. A customer-centric organization is where every process starts and ends with customer success in mind. It's a culture, not an event or a department. Every aspect of your company should be aligned with the sole purpose of creating an optimal customer experience. When you do this for your customers, they will in turn champion your success.

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Merry Christmas and Happy New Year

Wishing all our customers a Merry Christmas 2021