



Cork  
County Council  
Comhairle Contae Chorcaí



Oifig Fiontair Áitiúil  
Local Enterprise Office



# Introduction to Starting a Business in Ireland



It's one thing to have a good business idea, but it's another thing entirely to bring it to life. Yet, every year, thousands of Irish people start, grow and successfully expand their businesses.

Contact your Local Enterprise Office for their latest training programmes and events schedule and to book an advice clinic session to discuss your business.

Your Local Enterprise Office plays a major role in this, offering expertise, guidance and financial support to Irish businesses, enabling them to grow and thrive. If you have a good idea for a start-up or an existing business, talk to us.

> *Together, we can make it happen.*

We provide an extensive range of supports to local business communities. Our confidential advisory service is open to anyone exploring self-employment or for those who are currently operating a business.

To assist the small business community in meeting the challenges of the business world, LEOs provide a wide range of high-quality training supports which are tailored to meet specific business requirements.

> *Whether it is starting a business or growing a business there is something suitable for everyone.*

This concise introduction is designed for pre-start-ups and is a practical guide to help you make an initial assessment of your business idea, evaluate your opportunities, explore your costs and develop your concept further.

- The first step is to read through the entire document to understand the purpose of each stage.
- On second reading, take one topic at a time.
- Using the guidelines, apply the principals to your business idea – don't get anxious about anything you do not understand at this stage, as training and advice will clarify any questions or gaps you have.
- Develop a rough outline plan based on your findings.
- This booklet is not designed to replace training. Book an advice clinic session or sign up for a Start Your Own Business programme at your nearest Local Enterprise Office. Bookings are made online.

**Created by BusinessIQ Publications  
for Cork North and West Local Enterprise Office**

# BEING YOUR OWN BOSS



Entrepreneurial Traits – do you have what it takes to run a business?

In your business, you will need to wear many hats. You need to manage the money, generate sales, deliver the product or service, and learn about your market and customers.

You are the leader in your business so start by leading yourself.

Starting a new venture requires discipline and motivation. Determination will drive you to get those first few sales, but you will need to dig even deeper to make your business sustainable and scalable.

It is a process and takes time, effort, adaptability and above all willingness to learn.

Running your own business is the best self-development programme you will ever go on; it requires awareness, growth and meeting challenges head on.

> Engage with LEO supports and training to help you develop your business skills and knowledge.



**Management**



**Money**



**Market**

This guide gives you a concise look at the 3 foundation pillars of Management, Money and Market which are essential structures to transforming your idea into a thriving business.

Each layer of information will help you to refine your idea. Starting a business is challenging, so follow the steps to gain more clarity on your Vision.

Once you have developed your idea, your next step is to complete a Start Your Own Business Programme, which will help you develop a business plan that becomes your Roadmap to success.

A dream  
written down with a  
date becomes a *goal*

A goal broken down  
into steps becomes a  
*plan*

A plan backed by  
*action* makes your  
dreams come true

Greg S. Reid

# DEVELOPING YOUR BUSINESS IDEA



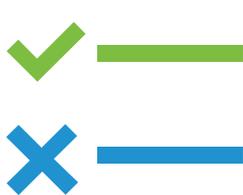
It can be challenging to move your business idea away from vague possibilities to your actual business. Most entrepreneurs have a clear idea in their head of what they want to accomplish. However, when asked to explain their new business, many will respond with a confused statement of abstractions, concepts and often some technical jargon which they may not fully understand themselves.

In simple terms, if you cannot communicate concisely and confidently what exactly your business offers, you are missing the most important marketing tool you have - yourself, as the business owner. Customers buy from businesses who offer what they need and who they like and trust. Clear communication is the vital first step towards developing this trust.

What is the stumbling block preventing you from explaining in simple confident language what your business is, what services or products you offer, to whom (your customer) and of course why? It is often because you have not completed the necessary work to move your business idea from conceptual to actual.

## Start by exploring the 3 Foundation Pillars to give you a 360-degree perspective

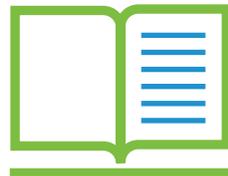
Your preparation work is to back up your assumptions, grow your own self-belief and plan your road map. It brings colour to your outline plan and adds depth based on real evidence.



Assess



Review



Learn



Adapt

## MARKET RESEARCH

Market Research is the foundation of your marketing. The first phase of your business is **Research and Development (R & D)**; any marketing or sales activities carried out during this early phase are also research, and it is critical to recognise this.

Business owners need to analyse the results of R & D thoroughly, and this will enable them to adapt and develop their marketing strategies to be more effective and targeted. It is essential to observe what works and what doesn't work. **Record, Review and Analyse.**

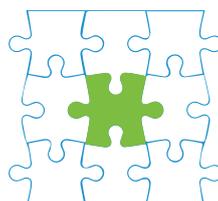
Market Research will help you identify the market needs and opportunities, allowing you to shape your product or service accordingly.



