M&P ASSOCIATES

MURPHY POWER AND ASSOCIATES

Dún Mhuire House, Old Naas Road, Bluebell, Dublin 12.
Tel: 01 450 7577 - Fax: 01 450 8912

Visit our website: **www.murphypowerassociates.com** E-Mail: **rpower@murphypowerassociates.com**

BUDGET 23

BUDGET 2023 SUMMARY

These are the key tax measures in the Budget Statement by the Minister for Finance on 27 September 2022.

Income Tax

Tax Credits
Changes are in **bold.**

Tax Credit	2022 €	2023 €
Single person	1,700	**1,775**
Married or in a civil partnership	3,400	**3,550**
Employee Tax Credit	1,700	**1,775**
Earned Income Tax Credit	1,700	**1,775**
Widowed person or surviving civil partner (without qualifying child)	2,240	2,240
Single person Child Carer Tax Credit	1,650	1,650
Incapacitated Child Credit	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
• both spouses or civil partners blind	3,300	3,300
Widowed Parent		
• Bereaved in 2022	-	3,600
• Bereaved in 2021	3,600	3,150
• Bereaved in 2020	3,150	2,700
• Bereaved in 2019	2,700	2,250
• Bereaved in 2018	2,250	-
Age Tax Credit		
• Single or widowed or surviving civil partner	245	245
• Married or in a civil partnership	490	490
Dependent Relative	245	245
Home Carer Tax Credit	1,600	**1,700**

Tax Credit for Renters
A new tax credit will be introduced for taxpayers who are paying rent on their principal private residence. The credit will be available for 2022 and subsequent years of assessment. It will be valued at up to €500 per year and will only be available to taxpayers who are not in receipt of any other housing supports. Further information on the eligibility criteria for this credit and the process by which it may be claimed will be provided on www.revenue.ie on publication of the Finance Bill.

Sea-going Naval Personnel Tax Credit
The Sea-going Naval Personnel Tax Credit of €1,500 has been extended to 31 December 2023.

Tax Rates and Tax Bands
Changes are in **bold.**

Personal Circumstances	2022 €	2023 €
Single or widowed or surviving civil partner, without qualifying child	36,800 @ 20% Balance @ 40%	**40,000 @ 20%** Balance @ 40%
Single or widowed or surviving civil partner, qualifying for single person child carer credit	40,800 @ 20% Balance @ 40%	**44,000 @ 20%** Balance @ 40%
Married or in a civil partnership, one spouse or civil partner with income	45,800 @ 20% Balance @ 40%	**49,000 @ 20%** Balance @ 40%
Married or in a civil partnership, both spouses or civil partners with income	45,800 @ 20% with increase of 27,800 max. Balance @ 40%	**49,000 @ 20%** with **increase of 31,000 max.** Balance @ 40%

Exemption Limits
The Income Tax exemption limits for persons aged 65 years and over are unchanged.

Personal Circumstances	2022 €	2023 €
Single or widowed or surviving civil partner, 65 years of age and over	18,000	18,000
Married or in a civil partnership, 65 years of age and over	36,000	36,000

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

Foreign Earnings Deduction (FED)
Individuals resident in Ireland for tax purposes, who spend some time working abroad in qualifying countries, may qualify for FED subject to certain conditions. This deduction has been extended for three more years until 31 December 2025.

Special Assignee Relief Programme (SARP)
Certain employees who are assigned to work in Ireland from abroad may qualify for SARP, subject to qualifying conditions. This relief has been extended for three more years until 31 December 2025. The minimum income threshold for new entrants is being increased from €75,000 to €100,000 per annum.

Small Benefit Exemption
The total value of the tax-free benefits or vouchers an employer can give an employee per year has increased from €500 to €1,000. The number of qualifying vouchers or incentives per year has also increased from one to two. This change applies for 2022 and subsequent years.

Universal Social Charge (USC)

Standard Rates of USC
Changes to USC thresholds are in **bold**. There are no changes to USC rates.

USC Thresholds			
2022	**Rate**	**2023**	**Rate**
Income up to €12,012.00	0.5%	Income up to €12,012.00	0.5%
Income from €12,012.01 to €21,295.00	2.0%	Income from €12,012.01 to **€22,920.00**	2.0%
Income from €21,295.01 to €70,044.00	4.5%	Income from **€22,920.01** to €70,044.00	4.5%
Income above €70,044.00	8.0%	Income above €70,044.00	8.0%

Reduced Rates of USC
The current reduced rate of USC for eligible medical card holders will be extended by a further year and will continue to apply for 2023 for:

- 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 and whose aggregate income for the year is €60,000 or less.

