

## DILLON KELLY CREGAN

Chartered Certified Accountants and Business Advisors

18 Upper Mount Street, Dublin 2  
 T: 01-676 2791  
 E: info@dillonkellycregan.ie

Partners:

Ronan Lynch  
 Ian Dillon

DLT Dillon Kelly Cregan Limited is a firm registered as auditors in Ireland by the Association of Chartered Certified Accountants.

## in this issue...

a sense of optimism [page 2](#) • tax briefs [page 3](#)  
 currency risk management in covid times [page 4](#)  
 business briefs [page 5](#) • alternative finance options [page 6](#)  
 legal briefs [page 7](#) • ransomware [page 8](#)

WE APPROACH  
MID-YEAR WITHA GREATER  
SENSE OF  
OPTIMISM

As we move closer to the mid-point of the year, we can look back on the period since 1st January with mixed emotions. On New Year's night we were looking forward to a brand-new year with some optimism, and we all hoped that the year ahead could not be as difficult as the one just past. Those hopes were dealt a severe blow as we were forced to endure a prolonged period of Level 5 restrictions from the beginning of the year, but throughout the period of lockdown there was a greater sense of normality than during last year's more stringent lockdown periods. The vaccination programme was being rolled out across the world, albeit at varying speeds, but at least they were being rolled out. We also saw a number of countries gradually relaxing restrictions, and here in Ireland, the COB-related health statistics were moving in the right direction.

**OPTIMISTIC GLOBAL OUTLOOK**

Since the beginning of the year has been a steady upward revision to global economic forecasts by international forecasting agencies. The IMF now expects the global economy to expand by a strong 6 per cent in 2021. The upbeat assessment is based on the successful rollout of the vaccination programme, and the ongoing strong official fiscal and monetary policy response across the globe.



It is clear that the global economic recovery will not be smooth, and just as some countries and some sectors suffered more than others over the past year, the recovery in countries and amongst different sectors is set to be very uneven.

Countries such as the US, UK and Israel are doing relatively well on the vaccine front, and their economies are returning to some semblance of normality. The EU has been doing less well, and varying levels of stringent restrictions have been kept in place. This will delay economic recovery.

# WE APPROACH MID-YEAR WITH A GREATER SENSE OF OPTIMISM

## THE DUAL NATURE OF THE IRISH ECONOMY

In Ireland, it has been a story of two very different economies and workforces. If one works in or operates in sectors such as foreign direct investment (FDI) companies; the public sector, where no jobs have been lost and a pay increase of 2 per cent was delivered last October; financial services; and professional services, the economic and financial environment has been good. However, if one works in or operates in tourism, hospitality, non-essential retail, personal services, the airline industry, or arts & entertainment, the environment remains very challenging.

In April, the Department of Finance published its latest forecasts for the Irish economy.

The Department of Finance is more optimistic about the second half of this year as restrictions are expected to be eased and as we return to a semblance of normality. GDP is projected to expand by 4.5 per cent in 2021, and the modified measure of economic activity (GNI\*) is expected to expand by 2.5 per cent. This more modest outlook for modified growth reflects the fact that the country has been subject to significant restrictions since the beginning of the year, whereas the multi-national side of the economy has continued to do well.

Looking to the medium-term, the expectation is that growth will steadily recover, and the labour market in particular will steadily improve. The budget deficit (General Government Balance) is projected to gradually improve, as is the level of government debt when expressed as a per cent of the more meaningful measure of economic activity, GNI\*. All in all, the Department of Finance is relatively optimistic about recovery prospects, but the outlook is heavily contingent on positive epidemiological developments, and the risks are obvious.

