BUDGET HIGHLIGHTS
2023

Nexus
Chartered Accountants
& Tax Advisors

BUDGET HIGHLIGHTS 2023

Business Tax

CORPORATION TAX

- No changes to Corporation Tax announced. An effective Corporation Tax rate of 15% will apply to companies with turnover of more than €750 million. For companies with turnover less than €750 million, the 12.5% rate of Corporation Tax remains.

BUSINESS SUPPORTS

- A new Temporary Business Energy Support Scheme was announced to assist businesses with their energy costs over the Winter months.
  - The scheme will be open to businesses that carry on a Case 1 trade, are tax compliant and have experienced a significant increase in their natural gas and electricity costs.
  - The scheme will operate on a self-assessment basis.
  - It is proposed that the scheme will operate by comparing the average unit price for the relevant bill period in 2022 with the average unit price in the corresponding reference period in 2021.
  - There has to be more than a 50% increase in the average unit price to qualify.
  - Once eligible the support will be calculated on the basis of 40% of the amount of the increase in the bill amount.
  - A monthly cap of €10,000 per trade will apply and an overall cap will apply on the total amount which a business can claim.
  - The scheme needs to be approved by the EU Commission in advance of making payments.
- Knowledge Development Box is extended for a further four years.
- Certain changes to be introduced in relation to payment provisions for R&D tax credit.
- The Film Corporation Tax Credit is being extended to 31 December 2028.

PROPERTY / BUILDING

- The relief for pre-letting expenses for landlords previously capped at €5,000 per premises is now increased to €10,000 and by reducing the period which a premises must be vacant from 12 months to 6 months.
- A Vacant Homes Tax is being introduced. The tax will apply to residential properties which are occupied for less than 30 days in a 12-month period. The tax will be charged at a rate equal to 3 times the property's existing basic Local property Tax rate. There will be certain exemptions for genuine reasons.
- A 10% levy will be applied from 3 April 2023 on concrete blocks, pouring concrete and certain other concrete products.
- The Living City Initiative is extended to 31 December 2027.

SMALL BENEFIT EXEMPTION

- The annual limit for non-cash benefits is being increased from €500 to €1000 and will also permit two vouchers to be granted by an employer in a single year to an employee.

EXCISE – SPECIAL EXEMPTION APPLICATION

- There is a reduction in the excise fees for a special exemption application order from €110 to €55 for late night venues.

BUDGET HIGHLIGHTS 2023

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 2023 are set out in detail under the Personal Tax Facts section.
- Any changes that have been made to the rates and bands for USC are set out in detail under the Personal Tax Facts section.

TAX CREDITS/BANDS

- The Standard Rate Band is being increased by €3,200 per person.
- The Minister has increased the Personal Tax credit, Employee Tax Credit and the Earned Income Credit by €75.
- The Home Carer Tax Credit is also increasing by €100..

HELP TO BUY SCHEME (HTB))

- The scheme is being continued at the current rates until the end of 2024.

RENTAL TAX CREDIT

- A new tax credit of €500 per year has been introduced for those taxpayers who are paying rent on their principle private residence and who do not get any other housing support.
- This credit will apply for 2023 and subsequent years but may also be claimed in respect of rent paid in 2022.

FOREIGN EARNINGS DEDUCTION

- Foreign Earnings Deduction has been extended to 31 December 2025.

SPECIAL ASSIGNEE RELIEF PROGRAMME (SARP)

- SARP has been extended to 31 December 2025 with the minimum income limit for new entrants increasing to €100,000.

KEY EMPLOYEE ENGAGEMENT PROGRAMME (KEEP)

- KEEP has been extended to 31 December 2025, facilitating the buy - back of KEEP shares by the issuing company and increasing the company limit to €6 million.

Farmers Tax

- The farmers flat rate VAT scheme is being reduced from 5.5% to 5.0% with effect from 1 January 2023.
- The Young Trained Farmer (Stamp Duty) relief, Farm Consolidation (Stamp Duty) relief and Farm Restructuring (Capital Gains Tax) relief are to be extended to 31 December 2025.
- Stock relief applicable to young trained farmers and registered farm partnerships has been extended to 31 December 2024.
- A time - limited scheme of accelerated capital allowances for farmers for the construction of modern slurry storage facilities is being introduced so that 50% of expenditure is claimed over 2 years.

BUDGET HIGHLIGHTS 2023

VAT

- The 9% VAT rate for tourism & hospitality and electricity & gas has been extended until 28 February 2023.
- The VAT rate for newspapers, defibrillators and some health products is being reduced from 9% to zero from 1 January 2023.