USC Thresholds - Reduced Rates			
2022	**Rate**	**2023**	**Rate**
Income up to €12,012.00	0.5%	Income up to €12,012.00	0.5%
Income above €12,012.00	2.0%	Income above €12,012.00	2.0%

- Note 1: 'Aggregate' income for USC purposes does not include payments from the Department of Social Protection (DSP).
- Note 2: A 'GP only' card is not considered a full medical card for USC purposes.

Corporation Tax (CT)

Knowledge Development Box (KDB)
The KDB is extended to 1 January 2027 for qualifying companies. The effective tax rate will increase to 10% to come into effect from a date to be set by commencement order.

Research & Development (R&D) Tax Credit
There are a number of amendments to the R&D tax credit including:

- A new fixed three-year payment system
- The option to call for the payment of the eligible R&D tax credit or to request for the R&D tax credit to be offset against other tax liabilities
- The removal of the caps that are currently in place in relation to the payable element of the R&D tax credit
- The first €25,000 of an R&D tax credit claim will now be payable in year one.

Transitional measures will apply for one year, to assist companies who are already availing of R&D tax credits to transition to the new payment system.

Key Employee Engagement Programme (KEEP)
KEEP is being further extended until 31 December 2025, with the following changes:

- To provide for the buy-back of KEEP shares by the company from employees
  and
- An increase in the permissible market value of companies that qualify for KEEP from €3 million to €6 million.

Section 481 Film Relief
This incentive will be extended by four years to include films certified up to 31 December 2028.

Defective Concrete Products Levy
A new levy on concrete blocks, pouring concrete and certain other concrete products will apply from 3 April 2023 at a rate of 10%.

Slurry Storage Facilities
A three-year scheme of accelerated capital allowances for the construction of slurry storage facilities is being introduced. Full details will be set out in the Finance Bill.

Capital Acquisitions Tax (CAT)

No changes for CAT.

Capital Gains Tax (CGT)

Farm Restructuring (CGT) Relief
CGT farm restructuring relief is being extended to 31 December 2025. This is subject to finalisation of issues relating to the Agricultural Block Exemption Regulation at EU level.

Stamp Duty

Young Trained Farmer Relief
This relief which was due to expire at the end of this year is being extended. The duration of the extension depends on the outcome of negotiations on the Agricultural Block Exemption Regulation at EU level.

Farm Consolidation (Stamp Duty) Relief
This relief which was due to expire at the end of this year is being extended. The duration of the extension depends on the outcome of negotiations on the Agricultural Block Exemption Regulation at EU level.

Bank levy
The bank levy is being extended for an additional year to 2023. As with 2022, it will be calculated by reference to deposits held by banks in 2019. KBC Bank Ireland plc and Ulster Bank Ireland DAC deposits are again excluded from the charge.

Stamp Duty Residential Development Refund Scheme
The Stamp Duty Residential Development Refund Scheme is extended for an additional three years until 31 December 2025.

Property

Help to Buy (HTB)
The HTB scheme, in its current enhanced form, is extended further to 31 December 2024.

Pre-letting expenses of vacant residential premises
The relief for pre-letting expenses of a revenue nature incurred on a continuously vacant residential property has been amended:

- The cap on allowable pre-letting expenses has been increased from €5,000 to €10,000 and
- The minimum vacancy period has been reduced from 12 months to six months.

This relief will be available for qualifying expenses incurred up to the end of 2024. The relief will be subject to claw-back if the property is withdrawn from the rental market within four years from the date of first letting or if the property is sold.

Living City Initiative
The Living City Initiative is being extended until 31 December 2027. Money spent on refurbishment or conversion work carried out up to this new termination date may qualify for tax relief under the scheme.

Vacant Homes Tax

A vacant homes tax will be introduced in 2023. This tax will apply to habitable residential properties that have been occupied for 30 days or less in a 12-month period. The tax will be charged at three times the basic rate of local property tax applying to the property. Exemptions will be available in certain circumstances. Further details will be available on www.revenue.ie on publication of the Finance Bill.

Residential Zoned Land Tax (RZLT)

RZLT was introduced in Finance Act 2021. It is designed to encourage the activation of zoned and serviced residential development land for housing. Maps to identify land within the scope of the tax are being prepared by Local Authorities. The first of these maps will be published on 1 November this year.

The Finance Bill will include amendments to ensure RZLT is administered efficiently. The tax will come into effect in 2024.

Value Added Tax (VAT)

Gas and electricity supplies
The second reduced VAT rate of 9%, currently applying to gas and electricity supplies, is extended until 28 February 2023.

Flat-Rate Addition for Farmers
The flat-rate addition for farmers will be reduced from 5.5% to 5%, with effect from 1 January 2023.

Menstrual products
The VAT rate on menstrual cups, menstrual pants and menstrual sponges will be reduced from the reduced rate of 13.5% to 0%, with effect from 1 January 2023.