TABLE 1: IRISH ECONOMIC & FISCAL FORECASTS

	2020	2021	2022	2023	2024	2025
GDP	3.4%	4.5%	5.0%	3.5%	3.2%	3.1%
Modified Domestic Demand	-5.4%	2.6%	7.4%	3.8%	3.4%	3.4%
Real GNI*	-4.2%	2.5%	5.5%	3.0%	2.7%	2.7%
Inflation	-0.5%	1.1%	1.9%	1.5%	1.6%	1.9%
Total Employment (000s)	1,972	2,051	2,276	2,351	2,405	2,457
Unemployment Rate	18.7%	16.3%	8.2%	6.7%	6.0%	5.5%
General Government Balance (% GDP)	-5.0%	-4.7%	-2.8%	-1.2%	-0.7%	-0.2%
Government Debt (% GNI*)	105.6%	111.8%	107.4%	105.8%	103.9%	100.1%

Source: Department of Finance, Stability Programme Update, April 2021

\*GNI – Gross National Income

## GROSS NATIONAL INCOME

Merchandise exports were a key driver of Irish growth in 2020. However, 2020 has been somewhat more challenging to date. In the first 2 months of the year, the total value of exports was 3.2 per cent lower than the same period in 2020. With the exception of chemical and pharmaceutical exports, which increased by 6.4 per cent and accounted for a very high 67.6 per cent of total exports, all other categories were weaker. There is clearly a Brexit effect at play here.

TABLE 2: MERCHANDISE EXPORT (JAN-FEB 2021)

SECTOR	€M	% YEAR-ON-YEAR	% OF TOTAL EXPORTS
Food & Live Animals	1,592	-8.2%	6.2%
Beverages & Tobacco	226	-14.1%	0.9%
Chemicals & Related Products	17,362	+6.4%	67.6%
Machinery & Transport	3,149	-30.6%	12.3%
Other	3,366	-8.8%	13.0%
Total	25,695	-3.2%	100.0%

Source: CSO, Goods Exports & Imports, 15th April 2021

Exports to Great Britain declined by 12.1 per cent in the first 2 months of the year. Great Britain accounted for just 7.1 per cent of total exports, which is the lowest market share on record. Clearly, trade with the Great Britain has become much more difficult since 1st January, with increased delays, bureaucracy, and customs requirements. It remains to be seen if these are teething problems or a more fundamental structural alteration in the trading relationship with Great Britain.

TABLE 3: MERCHANDISE EXPORTS BY DESTINATION (JAN-FEB 2021)

REGION	€M	% CHANGE	% OF TOTAL EXPORTS
EU-27	9,167	-12.7%	35.7%
Great Britain	1,812	-12.1%	7.1%
Northern Ireland	435	+28.3%	1.7%
USA	9,182	+15.0%	35.7%
Other	5,099	-11.2%	19.8%
Total	25,695	-3.2%	100.0%

Source: CSO, Goods Exports & Imports, 15th April 2021

Looking ahead to the second half of the year, there are grounds for optimism regarding Ireland's economic prospects. The export performance is likely to pick up as Brexit issues are gradually resolved (hopefully), and as the global economy strengthens. In addition, there is likely to be a lot of pent-up demand coming back into the economy.

Consumer and corporate deposits have reached record levels due to COVID-19, due to consumers lacking the ability and confidence to spend, and business putting investment on hold given the very uncertain environment. As the restrictions are gradually eased, it is likely that business investment and consumer spending will rebound strongly.

The recovery in Irish economic activity is likely to be uneven. It is unlikely that there will be any meaningful recovery in international tourism until much later this year and into next year, and trading conditions for the hospitality sector are likely to continue to be subjected to restrictions and increased health-related safety costs. Many of the jobs lost will not be recovered for the foreseeable future, and many of the businesses forced to shut down or seriously restrict activity, will either not re-open or struggle to survive once they do, unless they get significant and justifiable support from Government.

After a very challenging 14 months, the prospects are definitely brighter, but epidemiology rather than economic fundamentals will primarily determine the timing and magnitude of the recovery in the sectors subjected to severe restrictions since March of last year.

[jim@jimpowereconomics.ie](mailto:jim@jimpowereconomics.ie)

## TEMPORARY WAGE SUBSIDY SCHEME (TWSS) RECONCILIATION

TWSS operated from 26 March to 31 August 2020.

Revenue are currently providing a reconciliation to all employers. It will ensure that there is an accurate reconciliation between the:

- ➔ subsidy amounts paid by Revenue to employers and
- ➔ subsidy amounts that were properly payable to employers for relevant employees and paid to those employees.

