The Centre for
Cross Border Studies

MEDIA WATCH

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Belfast International Airport boss urges Tourism Ireland to look North

Tourism Ireland, the all-island body set up under the Good Friday Agreement, needs to be more proactive in attracting British tourists to Northern Ireland, the head of Belfast International Airport has said.

In a letter to Taoiseach Enda Kenny, Graham Keddie said Northern Ireland was becoming much more attractive as a destination for travellers from Britain than the Republic due to the strength of the euro.

And he urged Mr Kenny to "impress upon" Tourism Ireland the need to focus its work on Northern Ireland.

"This, of course, requires Tourism Ireland Limited (TIL) to adopt a much more proactive stance in the crucial GB market," Mr Keddie wrote in the letter, which was obtained by the BBC NI political show, The View.

"Just as TIL aggressively marketed and promoted the Republic of Ireland through Dublin, we expect no less an effort now that the situation is reversed. Perhaps that is something you and your colleagues could impress upon TIL in the interests of fairness and equality."

Sterling slumped almost a fifth after the Brexit vote on June 23, although it has strengthened recently from the 90 pence to the (EURO)1 mark, to about 85p. However, the weakened pound has made it more expensive for British tourists to visit the Republic.

"A weaker pound makes Northern Ireland a much more attractive proposition for tourists from Great Britain. The flip side is that a stronger euro makes the Republic of Ireland much more expensive and, therefore, much less attractive," Mr Keddie wrote.

"We view this as an opportunity to recalibrate the tourism 'balance sheet' where the lion's share of advantage flowed in the Republic of Ireland's direction.

"Now, for the first time, we can say to an important market that they can use Belfast as the 'gateway' to not only Northern Ireland, but the island as a whole."

Tourism Ireland said it continues to promote Northern Ireland in 23 markets around the world.

It said official figures "confirm growth of +9% in overseas visitors in the first half of 2016 - including growth of 10% in visitor numbers from Britain and +29% in holiday visitors from Britain".

Source: The Belfast Telegraph

November 29, 2016

Cross-border research gets £14m EU funds

A **CROSS-BORDER** initiative to to drive research and innovation has been offered EUR16.6 million (£14.2m) in EU funding. The Co-Innovate project - which also includes a Scottish element - aims to increase the proportion of small and medium businesses taking part in cross-border collaboration from 22 per cent to a third.

The programme will be lead by InterTradeIreland is expected to deliver almost 500 projects.

Business will be able to access to up to 70 so called innovation interns to help implement enhanced R&I activity.

Economy minister Simon Hamilton welcomed the funding.

"Innovation drives growth. Innovative companies are more profitable and productive than those who are not," he said.

"In Northern Ireland we need many more firms, particularly our SMEs and micro businesses, engaging in innovation and this investment will support delivery of that ambition.

"This new programme will provide tremendous opportunities and support for companies to engage in a wide range of innovation activities to develop new solutions that will drive their company's growth and profitability."

The scheme is among the first to benefit from the EU's INTERREG VA programme.

Gina McIntyre, CEO of the Special EU Programmes Body added: "The funding will help create a strong export based economy through increased awareness of and engagement in innovation by both SMEs and micro-businesses, in Northern Ireland the border region of Ireland and western Scotland.
"It will lead to enhanced cross-border collaboration for the development of new products, processes and tradeable services that will strengthen the regional economy."

Source: The Belfast Telegraph

November 29, 2016

Life could be greener on a certain side of the Border; Research shows how tax you pay varies depending on where you live on the island

Everyone who works in Northern Ireland will be able to hold on to a little more of their hard-earned cash from next year, thanks to Philip Hammond.

The UK chancellor of the exchequer is going ahead with commitments made by his predecessor, George Osborne, to increase the amount of money you can earn before you start paying income tax: to £11,500 (EUR 13,500). He is also upping the point at which you pay the higher rate of income tax, to £45,000 (EUR 53,000).

At the same time, Hammond wants to tighten up rules on how entrepreneurs and the self-employed can set up a company.

Right now anyone in the North can incorporate, with just themselves as the sole employee. This enables them to receive a salary, which is subject to income tax, as well as take their profits out as dividends. The tax rate on dividends for most small businesses is much lower than income tax, which is clearly a concern for the UK treasury.

For the estimated 86,000 small businesses in the North that have no employees bar the founder, the change could be worrying, even more so against the backdrop of the uncertainty surrounding the fallout from the Brexit referendum.

So is it just a case of grimace and bear it, and hope that life will not get worse for them in a post-Brexit Northern Ireland? Or could their working life (or, at the very least, their tax burden) be better somewhere else - particularly since one day they might able to look a few miles down the road and see a land Border with an EU member state.
According to new research by all-island accountancy practice PKF-FPM, which is based in Newry, Co Down, there is evidence that life could be greener for some on a certain side of the Border. But which side might surprise you.

Take a family firm managed by a husband and wife which, in the North, makes a profit of £100,000 a year; in the South, for argument's sake using a foreign exchange of 85 pence to the euro, it makes an equivalent EUR 117,647.

Both husband and wife teams would work equally hard to make these profits. Still, it might be easier to enjoy more of them in the North, given the current tax regime, says Desi Foley, senior tax manager at PKF-FPM.

