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BUDGET HIGHLIGHTS

A SYNOPSIS

2019

HEALTH | SOCIAL WELFARE | EDUCATION | USC | PRSI
FARMERS | PROPERTY | TAX CREDITS | TAX RATES | INCOME

BUDGET HIGHLIGHTS 2019

BUSINESS TAX

CORPORATION TAX RATE

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

CAPITAL ALLOWANCES

- Accelerated capital allowances for gas propelled vehicles and refuelling equipment was announced in the Budget by the Minister.
- Accelerated capital allowances for employer provided fitness and childcare facilities was also announced commencing with effect from 1 January 2019.

KEEP – KEY EMPLOYEE ENGAGEMENT PROGRAMME

- The share-based remuneration incentive scheme for unquoted SME companies to attract and retain key employees has been amended. Gains arising to employees on the exercise of KEEP share options will be liable to Capital Gains Tax on the disposal of the shares, instead of the current liability to Income Tax, USC and PRSI on exercise. This incentive is available for qualifying share options granted between 1 January 2018 and 31 December 2023. Three separate measures have been introduced:
    - to increase the ceiling and maximum annual market value of shares that may be awarded to equal the amount of the salary,
    - to replace the three year limit with a lifetime limit, and
    - to increase the quantum of share options that can be granted under the scheme from €250,000 to €300,000.

TRAINING FUND LEVY

- From 1 January 2019 there will be a 0.1% increase (from 0.8% to 0.9%) in the National Training Fund Levy payable by employers with respect of reckonable earnings of employees in class A and class H employments.

BENEFIT IN KIND

- The 0% Benefit In Kind rate for electric vehicles is being extended for a period of three years, with a cap of €50,000 on the original market value of the vehicle.

FILM RELIEF

- The scheme provides relief in the form of a Corporation Tax credit related to the cost of production of certain films. The credit is granted a rate of 32% of qualifying expenditure which is capped at €70 million. The credit was due to expire at the end of 2020 and will now be extended until 2024.
- A new, short term, tapered regional uplift commencing at 5% is also being introduced, subject to State Aid approval, for productions being made in areas designated under the State Aid regional guidelines.

THREE YEAR START UP RELIEF

- The Three Year Start Up Relief provides Corporation Tax relief for profit making start-up companies which create and maintain jobs. The relief has been extended for a further three years, until the end of 2021.

ANTI-TAX AVOIDANCE DIRECTIVE (ATAD)

- The rate for the new ATAD compliant exit tax will be set at 12.5%. This will tax unrealised capital gains where companies migrate or transfer assets offshore such that they leave the scope of Irish tax. This measure is effective from midnight on the 9 October 2018.
- The Finance Bill will also provide for the introduction of a Controlled Foreign Company (CFC) regime as required by the ATAD. The CFC rules are an anti-abuse measure, designed to prevent the diversion of profits to offshore entities in low or no tax jurisdictions.

EMPLOYER PAYE COMPLIANCE IMPLEMENTATION

- Revenues updated PAYE system will be fully operational from 1 January 2019. Once implemented the system is expected to yield additional Exchequer savings arising from increased compliance levels of taxpayers.

BUDGET HIGHLIGHTS 2019

FARMER TAXATION

FARMERS FLAT RATE

- There was no change to the farmers flat rate addition announced in the Budget speech.

FUTURE GROWTH LOAN SCHEME

- The Minister announced the launch of a Future Growth Loan Scheme for SMEs and the agricultural and food sector which will provide up to €300 million.

STOCK RELIEF

- Stock relief has been extended for three years until the end of 2021. There are three separate measures:
  - the 25% General Stock Relief on Income Tax,
  - the 50% Stock Relief on Income Tax Registered Farm Partnerships and
  - the 100% Stock Relief on Income Tax for certain young trained farmers.

STAMP DUTY

- The exemption for Young Trained Farmers from Stamp Duty on agricultural land transactions continues for a further three years to 31 December 2021.

INCOME AVERAGING

- Income averaging allows eligible farmers to calculate their taxable income as the average of the income in the current year and the previous four years, on a rolling basis, thus smoothing their tax liability over a five year cycle. The restriction relating to farmers with off farm income is to be removed.

PERSONAL TAX

INCOME TAX

- There were no changes to the Income Tax rates.
- The exemption limits, tax credits and standard rate bands applicable for the tax year 2019 are set out in detail under the **Personal Tax Facts** section.
- A number of changes have been made to the rates and bands for USC which are set out in detail under the **Personal Tax Facts** section.

TAX CREDITS

- The Minister has increased the Earned Income Credit by €200 to €1,350. The Home Carer Credit was also increased by €300 to €1,500.

REMOVAL OF INTEREST RESTRICTION FOR LANDLORDS

- The removal of the restriction on the amount of interest that may be deducted by landlords in respect of loans used to purchase, improve or repair their residential property is being brought forward. The rate was due to be restored to 100% by 2021 but will now be effective from 1 January 2019.

CAPITAL ACQUISITIONS TAX

- The current Group A tax free threshold which applies primarily to gifts and inheritances from parents to their children is being increased from €310,000 to €320,000. This increase applies in respect of gifts or inheritances received on or after 10 October 2018.