Where Revenue has paid an employer a temporary wage subsidy in relation to a specified employee, and the employer did not pay that employee an additional amount equivalent to the temporary wage subsidy, or the employer was not entitled to receive a subsidy in respect of an employee, the employer is obliged to refund the subsidy.

Most employers have received a notification directly to their Revenue Online Service (ROS) inbox advising them that this information is now available, including their reconciliation balance. The reconciliation balance is calculated using the actual information provided to Revenue by employers.

Employers have until 30 June 2021 to review their TWSS reconciliation information, provide any outstanding information in relation to subsidies paid to employees, and accept the reconciliation balance on ROS.

In the exceptional circumstance where an employer believes that the information he or she previously provided is incorrect, and that the reconciliation balance is therefore incorrect, he or she should review the subsidy paid data previously submitted and make any corrections required. This will result in a revised reconciliation balance, which will be immediately available in ROS.

The TWSS warehouse scheme is available to employers who are obliged to refund amounts which are deemed to be overpayments of TWSS following a reconciliation undertaken by Revenue, and who are unable to refund these amounts because of the impact of COVID-19.

### TOP TIP

*If your business is struggling, ensure you engage with your accountant and/or Revenue as early as possible. Where feasible continue to file your returns with Revenue to ensure you maintain a good compliance record with Revenue even if this is on a best estimate basis.*

*Filing returns on time is essential to qualify for debt warehousing and EwSS.*

## POSTPONED ACCOUNTING FOR VAT

Goods that are acquired from outside the European Union by accountable persons are treated as imports. Goods purchased from Great Britain and brought into Ireland are now treated as imports. Postponed Accounting arrangements enable an accountable person to self-account for VAT on imports on their VAT3 Return so that import VAT may, subject to the usual rules on deductibility, be reclaimed at the same time as it is declared on a VAT3 Return.

This is to simplify the recording of VAT and critically boosts cash flow as it eliminates the need to pay the import VAT at the point of importation. In other words, VAT is recorded in the VAT3 Return as VAT which is simultaneously deducted on a 'purchase' and charged on a 'sale' in a similar way to the manner in which intra-community acquisitions are currently recorded on the return.

The VAT3 Return has been amended to include an additional field PA1 to capture the Customs value of goods imported under Postponed Accounting. The VAT is then accounted for at T1 and T2 (subject to the usual rules of deductibility). The VAT Return of Trading Details (RTD) has been amended to include additional fields PA2, PA3 and PA4 to capture the Customs value of goods imported under Postponed Accounting.

VAT registered traders must obtain an EORI number through ROS to avail of Postponed Accounting. It is also important to liaise with your accounts software provider to ensure that the transactions relating to Postponed Accounting are classified correctly to simplify the RTD process at year end.

## PAY AND FILE SUMMARY

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

### INCOME TAX

Filing date of 2020 return of income (self-assessed individuals)	<b>31 October 2021</b>
Pay preliminary income tax for 2021 (self-assessed individuals)	<b>31 October 2021</b>
On-Line pay and file date for 2021 return of income	<b>17 November 2021</b>

### CAPITAL GAINS TAX

Payment of Capital Gains Tax for the disposal of assets Made from 01 January 2021 to 30 November 2021	<b>15 December 2021</b>
---	-------------------------

### CORPORATION TAX

Filing date for Corporation Tax returns for accounting periods ending in September 2020	<b>21 June 2021</b>
Balancing payment of Corporation Tax for accounting periods ending in September 2020	<b>21 June 2021</b>

# Currency Risk Management IN COVID TIMES

Today we are living in VUCA world and have been for quite some time – volatility, uncertainty, complexity and ambiguity is the norm as a result of the pandemic.

Everything in the financial markets is relative. Growth potential, rates of return and safety are all considerations which urge capital to flow to one region or asset class over another according to prevailing conditions in the markets. Given its ubiquity, the US Dollar often finds itself a bridge to these shifting winds - for better and worse. Through the opening quarter of 2021, there were significant changes in focus from an incredible charge in retail appetite to anticipation for reopening economies after mass vaccinations to burgeoning inflation expectations that have fed into central bank normalization hopes/fears.

