

Irish Taxation Institute SME Tax Poll

May 2010

Prepared for:



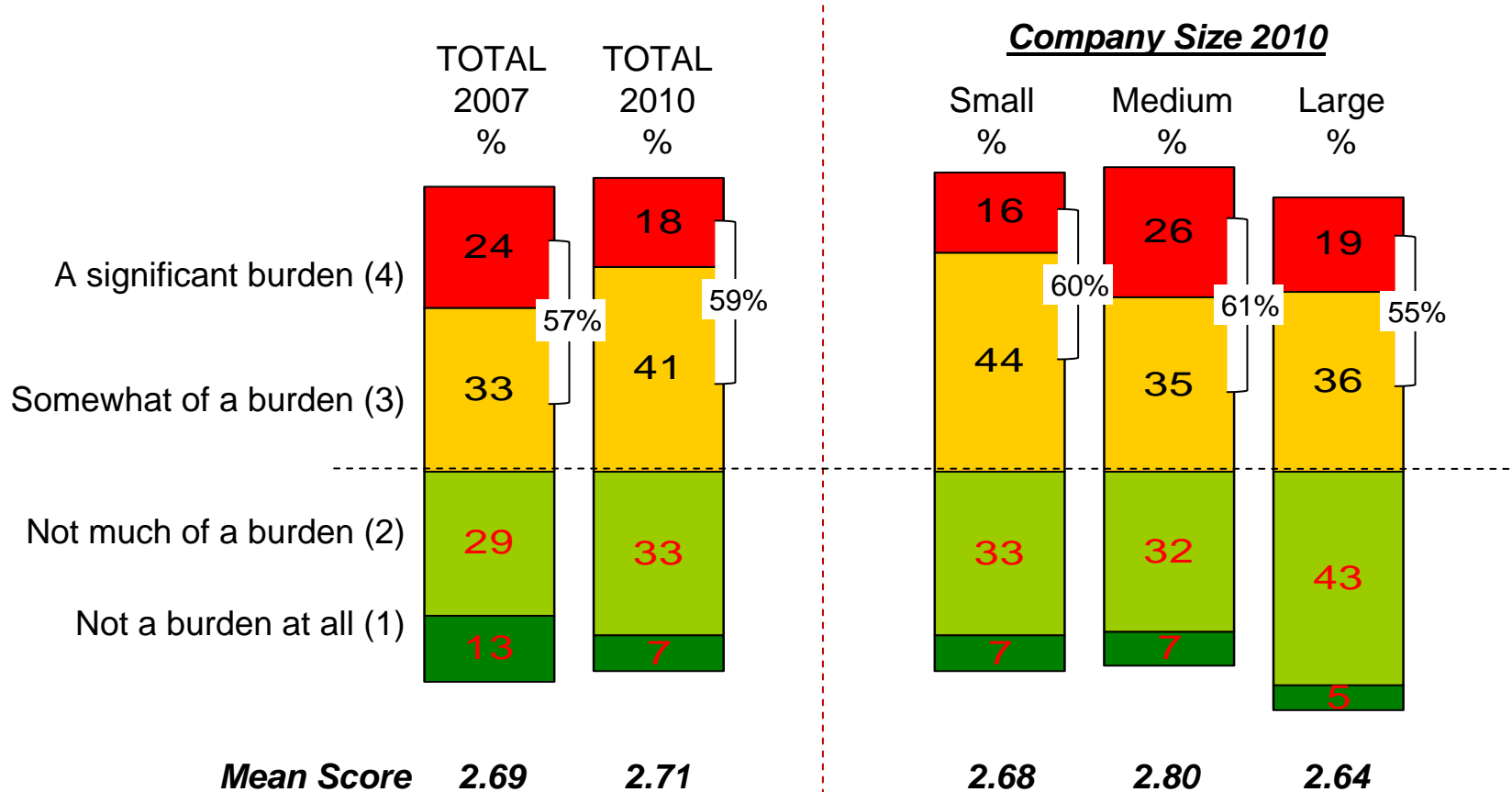
Irish Taxation
Institute

RESEARCH EVALUATION DIRECTION CLARITY

Tax Burden

Level of administrative burden

(Base: All SME Businesses - 300)

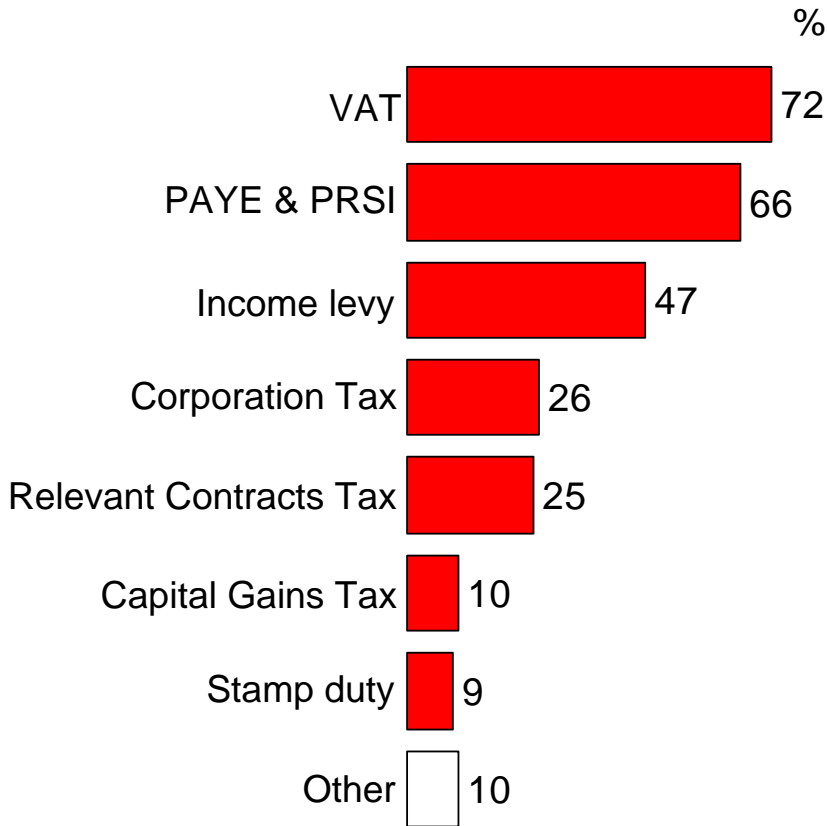


Levels remain relatively unchanged to what we saw in 2007, however a slight increase is evident. Larger companies however, are less likely to agree that it is a burden than smaller companies.

(Q 1)

Tax which place an unnecessarily high administrative burden

(Base: All who feel it is somewhat or a significant burden – 179)



<u>Company Size</u>		
Small (83) %	Medium (49*) %	Large (42*) %
71	75	66
69	56	60
45	52	48
22	39	33
21	39	26
9	15	5
9	12	2
11	6	10

