

Budget 2020
(Taxation Highlights)

Personal Tax:

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

- **Rate Band: No changes.**
- **Home Carer Tax Credit:**
Increase from €1,500 to €1,600.
- **Earned Income Credit:**
The Earned Income Tax Credit of €1,350 increases to €1,500.

b) **USC:**

1 Year Extension to the reduced rate of USC for medical card holders.

c) **Help to Buy (HTB)**

Extension in its present format until 31 December 2021.

Corporation and Capital Gains Tax/Business Tax

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

Details of enhancement to the existing programme to be announced.

b) **Employment and Investment (EII)**

Details of Enhancement to the existing programme to be announced.

c) **Special Assignee Relief Programme (SARP)**

Extension of the relief in its present format until 31 December 2022.

d) **Foreign Earnings Deduction:**

Extension in its present format until 31 December 2022.

e) **Research and Development Tax credit**

- Enhancements to credit for small and micro companies.
- Increase in third level outsourcing limit.

f) **Microbrewery relief**

Production ceiling for qualification, raised from 40,000hl to 50,000hl.

g) **Diesel Rebate Scheme**

Relief for users of the scheme from increase in carbon tax.

h) **Living City Initiative**

Extension in its present format until 31 December 2022.

i) **Dividend Withholding Tax**

- The rate of DWT is being increased from 20% to 25% with effect from 1/1/2020
- From 1/1/2021 it is intended that a “real time” modified system of DWT will be introduced similar to the new PAYE modernization system that will reflect each individual taxpayer’s current rate of tax at the time of the dividend. This should result in a cash flow boost to the exchequer.

j) **Capital Gains Tax**

- Extension of Section 604B Capital Gains Tax Relief for Farm Restructuring.

k) **Further Levy on Certain Financial Institutions (Bank Levy)**

Bank Levy is to be increased from 59% of DIRT in base year 2015 to 170% of DIRT in base year 2017

I) Anti-Avoidance

- **Scientific research** In relation to allowance for capital expenditure on scientific research there is to be a correction to an unintended additional relief.
- **Collective Property Investment Compliance Measures.**
Irish Real Estate Funds (IREFs) and Section 110 anti avoidance.
Real Estate Investment Trusts (REITs) /capital disposals.
- **BEPS Implementation**
 - i. Introduction of Anti-Hybrid Rules.
 - ii. (EU Anti-Tax Avoidance Directive – ATAD).
 - iii. Modernisation of Transfer Pricing rules.

Climate and Environmental measures

a) Carbon Tax

Increase the rate by €6 to €26 per tonne.

b) Electricity Tax

Equalise the rate for businesses with that of non-business.

c) Vehicle Registration Tax

VRT Environmental Health (NOx) Surcharge.

Extension of VRT relief for hybrids and plug-in hybrid electric vehicles

VAT:

No Changes

Capital Acquisition Tax:

The tax free threshold on gifts and inheritances passing from parents to children is being increased from €320,000 to €335,000. (Applicable to gifts and inheritances received on or after 9/10/2019)

Stamp Duty:

- a) Stamp Duty on Non-Residential Property is being increased from 6 % to 7.5%, applicable from 1/1/2020 provided a binding contract was in place before 8th October 2020. The Duty will be reduced back to the residential rate of 2% (with a resulting refund due) where the land is subsequently used for residential development.
- b) A new charge of 1% is to be introduced where a “scheme of arrangement” (Part 9 of the companies Act) is used for the acquisition of a company.

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:** Introduction of a relief from betting duty and betting intermediary duty up to a limit of €50,000 per calendar year. This relief only applies to single undertakings.

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



DMN Accountants Ltd.
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