## A GROWTH OUTLOOK TO IMPRESS

In the past year, the global economy has recovered remarkably. While we haven't fully returned to the levels of economic output registered before the pandemic swept in, the reversal of fortunes has proven as incredible as the pace of collapse that came with a forced shutdown of economies. As far as tempo goes, the United States contracted approximately -3.5 percent through 2020 - though annual growth through the fourth quarter alone was a fairly robust 4.3 percent. Looking ahead, the IMF has predicted that the world's largest economy is anticipated to grow an impressive 5.1 percent - faster than the Eurozone, Japan, United Kingdom and a host of other developed world leaders.

Further, with a pace of vaccinations against the coronavirus through the end of the quarter surpassing 100 million in the US, the country is well on its way to reopen to further boost its heavily services-based economy. With so much capital sloshing around the system and speculative appetite hardly missing a beat during the pandemic, the appeal of a relative growth advantage will draw serious appeal from international investors.

It is with this backdrop that we face the next 12 months – as we look back on the previous year, currency volatility was at an all time high - we saw the Euro move .86 to .94 and now back to .85 against GBP – we also saw the USD go from 1.08 versus the Euro to 1.2300 and back to 1.17 recently and then back to 1.20 .

Irish companies need to manage this uncertainty, be they an exporter or an importer – foreign exchange gains or losses are reflected in cash flow and these known exposures can be on the right or wrong side of a large move, can be extremely positive or negative for a company - this is why this risk needs to be managed and assessed –

## TYPES OF FOREX RISK

Firms may be exposed to three types of external foreign exchange risk:

### Transaction risk

- The risk of an exchange rate changing between the transaction date and the subsequent settlement date on an individual transaction.
- It is the gain or loss arising on conversion.
- Associated with exports/imports.
- Hedge using a variety of financial products/methods.

### Economic risk

- Includes the longer-term effects of changes in exchange rates on the market value of a company (PV of future cash flows).
- Looks at how changes in exchange rates affect competitiveness, directly or indirectly.
- Reduce by geographic diversification.

### Translation risk

- How changes in exchange rates affect the translated value of foreign assets and liabilities (e.g. foreign subsidiaries).
- Can hedge by borrowing in local currency to fund investment.
- Gains/losses usually unrealised so many firms do not hedge.



## HEDGING TRANSACTION RISK - INTERNAL TECHNIQUES

Internal techniques to manage/reduce forex exposure should always be considered before external methods on cost grounds. Internal techniques include the following:

### Invoice in home currency

- One easy way is to insist that all foreign customers pay in your home currency and that your company pays for all imports in your home currency.
- However the exchange-rate risk has not gone away, it has just been passed onto the customer. Your customer may not be too happy with your strategy and simply look for an alternative supplier.
- Achievable if you are in a monopoly position, however in a competitive environment this is an unrealistic approach.

### Leading and lagging

- If an importer (payment) expects that the currency it is due to pay will depreciate, it may attempt to delay payment. This may be achieved by agreement or by exceeding credit terms.
- If an exporter (receipt) expects that the currency it is due to receive will depreciate over the next three months it may try to obtain payment immediately. This may be achieved by offering a discount for immediate payment.
- The problem lies in guessing which way the exchange rate will move.

### Decide to do nothing?

- The company would 'win some, lose some'.
- Theory suggests that, in the long run, gains and losses net off to leave a similar result to that if hedged.
- In the short run, however, losses may be significant.
- One additional advantage of this policy is the savings in transaction costs.

## EXTERNAL TECHNIQUES

### Spot contracts

Put simply, a spot contract lets you convert currency either right away or with minimal notice. It can allow you to make a foreign exchange payment the same day.

### Forward contracts

Add certainty to your international transactions by securing the price of future foreign currency. Forward contracts let you lock in your rate today and pay at a later date. Fix the price up to three years in advance.

*Richard.Morrissey@moneycorp.com*

## OUTDOOR SEATING AND ACCESSORIES FOR TOURISM AND HOSPITALITY

The aim of the Outdoor Seating and Accessories scheme is to provide support to individual independent hospitality and tourism businesses towards the cost of equipment to provide additional outdoor seating and facilitate these individual independent businesses to increase their outdoor dining capacity for summer of 2021.

