

# BKM Accountants Ltd.

ACCOUNTANTS AND REGISTERED AUDITORS

46 Muckross Avenue, Perrystown, Dublin 12 - Telephone: 01 4558563 - Fax: 01 4559510 - E-Mail: [info@bryanassociates.ie](mailto:info@bryanassociates.ie)

Visit our website: [www.bryanassociates.ie](http://www.bryanassociates.ie)



## Budget 2019



# BUDGET SUMMARY 2019

The following are details of the Budget Statement of 9 October 2018, 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                                                               | 2018 € | 2019 €       |
|--------------------------------------------------------------------------|--------|--------------|
| 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                                             | 1,150  | <b>1,350</b> |
| 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                                                            | 1,650  | 1,650        |
| Married or in a Civil Partnership - One Spouse or Civil Partner Blind    | 1,650  | 1,650        |
| Married or in a Civil Partnership - Both Spouses or Civil Partners Blind | 3,300  | 3,300        |
| Widowed Parent:                                                          |        |              |
| Bereaved in 2018                                                         | 3,600  | 3,600        |
| Bereaved in 2017                                                         | 3,150  | 3,150        |
| Bereaved in 2016                                                         | 2,700  | 2,700        |
| Bereaved in 2015                                                         | 2,250  | 2,250        |
| Bereaved in 2014                                                         | 1,800  | 1,800        |
| Bereaved in 2013                                                         | -      | -            |
| Age Tax Credit:                                                          |        |              |
| Single or Widowed or Surviving Civil Partner                             | 245    | 245          |
| Married or in a Civil Partnership                                        | 490    | 490          |
| Dependent Relative                                                       | 70     | 70           |
| Home Carer Tax Credit                                                    | 1,200  | <b>1,500</b> |

### Tax Rates and Tax Bands

| Personal Circumstances                                                                        | 2018 €                                                        | 2019 €                                                                      |
|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------|
| Single or Widowed or Surviving Civil Partner, without qualifying child                        | 34,550 @ 20%<br>Balance @ 40%                                 | <b>35,300 @ 20%</b><br>Balance @ 40%                                        |
| Single or Widowed or Surviving Civil Partner, qualifying for Single Person Child Carer Credit | 38,550 @ 20%<br>Balance @ 40%                                 | <b>39,300 @ 20%</b><br>Balance @ 40%                                        |
| Married or in a Civil Partnership, one Spouse or Civil Partner with Income                    | 43,550 @ 20%<br>Balance @ 40%                                 | <b>44,300 @ 20%</b><br>Balance @ 40%                                        |
| Married or in a Civil Partnership, both Spouses or Civil Partners with Income                 | 43,550 @ 20%<br>with increase of 25,550 max.<br>Balance @ 40% | <b>44,300 @ 20%</b><br>with increase of <b>26,300 max.</b><br>Balance @ 40% |

## Exemption Limits

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

| Personal Circumstances                                                 | 2018 € | 2019 € |
|------------------------------------------------------------------------|--------|--------|
| 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)

The USC changes are in bold.

### Standard Rates of USC

| USC Thresholds                       |       |                                             |             |
|--------------------------------------|-------|---------------------------------------------|-------------|
| 2018                                 | Rate  | 2019                                        | Rate        |
| Income up to €12,012.00              | 0.5%  | Income up to €12,012.00                     | 0.5%        |
| Income from €12,012.01 to €19,372.00 | 2%    | Income from €12,012.01 to <b>€19,874.00</b> | 2%          |
| Income from €19,372.01 to €70,044.00 | 4.75% | Income from <b>€19,874.01</b> to €70,044.00 | <b>4.5%</b> |
| 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. |      |                         |      |
| 2018                                                                                                             | Rate | 2019                    | 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.



## Exempt Categories

These remain unchanged:

| 2018                                                            | 2019                                                            |
|-----------------------------------------------------------------|-----------------------------------------------------------------|
| Where an individual's income for a year does not exceed €13,000 | Where an individual's income for a year does not exceed €13,000 |
| All DEASP payments                                              | All DEASP payments                                              |
| Income already subjected to DIRT                                | Income already subjected to DIRT                                |

## 3% Surcharge (non-PAYE income)

The surcharge of 3% on individuals who have non-PAYE income that exceeds €100,000 in a year remains unchanged.

## Mortgage Interest Relief

### Mortgage interest deductibility for landlords

From 1 January 2019 landlords of residential property will be able to deduct 100% of their mortgage interest against their rental income. Without this change, the permitted deduction would have been 90% of mortgage interest in 2019 and 95% of mortgage interest in 2020.

## Capital Acquisitions Tax (CAT)

### Tax-free Thresholds

The CAT Group A tax-free threshold is increased as follows:

| Threshold                                                                                                                                                                                                                                                                                           | Existing Level | New Level       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|
| <b>A</b> 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 donor. Parents also fall within this threshold where they take an inheritance of an absolute interest from a child. | €310,000       | <b>€320,000</b> |
| <b>B</b> Applies where the beneficiary is a brother, sister, a nephew, a niece or lineal ancestor or lineal descendant of the donor.                                                                                                                                                                | €32,500        | No change       |
| <b>C</b> Applies in all other cases.                                                                                                                                                                                                                                                                | €16,250        | No change       |

The new Group A tax-free threshold applies to gifts and inheritances taken on or after 10 October 2018.

## Corporation Tax (CT)

### Film Relief

The scheme provides relief in the form of CT credit related to the cost of production of certain films. The credit was due to expire at the end of 2020 and will now be extended until 2024.