1. What are you offering?



2. Who is your customer?



3. What are the needs/wants of your customer?



4. Adapt and develop your offering

## What will Market Research do for your Business?

Provide Information

- On market forces or trends affecting your business
- On your target market (customers) and their buying behaviour
- On sources for supplies, professionals, training, funding - the list is endless
- On your competition and how you can compete

Market Research leads you to be strategic and sensible in how you approach your customer and present your business in the market place. It will help you develop a targeted marketing plan. It is an ongoing business activity; successful businesses are continuously engaging in Market Research.

### The purpose of Market Research

- Create the best sales strategy for a specific market
- Organise relevant marketing activities to become visible to your target audience
- Identify how you will stand out or compete in your market – your USPs (Unique Selling Points)

To market your business effectively it is vital to understand what is happening in your market sector; food market, craft market, retail etc.

### Internet research

Internet research is essential and invaluable.

Modify your search terms for specific insights, do social listening, which is following and observing your competitors and customers and their behaviours online. It is recommended you tackle it in a focused manner, gathering and analysing your results methodically. Take one research topic at a time and in 30 or 40 minute slots, and take breaks in between topics. Otherwise you are likely to overwhelm yourself with vast amounts of information but unable to extract its true value.

Do not neglect to complete practical field research. Talk to other business owners, survey potential customers, ask questions, seek advice. This guide is only scratching the surface of research,



there are other influences, e.g. PESTLE (Political, Economic, Socio-Cultural, Technological, Legal, Environmental) analysis.

Every layer of research will add to your market knowledge and help you identify opportunities and inform you how best to navigate your market.



*"We research a holiday and yet often pay less attention to researching our business"*

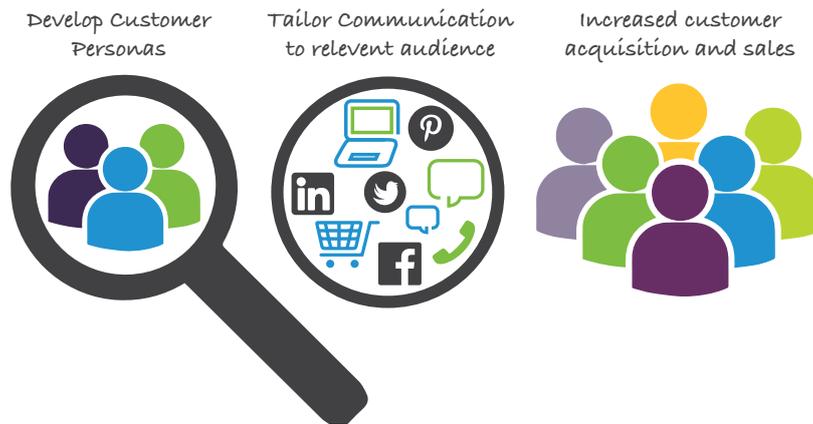
## Who are your customers?

Knowledge and insights into your customers' needs and behaviours both on and offline will show you routes to your customer. It will inform your branding design, marketing messaging, social media content and overall marketing behaviour and strategies.

Build your customer profiles - you want to know them so well, it is as if you can 'be in their shoes';

- Who are your customers, B2B (business to business), B2C (business to consumer) or both?
- Where are they, are they online or off-line? (Your route to them)
- What are their attitudes, behaviours, likes and dislikes?
- What problem are you solving for them?
- Why would they buy from you?

From the information you gather about your target customers, you will identify their needs, and then validate your assumptions through surveys, interviews questionnaires, etc. or simply by asking your customers. Research allows you develop your Customer Personas, which become a



'quick download' for you on your customer behaviours and attitudes. As a result you can be much more strategic in delivering relevant content which engages your customer.

> *Engage with training through your LEO to develop your business acumen*

## Competitor Analysis

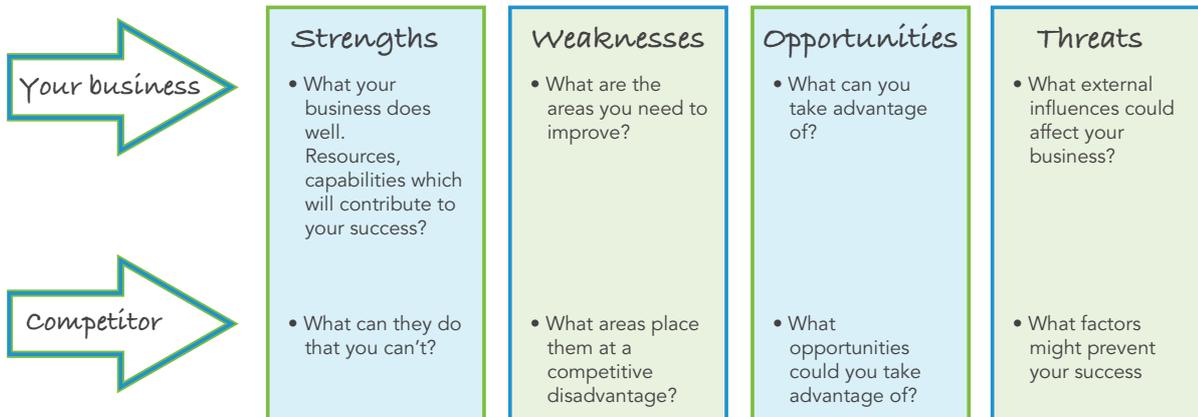
A competitor is a business which provides the same or comparable goods or services to yours – or an alternative your customer may decide to buy instead of yours. Your competition can be Local, National or International. Gathering information on your competitors increases your market knowledge and is a valuable learning opportunity. Assessing competitors will focus your attention and you will gain insights into how to operate your own business. It will help you evaluate aspects of your business, i.e. what you need to be able to match (their strengths) and identify potential opportunities (their weaknesses), e.g. perhaps one competitor's social media presence is poor, which offers you an opportunity to stand out from them online. It is essential to identify how you are going to compete in the market place.