Applicants can apply for a grant of up to €4,000 (for up to 75% of the ex-VAT cost of equipment purchased) to assist in expenses incurred between 1 April 2020 and 30 September 2021.

Applications are to be made directly to your Local Authority who will approve applicants on submission of receipts and photography of furniture in situ. The following is a list of eligible expenditure:

- ➔ Outdoor tables
- ➔ Outdoor chairs
- ➔ Umbrellas
- ➔ Electric heaters
- ➔ Screens/windbreaks
- ➔ Outdoor plant stands



Local Authorities will administer the scheme through their respective internal processes. Each Local Authority has the right to use their discretion in regard to their process and the development of appropriate terms and conditions that are appropriate for their respective streetscapes, businesses etc. Applications are open on Local Authorities website since the 12th of April and close on the 30th of September 2021

All applicants will be required to comply with planning codes, legislative requirements and other compliance requirements. This includes an outdoor dining permit, available through your Local Authority which must be applied for before you are eligible for this grant. For full details, please visit your Local Authority (council) website.

## AFFORDABLE HOUSING

At the start of May, the Government agreed to the proposed Bill on Affordable Housing. The proposed new housing legislation includes a plan to cap the price of affordable housing using seven different rates across the country. This will apply to the shared equity scheme where the State would take a stake of up to 30% in a home to keep the price affordable.

The caps, which are pending approval by the Central Bank, are@

Dublin City and Dún Laoghaire	€450,000
Cork City	€400,000
Galway City	€400,000
Limerick City	€350,000
Waterford City	€250,000

## COVID VACCINATIONS AND YOUR EMPLOYEES

As the country prepares to reopen in the coming months, a hot topic is the legality of requiring your staff to have the Covid-19 vaccination in order to return to the workplace. At present, there is no legislation that requires persons to vaccinate specifically for the purpose of returning to the workplace. There are a few exceptions where an employer can require staff members to vaccinate but these are limited to healthcare and possibly childcare environments.

There is however, a framework you may follow to ensure your staff are safely following the best advice as per public health guidelines. The first step in this is to open the conversation with your staff members about their intention to vaccinate. This allows the employer to assess what percentage of employees intend on getting vaccinated. For employees who are unsure or do not wish to vaccinate, consider implementing procedures that best support the vaccination process. For example:

1. Discuss the reason why there may be a reluctance to have the vaccination. By knowing and understanding the reason behind their decision, you can find a better way to support them.
2. Information is key (and misinformation is rampant). Share all public health guidelines and advice along with vaccine guidelines. This will allow your staff to make an educated decision based on information from reliable sources.
3. Accommodate the vaccine schedule. Perhaps you can offer paid time off for vaccination appointments and implement a plan for anyone who has an adverse reaction to the vaccine. This will allow employees to feel supported at this time.
4. If there are employees who do not take the vaccine due to religious, medical or any other reasons, you may wish to evaluate their working arrangements. A risk assessment may be carried out and there may be a benefit for such employees to continue to work remotely where possible.

The vaccination programme is in place to protect all members of society from Covid-19. Although it is the safest and recommended option, it is not a legal requirement for anyone to have this vaccine. Dismissal due to not receiving the vaccination could be deemed as unfair dismissal.

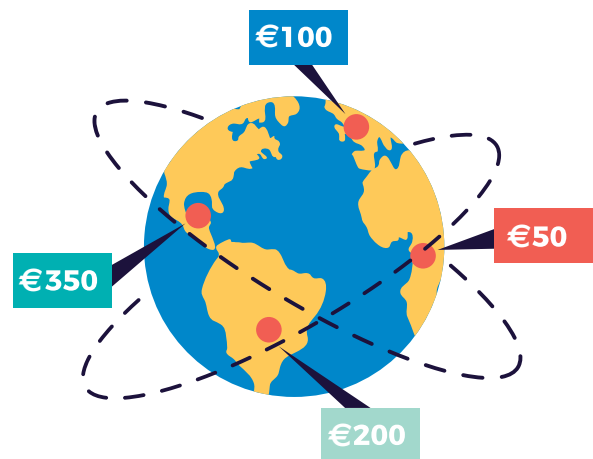
### Remember:

*All AGM's are permitted to take place virtually until 9th of June 2021*



The legislation will require 10% of social homes and 10% of affordable homes in housing developments in every local authority area.