BUDGET HIGHLIGHTS 2019

MISCELLANEOUS

EXCISE DUTIES

- Excise Duty on a packet of 20 cigarettes is being increased by 50c with a pro rata increase on the other tobacco products and an additional 25c on roll your own tobacco. Both measures will take effect from midnight on 9 October 2018.
- There will be an increase in minimum excise duty on tobacco products so that all cigarettes sold below €11 will have the same excise applied as cigarettes sold at €11.

BETTING DUTY

- An increase in the betting duty on bets placed by customers in the State will increase from 1% to 2% for all bookmakers and from 15% to 25% on the commission earned by betting intermediaries.

VEHICLE REGISTRATION TAX

- A 1% VRT surcharge is being brought in for diesel engine passenger vehicles registering in the State from 1 January 2019.
- The VRT relief available for conventional and plug-in electric hybrids is being extended for a period of one year until the end of 2019.

SOCIAL WELFARE

- A €5 per week increase in all weekly Social Welfare payments was announced and will take effect from March 2019.
- The Christmas bonus payment of 100% will again be paid to all Social Welfare recipients in 2018.

FAMILY SUPPORTS

- A new paid parental leave scheme will be introduced in November 2019 to provide two extra weeks leave to every parent of a child in the first year.
- The weekly rate for the qualified child payment will increase by €2.20 per week in respect of under 12's and €5.20 per week in respect of over 12's.
- A €25 increase in both Back-To-School Clothing and Footwear allowance rates was also announced.

DRUG PAYMENT SCHEME

- The drug payment scheme threshold is to be reduced from €134 to €124 per month.
- Prescription charges have been cut from €2.00 per item to €1.50 for all medical card holders over the age of 70.

MINIMUM WAGE RATE

- An increase in the hourly minimum wage rate from €9.55 to €9.80 was announced.

VAT

- Services and goods currently VATable at 9%, will be increased to 13.5% with the exception of newspapers and sporting facilities from 1 January 2019.
- The VAT rate on e-books and electronically supplied newspapers is reduced from 23% to 9% with effect from 1 January 2019.

PERSONAL TAX FACTS 2019

TAX CREDITS FOR TAX YEAR 2019

	2019 €	2018 €
PERSONAL		
Single	1,650	1,650
Married	3,300	3,300
Widowed Person	2,190	2,190
Single Person Child Carer	1,650	1,650
Home Carer Credit	1,500	1,200
Earned Income Credit*	1,350	1,150
PAYE	1,650	1,650
WIDOWED PARENT BEREAVEMENT		
Tax Credit year 1	3,600	3,600
- Tapering to year 5	1,800	1,800

	2019 €	2018 €
INCAPACITATED CHILD	3,300	3,300
DEPENDANT RELATIVE	70	70
BLIND PERSON		
Single / Married	1,650	1,650
Married (both blind)	3,300	3,300
FISHER TAX CREDIT	1,270	1,270
AGE CREDIT		
Single / Widowed	245	245
Married	490	490

* No Earned Income Credit where individual entitled to a PAYE credit.

INCOME TAX RATES

SINGLE PERSONS 2019	MARRIED PERSONS 2019 (Two Incomes)
20% First €35,300	20% First €70,600**
40% Balance	40% Balance
LONE PARENT	**(One Income)**
20% First €39,300	20% First €44,300
40% Balance	40% Balance

** Transferable between spouses up to a maximum of €44,300 for any one spouse.

INCOME TAX EXEMPTION LIMITS

	2019 €	2018 €
Single or Widowed 65 years or over	18,000	18,000
Married Couples 65 years or over	36,000	36,000

PERSONAL TAX FACTS 2019

UNIVERSAL SOCIAL CHARGE

EMPLOYEES & SELF-EMPLOYED

	2019	2018
	0.00% on total earnings <€13,000	0.00% on total earnings <€13,000
	0.50% on €0 to €12,012	0.50% on €0 to €12,012
	2.00% on €12,013 to €19,874	2.00% on €12,013 to €19,372
	4.50% on €19,875 to €70,044	4.75% on €19,373 to €70,044
	8.00% on €70,045 to €100,000	8.00% on €70,045 to €100,000
PAYE INCOME	8.00% on excess over €100,000	8.00% on excess over €100,000
SELF-EMPLOYED	11.00% on excess over €100,000	11.00% on excess over €100,000

PRSI

EMPLOYER	**2019**	**2018**
Contribution for Class A		
PRSI	10.05%	10.05%
Training Levy	0.90%	0.80%
Total for Employer	10.95% on all income	10.85% on all income
	8.5% on earnings less than €386 p.w.	8.5% on earnings less than €376 p.w.
EMPLOYEE		
PRSI	*4.00% on all income	*4.00% on all income
SELF-EMPLOYED / DIRECTORS CONTRIBUTIONS		
PRSI	**4.00% on all income	**4.00% on all income

*** Not applicable if earnings less than €18,300 p.a. (€352 p.w.)**
****4.00% subject to minimum payment of €500.**

As this release is intended as a general guide to the subject matter, it should not be used as a basis for decisions.
For this purpose advice should be obtained which takes into account all the client's circumstances.
Every effort has been made to ensure the accuracy of the information in the release.
In view of its purpose the reader will appreciate that we are unable to accept liability for any errors or omissions which may arise.