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 Business Newsletter

AAI looks for Budget tax break

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Michael Cullen, marketing.ie

Efforts to secure a tax break for Irish advertisers are being stepped up with the Association of Advertisers in Ireland (AAI) taking the issue to Europe and asking World Federation of Advertisers (WFA) economists to provide data for compiling a robust case. AAI's CEO Barry Dooley recently presented the tax break proposal to the WFA in Brussels.

Dooley and Core Media boss Alan Cox, acting for the agency representative body, the Institute of Advertising Practitioners in Ireland (IAPI), are leading the initiative. Plans for increased lobbying also sees the hiring of Friends First chief economist Jim Power to provide input for a long-term strategy. The latest moves follow initial talks between AAI/IAPI and Department of Finance officials outlining the rationale for a 25pc tax break for advertisers.

The discussions centred around the importance of advertising to the economy and its benefits in accelerating consumer spending. The AAI/IAPI duo pointed to the success of the department's R&D Tax Credit, launched back in 2004. Cox pointed out that while ad spend was worth €1.5bn in 2007, six years on and budgets had dropped by 41pc to €910m.

The proposed tax break for advertisers would apply to any increase in spend over and above annual levels with a lifespan of two years, after which the economic momentum would do away with the need for any more stimulus. Irish advertisers have felt the need to slash budgets with per capita spend 22pc lower than the European average last year.

A Deloitte study last year found that for every euro spent on advertising, €5.70 was generated for the Irish economy. The economic cost from the decreasing ad spend came to €3.6bn last year alone, or over €17bn since 2007. But the Department of Finance officials expressed some doubt about the Deloitte findings, which has created a stumbling block to progress, for the time being at least.

They argued that there was no concrete evidence that advertising is an economic stimulant. But they added that if adequate evidence could be provided that the multiple was accurate and the tax break did not contravene EU laws, they saw no reason why the proposal could not proceed.

Dooley says that while the possibility of a tax credit in this month's Budget is not on the cards, the hope is that they can use the combined expertise of WFA economists and Jim Power to make the case for a tax break in a forthcoming Budget and to then extend the idea overseas.

Advertising expert John Fanning has welcomed the tax break. Speaking at an AAI event, Fanning said Ireland could lead the way internationally with the initiative, just as it did with the smoking ban.

Pat keeps Energia

While current affairs shows on TV are prevented from taking sponsorship, similar curbs do not apply to radio. Energia is renewing its sponsorship of The Pat Kenny Show on Newstalk for an undisclosed fee in a deal brokered by Vizeum.

The energy provider, which supplies 60,000 businesses, has sponsored the weekday morning show since its launch last year. The next JNRS quarterly report will reflect the show's full impact. Pat Kenny is pictured with Energia's Gary Ryan.

Fair City deal

BWG Foods' marketing and communications director Suzanne Weldon (inset) and RTÉ Television's media sales team have agreed a new €900,000 sponsorship contract to keep the Spar store on the set of Fair City's Carrigstown, for another three years at least.

The drama, which has run for 25 years, averages around 500,000 viewers each episode. Christy Phelan's Corner Shop took on the Spar name three years ago, in what was seen as ground-breaking for product placement in an Irish TV soap. BWG plans 50 new Spar stores by 2016.

MCCP to Rothco

Jill Byrne Murphy is to leave planning agency MCCP where she is business development director to join creative agency Rothco as relationship director. She has extensive experience in adland, most notably the eight years she spent in client services at McCann Erickson.

On the market research front, Robbie Clarke has been made a director at Red C, while Ciara Regan is now an associate director at the Clontarf agency.

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