# Alternative finance options – WHAT ARE THEY?



All changed, changed utterly: A terrible beauty is born. With the recent announcements of both Ulster Bank and KBC exiting the Irish marketplace, you might be wondering where to turn and what options are available to your business.

The Brexit and Covid-19 aftershocks are still being felt and there remains a tremendous amount of uncertainty for business owners.

There are so many choices when one searches the internet, that you are left none the wiser. This is where a strong advisor earns their fee for helping you navigate the various options and helping to determine the most appropriate funding solution for your business.

The following is a comprehensive but not exhaustive list of options that may be suitable to your business and specific funding requirement.

## STATE SUPPORTS/SBCI

The SBCI Covid-19 Credit Guarantee Scheme has been extended until December 2021 which is a very welcome move to allow the pillar banks continue their support for SMEs impacted by Covid.

The pillar banks continue to support their customers via the traditional facilities such as term loans, overdrafts, invoice financing and asset finance. Longstanding customers and larger SMEs typically receive the most support with smaller SMEs tending towards more agile alternative funders

## MICRO FINANCE IRELAND

If your business requires a low quantum of funding up to €25,000 then MFI are a very attractive option with the most competitive terms you could hope to achieve. To qualify, you must have less than 10 employees and a turnover not exceeding €2 million.



## CROWDFUNDING

Crowdfunding continues to grow in Ireland and so too does its credibility. The value of Irish transactions grew 15.9% in 2021<sup>1</sup>.

Depending on the nature of your business, this can be a very business friendly option that allows for psychological “buy in” for your business and its products and/or services. This type of investment often garners strong local support and strengthens a customer base.

Crowdfunding is not only about equity for start-up businesses – there are many examples of existing businesses raising short to medium term debt finance. This leads us onto Peer-to-Peer (P2P) lending.

## PEER TO PEER LENDING

P2P lending is the lending of money via an online service provider that essentially matches lenders and borrowers. The notion of cutting out traditional middlemen like banks and brokers is to reduce the overheads associated with banking but to also unlock a multitude of willing lenders that were previously unavailable. These lenders are not restricted to individuals with some savings on deposit but can also consist of more sophisticated investors/lenders willing to loan out their money such as family offices and some institutional lenders (this often allows lenders to bypass layers of regulation).

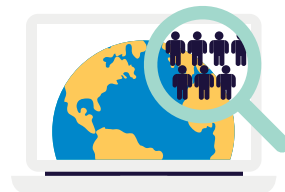
The products on offer via these P2P platforms are typically what you expect from your pillar bank but they can be much more nimble and quicker in terms of getting your business requirement funded.

While many businesses did not want to publicly display all their company particulars for the purposes of obtaining a small loan, the process of getting funded and the amount of information that is made available is greatly streamlined. While this was once deemed unbecoming for a business or a sign of weakness in terms of banking and financial

strength, the popularity of these types of funders continues to grow and no longer carries any stigma.

## PRIVATE FUNDING

When it comes to having maximum discretion and the most flexible funding terms, you need to look at professional advisors and financial brokers. The area of mezzanine finance, asset backed lending and private funding is one to approach with caution. At all times, check and double check the *bona-fides* of the people you engage. Ask around and do



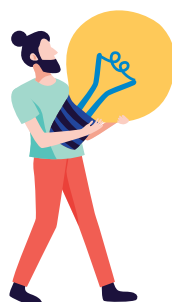
not be afraid to ask direct questions.

Private funding is usually the most expensive form of funding, but it is also the most flexible. The risk appetite is typically higher and with the correct advice – it often allows for creative funding solutions that the pillar banks simply will not entertain

## SUMMARY

While there are many choices and new names appearing with each and every Google search, it is important to remember there are only a handful of true alternatives to pillar banking. While there are many new providers emerging, their longevity is often short lived which only reinforces the assertion that one cannot overstate the importance of trusted financial advice from your accountant or business advisor. If something seems too good to be true, it

usually is! You should also be cautious of paying upfront fees and costs without doing some due diligence and research first. Having a contract and terms of engagement (while slowing things down initially) will often save much heartbreak.