Automated External Defibrillators
The VAT rate on automated external defibrillators (AEDs) will be reduced from the standard rate of 23% to 0%, with effect from 1 January 2023.

Newspapers and Periodicals
The VAT rate on newspapers and periodicals will be reduced from the second reduced rate of 9% to 0%, with effect from 1 January 2023. This includes newspapers and periodicals supplied electronically.

Non-oral medicine for human consumption
The VAT rate on non-oral medicine for human consumption supplied for the purpose of Hormone Replacement Therapy or Nicotine Replacement Therapy will be reduced from the standard rate of 23% to 0%, with effect from 1 January 2023.

Hospitality sector
The reduced VAT rate of 9% for the hospitality sector will continue until 28 February 2023.

Excise

Tobacco Products Tax (TPT)
TPT rates are increased with effect from 28 September 2022. The increase amounts to 50 cent, inclusive of VAT, on a packet of 20 cigarettes, with pro rata increases on other tobacco products.

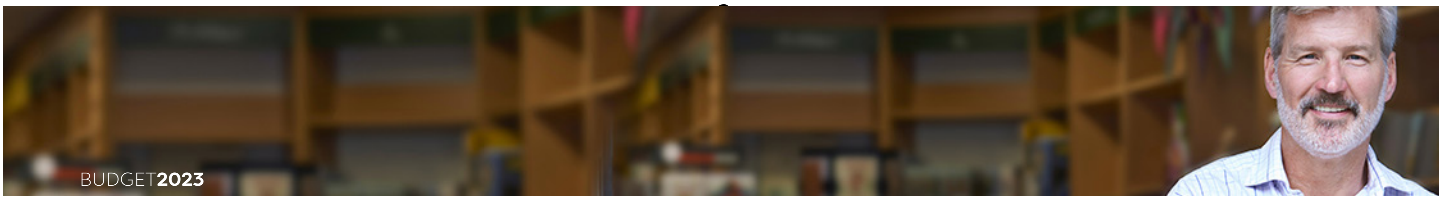
Alcohol Products Excise Duty Relief for Microbreweries
This relief reduces the standard rate of Alcohol Products Tax (APT) by 50%. It applies to beer produced in microbreweries and will be made available to small breweries producing up to 75,000 hectolitres per annum. Relief will continue to be granted up to 30,000 hectolitres per annum.

Alcohol Products Excise Duty Relief for Small Producers of Cider and Perry
A new relief reducing the standard rate of Alcohol Products Tax by 50% is being introduced. It applies to cider and perry exceeding 2.8% vol. but not exceeding 8.5% vol., produced by qualifying small producers. For the purpose of this relief, small producers of cider and perry are those who produce not more than 10,000 hectolitres of cider, perry or both cider and perry per annum. Relief will be granted up to 8,000 hectolitres per annum.

Excise Duty on Liquor Licences - Special Exemption Orders
Special Exemption Orders are granted by the District Court to holders of on-licences and permit the sale and consumption of alcohol in licensed premises beyond normal trading hours. There is a reduction in the rate of excise duty on Special Exemption Orders from €110 to €55, granted on and after 28 September 2022.

Vehicle Registration Tax (VRT)

No changes for VRT.



Carbon taxes on energy products

Rates of Mineral Oil Tax (MOT)

The carbon component of MOT will increase from 12 October 2022, based on charging €48.50 per tonne of CO_2, resulting in overall MOT rate increases on:

- petrol (increases to €483.34 per 1,000 litres)
- auto-diesel (increases to €425.45 per 1,000 litres)
- aviation gasoline (increases to €483.34 per 1,000 litres)
- heavy oil used for air navigation and for private pleasure navigation (increases to €425.45 per 1,000 litres).

Rate of Natural Gas Carbon Tax (NGCT)

Based on charging €48.50 per tonne of CO_2, the NGCT rate will increase to €8.77 per megawatt hour at gross calorific value from 1 May 2023.

Rates of Solid Fuel Carbon Tax (SFCT)

Based on charging €48.50 per tonne of CO_2, SFCT rates will increase from 1 May 2023 to:

- coal (increases to €127.74 per tonne)
- peat briquettes (increases to €88.93 per tonne)
- milled peat (increases to €44.07 per tonne)
- other peat (increases to €66.10 per tonne).

Temporary Business Energy Support Scheme (TBESS)

The Temporary Business Energy Support Scheme (TBESS) will assist businesses with their energy costs over the winter months. The scheme will be open to businesses that:

- are tax compliant
- carry on a Case I trade
  and
- have experienced a significant increase in their natural gas and electricity average unit price between the relevant bill period in 2022 and the corresponding reference period in 2021.

The scheme will be administered by Revenue. Businesses will be required to register for the scheme and make claims within the required time limits. Further details will be available shortly on www.revenue.ie.