

Budget 2019
(Taxation Highlights)

Personal Tax:

a) **Income Tax Credits & Bands:**

Income tax Standard rate band increases by €750:

Single persons: Standard rate band increases from €34,550 to €35,300.

Married persons: Standard rate band increases from €43,550 to €44,300.

Home Carer Tax Credit:

Increase from €1,200 to €1,500.

Earned Income Credit:

The Earned Income Tax Credit of €1,150 increases to €1,350.

b) **USC:**

Reduction in USC rate of 0.25% on earnings between €19,874 and €70,044.

Earnings between €70,045 and €100,000 remain liable at 8% rate.

11% rate for self employed earning over €100,000 remains in place.

c) **Mortgage Interest Relief/ Landlords:**

Mortgage interest relief for Landlords will increase from 85% in 2018 to 100% as from 1st January 2019 on loans used to purchase, improve or repair a residential property.

d) **BIK on Electric Cars:** The 0% Benefit-in-kind rate for electric vehicles is being extended for a period of 3 years with a cap of €50,000 on the Original Market value of the vehicle.

e) **Key Employee Engagement Programme (KEEP).**

Increase the ceiling on maximum annual market value of shares that may be awarded to equal the amount of the salary (up from 50%).

Replace the three –year limit with a lifetime limit.

An increase in the quantum of share options that can be granted under the scheme from €250,000 to €300,000.

Corporation Tax/Business Tax

a) **Film Relief which** allows for corporation tax credits of 32% is extended to 2024 and; 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.

b) **Accelerated Capital Allowances for Gas propelled Vehicles and Equipment:** To encourage the use of natural gas and bio-gas.

c) **Accelerated Capital Allowances for Employer –Provided Fitness and Child care facilities** Introduced in Finance Act 2017, the scheme is being amended and commences 1 January 2019. The scheme allows for the write off of capital costs over 8 years.

d) **Three Year Start Up Relief (Section 486C)** which provides corporation tax relief for profit making start-up companies which create and maintain jobs is being extended a further three years, until the end of 2021.

e) **Exit Tax:** A new measure will tax unrealised capital gains where companies migrate or transfer assets offshore such that they leave the scope of Irish tax. The rate for the new tax will be set at 12.5%.

f) **Controlled Foreign Company (CFC) Rules** The Finance Bill will also provide for the introduction of a Controlled Foreign Company (CFC) regime as required by the Anti-Tax Avoidance Directive as laid down by the EU.

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- g) **Employer's PRSI** From 1 January 2019 the weekly income threshold for the higher rate of employer's PRSI will increase from €376 to €386.
- h) **Increase in employer contribution to National Training Fund levy** From 1 January 2019 there will be a 0.1% increase (from 0.8% to 0.9%) and from 1 January 2020 there will be a further 0.1% increase (from 0.9% to 1.0%)
- i) **Stock relief for farmers** extended for 3 years until end 2021. The extension applies to three separate measures:
 - i. The 25% General Stock Relief on Income Tax.
 - ii. The 50% Stock Relief on Income Tax for Registered Farm Partnerships.
 - iii. 100% Stock Relief on Income Tax for Certain Young trained Farmers (YTF).

VAT:

- a) VAT rate on e- books and electronically supplied newspapers is being reduced from 23% to 9% with effect from 01/01/2019.
- b) VAT rate on tourism activities to increase from 9% to 13.50% from 1st January 2019. Services and goods currently at 9% rate will increase to 13.50% with the exception of newspapers and sporting facilities.

Capital Acquisition Tax:

The tax free threshold on gifts and inheritances passing from parents to children is being increased from €310,000 to €320,000.

Stamp Duty: Young Trained Farmers Stamp duty Relief (section 81AA SDCA 1999) is being extended for a further three years to 31/12/2021.

Excise Duties:

- a) **Tobacco:** 20 cigarettes increased by 50 cents (including VAT) with a pro-rata increase on the other tobacco products.
- b) **Betting Duty:** Current rate of 1% is being increased for all bookmakers and 15% rate is being increased to 25% on commission earned by betting intermediaries.

Vehicle Registration Tax (VRT).

- a) A 1% VRT surcharge is being brought in for diesel engine passenger vehicles registered from 1st January 2019.
- b) The VRT relief available for conventional hybrids and plug –in electric hybrids is being extended for a period of one year, until end 2019.

For more information please do not hesitate to contact us on info@dmnaccountants.ie please also visit our website www.dmnaccountants.ie.



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