

SET UP GUIDE TO STRUCTURE OF ITALIAN PAYROLL FOR CONTRACT PILOTS

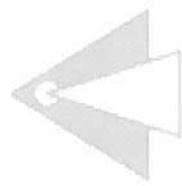
1. Irish incorporated companies are already in place and registered for Corporation Tax.
2. Brookfield will engage this Irish company as the employment company (EC) under the new contract.
3. The Irish company will set up a 'Branch' in Italy and will register to operate as a foreign employer.
4. The contractor (Pilot) will complete the 'Personal Information' questionnaire and on receipt will be sent out the 'Starter' pack to add the contractor as a director and employee of the Irish limited company.
5. The contractor will be registered as an employee of the Italian branch.
6. The contractor will be given access to the online account manager (OAM) and must submit expenses including the amount of working days per month via the OAM by the 6th day after the month end.
7. On or around 9th of each month, Brookfield will inform OCA (O'Connor & Associates) of the contractors' hours and income.
8. The Irish company will invoice Brookfield for the contractors' hours.
9. Brookfield will pay the Irish company for these hours on or around the 13th of each month.
10. Allowable expenses under current Irish tax legislation will be computed and paid directly to the contractor on or around the 13th of each month.
- 11. The Italian branch will operate a monthly payroll based on 50% of the individual pilot's income (after Irish expenses, basic salary, Italian expenses and pension contributions are deducted). Italian tax and social insurance (including employer's social insurance) will be deducted. *Please note the current minimum basic salary per month will be €800. If this is increased it will increase your social insurance benefits accordingly.***
12. The Irish company will be informed of the net income and will pay the remuneration directly to the contractors on or around the 13th of each month.
13. Each contractor will be issued with a monthly payslip by email and via the OAM from OCA.
14. The Irish company will pay the Italian tax office the amount of tax and social insurance deducted and any private pension contributions will be paid to relevant pension scheme or retained in the company depending on the choice of the contractor.

This scheme will allow the pilots to enjoy all of the benefits they are currently claiming through the Italian tax legislation and in addition will afford them the opportunity to make a contribution to the 'social fund' which they currently cannot do as self-employed tax payers in Italy.

The net take home pay will vary according to the personal circumstances of the contractor under current Italian tax rules. In addition the contractors will be immediately covered for the following additional benefits such as the following:

- a) Sickness insurance –
- b) Unemployment benefits
- c) Maternity
- d) Family Allowances
- e) Elderly and disabled benefits

Any queries regarding the payroll and expenses should in the first instance be directed to O'Connor & Associates who will contact the Milan office on the contractor's behalf where necessary.



*O'Connor and
Associates*

*PROFESSIONAL ACCOUNTANTS &
TAX ADVISORS FOR
CONTRACTORS*

Ireland
Business Reg No: 269239
VAT Registration Number: 8179689Q

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O'CONNOR & ASSOCIATES

O'Connor & Associates commenced providing Accounting Services and Tax Consultancy in 2005 to a range of companies and individuals across Ireland & UK, including airline crew worldwide.

O'Connor & Associates is operated and managed by both a Tax Consultant – Claire O'Connor and an Accountant – Kevin Carolan. Kevin Carolan is a Fellow of The Institute of Chartered Certified Accountants.

O'Connor & Associates has an office in North County Dublin, 15 minutes from Dublin Airport.

O'Connor & Associates has developed an online Account's Package for long term Contractors who need to experts to manage their company for them.

OUR SERVICES:

- **You are a specialist and so are we. And this operation will benefit hugely from having specialists run it, top to bottom.** Accounting Services & Taxation Advisors is the work we exist to do, what we were established to do. The background of the people we hire, how they are organized, the fast response to queries and those seeking advice and our web based accounts information system we have developed, the training, the learned experiences we have acquired are all geared towards supporting accounting services in precisely the environments in which you conduct your business.
- **The type of services we offer.** – Limited company structure, payroll administration, tax compliance - are all ones with which we are competent.
- **We have a track record** of successfully initialising and executing projects of this nature and scope both for you and for the wider industry. We hold our clients dearly and we hold on to them.
- **We have a reservoir of administration & reporting knowledge** from work carried out both in the aviation business and other clients that will provide the contractors with a unique, efficient and client friendly service. In this context we are pleased to confirm that **Claire O'Connor** will be available as required during the initialization phase and over the coming years.
- **We really want your business.** The relationship we have enjoyed with airline crew in the past is of major importance to us. We want to continue in this field and grow. We will be easy-to-do-business with, flexible, innovative, not looking over our shoulder. We will approach each contractor with enormous enthusiasm and an absolute determination to deliver above and beyond the service offered.