1. Identify your key competitors
2. Allocate time to gathering information on every aspect of their business; including location, size, quality, staff, distribution methods, promotional strategies, customer service, etc.
3. Competitors' marketing: Analyse their brand, market messages, social media activity, website - all marketing methods to learn about their target audience, market position, product features, benefits and pricing and pricing strategies.
4. Summarise your competitors' strengths and weaknesses from the customer's viewpoint. State how you will capitalise on their weaknesses and meet the challenges represented by their strengths.

Develop a SWOT grid and draw conclusions which will inform your own marketing behaviour.

# SWOT



## Conclusions (Very important)

When you have completed the SWOT analysis, draw conclusions and this will inform how you can compete in the market place. It is recommended you do this exercise on a minimum of 3 competitors, although the more you do the more you learn. Your competitor analysis is how you identify opportunities and it leads you to developing your competitive edge.

## Pricing Research

Marketing encompasses everything that influences the way people see your business, and that includes your prices. It is essential for you to establish the market value for your products/services and what it costs you to deliver them, which you identify from researching competitor pricing.



- Most businesses seek to have a range of income streams, directed at different target groups and often delivering different profit margins. For example you might sell the same product to wholesale customers (B2B - trade) and also to retail customers (B2C). However, your cost base for each could also be different.
- It is essential to know how much it costs to produce your goods and services, and establish the profit margins from each. The Money section has more information on this.
- Developing a suite of products or services which give you different margins and income streams helps you avoid the pitfall of offering mostly those that are limited in profitability. Very often market demands/pricing lead to some lower profit items which the customer expects you to have. Unless you are strategic in your pricing strategies, you could find yourself in stuck in a challenging cycle, i.e. working very hard, but not making enough money and going around in circles.

Attend a Start Your Own Business programme or Advice Clinic session to learn more about Market Research and Pricing.

**Research by the principals: Gather, Record and Analyse.  
Otherwise, it is all hypothesis and not evidence based research**

# THE MONEY



The most successful businesses are those that manage their Market and their Money consistently. Proper Costing and Pricing of your Product or Service, regular monitoring and managing of your Cashflow and access to appropriate Funding are all part of effective Financial Management.

## Costing your Product or Service

Most businesses price their product or service on a Market or Value basis, i.e. what are your competitors charging? What is your customer willing to pay? Your research will show you what the Market Price is for your product or service, and then you need to ensure that you can produce the goods or services at that price and still make a profit.



## Cashflow Management

Inefficient Cashflow Management is quite common in small businesses, particularly in the early stages. The business owner is more focussed on getting sales, producing the goods or services and meeting deadlines. They very often neglect their Cashflow, their invoicing and debt management to a point where they have no money in the bank to meet their outgoings.



## Access to Appropriate Funding

Most businesses, whether at the Start-up or Expansion stage, will require funding. Ideally you will have enough money yourself and won't need to source other funds, but in reality most businesses do need to access statutory or commercial finance, whether as grants or loans. Make sure you research all the options available to you and chose the best one for your business needs.

There are over 170 different Government supports for SMEs!

## Establishing your Costs

Having established what is the optimum price you can charge for your Product or Service, you need to ensure that you have calculated all your costs properly. There are 2 essential elements included in the price; the **actual costs** incurred, and the **profit** you want to achieve.

Your costs can be separated into 3 categories:

- Fixed Costs
- Capital Costs
- Direct (Variable) Costs.

### Fixed Costs

(Also referred to as overheads)  
These are incurred regardless of the amount of sales the business in generating.

- Rent, Rates, Service Charges
- Repairs & Maintenance, Refuse, Recycling
- Office, Phone, Internet, Website
- Heat, Light and Power
- Staff Costs
- Motor & Travel
- Advertising, Marketing Promotion
- Insurance, Legal, Accounting, Health and Safety
- Membership, Subscriptions, Training
- Any other costs associated with running the business

**Don't forget to include:**  
Actual Loan repayments  
Owners Salary or Drawings

### Capital Costs

Capital Costs include Buildings or refurbishment of Buildings, Fixtures and Fittings, Equipment and Vehicles.

When factoring these costs into your overall Pricing policy you need to determine what items you need to start your business, when they will need to be replaced and at what cost.

The easiest way to factor in your Capital Costs is to take into account the expected life of each asset and the estimated replacement cost of the item.