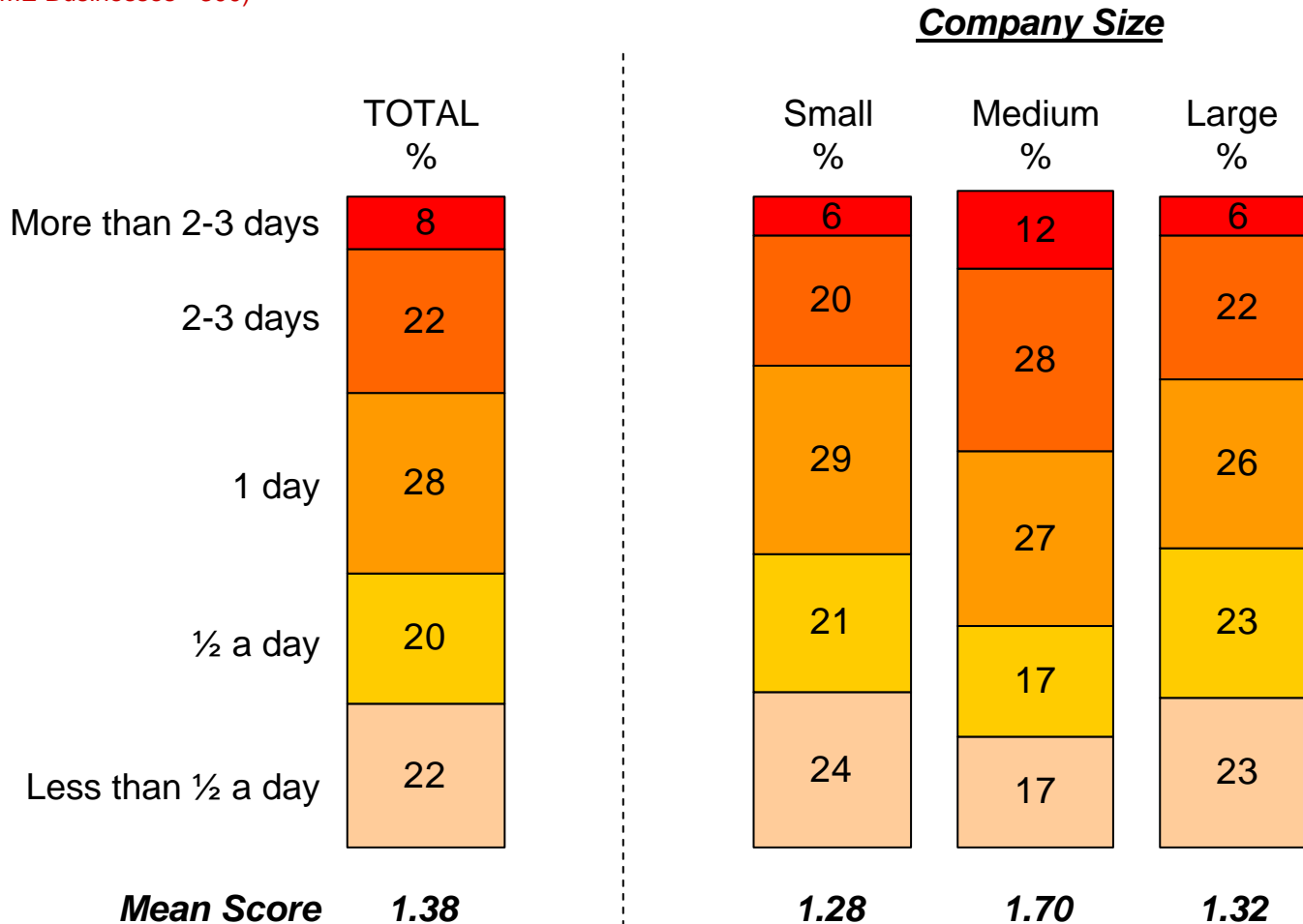
VAT and PRSI & PRSI come out as the top 2 issues which place an unnecessary high administrative Burden. Those from medium size companies are more likely than average to claim corporation tax as a burden, as well as relevant contracts tax.

(Q 2)

(4)

Time spent each month on tax compliance obligations

(Base: All SME Businesses - 300)



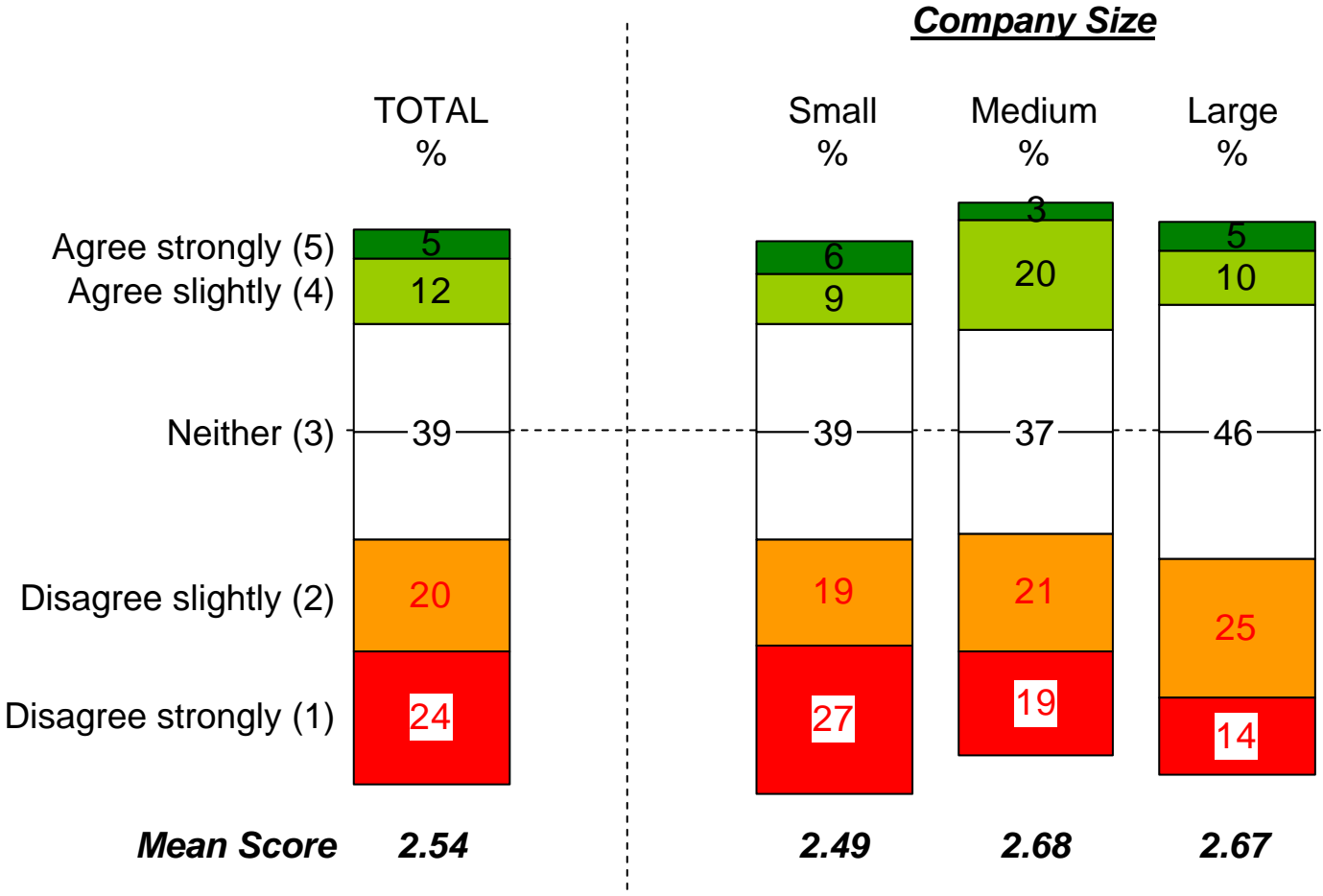
Average time spent on tax obligations is 1.5 days per month. Medium size companies spend most time each month on their tax compliance obligations, while small and large spend less time.