There is obvious differences in how business owners pay taxes. For example, in the the Republic there is the universal social charge (USC) and the pay-related social insurance charge (PRSI). In Northern Ireland, there is a National Insurance Contribution (NIC).

"In Northern Ireland," Foley says, "the husband and wife team as UK company shareholders or directors would be able to take tax-free salaries for £11,000 each; the remaining profit would be taxed at a rate of 20 per cent. This would give them an after-tax profit of £62,400.

"These after-tax profits could be taken as UK dividend income, and UK dividends do not attract NIC - providing neither the husband nor wife are pushed into a higher tax rate bracket", which is from £43,001.

"When it comes to taxation of the dividends, the first £10,000 for the married couple would be tax free and the balance would be taxed at a rate of 7.5 per cent, which would effectively result in £3,930 in total personal taxes, plus corporate taxes of £15,600.

"Ultimately, they could take home up to £80,470 that year."

In the Republic, for the same husband and wife team, the same approach would not work because dividends are subject to income tax, PRSI and the USC. This means owner-managers are advised to take just a salary rather than a salary plus a dividend.

Clear cut

Foley says: "Their joint salaries of EUR 117,647 would be subject to tax at a rate of, firstly, 20 per cent, and then at rate of 40 per cent, which would mean they would pay gross tax of EUR 38,499," he says. "But they would also receive tax credits of EUR 3,300. Then there is the USC of EUR 4,463 and PRSI of EUR 4,706 to factor in, bringing total taxes to EUR 44,368, and leaving a net pay or income for the husband and wife team of EUR 73,279 in that particular year."

Analysis by PKF-FPM shows that once all of the relevant tax rates are taken into consideration, the husband and wife team pay an effective tax rate of 20 per cent in the North. For the married business owners in the South, the equivalent tax rate is 38 per cent.

"On the example of £100,000/EUR 117,647," Foley says, "the difference in terms of what the husband and wife shareholder/directors could take home after tax is just over EUR 21,000, which is a pretty significant difference."

But what if you are not a business owner or a budding entrepreneur. Is it as clear cut?
According to PKF-FPM, if you are thinking of switching to a new "employee" job North or South, issues such as the cost of living, healthcare and child benefit allowances are important to remember - not to mention current exchange rate considerations.

If you are going to earn up to £27,000 or the equivalent EUR 30,000 (based on an exchange rate of 80 pence to the euro), you would be better off by these calculations in the Republic by more than EUR 1,000.

It is a completely different scenario again for high earners. In those cases, says Foley, the North wins.

Source: The Irish Times

November 30, 2016

NI business chiefs warn over Brexit threat to **cross-border** trade

The economic transformation of Irish border communities brought by the peace process has been put at risk by Brexit, MPs in England have been told.

The head of a business support organisation working in Counties Armagh and Down issued the stark warning as he gave evidence to the Northern Ireland Affairs Committee inquiry into the future of the Irish border when the UK leaves the EU.

Conor Patterson, chief executive of the Newry and Mourne Co-operative and Enterprise Agency, was appearing alongside other leading business representatives from the area.

All of them raised concerns about the impact of Brexit, highlighting issues around potential trading tariffs and restrictions on the movement of workers.

Mr Patterson told committee members that an unemployment rate of 30% in Newry at the height of the Troubles had dropped to below 3% this summer.

"Over the last 25 years this community has taken advantage of the dissolution of the border as a barrier to the movement of goods and people - growing world beating, locally-owned, innovative companies now employing thousands and making an enormous contribution to the Northern Ireland economy," he said.

He added: "Our concern is that transformation will be put at risk. We accept the result of the referendum but we wish the concerns of border communities to be taken into account by those negotiating both on behalf of the UK Government and the Government of the Irish Republic."
Mr Patterson said many local companies operated on a cross-border basis.

"Any disruption to trading modalities and especially freedom of movement of goods and people will badly affect these vital companies," he said.

He acknowledged the drop in sterling in the wake of the referendum had delivered a "windfall" for Newry retailers, but he said that would only continue if shoppers from the Republic of Ireland could travel north without restriction.

Michael Blaney, managing director at Newry-based insurance company Autoline, said his ability to attract talent from the Republic of Ireland could be undermined.

He also said the company's plans to expand its business across the border could be negatively affected.

Mr Blaney said the company suffered its first "Brexit casualty" shortly after the vote when one of its data scientists left.

"As soon as the Leave vote came through, he made plans to work in Dublin as he felt he had to remain within the EU," he said.

He added: "One of our major concerns is certainly how the flow of talent will be affected from markets across the border.

"Another of our concerns is that a significant part of our growth strategy was the natural step into the Republic given that two of our offices - Newry and Enniskillen - are so close to the border.

"We feel this would certainly become more difficult from a regulatory perspective if there was a hard Brexit with the passporting rights we currently have to trade in other EU jurisdictions being withdrawn perhaps."
Peter Conway, chief executive of Warrenpoint port, stressed how much the business relied on cross-border trade.

"One of the major concerns that we have is that 48% of the trade through the port emanates from or goes to the Republic of Ireland," he said.

Mr Conway, a member of the British Ports Association, said there were maritime concerns throughout the UK.

He said more than 50% of trade going through UK ports was linked to the EU.

"There are grave concerns in the industry," he added.

Source: Breaking News.ie