### Direct (variable) Costs

Costs directly related to the goods or services being sold.  
Some businesses will not have variable costs, i.e. service businesses

- Goods for resale
- Raw materials
- Packaging
- Import Duty, Currency Fluctuations, Carriage in
- Wages/Direct Labour
- Subcontractors
- Electricity, Gas etc. directly used in the manufacturing process
- Selling and distribution costs
- Sales Commission
- Any other variable costs associated with goods or services being sold

- > Make sure you research your Set-up Costs thoroughly  
- don't leave yourself short



<b>Selling Price</b>	<b>€25.00</b>
<b>Cost of goods</b>	<b>€10.00</b>
<b>Gross Profit</b>	<b>€15.00</b>
<b>Gross margin</b>	<b>60%</b>
<small>(Gross Profit €15 divided by Selling price €25 expressed as percentage)</small>	

<b>Total Sales</b>	<b>€50,000</b>
<b>Cost of goods</b>	<b>€20,000</b>
<b>Gross Profit</b>	<b>€30,000</b>
<b>Less expenses</b>	<b>€25,000</b>
<b>Nett Profit</b>	<b>€5,000</b>

## Gross Profit, Gross Margin and Breakeven Point

When you know what your selling price is and you have calculated your direct costs, you will then be able to calculate your Gross Profit. You can then calculate your Gross Margin and from that you can determine your Break-even Point - the point when the business is no longer losing money but not yet making a profit.

Note that the Gross Profit refers to the Profit on the product you are selling and does not include the expenses or overheads.



**When you have established your Gross Profit and Gross Margin you can then calculate your Break-even Point**

Break-even in Units how many units do I need to sell?

Break-even in €. How much do I need to sell?

Formula for Break-even in Units

Combined Fixed and Capital Costs, divided by the Gross Profit

Formula for Break-even in €

Combined Fixed and Capital Costs, divided by the Gross Profit Margin %

- > Sign up for a Start Your Own Business Programme to learn more

## Cashflow Management

Without Cash, a business cannot survive. 'Cash' is the total amount of money coming in to and going out of the business. Developing your Cashflow could be compared to creating a Household budget, and although the categories are very different and the money will usually be higher, the analogy shows that creating a Cashflow is not that daunting.



"Cash In" includes Sales, your own Investment, Loans, Grants, VAT refunds, or other monies that you bring into the business such as redundancy, salaries, pensions or social welfare.

"Cash Out" includes every payment out of the business - Purchases of Goods for resale or Raw materials used in production, Overheads (see previous section on Fixed Costs), Equipment, Loan repayments, VAT, and Personal Drawings.

You need to manage your Cashflow, if not daily, certainly on a weekly basis. You need to know how much money is due in, and of course how much is going back out.

When starting a business it is crucial to prepare monthly Cashflow Projections for at least the first year. Cashflow Projections show the total movement of money in and out of the business as it actually happens, or is predicted to happen. It takes into account the seasonality of the business, payment terms agreed with suppliers and customers, and will give you an accurate picture of whether the business is viable.

Depending on the type of business you have, you may qualify for a LEO grant - contact your local LEO

## Effective Cashflow Management includes:



## Access To Funding

If you are starting a new business or expanding your existing business, you will probably need financial investment, whether from your own money or some other private source such as a personal loan or investment, or a commercial loan from the Credit Union, Bank or Government Agency. You may qualify for a Government grant depending on the type of business you have.

Careful business planning with help from your Accountant or Business Adviser will enable you to build a clear picture of your financial needs before you start or expand the business.

## Personal Equity

Ideally you will have sufficient personal money to fund your business start-up or expansion. If you have savings, you may think it would be better to keep that money in the deposit account and get a loan to start the business – just in case something goes wrong. However, if you have researched and planned your business sufficiently and effectively, barring some unforeseen circumstances the business will be a success. You will also have saved the cost of the loan interest and the pressure of a weekly or monthly loan repayment.

## Credit Unions and Banks

The two main types of lending institutions operating in Ireland are Credit Unions and Banks. Credit Unions provide Business Loans to their members using exactly the same assessment criteria as banks, viability of the proposal, credibility of the proposer, and ability to repay. The banks offer Loans, Overdrafts, Leasing and Hire Purchase, depending on the client's needs. Choosing the correct sources of finance is vital for smooth Cashflow management in the Business. Before visiting the Credit Union or Bank, get a clear picture of what your requirements are.

## Government Supports

### Local Enterprise Office

The Local Enterprise Office is the “First Stop Shop” for anyone starting or expanding their business. The LEOs offer advice and guidance on a broad range of business topics, and can provide financial support in the form of grants and mentoring.

Grants include: Feasibility, Priming and Expansion, Trading Online Voucher (TOV), Technical Assistance for Micro Exporters (TAME).

Technical Assistance includes specialist Mentors, support in applying for your Microfinance Loan.

The LEOs also offer a range of training programmes suitable for the small business owner, including Start Your Own Business, Business Development, Marketing, Finance.

See page 18 for full details of the Local Enterprise Office supports.