(Q 3)

Start-Ups

Agreement that state administrative structures make it easy for those starting up in business

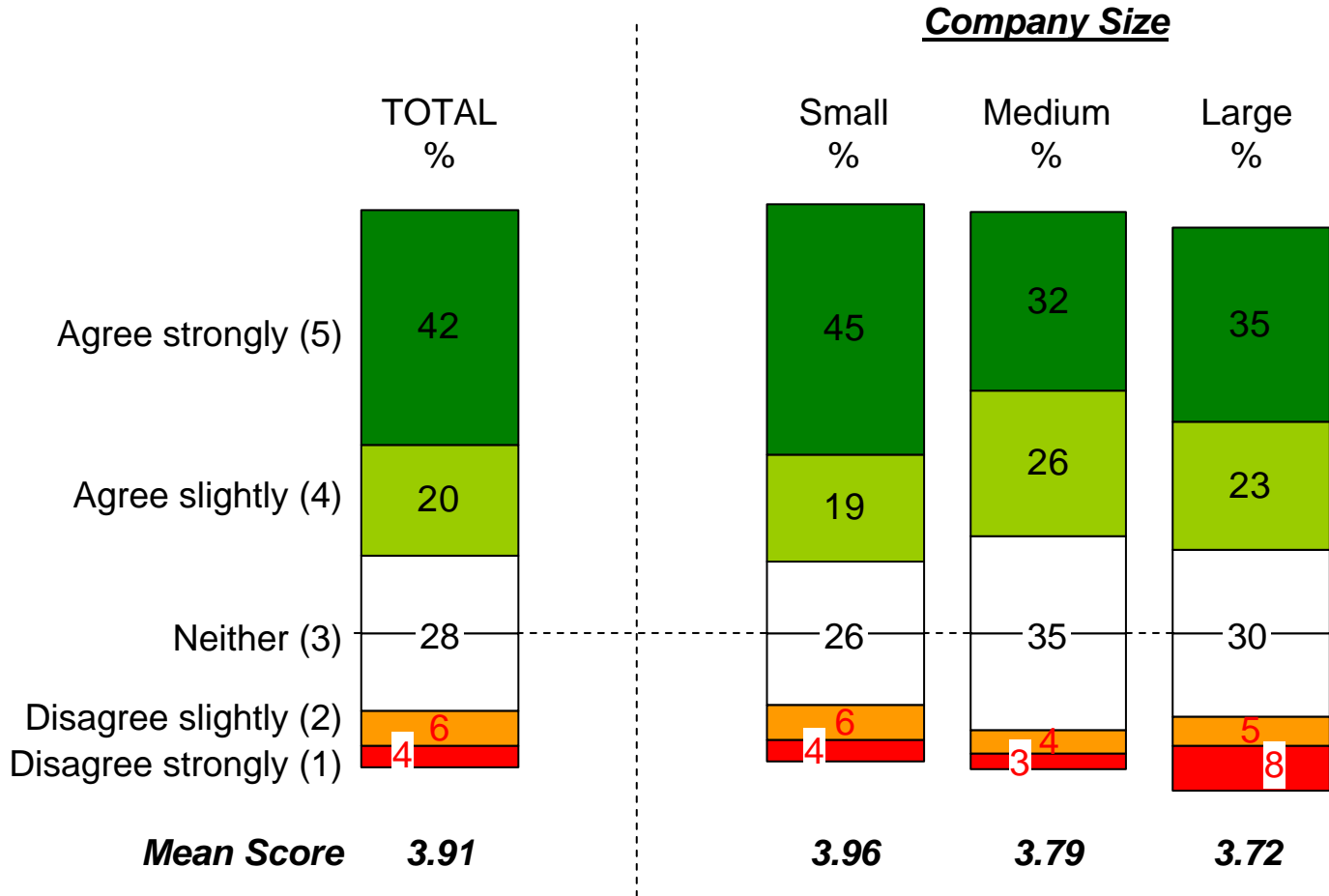
(Base: All SME Businesses - 300)



Almost half disagree that current structures make it easy to start up a business – with small companies the least likely to agree

Agreement levels that a more co-ordinated and centralised approach by state related bodies would relieve obstacles starting a business

(Base: All SME Businesses - 300)

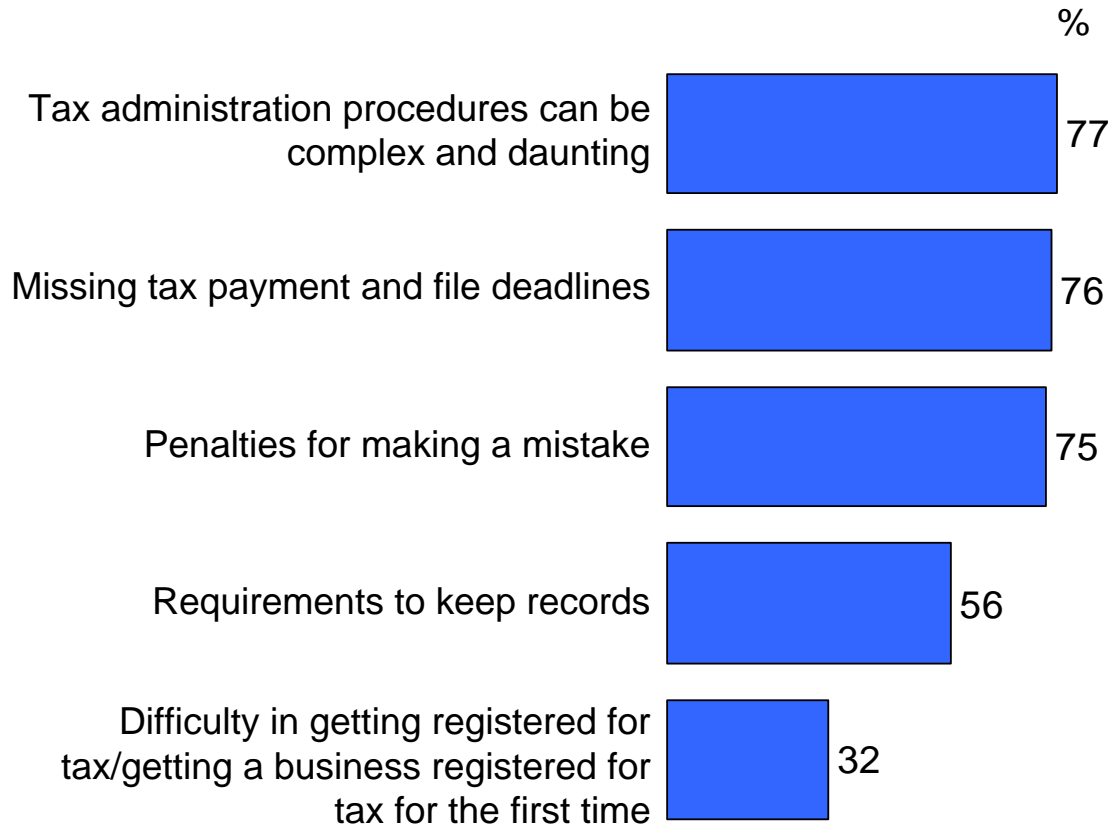


Almost 2 in 3 small companies agree that a more co-ordinated and centralised approach by state bodies would relieve obstacles starting a business.

(Q 5)

Tax issues which might be of concern if starting a new business in Ireland

(Base: All SME Businesses - 300)



	<u>Company Size</u>		
	Small %	Medium %	Large %
Tax administration procedures can be complex and daunting	70	76	71
Missing tax payment and file deadlines	77	75	70
Penalties for making a mistake	70	90	77
Requirements to keep records	58	52	55
Difficulty in getting registered for tax/getting a business registered for tax for the first time	32	31	33

