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BUDGET 2020

BUDGET SUMMARY 2020

The following are details of the Budget Statement of 8 October 2019, as made by the Minister for Finance and Public Expenditure and Reform.

Income Tax

The tax credits and tax bands changes are in bold.

Tax Credits

Tax Credit	**2019 €**	**2020 €**
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	1,350	**1,500**
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 Married or in a Civil Partnership - One Spouse or Civil Partner Blind Married or in a Civil Partnership - Both Spouses or Civil Partners Blind	 1,650 1,650 3,300	 1,650 1,650 3,300
Widowed Parent: Bereaved in 2019 Bereaved in 2018 Bereaved in 2017 Bereaved in 2016 Bereaved in 2015 Bereaved in 2014	 3,600 3,150 2,700 2,250 1,800 -	 3,600 3,150 2,700 2,250 1,800 -
Age Tax Credit: Single or Widowed or Surviving Civil Partner Married or in a Civil Partnership	 245 490	 245 490
Dependent Relative	70	70
Home Carer Tax Credit	1,500	**1,600**

Tax Rates and Tax Bands

Personal Circumstances	**2019 €**	**2020 €**
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 Income	44,300 @ 20% Balance @ 40%	44,300 @ 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%

Exemption Limits

The exemption limits for persons aged 65 years and over remain unchanged:

Personal Circumstances	**2019 €**	**2020 €**
Single or Widowed or a Surviving Civil Partner, 65 years of age & over	18,000	18,000
Married or in a Civil Partnership, 65 years of age & over	36,000	36,000

The above exemption limits increase by €575 for each of the first two dependent children and by €830 for the third and subsequent children.

Marginal Relief may apply, subject to an income limit of twice the relevant exemption limit.

Universal Social Charge (USC)

There are no changes to USC rates. The current reduced rate of USC for eligible medical card holders will continue to apply for one further year, 2020.

Standard Rates of USC

USC Thresholds			
2019	**Rate**	**2020**	**Rate**
Income up to €12,012.00	0.5%	Income up to €12,012.00	0.5%
Income from €12,012.01 to €19,874.00	2%	Income from €12,012.01 to €19,874.00	2%
Income from €19,874.01 to €70,044.00	4.5%	Income from €19,874.01 to €70,044.00	4.5%
Income above €70,044.00	8%	Income above €70,044.00	8%

Reduced Rates of USC

USC Thresholds			
Individuals aged 70 years or over whose aggregate income for the year is €60,000 or less. Individuals (aged under 70) who hold a full medical card whose aggregate income for the year is €60,000 or less.			
2019	**Rate**	**2020**	**Rate**
Income up to €12,012.00	0.5%	Income up to €12,012.00	0.5%
Income above €12,012.00	2%	Income above €12,012.00	2%

Note 1. 'Aggregate' income for USC purposes does not include payments from the Department of Employment Affairs and Social Protection (DEASP).

Note 2. A 'GP only' card is not considered a full medical card for USC purposes.

The medical card extension for under 70s has been extended for one further year, until 2020.

Exempt Categories
These remain unchanged:

2019	2020
Where an individual's income for a year does not exceed €13,000	No change
All DEASP payments	No change
Income already subjected to DIRT	No change

Special Assignee Relief Programme (SARP)
SARP and the cap on eligible earnings has been extended to 31 December 2022.

Foreign Earnings Deduction (FED)
FED was extended to 2020 in the Finance Act 2016. The scheme has now been extended to 31 December 2022.

Dividends Withholding Tax (DWT)
The rate of DWT will increase from 20% to 25% on 1 January 2020.

Capital Acquisitions Tax (CAT)

Tax-free Thresholds
The CAT Group A life-time tax-free threshold is increased as follows:

Threshold		Existing Level	New Level
A	Applies where the beneficiary is a child (including adopted child, step-child and, in some circumstances, foster child) or is a minor child of a deceased child of the disponer. Parents also fall within this threshold where they take an inheritance of an absolute interest from a child.	€320,000	**€335,000**
B	Applies where the beneficiary is a brother, sister, a nephew, a niece or lineal ancestor or lineal descendant of the disponer.	€32,500	No change
C	Applies in all other cases.	€16,250	No change

The new Group A threshold applies to gifts and inheritances taken on or after 9 October 2019.

Corporation Tax (CT)

Emissions-based limits on capital allowances and expenses for certain road vehicles
The Minister is reducing the amount of expenditure that can qualify for tax relief for certain categories of commercial vehicles. This provision will apply from 1 January 2021.

Research and Development (R&D) tax credit
Finance Bill 2019 will make a number of amendments to the R&D tax credit, introducing several measures to support relevant micro or small companies:

- a 'relevant micro or small company' means a company which is a micro or small sized enterprise within the meaning of the Annex to Commission Recommendation 2003/361/EC of 6 May 2003
- an increase in the tax credit to 30% on qualifying expenditure, up from 25%
- qualifying pre-trading expenditure will qualify for a tax credit which may be offset against payroll and VAT liabilities
- an enhanced method for the payable tax credit.

Finance Bill 2019 will also increase from 5% to 15% the qualifying outsourcing to universities and institutes of higher education.

Capital Gains Tax (CGT)

Farm restructuring relief
CGT farm restructuring relief is being extended to 31 December 2022.

CT and CGT

Anti-Tax Avoidance Directive (ATAD)
In line with Ireland's commitment to ATAD the Finance Bill will introduce new anti-hybrid mismatch rules and technical amendments to the Exit Tax rules.