[www.localenterprise.ie](http://www.localenterprise.ie)

### Enterprise Ireland

Enterprise Ireland supports Irish Businesses in manufacturing and Internationally Trading sectors. Business can be in the Start-up phase with a high potential for growth or the business can be established and expanding. Supports include Grants, Innovation Vouchers, Mentors, Development Programmes, Equity.



### Local Partnership Companies

Local Partnership companies are funded through the Leader Programme and provide financial and other supports to businesses and community organisations. Grants can be for buildings, equipment, marketing and promotion, and other activities. Local Partnership Companies also support Back to Work Enterprise Allowance applicants.



### Back to Work Enterprise Allowance

If you are about to start self-employment and you are in receipt certain Social Welfare payments, you may qualify for the Back to Work Enterprise Allowance or the Short-term Enterprise Allowance. You may also qualify for a grant towards the cost of setting up the business.

[www.ildn.ie](http://www.ildn.ie) | [www.welfare.ie](http://www.welfare.ie)

### Microfinance Ireland

Microfinance Ireland is a non-profit organisation which provides loans to small business owners through the Government Microenterprise Loan Fund. Loans can be from €2000 to €25,000 over 3 or 5 years at a fixed rate of 6.8% (if applied for through the Local Enterprise Office).



You will need to complete a Business Plan and Application Form and apply through your LEO. The Board may appoint a mentor to assist you in this process.

[www.microfinanceireland.ie](http://www.microfinanceireland.ie)

There are many more sources of Government support for Irish businesses. Supporting SMEs is an online guide to the range of supports available.



[www.supportingsmes.ie/BusinessDetails.aspx](http://www.supportingsmes.ie/BusinessDetails.aspx)

# TRANSFORMING YOUR IDEA INTO YOUR BUSINESS VISION



Bringing a business idea from concept to market ready is a challenging process. Researching the market, investigating costs and exploring your concept from different angles helps develop your thinking and your idea formulation. Discuss it with trusted people in your life - this will help you refine your idea as explaining it to someone else is a fast way to find errors in your own logic.

- 1. Your business idea.** Why this idea? How does it fit your passions, goals, strengths, resources, or is it simply a business opportunity you don't want to miss? Why do you think you are the right person to manage this business?
- 2. Management.** Objectively assess your own Strengths and Weaknesses -how can you maximise your strengths and manage your challenges? Have you got what it takes? - Expertise, Resources etc. Do you need others in your team? How will you manage all of the responsibilities of running a business and delivering your product/service?
- 3. View it through a Market Lens.** What questions would a potential investor ask? Who are your customers and what do they need? What are the opportunities and how can you back up these assumptions? Is the timing in the market place right? What is your business model?
- 4. Show me the Money.** How will your business make money? What products or services will you offer and do you know which ones are more profitable than others? How much will it cost to run your business? How will you fund it? When will you make profit and how?
- 5. Get feedback on your idea.** Talk to customers - people in your core target market. Identify other small business owners who you trust, people who have been there, done that, and can listen and give you direction and advice.



Created for LEO by BusinessIQ Publications Ltd.

**Your Vision** is the bigger picture of your intentions, desires and beliefs for your business. Start with



the underlying reason for starting the business and a broad idea of what you want to achieve with the project. Turn this broad concept into a clear message to help clarify your objectives and your ambition.

Then think about where you want your business to be in the future. Visualise it from every angle, Management, Money and Market.

*Book a session with a business advisor to explore your idea further and give you specific guidance.*

Developing a Vision which is more specific reveals outcomes you want to achieve. It gives you focus and motivation, and informs your direction and choices, especially in the early stages. Plans and planning need to be live documents. A rough outline business plan is a good way to make sure you've covered all your bases. Plans will change and evolve and need to be reviewed and updated to reflect the business you are operating and where you want to get to.



