



INCOME TAX

Income tax is charged on:

- the worldwide income of individuals resident and domiciled in Ireland,
- Income arising in Ireland and foreign income remitted to Ireland of individuals resident but not domiciled in Ireland,
- Income arising in Ireland to individuals not resident in Ireland.

Tax residence

An individual is regarded as tax resident for a particular tax year if present in Ireland for 183 days or more in that year, or 280 days or more in that and the preceding year combined, with at least 30 days in each year.

Remittance basis of taxation

Remittance basis of taxation provides favourable taxation treatment in respect of individuals resident in Ireland who are either domiciled or who are Irish citizens not ordinarily resident in Ireland. It applies in relation to qualifying foreign source employment income relating to non-Irish employment duties. It may also be available for income and capital gains arising to non-domiciled individuals. PAYE will apply to earnings from a foreign employment exercised in Ireland, subject to certain conditions.

Self Assessment

In general the self assessment applies to all individuals with non PAYE income and to all directors controlling 15% or more of the share capital of certain companies (even if their entire income is subject to PAYE). The self assessment system places the onus on the individual to file a return, calculate the tax liability, and pay the tax due. To avoid a surcharge (5% or 10% of the tax liability, subject to maximum amounts) a return of income arising in the 2008 tax year must be filed on or before 31 October 2009.

To avoid interest charges, the preliminary tax due for the 2008 tax year must be paid by 31 October 2009. Preliminary tax must represent 90% of the individual's final liability for the tax year 2009 or 100% of the ultimate tax liability for the tax year 2008.

Alternatively, for the 2009 tax year, a taxpayer can elect to make a preliminary tax payment equal to 105% of the ultimate liability for 2007 (i.e. the pre-preceding year), except where that liability was nil. The tax is payable in equal monthly instalments by direct debit. The final instalment is payable in December 2009. Where the taxpayer is paying by direct debit for the first time, payment can be made by way of three equal instalments (minimum of 8 instalments otherwise). Any balance of tax due for 2008 must be paid by 31 October 2009 (2008 balance of tax being due by 31 October 2009).

The following chart gives details of the main personal tax credits for the tax years 2008 and 2009:

Details of personal tax credits for 2008/2009

Personal Circumstances	Tax Year 2009	Tax Year 2008
	€	€
Single Person	1,830	1,830
Married Person	3,660	3,660
Widowed Person qualifying for One Parent Family Tax Credit	1,830	1,830
Widowed Person without dependent children	2,430	2,430
Widowed Person in year of bereavement	3,660	3,660
One-Parent Family, Widowed, Deserted, Separated or Unmarried	1,830	1,830
Widowed Parent Bereaved in 2008	4,000	-
Widowed Parent Bereaved in 2007	3,500	4,000
Widowed Parent Bereaved in 2006	3,000	3,500
Widowed Parent Bereaved in 2005	2,500	3,000
Widowed Parent Bereaved in 2004	2,000	2,500
Widowed Parent Bereaved in 2003	-	2,000
Home Carer (max.)	900	900
PAYE Tax Credit	1,830	1,830
Age Tax Credit if Single/Widowed	325	325
Age Tax Credit if Married	650	650
Incapacitated Child (See note 1)	3,660	3,660
Dependent Relative (See note 1)	80	80
Blind Tax Credit - Single	1,830	1,830
Blind Tax Credit - One Spouse Blind	1,830	1,830
Blind Tax Credit - Both Spouses Blind	3,660	3,660
Blind Tax Credit- Additional Allowance for Guide Dog	825	825*
Incapacitated Person - Allowance for Employing a Carer	50,000*max	50,000*max

* Relief in respect of a Guide Dog (2008 only) and for Employing a Carer (2008 and 2009) are allowable at the individual's highest rate of tax, i.e. 20% or 41%.

Note 1: Child or relatives income limits regarding tax credits

The Child's/Relative's income limits	Tax Year 2009	Tax Year 2008
	€	€
Dependent Relative Tax Credit	13,473*	13,837*
* One Parent Family Tax Credit	-	-
Incapacitated Child Tax Credit	-	-

In the case of Dependent Relative Tax Credit, if the relative's income exceeds the relevant limit **no tax credit is due**.

Exemption Limits

Exemption limits for single/widowed, married and additional for dependent children in 2008 and 2009		
Personal Circumstances	Tax Year 2009	Tax Year 2008

	€	€
Single/ Widowed 65 years of age or over	€20,000	€20,000
Married 65 years of age or over	€40,000	€40,000
Single/Widowed/Married 65 years of age or over		
Additional for 1st and 2nd dependent child	€575	€575
Single/Widowed/Married 65 years of age or over		
Additional for each subsequent dependent child	€830	€830
Marginal Relief Tax Rate	40%*	40%*

*For 2008 and 2009 the Marginal Relief Tax Rate only applies to persons 65 years of age or over.

Tax Rates and Tax Bands

Tax rates and bands applicable to your personal circumstance in tax year 2008 and tax year 2009		
Personal Circumstances	Tax Year 2009	Tax Year 2008
	€	€
Single / Widowed without dependent children	35,400 @ 20%, Balance @ 41%	36,400 @ 20%, Balance @ 41%
Single / Widowed qualifying for One Parent Family Tax Credit	39,400 @ 20%, Balance @ 41%	40,400 @ 20%, Balance @ 41%
Married Couple - one spouse with income	44,400 @ 20%, Balance @ 41%	45,400 @ 20%, Balance @ 41%
Married Couple - both spouses with income	44,400 @ 20% (with an increase of 26,400 max), Balance @ 41%	45,400 @ 20% (with an increase of 27,400 max), Balance @ 41%

Note: The increase in the standard rate tax band is restricted to the lower of €26,400 in 2008, €27,400 in 2009 or the amount of the income of the spouse with the lower income. The increase is not transferable between spouses.

Income Levy - 2009

This Income Levy is payable on gross income from all sources before any tax reliefs, capital allowances, losses or pension contributions.

The 2009 annual rates and thresholds of the income levy are as follows:

- 1.67%: Income up to €75,036 per annum
- 3%: Income between €75,037 and €100,100 per annum
- 3.33%: Income between €100,101 and €174,980 per annum
- 4.67%: Income between €174,981 and €250,120 per annum
- 5%: Income in excess of €250,120 per annum

Rates and thresholds: 1 January 2009 to 30 April 2009

Applicable: 1 January 2009 to 30 April 2009	
Income Levy Thresholds	Rate
Income up to €100,100 per annum	1%
Income between €100,101 to €250,120 per annum	2%
Income in excess of €250,120 per annum	3%

Rates and thresholds: from 1 May 2009

Applicable: 1 May 2009	
Income Levy Thresholds	Rate
Income up to €75,036 per annum	2%
Income from between €75,037 to €174,980 per annum	4%
Income above in excess of €174,980 per annum	6%

Exempt Categories - the levy does not apply:

- Where an individual's income for a year does not exceed €15,028 per annum.
- For individuals aged 65 or over where their annual income does not exceed €20,000 per annum
- For Full Medical card holders
- To Social Welfare payments