Key Employee Engagement Programme (KEEP)

This relief is being amended to allow companies who operate through group structures to qualify for KEEP.

Conditions relating to qualifying employees are being amended to allow for part-time or flexible working arrangements together with movement between companies within the group.

The relief is extended to existing shares as well those newly issued.

Excise

Tobacco Products Tax (TPT)
TPT rates are increased with effect from 9 October 2019. The increase amounts to 50 cent, inclusive of VAT, on a packet of 20 cigarettes, with proportional increases on other tobacco products.

Alcohol Products Excise Duty Relief for Microbreweries
The relief reducing the standard rate of Alcohol Products Tax by 50% on beer produced in microbreweries will now be available to small breweries producing up to 50,000 hectolitres per annum. Relief will continue to be granted up to 30,000 hectolitres per annum.

Betting tax
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.

Vehicle Registration Tax (VRT)

Nitrogen Oxide (NOx) Levy

A NOx levy will be applied to all VRT category A vehicles (passenger and SUVs) with effect from 1 January 2020. This will replace the diesel surcharge introduced in Budget 2019. The levy will be charged cumulatively by reference to the following table:

NOx emissions (NOx mg/km)	Amount payable per mg/km
The first 0-60 mg/km	€5
The next 20 mg/km or part thereof up to 80 mg/km	€15
The remainder above 80 mg/km	€25

The NOx charge will be capped at a maximum of €4,850 for diesel vehicles and €600 for other vehicles.

Relief for Hybrid and Plug-In Hybrid Vehicles (PHEVs)

Relief for hybrid electric vehicles and PHEVs is being extended until 31 December 2020. Hybrid electrics with CO_2 emissions in excess of 80 mg/km and PHEVs with CO_2 emissions in excess of 65 mg/km do not qualify for the VRT relief from 1 January 2020.

Energy

Mineral Oil Tax (MOT)

An increase in MOT rates arising from the change in the carbon charge from €20 to €26 per tonne of CO_2 emitted.

The new MOT rates per 1,000 litres for these products will be:

- light oil €601.69: petrol and aviation gasoline.
- heavy oil €494.90: used as propellant, used for air navigation and for private pleasure navigation.

This will take effect from 9 October 2019.

There are no changes to MOT rates for other descriptions of mineral oil or for vehicle gas. These other MOT rates remain the same until 1 May 2020 when new rates will take effect.

Diesel Rebate Scheme

This scheme will be adjusted to give effect to provisions to be included in the Finance Act 2019.

Rate of Natural Gas Carbon Tax (NGCT)

An increase in the rate of NGCT, arising from the change in the carbon charge from €20 to €26 per tonne of CO_2 emitted.

The new rate will be €5.22 per megawatt hour at Net Calorific Value (NCV) and €4.71 per megawatt hour at Gross Calorific Value (GCV).

This will take effect from 1 May 2020.

Rates of Solid Fuel Carbon Tax (SFCT)

An increase in the rates of SFCT, arising from the change in the carbon charge from €20 to €26 per tonne of CO_2 emitted. The new rates will be:

- coal €68.48 per tonne
- peat briquettes €47.67 per tonne
- milled peat €23.62 per tonne
- other peat €35.43 per tonne.

This will take effect from 01 May 2020.

Rate of Electricity Tax (ET)

The rate of ET for business and non-business usage are being equalised. The rate of tax applying to business use will change from €0.50 to €1.00 per megawatt hour.

This will take effect from 1 January 2020.

Property

Stamp Duty

Stamp Duty (payable by the purchaser) on the purchase or transfer of non-residential property (including land) is increased from 6% to 7.5%.

Stamp Duty (payable by the lessee) charged on the premium component of a lease of non-residential property is also increased from 6% to 7.5%. There is no change in the rate of Stamp Duty on the rent component of a lease. The new 7.5% rate takes effect for conveyances or transfers of non-residential property and leases that are executed on or after 9 October 2019.

Where a binding contract was in place before this date and the subsequent deed of conveyance or transfer or lease is executed before 1 January 2020, Stamp Duty continues to be chargeable at the pre-Budget rate of 6%.

Stamp Duty Company Acquisitions

A Stamp Duty charge of 1% will apply where a 'cancellation scheme' of arrangement, in accordance with Part 9 of the Companies Act 2014, is used for the acquisition of a company. This applies to transactions on or after 9 October 2019.

A 'cancellation scheme' involves the cancellation of shares in the target company and the issue of shares to the acquiring company.

Help to Buy (HTB) Incentive

The HTB Incentive is extended for two more years, to end on 31 December 2021. The scheme will continue to operate as previously and remains subject to the same conditions.

Living City Initiative

The Living City Initiative is being extended until 31 December 2022. Money spent on refurbishment or conversion work carried out up to this new termination date may qualify for tax relief under the scheme.

Benefit-in-Kind (BIK)

The BIK exemption for electric cars and vans with a market value of less than €50,000, is being extended to 31 December 2022. Where the original market value of the electric car or van exceeds €50,000, the preferential tax treatment is also extended to the end of 2022.

Employment and Investment Incentive (EII)

Full income tax relief (40%) to be provided in the year in which the investment is made. This compares with current arrangements where 30% relief is provided upon the initial investment and a further 10% is given after year 3, subject to certain conditions.

The annual investment limit will be increased from €150k to €250k. A new €500k annual investment limit has been introduced in the case of those who invest for a minimum period of 10 years.