THE FUTURE

Hi Tech

1. Online 24 hour accounting, giving contractors up to date information on bank account status, salaries, taxes, company secretarial and more at the touch of a button over every aspect of the operation of the system.
2. Iphone App – Available free for uploading expenses from you Iphone/Ipad. Android app will be launched shortly. Expenses can be loaded offline and will automatically upload when connected to Wi-Fi.
3. Online filing facilities with Irish Revenue Commissioners and UK HM Revenue & Customs.

Hi Touch

4. Hands-on communication.
5. In-house payroll operation facility offering top of the range reporting facilities and expert staff to facilitate a fast, efficient, accurate and client friendly support system. In-house facility also means faster hands-on times to 'payroll' related queries from contractors.
6. Contractors Support Desk operated from 9AM through 7PM (GMT), Monday through Friday providing total support by telephone or email (over the weekend) for everything from understanding the payroll system to maximizing tax efficiency and minimizing the administration burden for contractors.
7. Flexible, responsive staff making it easy for every contractor to do business with us.

Hi Trust

8. A relationship of mutual trust is essential and has been established between us and our clients in the aviation business over a number of years. We intend to build and develop this trust as we believe that trust is *the* essential component of successful business relationships.
9. You can trust our assurance that *everyone* in O'Connor & Associates is 100% committed to the looking after our clients.
10. You can trust us to maintain our investment in programs to ensure that the contractors are offered the most up to date systems and current tax advice in the industry forefront.
11. At its heart this project is about **individual professional attention:**
 - Compliance and accurate timely information for contractors at corporate level available.
 - Same day payment of salary and expenses to contractors with domestic bank accounts.

You can trust us to ensure that our services and advice are to the highest possible accounting and industry standards.

Quality Assured

Total quality assurance, accuracy and trust are essential to our clients – we understand that and identify the principle quality and security checks that will be provided as part of this contract.

But quality stretches to more than checking data for accuracy and integrity. At its core, quality is about the foresight gleaned from the personal information collected, the insights shared, the improvements gained. We will be able to deliver quality and accurate information of the highest order right through the program.

GETTING STARTED

Company Setup: Limited company details are provided to the contractor and Brookfield including Certificate of Incorporation, VAT Registration Certificate and Bank Account Details for contract preparation.

Insurance: We have a high level of Professional Indemnity Insurance in place and a certificate is available upon request. This is included in our fee structure.

Starter Pack: Forwarded by email - limited company details (including shareholder agreements) and various forms for completion, including B10, Form 12A, application for Irish tax number if required and The Hirer's Authorisation Form.

Contracts: The contract with The Hirer will be signed by a representative of O'Connor & Associates on the Contractor's behalf, once terms and conditions have been agreed with the contractor.

Payroll: Invoices raised to Brookfield on behalf of the contractor and paid by Brookfield will be processed through the payroll system on the same day and payment sent immediately to the Contractors designated bank account. Deduction of taxes and social insurance will be accounted for and paid to the Revenue Commissioners on a monthly basis.

Expenses: We provide you with access to your personalised OAM (Online Account Manager) and access to our unique **iphone application** specifically designed for contractors' expenses to be uploaded whilst 'On-the-Go'. All expenses claimed must be incurred by you "**Wholly, Exclusively and Necessary**" for Business purposes. You may claim the expenses listed below, depending on your specific circumstances. Please note that we may require you to provide receipts **ONLY** upon request, to prove these expenses were incurred as you may need to justify these expenses to the Revenue.