1. <https://www.statista.com/outlook/dmo/fintech/alternativefinancing/crowdfunding/ireland>

## THE RIGHT TO DISCONNECT IN IRELAND: NEW CODE OF PRACTICE PUBLISHED

A new Code of Practice on the Right to Disconnect (the "Code") has been published to provide practical guidance for employers and employees to agree working arrangements, appropriate to their business, that maintain clear boundaries between work and leisure.

The three key changes are:

- a) The right of an employee to avoid routinely performing work outside normal working hours;
- b) The right to protection from penalisation for refusing to work outside of normal working hours; and
- c) The duty to respect another person's right to disconnect (e.g., by not routinely emailing or calling outside normal working hours).

While this new code is not a piece of legislation (i.e no legal penalties are imposed if there is a breach of the regulation), the code may be used in proceedings in the Workplace Relations Commission, the Labour Court and the Courts as evidence of the appropriate standard of behaviour in relation to its subject matter. The Code does not impose universally applicable working hours. Existing law on maximum weekly working hours, the statutory rights to rest breaks, daily and weekly breaks are unaffected by the Code. The Code specifically acknowledges the existing legal position which is that both employers and employees have a responsibility to manage work patterns safely and to take responsibility for ensuring that systems of work are safe. The primary responsibility, however, rests with the employer.

Employers should carry out an assessment of suitable arrangements which considers:

- a) The need to work across time zones;
- b) The tone of communications – i.e., the repeated use of the word "urgent";
- c) Expectations (not instructions) regarding disconnection during annual leave and outside of working hours; and
- d) Expectations regarding response times where businesses operate across different time zones.

It is recommended that employers should consider assigning responsibility for monitoring the implementation of the policy to a management committee or to the HR team.



## EMPLOYERS LIABLE FOR HEALTH & SAFETY UNDER REMOTE WORKING POLICY

As announced in April, employees now have the right to request to work from home under the National Remote Working Strategy. Ibec and Isme both said that the proposals due to come into force this year to allow people to work from home would place extra burdens on businesses as they emerge from the pandemic. Ibec have noted that if homes were designated as workplaces, employers would be required to inspect them to make sure they met legal standards and did not breach data protection or commercial confidentiality rules.

The full impact of such legislation remains to be seen but employers will have to keep a close eye on any new legislation to ensure they are compliant.

## WHAT ARE BANDED HOURS CONTRACTS?

The Employment (Miscellaneous Provisions) Act, 2018 has updated the Organisation of Working Time Act to provide employees with a statutory entitlement to a "banded hours" contract in certain circumstances. It is contractual entitlement for employees to work within a set range of hours for the next 12 months, calculated by averaging out the hours worked during the previous 12 months.

There are certain sectors in which experience shows that employees' contracts do not reflect the hours actually worked. By way of example, the hospitality sector would historically be seasonal in nature with employees potentially working full time during busy summer months, with limited hours during the winter months. Over the years, and prior to Covid, the "season" extended, and regularly employees would work full time on a year-round basis, but hold a contract requiring working hours at a much lower level.

The concept of a banded hours contract was introduced to provide stability and fairness to employees who wanted guaranteed weekly hours.

There are eight different bands into which an employee's average hours over the previous 12 months might be placed:

- |                |                       |
|----------------|-----------------------|
| A. 3-6 hours   | E. 21-26 hours        |
| B. 6-11 hours  | F. 26-31 hours        |
| C. 11-16 hours | G. 31-36 hours        |
| D. 16-21 hours | H. 36 hours and above |

An employee must have one year's service before they can make an application. The service requirement is necessary because the calculation of the band into which the employee will be placed is decided based on the hours actually worked over the previous 12-month period.

An employer has 4 weeks from the date of request to place the employee on a band. The employer determines which band applies. The employee is then guaranteed the minimum hours within their band for a 12-month period.