Outline



Plan

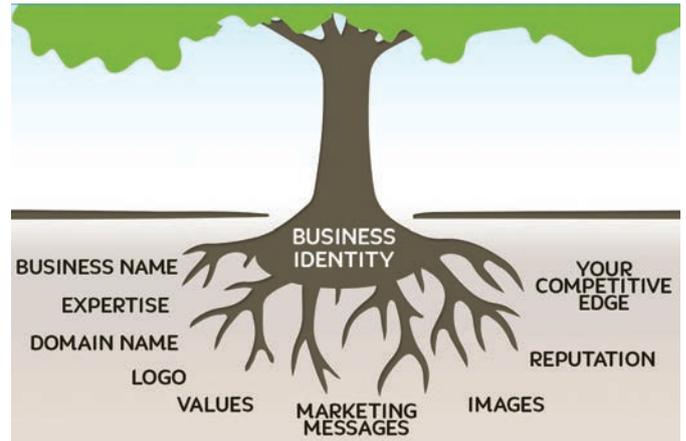


Achieve

# MOVING TOWARDS MARKETING

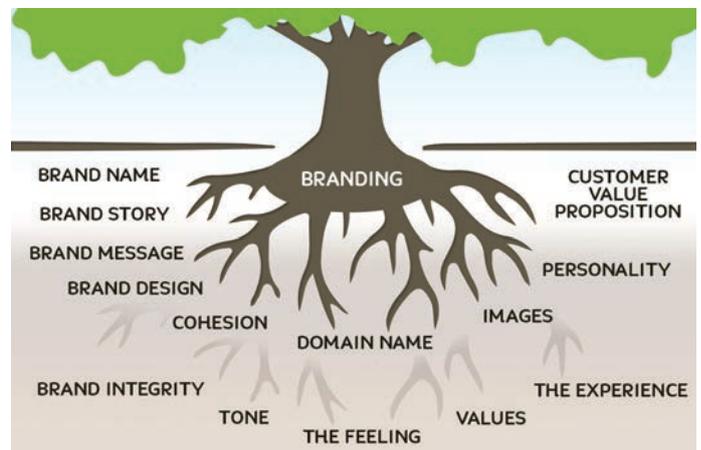
Marketing requires you to communicate who you are, what you do and for whom. You start by developing your business identity. Crafting your identity is informed by your Vision, your target customer and market segment.

As can be seen in the image, your identity is not just your business name, although your business name is a key element. In the same way, your personal name is only a component of your identity. Your business name usually becomes your brand name.



> Engage with training and seek advice on the appropriate marketing for your business

Branding is the next stage, and is at the root of all of your marketing. It seeps into every touchpoint you have with your customer. This is a visual snapshot to increase your understanding of how it is the sum of many parts and not just a logo, which is the common assumption.



## Basics to get started:

1. Develop your business identity roots.
2. Learn more about branding.
3. Decide on your brand name.
4. Register your business name with CRO.
5. Secure relevant domains – from a hosting company e.g. Blacknight, Myhost etc.
6. Secure Social Media names.
7. Develop your branding before you develop your website. Cohesive branding across all promotional materials and platforms.

## Marketing Activities

The Tree analogy is self-explanatory. Branded marketing materials and content will strengthen your brand visibility in the market place.



1. Develop your roots – start with identity which will evolve into branding.
2. Cohesive presentation of your identity / branding across all platforms and promotional materials.
3. Develop your one minute pitch and marketing messages.
4. Your marketing activities are informed by your customers' behaviours – Which social media sites are they using? – What events are they attending? etc.
5. Networking – on and offline, formal and informal is always a key marketing activity.
6. Develop a Marketing Plan.

# LEGAL AND TAXATION



Before you start your business you need to decide on your **Legal Structure**.

The Legal Structure will determine the way you manage your business. It will also dictate the business records you must keep, and other filing and reporting obligations and responsibilities. In addition, how pay your taxes will also depend on the business structure you choose.

The 3 main structures are **Sole Trader, Partnership and Limited Company (LTD)**.

	<b>Sole Trader</b>	<b>Partnership</b>	<b>Limited Company</b>
<b>Initial Formation</b>	None, other than Inspector of Taxes	None, other than Inspector of Taxes	Register with Companies Registration Office and Inspector of Taxes
<b>Ownership</b>	Full ownership of all assets	Ownership is shared between partners. % may vary	Ownership is shared between the Shareholders and can be transferred
<b>Autonomy and Decision making</b>	Owner makes all the decisions	Decisions agreed by partners	Decisions usually made by the majority shareholder(s). Activities are restricted according to Constitution
<b>Using a Tax Agent or Accountant</b>	Not legally obliged, but advisable	Not legally obliged, but advisable	Not legally obliged, but strongly advisable. Some companies are obliged to have Accounts audited
<b>Tax Rates</b>	Income Tax Standard 20% Marginal 40%	No tax on the Partnership, Individual Partners taxed on share of profits	Corporation Tax Standard 12.5% Rents, Interest 25%
<b>Owners remuneration</b>	Taxable on Profits of the Business, not on amount taken out of the Business	Taxable on Profits of the Business, not on amount taken out of the Business	Taxable as an employee of the company; company claims cost as expense of the Business
<b>Filing Obligations</b>	Income Tax Return to be filed each year	Income Tax Return to be filed each year	Corporation Tax Return to be filed each year. Annual Return filed with the CRO (Companies Registration Office)
<b>Penalties for non-compliance</b>	Surcharge and fines, eventual prosecution by the Revenue Commissioners	Surcharge and fines, eventual prosecution by the Revenue Commissioners	Surcharge and fines, eventual prosecution by the Revenue Commissioners Fines, eventual prosecution, company strike-off, disqualification of directors
<b>Owner's Liability</b>	Fully responsible for debts of business	Each partner is jointly and severally liable for the debts of Partnership	Liability is limited to the assets of the Company. Company directors usually sign bank guarantee.

## Taxes

The Irish Tax system operates under the control of the Revenue Commissioners. Taxes are referred to as Direct and Indirect. The main Direct Taxes are Corporation Tax and Income Tax.



- Limited Companies are taxed under the Corporation Tax system and will pay either 12.5% (on ordinary trading activities) or 25% on other income (rental income, bank interest, dividends).
- Individuals are taxed under the Income Tax system and will pay either 20% or 40% depending on their income. Individuals will also pay Universal Social Charge (USC) at different rates depending on their income. Rates range from .5% up to 11%. Individuals also pay PRSI at a rate of 4%. Company directors are included in this category.