Sample List of Expenses you may be able to claim:

- Public transport including Train/Taxi/Dart/Luas
- Training cost from incorporation
- Subscriptions to journals, magazines
- Client ship of professional organisations
- Seminar and Conferences expenses
- Business mileage & subsistence – both a mileage rate is claimable for journey undertaken for business purposes (these will be the civil service rates as they apply to your car type) and relevant subsistence rates depending on the city you work from whilst 'out of base'.
- Our Fee
- Telephones, Landline and Mobile phones
- Internet Costs, Installation and usage
- Consumables, Stationery, Postage
- Books and publications
- Self Education Courses
- Pension contributions

- Computer, Laptops, Office Equipment
- Relocation expenses (If you are relocating to another base to take up a new position)
- Permanent Health Insurance (PHI) – we can assist you with this.
- Loss Of Licence Insurance (LOL) – we can assist you with this.

Company Compliance: Company Accounts will be prepared annually and Corporation Tax Returns will be submitted on a timely basis. All Company Secretarial work will be maintained and Annual Returns submitted to the CRO within the deadlines allowed.

Directors Tax Returns: Annual tax returns for all Contractors will be prepared and submitted to the Irish Revenue Commissioners.

Tax Clearance Certificate: Provided annually from the Revenue Commissioners for both the contractors and their limited company.

Financial Advice: Free, professional, tailored financial advice specific to your needs.

Pension Plans: EU pension plans unique and new to the industry and 100% compliant with EU legislation. Also 100% tax deductible with no limit when structured through a limited company.

Fee structure: A net €1,000 per calendar year , plus VAT @ 23%.

The VAT is refundable and the fee is allowable for Tax purposes and therefore costs you less.

To sign up with O'Connor & Associates simply complete the two page Terms and Conditions and 'Personal Information' form and fax to: +353 (0) 1 892 8089 or email it to claire@oconnorandassociates.ie

Once we receive your completed form, we will email you a 'starter pack', which contains information and forms for completion.

Terms and Conditions:

The following are the Terms and conditions of the agreement and application to become a client of O'Connor & Associates whose office is situated at Unit K23, Drinan Enterprise Centre, Swords Enterprise Park, Feltrim Road, Swords, Co Dublin, Ireland and _____ the client, hereinafter called the Client.

The Terms and Conditions represent an agreement between the O'Connor & Associates and the Client whereby O'Connor & Associates agrees to supply the services described in the above document and is subject to the same terms and conditions.

The Client is engaged by O'Connor & Associates in the capacity of Director.

The Client will provide signed expenses sheets detailing expenses "Wholly, exclusively and necessarily" incurred by the Client in the course of carrying out their work. These returns and receipts will enable these expenses to be claimed as allowable expenses for Corporation Tax purposes.

O'Connor & Associates will undertake all the company directors' responsibilities and ensure all Revenue and legislative requirements are complied with including submission of Revenue returns, Accounts and Company Office returns. However the responsibility of ensuring these returns are submitted all rest by Company Law with you the Client.

The Client will not have any recourse to a grievance procedure with O'Connor & Associates . The Client shall not at any time during or after the period of service with O'Connor & Associates divulge or use any confidential information concerning the business or interest of O'Connor & Associates or any other associated companies.

The Client shall not at any time during or after the period of service with O'Connor & Associates divulge or use any confidential information concerning the business or interest of the Client. All documentation and other property belonging to O'Connor & Associates must be returned upon completion or termination of the contract to the O'Connor & Associates.

Under no circumstances will O'Connor & Associates be liable for loss of profits, whether direct or indirect, or any indirect or consequential damage whatsoever.

O'Connor & Associates' fee for this service to you as a Contractor is a net 3% of gross salary. This will be deducted from your gross income on a monthly basis. Where there is no income in one particular month, no fee will be charged.

Signed..... At (place) on (date) ____/____/____
(Typed signature will suffice)

PERSONAL INFORMATION REQUIRED:

1. Full Name:
2. Address:

3. Contact Telephone No:
4. Email Address:
5. Date of Birth
6. Marital Status: Single/Married/Divorced
7. If Married – spouse's full name:
8. Spouse's Date of Birth:
9. No. of dependents:
10. Tax Identification No from country you are a National of:
Eg. Irish PPS no., UK National Insurance No:
11. Mother's Maiden Name:

DOCUMENTS REQUIRED:

1. Copy of passport
2. P45/P60 from previous employer if in employment this tax year.
3. ID to include name and address such as bank/credit card statement.

PERSONAL BANK ACCOUNT DETAILS:

Account Name:
Bank:
Bank Address:

IBAN No.
Swift/BIC Code: