

This week's Budget is set to be dominated by childcare initiatives, but a tax expert reveals there are already incentives for the industry that few people know about

THERE was a time in Ireland when the issue of childcare was discussed only among parents and far from the media spotlight.

It is an indication of how society has changed that childcare is now occupying the minds of all, from Government ministers to managing directors, and from staff recruitment agents to journalists.

It has become a political hot potato and dominates the news on a daily basis.

But despite this, the existence of attractive tax breaks for the provision of childcare facilities remains one of the best kept secrets in Ireland today.

As a tax consultant with a particular interest in childcare issues, this anomaly never ceases to amaze me.

The 1999 Finance Act introduced two tax incentives to promote the development of childcare facilities in Ireland, namely accelerated capital allowances for certain qualifying premises and an exemption from income tax on potential benefit arising to staff on the provision of qualifying childcare facilities by employers.

It would not be practical to include a detailed analysis of the relevant legislation here so instead I propose to simply outline the incentives and their practical application.

The Taxes Consolidation Act 1997 provides that, subject to conditions, tax relief is available in the form of capital allowances on the "construction, conversion or refurbishment of a qualifying premises".

Broadly speaking, a 'qualifying premises' is a building used to provide a childcare service to pre-school children in accordance with the standards set out in the Childcare Regulations.

Other childcare services can also be provided, e.g. after-school care, but the facility must provide a pre-school service throughout its 'tax life' of ten years.

The legislation specifically disqualifies any building or part of a building in use as a dwelling house. Therefore an extension adjacent to the operator's house may qualify if it used exclusively for the childcare business, but would not if it had a dual use, e.g. crèche by day but family home by night. Obviously each case would have to be examined in its own merits.

The allowances are available to both owner-operators and investors (with some restrictions) and effectively



Childcare: The hidden benefits

By **BRENDAN TWOHIG**

allow an individual to write off the cost of building the facility against his/her taxes over a seven-year period.

Unlike other tax incentives where the allowances can be set only against Irish rental income, these allowances can be set against total income, including trading income and salaries, although there is a cap of €31,750 per annum on the amount that can be set against non-rental income.

The second childcare incentive from the 1997 Act provides that, assuming all of the relevant conditions are satisfied, the provision of childcare services by an employer to staff in a qualifying premises does not constitute a taxable benefit.

The definition of childcare services is very broad and basically includes any form of child minding or supervised activity. It is my understanding that the provision of a pre-school service is not a

requirement in this instance although the fact that the legislation refers to the Childcare (Pre-School Services) Regulations does confuse this issue.

The conditions attaching to this relief make it clear that it is not enough for the employer to simply subsidise the employees' childcare costs, e.g. by paying the costs of an independent crèche operator.

The employer is required to take an active part in the financing and managing of the childcare facility.

There is no requirement that the employer owns the premises, and therefore it is acceptable to lease a suitable property. It is possible for the employer to simply contribute towards the cost of building the childcare facility without taking an active part in its management, but the exemption is restricted in this case.

I have been in regular contact with the Revenue Commissioners in recent years

seeking clarification regarding certain aspects of the legislation. Many of the issues I raised had not already been addressed by the Revenue Commissioners, indicating how little these incentives have been utilised since their introduction in 1999.

The low uptake of these incentives is disappointing and difficult to explain. There are certainly some practical problems with the legislation as it stands.

There are some general misconceptions surrounding the incentives, and it seems that many people aren't even aware that they exist.

It is also surprising how many employers have not given serious consideration to providing childcare facilities to their staff. There are many advantages to providing on-site childcare services, e.g. attracting and retaining staff, flexible remuneration packages, minimising lost work hours and absenteeism, etc.

● *Brendan Twohig is Senior Business and Tax Consultant with Foley O'Shea based in Castle Street, Cork.*

O'Shea on Monday



Hooty Marquez, where art thou?

IT has reached that stage of the year again when the best and boldest on the British art scene are pitted against each other for the Turner Prize.

The shocking news this year is that one of the entrants has eschewed accepted practice and produced representational paintings using oil on canvas. And, get this, Gillian Carnegie is being tipped to take the prize for her "brave departure" with an arrangement of still lifes, landscapes and portraiture.

Carnegie is best known for her ongoing series studying the human form. And by "ongoing series studying the human form" I mean "giant ass pictures".

So what though. This lady has got a brush and some paint and applied it to a surface, so she's getting our support. And Turner himself was famous for his landscapes showing the crack of dawn; I'm just going to leave this sentence trail away here...

Although we've got the Glucksman Gallery out at the College now and the Crawford regularly showcases installations from practitioners, it is a common misconception that down through the years Cork was a cultural wasteland when it came to modern art. Back in the first decades of the burgeoning state, when the form was flourishing across Europe, you would be mistaken for thinking that the city was left behind.

Step forward the forgotten figure of Hooty Marquez (1904-?).

Hooty (real name: Ambrose Quirke) was leader of a group of artists that would become known as the Matriculators (all were refused entry to art college).

The young Ambrose was self-taught and championed by the art establishment for his wildlife portraits. He grew disillusioned with the limits of realism, however, and his increasingly abstract drawings were said to be the reason he was refused the scholarship to art school, though Hooty would always insist it was his working-class background that was objected to.

In his late teens, he honed his skill by painting scenes from the courts, but he lost this job for the newspapers when it was noticed that he had added horns and cloven feet to the defendant in a high-profile murder case.

By then he had learned all he had needed to. At 21, he wrote his manifesto.

Hooty's main creed for the school of Matriculation was innovation and originality in art, the search for new ways to communicate through form. This led him to abandon the usual materials of the painter such as

watercolours or oils in favour of new substances, such as fire. One morning in 1927, Hooty set up his canvas in the front garden of his house on Military Hill, took in the vista of Cork laid out before him and set alight the ends of his brushes.

When he left the hospital a few days later, Hooty told the group that he was giving up painting. He was now a sculptor, he said. Unable to afford marble, he had to make do with a piece of granite that was donated by a patron.

Hooty would arrive at the studio before eight each morning and sit and stare at the large lump of rock while sucking down over a hundred cigarettes. A month after its arrival, seemingly struck by inspiration, Hooty picked up his chisel and mallet and made a beeline for the rock.

His girlfriend at the time, Nora Bannagher, who had been watching him recalled: "The moment he struck the chisel with the mallet you could almost see the reverberation of pain course through his body. He didn't yell or anything, but his eyes welled up and, slowly, he placed the tools on the ground and backed away from the granite. It was quite moving to watch. Obviously, after that, Hooty was through with sculpture."

The great mystery, of course, is what happened to Hooty? For numerous weeks in the spring of 1931, he could be seen on Patrick Street Bridge, staring into the river. When asked, he would explain that he was waiting for the dolphins. It was generally assumed that he had gone quite mad by this stage, but it was also the period that saw perhaps his greatest output.

In a flurry of activity that summer he produced some of his best-loved work, including the seminal *Horse Wearing a Hat*. His last sighting was by Nora (who he had since split up with) on Patrick Street in December that year.

"He was weighed down by Christmas shopping when I spotted him across the street," she said in one of the final interviews before her death. "He looked happy. It was very busy and I couldn't cross because of a tram going by. When I did reach the spot where he had been all I found was bags of shopping abandoned on the ground. Hooty was gone."

Do you have information on where Hooty disappeared to? Complete the following in no more than ten words: Hooty Marquez was alive and well when I met him.....

The first five correct answers win an easel.