## VAT (Value Added Tax)

VAT is classed as an Indirect Tax. It is a consumer Tax, i.e. it is charged on most goods or services that we use in our daily lives. The principles of the VAT system are very simple: each VAT registered trader charges VAT on goods and services supplied by the business and can claim back the VAT paid to suppliers for goods and services purchased for the business.



## Who should register for VAT?



### VAT Exemption

- The trader does not register for VAT
- VAT on any products or services purchased in the business cannot be claimed back
- The trader does not charge VAT on any goods or services sold

VAT exemption applies mainly to personal services, and includes medical, dental, education, childcare/children's services, farming, transport of people.

This depends on two factors.

1. You first determine if the product or service you are selling is classed as being subject to VAT i.e. "VATable", or if it is deemed to be Exempt.
2. If your business is not Exempt, then you look at the type of business you have, and depending on your turnover i.e. your sales, you can then determine whether you have to register or not. If your business is "VATable", then will need to register if your annual turnover, i.e. the amount of sales, exceeds the following limits.
  - Services, Construction, Food Production, Catering, Hospitality €37,500
  - Supply of Goods, Retail, Wholesale €75,000

## VAT Rates

Depending on your business, different rates of VAT will apply. In some cases, more than one rate will apply. The following are the current rates of VAT: Zero, 4.8%, 5.4%, 9%, 13.5%, 23%.





## Employing People

A Contract FOR Service exists where a business owner engages another business owner to complete a specific piece of work. The contractor will offer the same or similar services to other clients, he/she will be registered as self-employed and will be responsible for their own taxes.

A Contract OF Service exists where there is a clear “Master Servant” relationship. The employee does not provide the same service to other clients; he/she takes direction from the employer and is answerable to them at all times. If this is the case, then you must register as an Employer and adhere to all Employment Legislation including applying the full system of PAYE/PRSI/USC. A Limited Company must register as an employer and operate the same system on the pay of the owners even if there are no other employees.

Under the PAYE Modernisation programme which came into effect from 1st January 2019, each employer is obliged to operate the Payroll on a “real-time” basis. This means that before an employer pays wages, they must first update their records to ensure they have the correct instructions from Revenue, then they must submit the details of any payments made to and deductions taken any employee before they actually pay the money to the employee. Failure to operate this system can result in substantial fines.

## THE BUSINESS PLAN

A realistic Business Plan is of vital importance to every business. It will enable you to evaluate your Personal Strengths and Weaknesses, and those of the proposed Business. Having completed your Market Research you will have identified the Opportunities and Threats in the Market. You will then be able to assess the Financial Viability of the business and make an informed decision about how you will proceed. You will then be able to complete your Business Plan.

The size and complexity of the Business Plan will depend on its purpose. It can be simply a road-map for your business - to establish where you are now, where you are going, and how you are going to get there. You research the routes available and choose the best one for you.

However, if you are applying for a loan or grant, or if you are pitching to investors, your Business Plan will need to be much more detailed with comprehensive supporting material attached, such as Market Research results, Costing and Pricing models and Financial Projections.

**The Business Plan is a compilation of a few Plans: The Management, Market and Money**  
(Book-ended by the Executive Summary and Conclusion)



>Download your Business Plan template at [www.localenterprise.ie](http://www.localenterprise.ie)

## Plan your Business

As previously discussed, planning is crucial to the success of your business. You need to start planning now and then evaluate and amend your plans as necessary.

Allow enough time for each task and seek out any advice or support you need. Above all, stay focussed on your Vision and have a belief in yourself.

# ESSENTIAL STEPS WHEN STARTING YOUR OWN BUSINESS

Starting and managing a business in Ireland requires a number of steps, some that you are obliged by law to take and others that are optional. All are essential. The following list includes the main steps.

They are not in order, so choose the tasks that you can complete now.

- ✓ Choose the most appropriate legal structure for your business (see previous information)
- ✓ Register as self-employed with the Revenue Commissioners [www.revenue.ie](http://www.revenue.ie)
- ✓ Set up office systems and structures
- ✓ Start networking [www.localenterprise.ie](http://www.localenterprise.ie) | [www.networkireland.ie](http://www.networkireland.ie) |
- ✓ Choose professionals to assist you with your business:  
Accountant, Solicitor, Business Adviser/Mentor, Graphic Designer, Web Designer
- ✓ Register your business name(s) [www.cro.ie](http://www.cro.ie)
- ✓ Register your domain name(s) [www.iedr.ie](http://www.iedr.ie)
- ✓ Set up social media accounts appropriate for your business  
[www.facebook.com](http://www.facebook.com) | [www.linkedin.com](http://www.linkedin.com) | [www.twitter.com](http://www.twitter.com)
- ✓ Register your trademarks [www.patentoffice.ie](http://www.patentoffice.ie)
- ✓ Ensure that you have the necessary permits and licences required in your business  
[www.licences.ie](http://www.licences.ie)
- ✓ Ensure that you are fully compliant with General Data Protection Regulation (GDPR)  
[www.dataprotection.ie](http://www.dataprotection.ie)
- ✓ Ensure that your premises meets the safety standards set out for your industry  
[www.hsa.ie](http://www.hsa.ie) | [www.besmart.ie](http://www.besmart.ie)
- ✓ Ensure that your business has adequate insurance cover, talk to your Insurance broker  
[www.iii.ie](http://www.iii.ie)



# LOCAL ENTERPRISE OFFICE SUPPORTS

The Aim of the Local Enterprise Office is to promote entrepreneurship, foster business start-ups and develop existing micro and small businesses to drive job creation and to provide accessible high quality supports for your Business ideas.