# RANSOMWARE

## THE CRITICAL CYBER THREAT TO GLOBAL BUSINESSES IN 2021



Ransomware extortion has rapidly become the key cyber threat to organisations globally. Organisations' increasing reliance on digital services and interconnected business, IT and operational systems has led to rising profitability of cybercrime and ever more advanced cybercriminal tactics. In the past year, the COVID-19 pandemic has heightened such threats. This has encouraged advanced cybercriminal groups to deviate from traditional cybercrime and fraud in favour of ransomware extortion and is also driving less technically capable cybercriminals to adopt such methods.

The financial impact of ransomware on business can be crippling; some estimates place the total annual cost of attacks globally, including ransom payments and remediation costs, at approximately USD 170 billion. The average cost of a ransomware attack in the UK in 2019, was £800,000. Operational downtime, out-of-hours and stretched resources, ransom payments, third party support and system rebuilds all make such incidents costly to remediate.

Encrypting, stealing, and threatening to leak data is no longer the only extortion method used by ransomware groups. Over the past five months, we have observed an increase in ransomware and other cybercriminal groups using alternative extortion techniques to coerce victims to pay. These range from extortive and disruptive distributed denial of service (DDoS) attacks, to extortive data-wiping attacks, to claims to have planted backdoors in software products, to auctioning or selling stolen data to the highest bidder. Ransomware groups can apply all of these techniques without the need to encrypt victims' data.

The re-emergence of these alternative techniques demonstrates that cybercriminals are becoming increasingly aggressive in their extortive attacks. In 2021, we expect ransomware groups to continue exploring new and increasingly disruptive methods of extortion. This will almost certainly include the use of emerging technologies, such as deepfakes, which will further enable less skilled cybercriminals to extort businesses, executives, and individuals.

For cybercriminals, there remains a constant trade-off between profits and security against law enforcement and rival groups. For organisations, mitigation measures – built on proactive, threat-led cyber security solutions and well-rehearsed and realistic ransomware crisis scenarios – can prevent increasingly capable ransomware groups from forcing your business into a situation where a ransom payment is an enticing option.

To protect your organizations and assets from ransomware, apply the following nine tips:

1. Back up your company's data regularly. If something goes wrong, you should be able to quickly and easily revert to a recent backup. This won't protect you from being the target of an attack. But if you're ever attacked, the fallout won't be nearly as devastating.
2. Keep software updated. Ransomware attackers sometimes find an entry point within software by exploiting any vulnerabilities. Fortunately, some developers actively search for new vulnerabilities and patch them.
3. Use better threat detection. Most ransomware attacks can be detected and resolved before it's too late. To maximize your chances of protection, have an automated threat detection system in place.
4. Adopt multi-factor authentication which forces users to verify their identities in multiple ways before they're granted access to a system. If an employee's password is ever leaked to a criminal, the attacker won't be able to gain easy access to your systems.
5. Use the principle of least privilege. Employees should never have more access to data than they truly need. Segmenting your organization and restricting access can provide a kind of quarantine effect, minimizing the impact of a potential attack and limiting the vectors of access.
6. Scan and monitor emails and file activity. Emails are the default choice of cybercriminals running phishing schemes. Scan and monitor emails on an ongoing basis, and consider deploying an automated email security solution to block malicious emails from reaching users. Also, consider scanning and monitoring file activity.
7. Improve employee training. Most ransomware attacks are the byproduct of bad employee habits or pure ignorance. Someone may voluntarily give out their password or download an unfamiliar file. With better employee training, the chances of this happening are much lower.
8. Don't pay the ransom. If your organization happens to be the victim of a ransomware attack, don't pay the ransom. It might seem tempting to get out of this bad situation as quickly as possible. But even after paying the ransom, there's no guarantee the attacker will be true to their word.
9. Use anti-ransomware solutions. To achieve its objective, ransomware must perform certain anomalous actions, such as opening and encrypting large numbers of files. Protecting against ransomware that "slips through the cracks" requires a specialized security solution. Anti-ransomware solutions monitor programs running on a computer for suspicious behaviour commonly exhibited by ransomware. If these behaviours are detected, the program can stop any encryption before further damage is done.