Miscellaneous

RESIDENTIAL DEVELOPMENT STAMP DUTY

- The Residential Development Stamp Duty Refund Scheme is being extended to 31 December 2025.

EXCISE DUTIES

- Excise Duty on a packet of 20 cigarettes is being increased by 50c with a pro rata increase on other tobacco products.
- The current Excise Duty rate reductions of 21c per litre in respect of petrol, 16c per litre in respect of diesel and 5.4c per litre in respect of Marked Gas Oil have been extended to 28 February 2023.
- 50% Excise Duty relief is being extended to independent small producers of cider and pear cider also known as 'perry'.

OTHER TAX HEADS

- No changes were announced to Capital Gains Tax and Capital Acquisitions Tax.

FAMILY SUPPORTS

- Electricity credits for all households totaling €600 will be paid in 3 instalments of €200 commencing before 31 December 2022.
- Lump sum payment of €400 will be paid to individuals in receipt of fuel allowance payment.
- An additional payment of Child Benefit of €140 per child will be paid in November 2022.
- A once off reduction in the Student Contribution of €1,000 for eligible students in the 2022-2023 education year was announced

ZONED LAND TAX

- A new tax (Zoned Land Tax) at a rate of 3% of the market value of residential zoned and serviced development land announced in Budget 2022 will be streamlined in Finance Bill 2022. Maps are currently being prepared by Local Authorities to identify zoned land and will be published on 1 November 2022. Following publication of maps, any person will have the opportunity to apply to their Local Authority to have the zoning status of their land amended.

CARBON TAX

- The rate of carbon tax will increase by €7.50 from €41.00 to €48.50 per tonne of carbon dioxide emitted for petrol and diesel. A reduction in the National Oil Reserve Agency levy should negate the increase in carbon tax meaning that the price at the pump should not increase due to taxes or levies.

PERSONAL TAX FACTS

Tax Credits for Tax Year 2023

	2023 €	2022 €
PERSONAL		
Single	1,775	1,770
Married	3,550	3,400
Widowed Person	2,315	2,240
Single Person Child Carer	1,650	1,650
Home Carer Credit	1,700	1,600
Earned Income Credit*	1,775	1,700
PAYE	1,775	1,700
WIDOWED PARENT BEREAVEMENT		
Tax Credit year 1	3,600	3,600
~ Tapering to year 5	1,800	1,800

	2023 €	2022 €
FISHER TAX CREDIT	1,270	1,270
INCAPACITATED CHILD	3,300	3,300
DEPENDANT RELATIVE	245	245
BLIND PERSON		
Single / Married	1,650	1,650
Married (both blind)	3,300	3,300
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 2023

20% First €40,000
40% Balance

LONE PARENT
20% First €44,000
40% Balance

MARRIED PERSONS 2023

Two Incomes
20% First €80,000**
40% Balance

One Income
20% First €49,000
40% Balance

Income Tax Exemption Limits

	2023 €	2022 €
Single or Widowed 65 years or over	18,000	18,000
Married Couples 65 years or over	36,000	36,000

** Transferable between spouses up to a maximum of €49,000 for any one spouse.
Subject to confirmation in Finance Act.

PERSONAL TAX FACTS

Universal Social Charge

EMPLOYEES AND SELF-EMPLOYED

	2023	2022
PAYE INCOME SELF-EMPLOYED	0.00% on total earnings <€13,000 0.50% on €0 to €12,012 2.00% on €12,013 to €22,920 4.50% on €22,921 to €70,044 8.00% on €70,045 to €100,000 8.00% on excess over €100,000 11.00% on excess over €100,000	0.00% on total earnings <€13,000 0.50% on €0 to €12,012 2.00% on €12,013 to €21,295 4.50% on €21,296 to €70,044 8.00% on €70,045 to €100,000 8.00% on excess over €100,000 11.00% on excess over €100,000

PRSI

EMPLOYER	**2023**	**2022**
Contribution for Class A PRSI	10.05%	10.05%
Training Levy	1.00%	1.00%
Total for Employer	11.05% on all income 8.8% on earnings less than €410 p.w.	11.05% on all income 8.8% on earnings less than €410 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 of the client's circumstances. Every effort has been made to ensure the accuracy of the information in the release. In view of it's purpose the reader will appreciate that we are unable to accept liability for any errors or omissions which may arise.