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2021

THE IRISH BUDGET



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Firm

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A record Budget of €17.75 billion has been announced with nearly half of all spending going on COVID-19 supports. The finance minister said "The test we face, further demanding challenges await. The challenge is great and yet we will prevail, from the ashes from this pandemic we will build a stronger and more resilient Ireland. Ireland had faced numerous difficulties since independence but never one like Covid-19, "an invisible enemy that has caused great suffering and disrupted so much of what is central to our wellbeing.

The annual Budget outlined changes in taxation, social welfare, health, housing, education, employment, and other areas - and how Ireland will continue to tackle the Covid-19 crisis and 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 2021 are set out in detail on the last page.

People working from home will be able to claim tax deductions on utilities such as light, heating and possibly broadband.

DEPENDENT RELATIVE TAX CREDIT (CHANGED)

An Increase in the Dependent Relative Tax Credit by €70 to €245
Qualified Child Payment up €5 and €2 for Over 12s and Under 12s respectively.

EARNED INCOME CREDIT (CHANGED)

An increase in the Earned Income Credit for self-employed from €1,500 to €1,650.

UNIVERSAL SOCIAL CHARGE (CHANGED)

The second slab rate of the USC changed to 20,687. No other changes in USC.

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 €8,675	2%



On the next €49,357	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%.

PRSI CONTRIBUTION (CHANGED)

The weekly threshold for the higher rate of employer's PRSI will be €398.
Employers PRSI rate @ 8.80% if income is €398 p/w or less.
11.05 % If income is above €398 p/w.

HELP TO BUY SCHEME (CHANGED)

Enhanced Help to buy scheme extended until end of 2021 at the higher max €30,000 rate

Income tax rebate, capped at €30,000, 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. €30,000) 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 €26 to 33.50 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 €14. This will also take effect from midnight on 13th October 2020 but there has been no additional tax on alcohol.

RENTAL SECTOR (UNCHANGED)

The interest deduction on residential property lettings is 100%.



VAT (CHANGED)

VAT for hospitality will be reduced to 9% from November 1st until December 2021.

COVID RESTRICTIONS SUPPORT SCHEME (CRSS)

The scheme will be operate when Level 3 or higher of the Covid roadmap is in place, and they are forced to close or effectively close because of prohibited or restricted access by customers will get a weekly payments of up to €5,000. The payments will be calculated on the basis of 10% of the first €1 million in turnover and 5% thereafter, based on average VAT-exclusive turnover for 2019.

SOCIAL HOUSING

The government has Announce €500m to build 9,500 new social housing units next year.

CAPITAL ACQUISITIONS TAX (UN CHANGED)

Tax Free threshold for gifts and inheritances within Category A is 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

There will be a new Covid restrictions support scheme to provide targeted support for businesses that have temporarily closed because of the pandemic.

Section 481 scheme for film will now run until Dec 31st 2023 at its highest rate of 5%

Capital investment of €10.1 billion in 2021.

€500m in additional expenditure for businesses in addition to tax measures


Commercial rates waiver extended for final quarter of this year at cost of €300m

10,000 upskilling opportunities and 4,000 new apprentices.

€55m for a tourism business support scheme and €5m for tourism product development.

Extension of the accelerated capital allowances scheme for energy efficient equipment for further three years.





STAMP DUTY - (UN CHANGED)

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

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


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

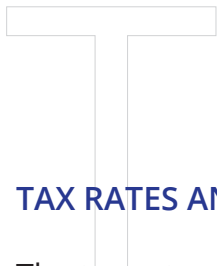
Stamp Duty scheme which refunds a portion of stamp duty paid on acquisition of non-residential land where it is then developed will be extended until end of Dec 2022.

Extension of stamp duty relief for the transfer of agricultural land to family members until Dec 2023.

PERSONAL TAX CREDITS

Tax Credit	2020	2021
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	1,500	1,650
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	245
Home Carer Tax Credit	1,600	1,600

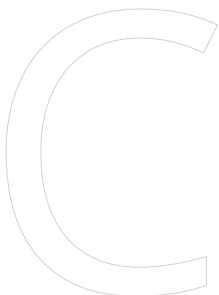




TAX RATES AND TAX BANDS

The tax rates and bands remain unchanged:

Personal Circumstances	2020 €	2021 €
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

2020		2021	
	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 €20,687.00	2%
Income from €19,875.01 to €70,044.00	4.50%	Income from €20,687.01 to €70,044.00	4.50%
Income above €70,044.00	8%	Income above €70,044.00	8%

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