A new, short-term, regional uplift commencing at 5% is being introduced for productions being made in areas designated under State aid regional guidelines. This is subject to State aid approval and will be tapered over four years.

### Capital allowances for employer-provided fitness and childcare facilities

Accelerated capital allowances are being made available for capital expenditure incurred on equipment and buildings used for the purposes of providing fitness and childcare facilities to employees.

The scheme is available to all employers in the State who provide such services and facilities to employees for their exclusive use. This provision will apply from 1 January 2019.

### Capital allowances for gas-propelled vehicles and refuelling equipment

Accelerated capital allowances are being made available for capital expenditure incurred by persons who use gas-propelled vehicles and refuelling equipment for the purposes of their trade.

### Three Year Relief for Start-up Companies

This measure provides relief from CT on trading income (and certain capital gains) for new start-up companies in the first three years of trading. This relief was due to expire at the end of 2018 and is being extended to companies commencing a qualifying trade during the next three years.

## CT and Capital Gains Tax (CGT)

### Anti-Tax Avoidance Directive (ATAD)

As part of Ireland's commitment to implementing the ATAD, the Finance Bill will provide for a new ATAD compliant exit tax regime and Controlled Foreign Company (CFC) Rules.

### Exit Tax

The ATAD compliant exit tax regime will tax unrealised capital gains where companies migrate or transfer assets offshore such that they leave the scope of Irish tax.

The rate of the exit tax charge, which comes into effect on 10 October 2018, will be 12.5%.

### CFC Rules

The CFC rules are an anti-abuse measure, designed to prevent the diversion of profits to offshore entities (the CFCs) in low or no tax jurisdictions. The rules are required by the ATAD and will take effect for accounting periods of controlling companies beginning on or after 1 January 2019.



## Key Employee Engagement Programme (KEEP)

The KEEP was introduced for employees of unquoted Small and Medium Enterprises with effect from 1 January 2018.

The value of share options which can be granted to qualifying individuals under the terms of the KEEP scheme has been amended. Options of up to €300,000 can be awarded over the lifetime of the scheme (rather than €250,000 over a three-year period).

An employee may now also receive an equal value of KEEP options to salary (subject to the overall limits). Previously the value of options that could be granted was capped at 50% of salary. The maximum value of options that can be granted in a year remains at €100,000.

## Value Added Tax (VAT)

### Tourism activities

The VAT rate on tourism activities (services and goods) will be increased from 9% to 13.5% from 1 January 2019.

### Newspapers and sports facilities

The VAT rate on newspapers and sports facilities will remain at 9%.

### Electronically supplied publications

The VAT rate on e-books and electronically supplied newspapers is being reduced from 23% to 9% from 1 January 2019.

## Agri-Taxation

### Income Averaging

The income averaging regime for farmers is being extended to include farmers who, or whose spouses or civil partners, carry on another trade or profession, or are directors of a company carrying on a trade or profession.

### Farmer Stock Relief

Stock relief for farmers is being extended for a further three years to 31 December 2021. This includes the:

- 25% general stock relief
- 50% stock relief for members of Registered Farm Partnerships
- 100% stock relief for certain Young Trained Farmers.

## Vehicle Registration Tax (VRT)

### Diesel Surcharge

A 1% VRT surcharge applies to diesel engine passenger vehicles registered from 1 January 2019.

### Relief for hybrid and plug-in hybrid vehicles

This relief is being extended for another year to 31 December 2019.

## Excise

### Tobacco Products Tax (TPT)

TPT rates are increased with effect from 10 October 2018. The increase amounts to 50 cent, inclusive of VAT, on a packet of 20 cigarettes in the most popular price category, with pro rata increases on other tobacco products.

An additional 25 cent inclusive of VAT is being added to the price of 30g packets of Roll Your Own (RYO) tobacco. The Minimum Excise Duty for cigarettes is being raised to €376.82 per 1,000 cigarettes. This means that all packs of 20 cigarettes sold at, or below, €11.00 will be subject to €7.54 in Excise Duty.

### Betting Duty

Betting Duty on bookmakers, both traditional and remote will increase from 1% to 2% on the amount wagered by customers in the State from 1 January 2019.

### Betting Intermediary Duty

Betting Intermediary Duty on the commission earned by betting intermediaries from bets placed by customers in the State will increase from 15% to 25% from 1 January 2019.

### Sugar Sweetened Drinks Tax (SSDT)

There are no changes to SSDT rates.

### Alcohol Products Tax (APT)

There are no changes to the APT rates.

### Energy

There are no changes to the following rates:

- Mineral Oil Tax (MOT)
- Natural Gas Carbon Tax (NGCT)
- Solid Fuel Carbon Tax (SFCT)
- Electricity Tax.

## Stamp Duty

The stamp duty exemption on transfers of land to young trained farmers is to be extended for a further three years. This will apply to conveyances or transfers executed on or before 31 December 2021.

## Benefit in Kind

### Exemptions - Electric Cars and Vans

The exemption from benefit in kind for employer provided electric cars or vans is extended to 31 December 2021. A cap of €50,000 on the original market value (OMV) of the car or van that is exempt from BIK is applied from 1 January 2019. Any amount of the OMV over €50,000 is taxable in the normal manner.

This exemption is limited to cars or vans which derive their motive power solely from electricity (that is no exemption is available in respect of hybrid cars or vans).

## Legal Disclaimer

This leaflet is intended to describe the subject in general terms. As such, it does not attempt to cover every issue which may arise in relation to the subject. It does not purport to be a legal interpretation of the statutory provisions and consequently, responsibility cannot be accepted for any liability incurred or loss suffered as a result of relying on any matter published herein.