## OUR DIRECT FINANCIAL SUPPORTS INCLUDE:

### Trading Online Voucher (TOV)

The Trading Online Voucher Scheme assists small businesses to trade online. Businesses must be trading for a year to qualify. Businesses can apply for a voucher of up to €2,500 matched by own funding to invest in developing their e-commerce capability. Applicants must have attended a TOV seminar.

### Technical Assistance for Micro Exporters (TAME)

Technical Assistance for Micro Exporters' Grants will part-fund the costs that can be incurred in investigating and researching export markets, e.g. exhibiting at Trade Fairs, preparing marketing material and developing websites specifically targeting overseas markets. Grant covers 50% of eligible costs (net of vat) to a maximum of €2,500.



**Feasibility, Priming and Expansion grants are available to eligible businesses, which include Manufacturing or Internationally Traded Services. It is essential to fully investigate the eligibility requirements of these grants before applying. Contact your Local Enterprise Office for more details.**

## Feasibility Study Grants

A Feasibility Study Grant helps businesses with the cost of researching their proposed business or new business idea to see if it could be viable and sustainable. The study should help the promoter to reach firm conclusions about their business idea and give them the information they need to draw up a full business plan. The maximum grant payable is 50% or €15,000 whichever is lower. Feasibility costs can include Market Research, Consultancy, Technical, Prototype Development, Innovation.

## Priming Grant

A Priming Grant is a business start-up grant available to micro enterprises within the first 18 months of start-up. It may be paid to buy new equipment, help with direct business costs such as rental costs, utilities, marketing, consultancy costs, and so on. A salary grant is also available for the applicant and or employees. Grant assistance is not available for the purchase of a building, land or mobile assets.

## Business Expansion Grant

A Business Expansion Grant is designed to assist the business in its growth phase after the initial 18-month start-up period. It may be paid to buy new equipment, help with direct business costs such as rental costs, utilities, marketing and consultancy costs. A salary grant is also available for the applicant and or employees. Grant assistance is not payable to buy a building, land or mobile assets.

## OTHER SUPPORTS INCLUDE:

### Advice Clinics

If you need advice and information on starting and/or developing your business, book a slot in an Advice Clinic where you will meet with one of our business advisors. The clinics are 1.25 hours long and are free of charge.

### Mentoring

The Mentor Programme is designed to match up the knowledge, skills, insights and entrepreneurial capability of experienced business practitioners with small business owner/ managers who need practical and strategic one to one advice and guidance. The mentor contributes independent, informed observation and advice to aid decision making.

### Microfinance Ireland (MFI)

Microfinance Ireland (MFI), is a not-for-profit lender, established to deliver the Government's Microenterprise Loan Fund. MFI works very closely with the LEOs, providing loans to small businesses. You can apply for an MFI loan through your Local Enterprise Office and avail of a 1% discount off the standard interest rate (currently 7.8% APR) bringing the rate to 6.8% APR. MFI works with small businesses based in the Republic of Ireland, with fewer than 10 employees and turnover up to €2m, by providing unsecured business loans of €2,000 to €25,000 for commercially viable proposals. Loans can be used to fund start-up costs, working capital, purchase of stock, equipment, machinery, business expansion etc.

Once a customer has been approved a loan with MFI, mentoring support will be provided with a mentor from the LEO Mentor Panel. Mentoring is a critically important non-financial learning and support tool, helping business develop and grow. Visit [www.localenterprise.ie](http://www.localenterprise.ie) for a comprehensive list of supports available to you.

Visit [www.localenterprise.ie](http://www.localenterprise.ie) for a comprehensive list of supports available to you.





**Cork  
County Council**  
Comhairle Contae Chorcaí



**Oifig Fiontair Áitiúil**  
**Local Enterprise Office**



**Contact your Local Enterprise Office**

**Cork North and West**

[www.localenterprise.ie/corknorthandwest](http://www.localenterprise.ie/corknorthandwest)

[www.corkcoco.ie](http://www.corkcoco.ie)

Mallow: Telephone 022 43235 Email [northcork@leo.corkcoco.ie](mailto:northcork@leo.corkcoco.ie)

Clonakilty: Telephone 023 8834700 Email [westcork@leo.corkcoco.ie](mailto:westcork@leo.corkcoco.ie)



**DIRECTION** strategy



**MARKET** RESEARCH

success

**FOCUS**

**VISION**



concept

**COMMITMENT**

BusinessIQ Publications Ltd. [www.businessiqpublications.ie](http://www.businessiqpublications.ie)