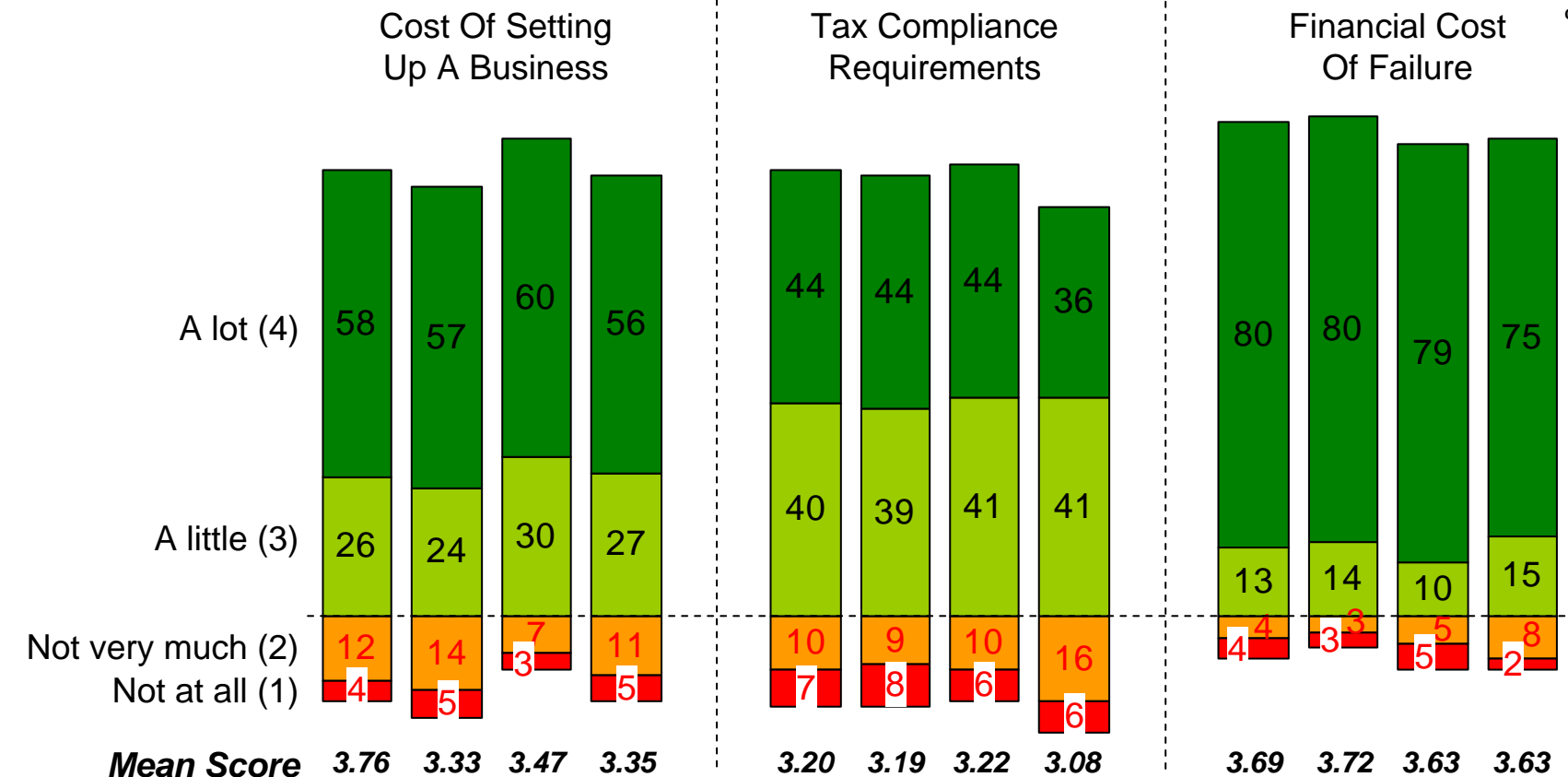
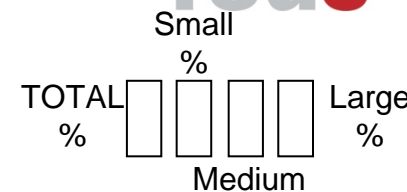
Top three issues which might be of concern if starting a new business in Ireland are daunting & complex tax procedures, missing tax payments and file deadlines and penalties for making a mistake – the latter of which is of particular concern to medium companies.

(Q 6)

(9)

Issues which might put people off starting a new business in Ireland

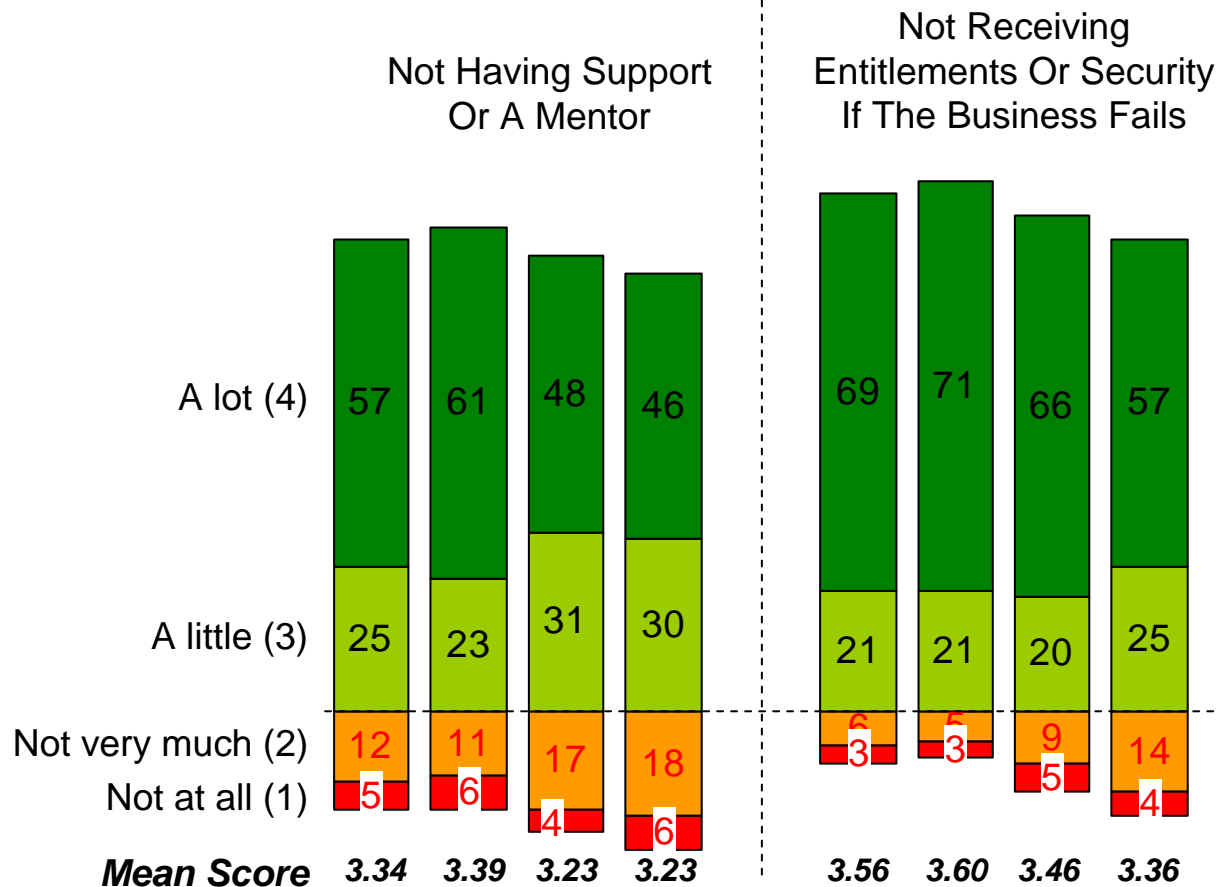
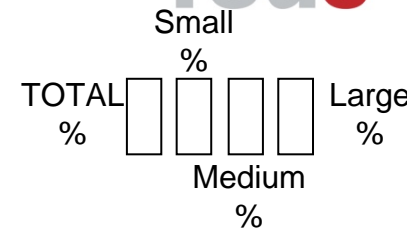
(Base: All SME Businesses - 300)



The cost of failure is seen as the main issue for new starts ups among those already running small and medium companies in Ireland

Issues which might put people off starting a new business in Ireland

(Base: All SME Businesses - 300)



