



20^{The} Irish Budget



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BREXIT

For budgetary purposes, the Budget is framed on the assumption of a no deal Brexit. This means that the forecasts in the Budget are based on projections of what the economy will look like after a no deal Brexit. A no-deal Brexit is expected to have a significant negative impact on Ireland's public finances. A Brexit package of €1.2 billion has been announced and €170 million will be spent in 2020 to help prepare for the challenges of Brexit.

INCOME TAX (UNCHANGED)

There is no changes to Income tax thresholds or rates on income tax standard rate band for all earners, €35,300 for single individuals and €44,300 for married one earner couples.

The exemption limits, tax credits and standard rate bands applicable for the tax year 2020 are set out in detail on the last page.

HOME CARER TAX CREDIT

An increase in the Home Carer Tax Credit from €1,500 to €1,600

EARNED INCOME CREDIT

An increase in the Earned Income Credit for self-employed from €1,350 to €1,500

UNIVERSAL SOCIAL CHARGE (UNCHANGED)

No USC changes but reduced rate for medical card holders extended for another year.

It is important note that no one earning less than €13,000 pays any USC at all; for those earning above this level, all their income is caught by the charge. Also, like PRSI, it is a straight charge on what you earn and is not affected by whether you are assessed as an individual taxpayer or jointly with a partner.

On the first €12,012	0.5%
On the next €7,862	2%
On the next €50,170	4.50%
On the next €29,956	8%
Balance	11 %

Medical card holders and individuals aged 70 years and older whose aggregate income does not exceed €60,000 will now pay a maximum USC rate of 2%.

MINIMUM WAGE

Minimum wage rises which will not be introduced until March if there is a no-deal Brexit

PRSI CONTRIBUTION (UNCHANGED)

The weekly threshold for the higher rate of employer's PRSI will be €386.

Employers PRSI rate @ 8.70% if income is €386 p/w or less

10.95 % If income is above €376 p/w

SOCIAL WELFARE PAYMENTS

The income disregard for the One Parent Family Payment and Jobseeker Transition will increase by €15. Income thresholds for the Working Family Payment will rise by €10 for families of up to three children. A €2 a week rise in the "Qualified Child Increase" for under 12s and a €3 increase for children over 12. There will also be a €5 increase in the living alone allowance from March 2020. The Fuel Allowance increasing by €2 a week to €24.50 a week. The Christmas Bonus – will be paid out again at 100% in 2019 – the same as last year

HELP TO BUY SCHEME (UNCHANGED)

Income tax rebate, capped at €20,000, for first time buyers of a principal private residence. The relief is 5% of the house value (capped at €400,000). Maximum relief (i.e. €20,000) available for homes valued between €400,000 and €500,000. Claimants must take out a mortgage of at least 70% of the purchase price. The scheme only applies to new builds, self builds or a converted building not previously used as a dwelling and not to second hand properties. The scheme will be in place until 31 December 2021.

CLIMATE AND ENVIRONMENTAL MEASURES - CARBON TAX

Carbon Tax Increase the rate by €6 to 26 euro per tonne

LOCAL PROPERTY TAX (VARYING RATES) (UNCHANGED)

Market Value less than €1,000,000 @ 0.18 %

Market Value greater than €1,000,000:

- First €1,000,000 @0.18 %

- Balance 0.25 %

EXCISE DUTIES

Tobacco Products Tax: The excise duty on a packet of 20 cigarettes is being increased by 50 cents to €13.50. This will also take effect from midnight on 8 October 2019.

RENTAL SECTOR (UNCHANGED)

The interest deduction on residential property lettings has been restored to 100% from 85%. Therefore, from 1 January, 100% of interest incurred on a loan to purchase, improve or repair a residential property that is let will be deductible against the rental income from that property. This simply accelerates the restoration of the interest deduction by 2 years.

VAT (UNCHANGED)

There is no change in VAT rate for tourism sector and will continue as 13.5% in 2020.

CAPITAL ACQUISITIONS TAX

Tax Free threshold for gifts and inheritances within Category A (generally parents to their children) is increasing from €320,000 to 335,000).

CORPORATION TAX

The Minister reiterated in his Budget speech that the 12.5% Corporation Tax rate will remain in place indefinitely.

BUSINESS TAX

€1 billion allocated to the Department of Business, Enterprise and Innovation in 2020 – a 2% increase and €10 million will be allocated to a Disruptive Technologies Innovation Fund.

The annual investment limit for the Employment and Investment Incentive will be increased to €250,000.

An annual investment limit of €500,000 will be introduced for investors who are prepared to invest in the EII for ten years or more.

Research and Development tax credit would be increased from 25% to 30% for micro and small companies.

An increase to the limit to third-level institutes of education announced from 5% to 15%.

Special Assignee Relief Programme and the Foreign Earnings Deduction extended until the end of 2022.

Relief from betting duty and betting intermediary duty announced up to a limit of €50,000 per year.

The farm restructuring relief programme is to be extended to the end of 2022.

The Benefit In Kind zero rate on electric vehicles is extended to 2022.

VRT reliefs for conventional and plug in hybrids is extended to 2020, subject to CO2 thresholds

DIVIDEND WITHHOLDING TAX

Increase rate of Dividend Withholding Tax from 20% to 25% from 1 January 2020

STAMP DUTY - (CHANGED FOR COMMERCIAL PROPERTY)

1% on properties valued up to €1,000,000

2% on balance of consideration in excess of €1,000,000

6% to 7.50 % on commercial (nonresidential) properties and other forms of property not otherwise exempt from duty.

PERSONAL TAX CREDITS

Tax Credit	2019 €	2020 €
Single Person	1,650	1,650
Married or in a Civil Partnership	3,300	3,300
Employee Tax Credit	1,650	1,650
Earned Income Tax Credit Max	1,350	1,500
Widowed Person or Surviving Civil Partner (without qualifying child)	2,190	2,190
Single Person Child Carer Tax Credit	1,650	1,650
Incapacitated Child Credit Max	3,300	3,300
Blind Tax Credit: Single Person	1,650	1,650
Married or in a Civil Partnership - One Spouse or Civil Partner Blind	1,650	1,650
Married or in a Civil Partnership - Both Spouses or Civil Partners Blind	3,300	3,300
Dependent Relative	70	70
Home Carer Tax Credit	1,500	1,600

TAX RATES AND TAX BANDS

The tax rates and bands remain unchanged:

Personal Circumstances	2019 €	2020 €
Single or Widowed or Surviving Civil Partner, without qualifying child	35,300 @ 20% Balance @ 40%	35,300 @ 20% Balance @ 40%
Single or Widowed or Surviving Civil Partner, qualifying for Single Person Child Carer Credit	39,300 @ 20% Balance @ 40%	39,300 @ 20% Balance @ 40%
Married or in a Civil Partnership, one Spouse or Civil Partner with two	70,600 @ 20% Balance @ 40%	70,600 @ 20% Balance @ 40%
Married or in a Civil Partnership, both Spouses or Civil Partners with Income	44,300 @ 20% with increase of 26,300 max. Balance @ 40%	44,300 @ 20% with increase of 26,300 max. Balance @ 40%

UNIVERSAL SOCIAL CHARGE

The Standard Rates of USC

USC Thresholds			
2019		2020	
	Rate		Rate
Income up to €12,012.00	0.50%	Income up to €12,012.00	0.50%
Income from €12,012.01 to €19,874.00	2%	Income from €12,012.01 to €19,874.00	2%
Income from €19,875.01 to €70,044.00	4.50%	Income from €19,875.01 to €70,044.00	4.50%
Income above €70,044.00	8%	Income above €70,044.00	8%

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