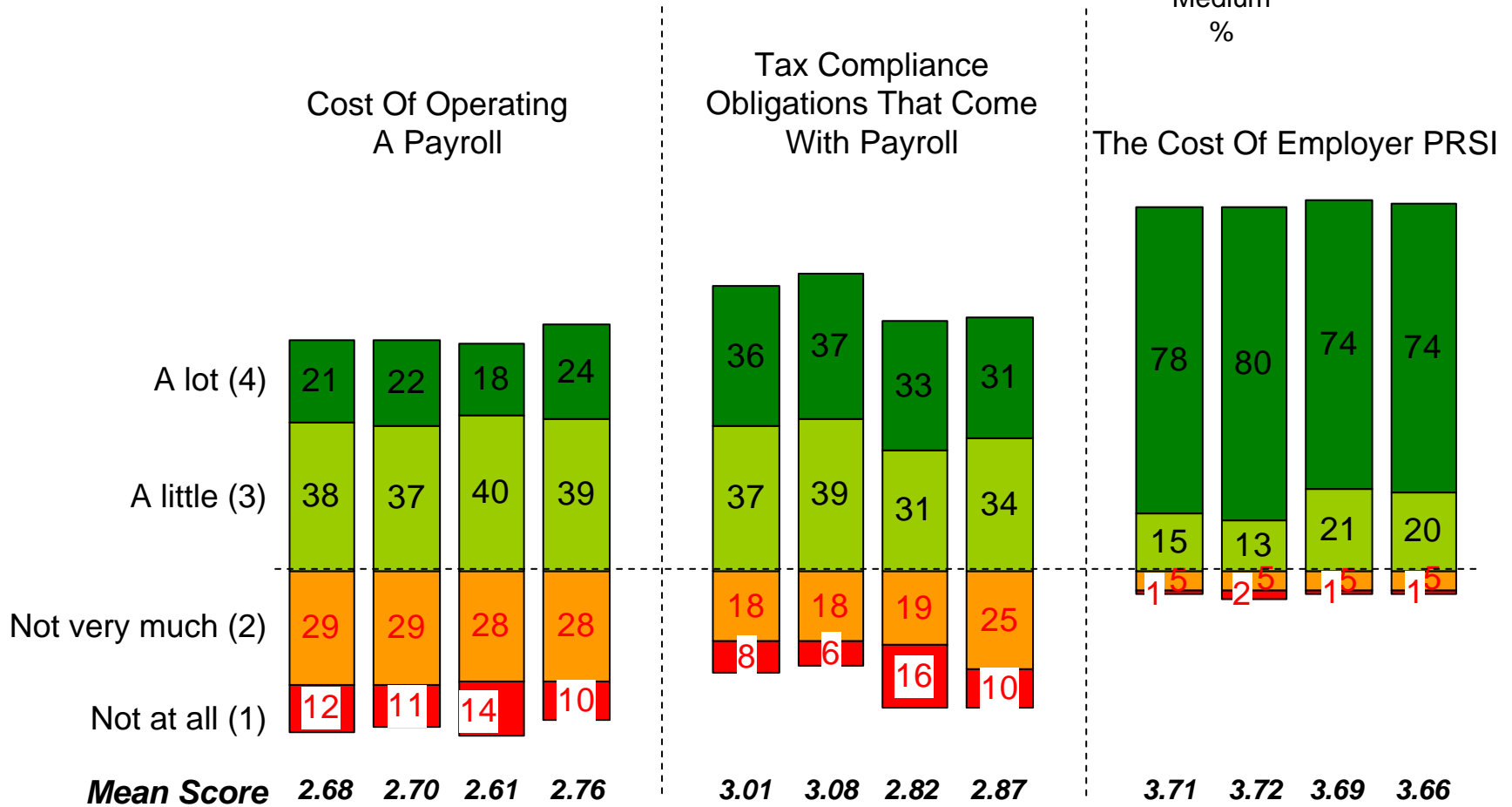
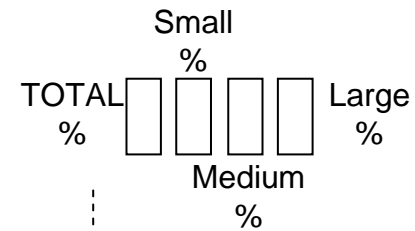
Not receiving entitlements or security if the business fails, is the second most likely issue to putting people off, particularly among small companies

(Q 9)

Potential obstacles to taking on new staff



(Base: All SME Businesses - 300)



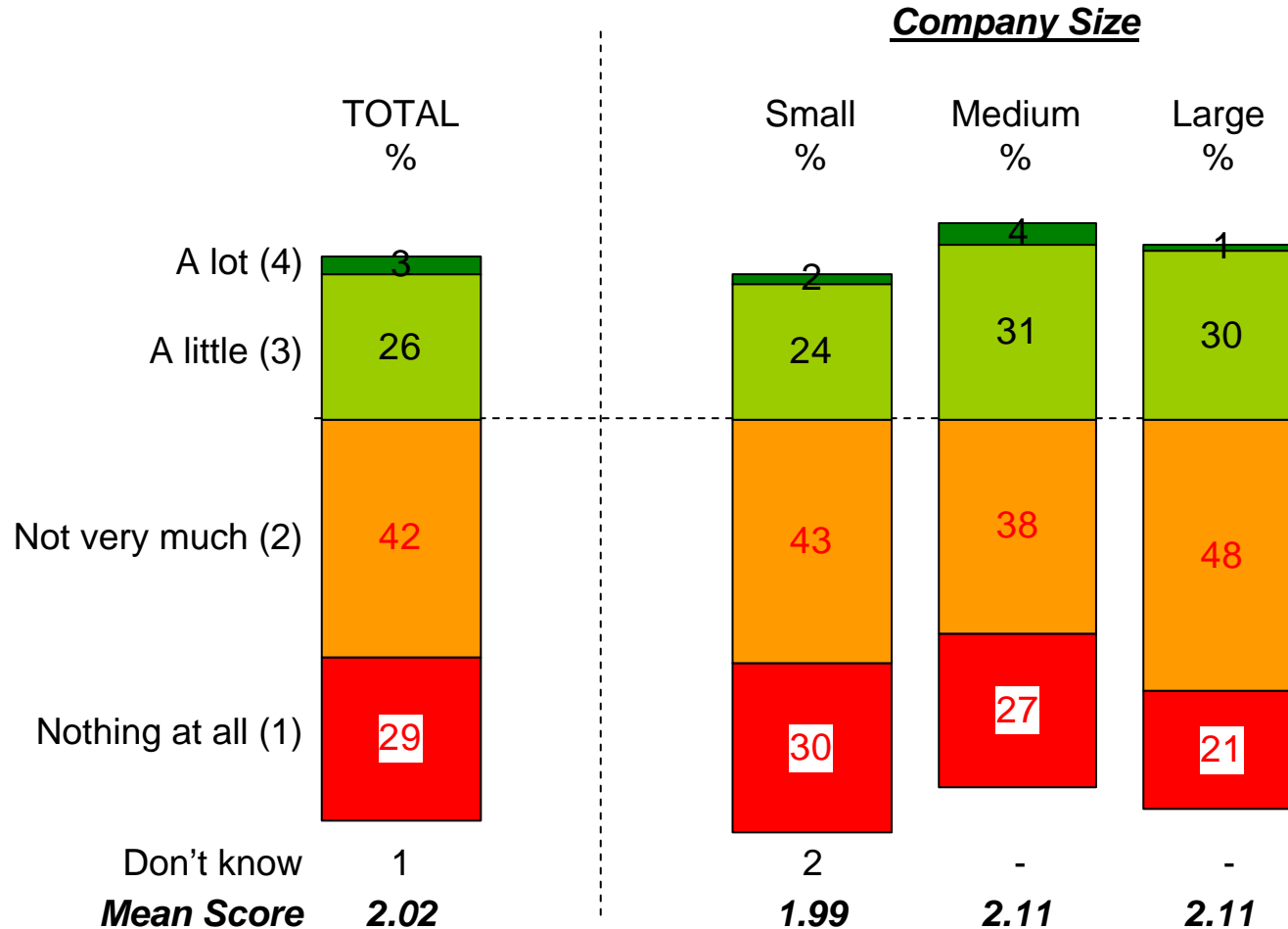
There are almost unified high agreement that the cost of Employer PRSI is a major obstacle to staffing. There is a split of opinion regarding the cost of operating a payroll, however, almost 2 in 3 large companies agree it is an obstacle to taking on new staff.

(Q 10)

Investment In Ireland

How much is being done to encourage investors and savers to invest into Irish businesses?

(Base: All SME Businesses - 300)

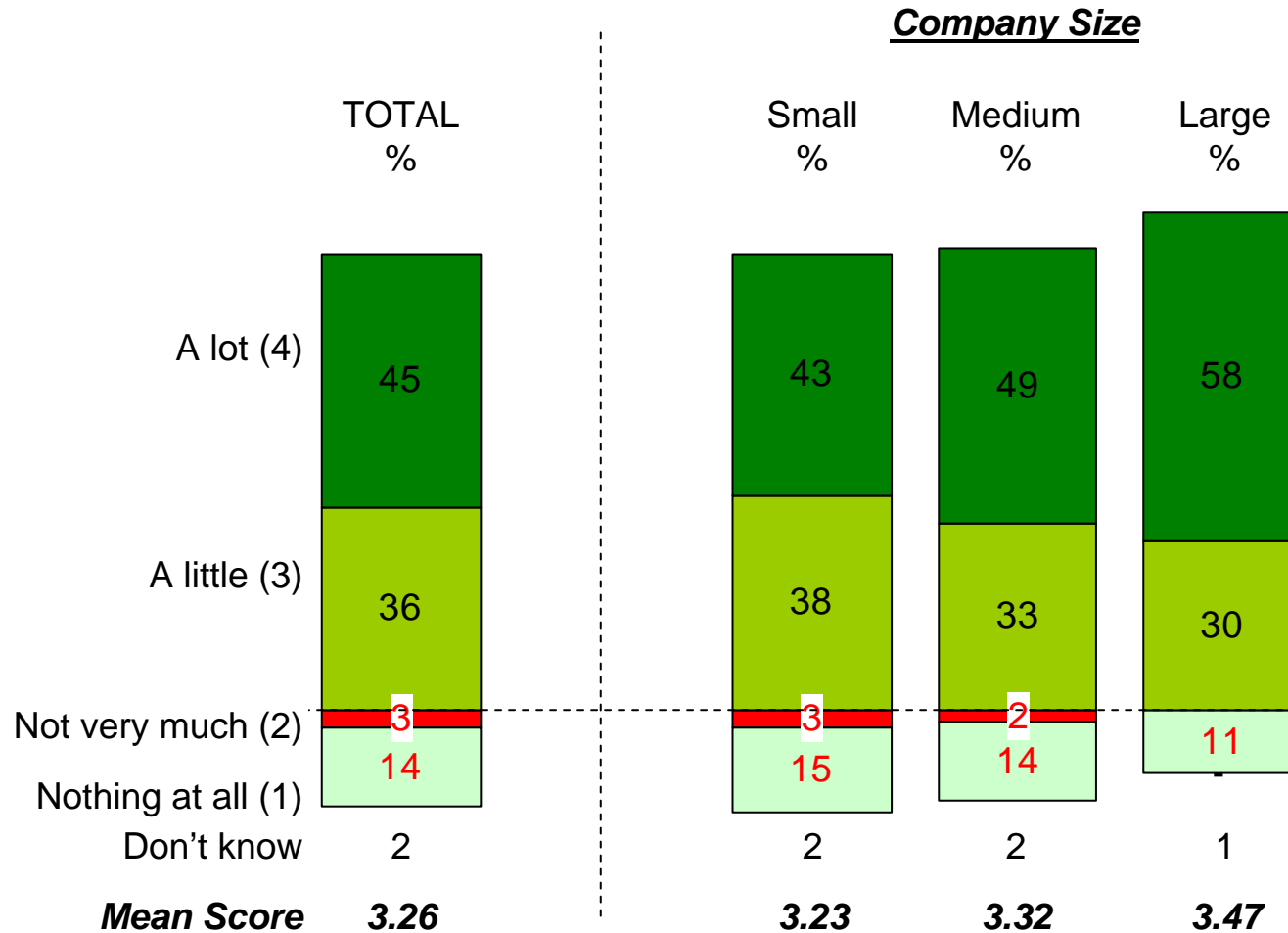


7 in 10 claim nothing is being done to encourage investors and savers to invest into Irish businesses, With this opinion highest among small companies.

(Q 11)

Impact of tax based measures in terms of encouraging investors to inject capital into Irish businesses

(Base: All SME Businesses - 300)

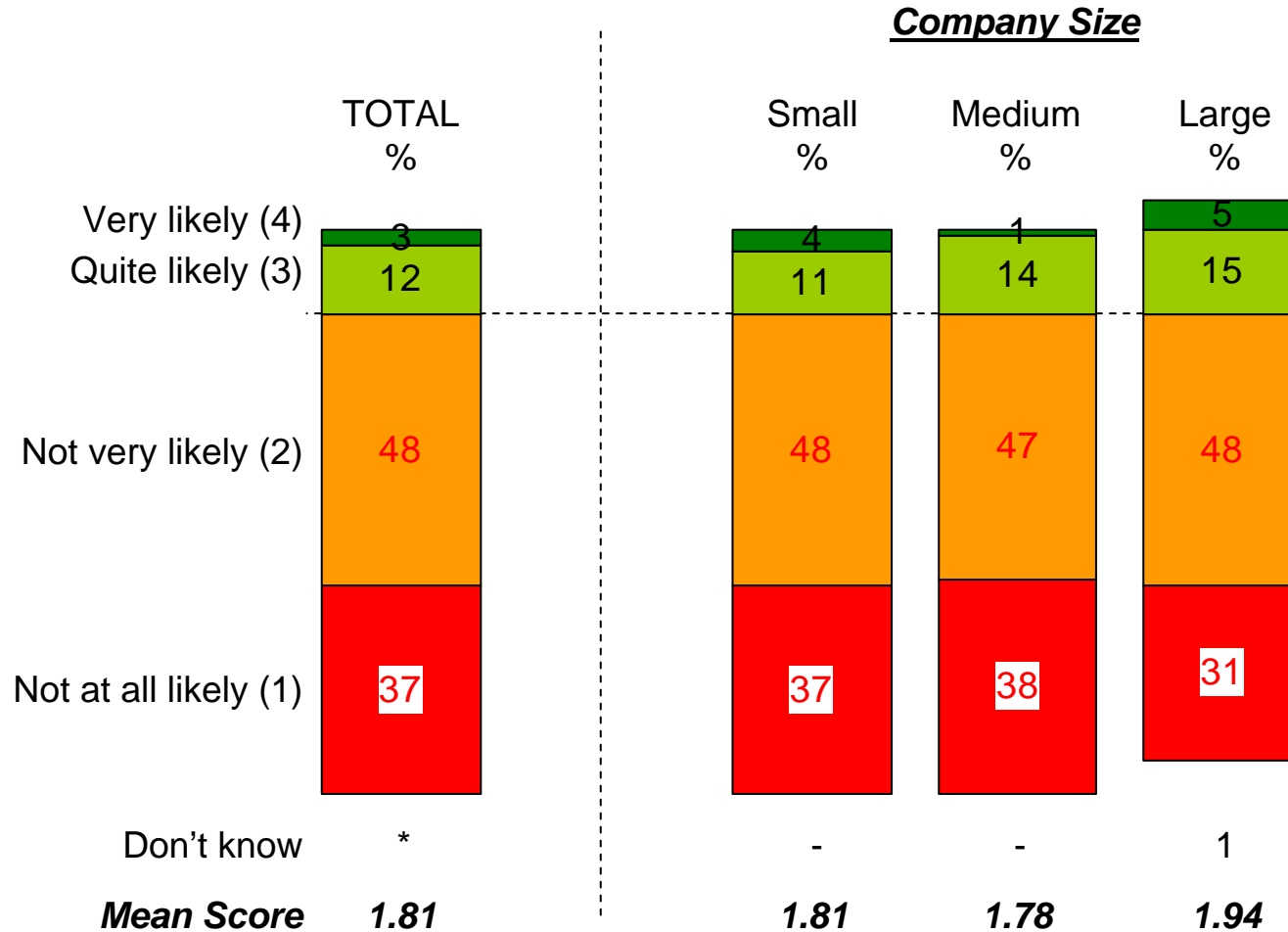


4 in 5 claim the impact of tax based measures in terms of encouraging investors to inject capital into Irish businesses is a lot or a little. Small companies, however, are less likely to agree.

(Q 12)

Likelihood of people with capital and savings to invest in Irish businesses without any tax benefits

(Base: All SME Businesses - 300)



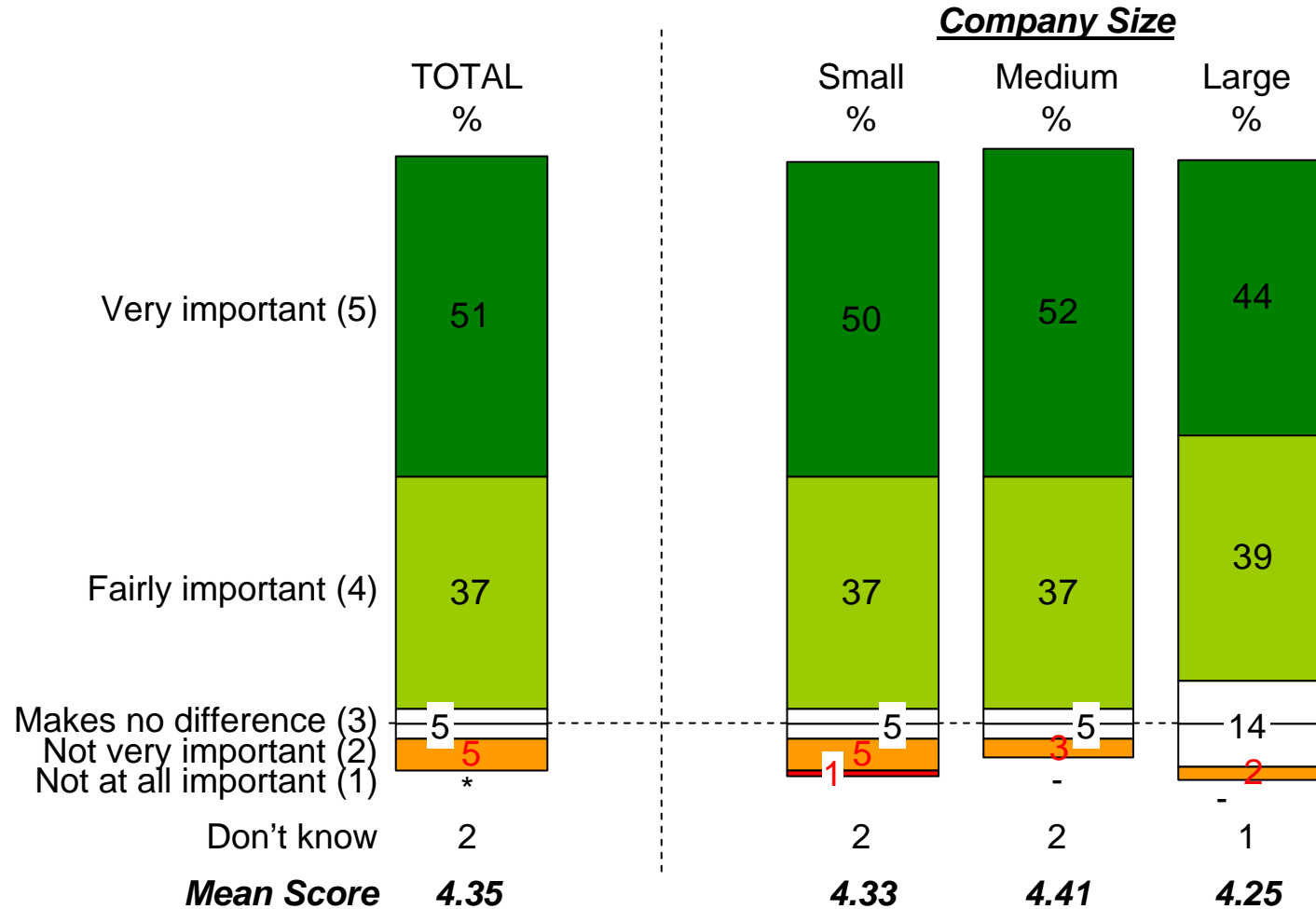
High levels of disagreement recorded in terms of likelihood of people with capital and savings to invest in Irish businesses without any tax benefits. However, we see that 1 in 5 large companies believe there to some likelihood.

(Q 13)

(16)

Importance of medium to long term certainty on tax related measures in terms of encouraging investors to invest money in businesses

(Base: All SME Businesses - 300)



Most companies find medium to long term certainty on tax related important – but particularly medium sized companies

(Q 14)

Which tax reliefs and incentives availed of in the past

(Base: All SME Businesses - 300)



	<u>Company Size</u>		
	Small %	Medium %	Large %
Use of trading losses	30	45	61
Simplified filing arrangements for small businesses	28	30	19
VAT cash receipts basis	30	14	15
VAT bad debt relief	19	30	41
Offset of redundancy rebates against outstanding tax liabilities	20	26	30
PRSI exemption for new employees	11	13	16
Seed capital relief	7	3	10
Relief for research and development costs	3	12	13
Three year corporate tax "holiday" for startup companies	3	7	5
Double deduction for wages and PRSI for new employees	2	4	6
Negligible value claims	2	2	7

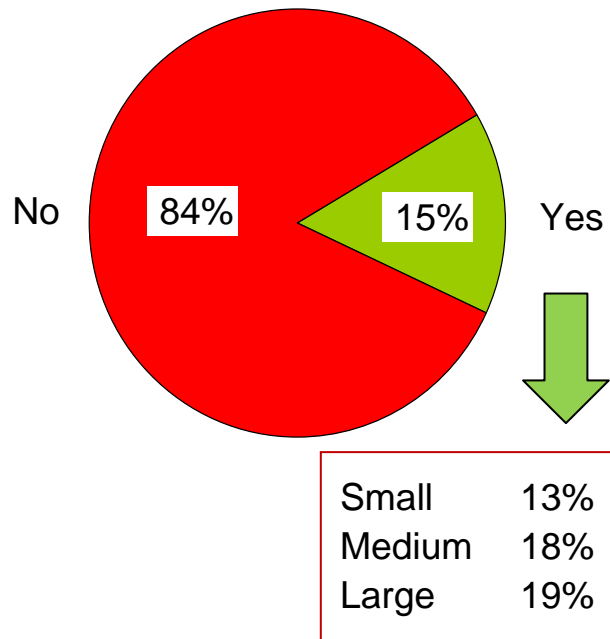
Use of trading losses is cited as the top relief/incentive ever availed of which appears to be driven by both medium and large companies. Large companies are also more likely to have availed of VAT bad debt relief.

(Q 15)

(18)

Ever considered/claimed BES

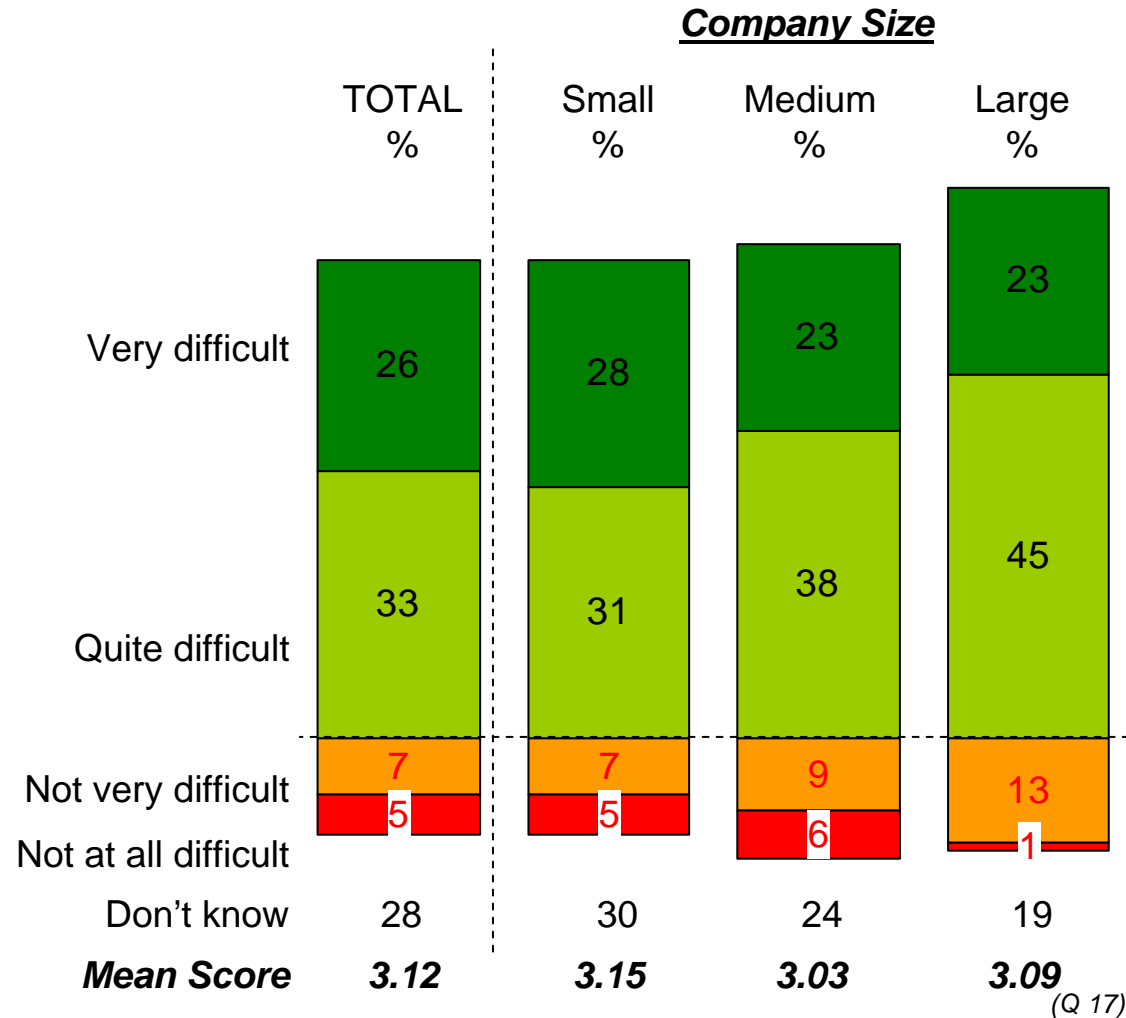
(Base: All SME Businesses - 300)



(Q 16)

Difficulty in availing/perceived difficulty in availing of funds through BES

(Base: All SME Businesses - 300)

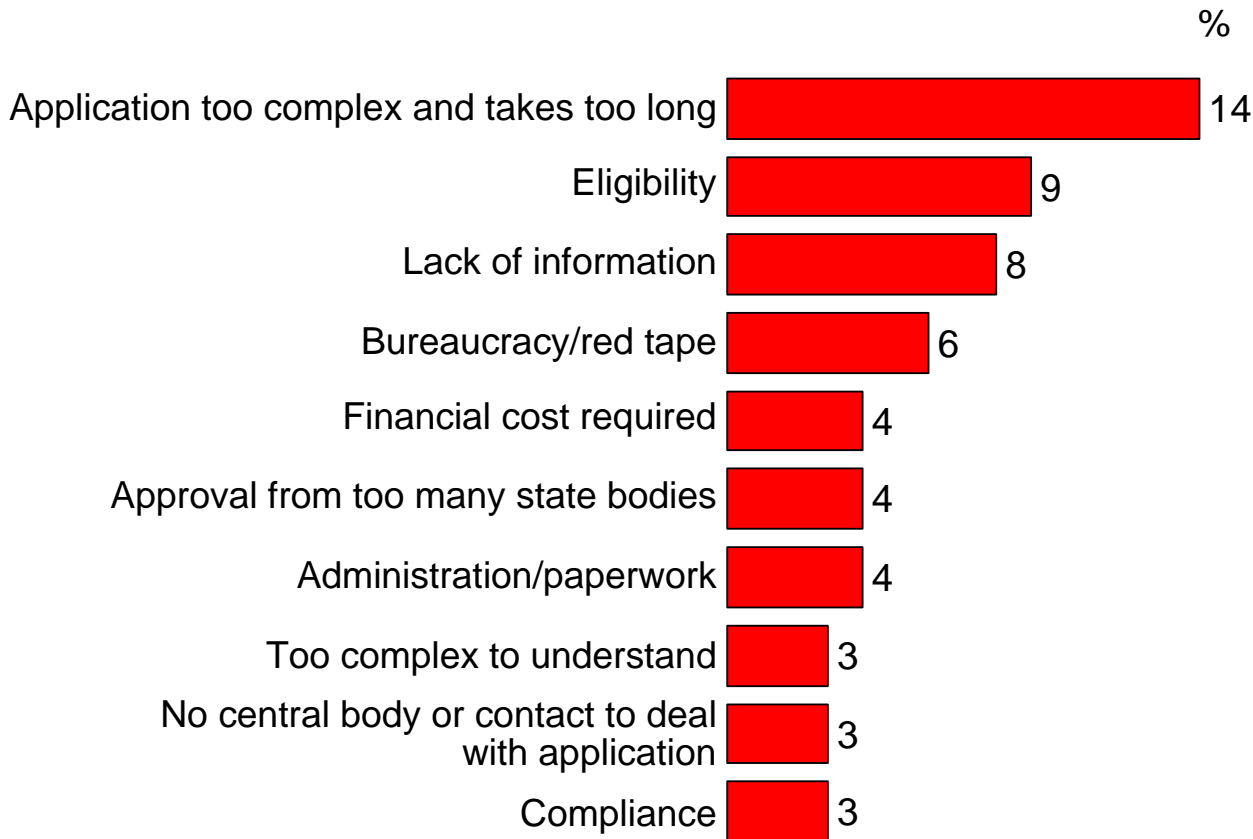


(Q 17)

Large companies are more likely to have considered or actually claimed BES. Almost 6 in 10 believe that that it is difficult to avail of funds through BES, with highest difficulty ratings amongst large companies.

Main Obstacles To Accessing Funds Through The BES

(Base: All SME Businesses - 300)



	<u>Company Size</u>		
	Small %	Medium %	Large %
Application too complex and takes too long	13	18	15
Eligibility	9	8	5
Lack of information	7	10	9
Bureaucracy/red tape	8	2	2
Financial cost required	4	4	5
Approval from too many state bodies	3	6	6
Administration/paperwork	3	5	11
Too complex to understand	3	3	4
No central body or contact to deal with application	2	3	2
Compliance	3	2	4

The biggest obstacle, claimed by all company sizes, is that the application process is too long. This is followed by lack of eligibility and lack of information.

(Q 18)

*All Other Mentions 2% or Less