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BUDGET 2020

A SYNOPSIS OF BUSINESS TAX, PROPERTY, PERSONAL TAX, TAX CREDITS AND INCOME TAX RATES ALONG WITH OTHER NOTABLE ANNOUNCEMENTS

BUSINESS TAX

CORPORATION TAX RATE

- The Minister reiterated in his Budget speech that the 12.5% Corporation Tax rate will remain in place indefinitely.
- The Finance Bill 2019 will introduce new anti-hybrid mismatch rules, introduce amendments to the exit tax rules and reforms to the transfer pricing provisions.

DIVIDEND WITHHOLDING TAX (DWT)

- As the first step in a two-stage process, the rate of Dividend Withholding Tax (DWT) will be increased from 20% to 25% from 1 January 2020.
- A modified Dividend Withholding Tax regime will be introduced from 1 January 2021.

RESEARCH AND DEVELOPMENT TAX CREDIT

- The R&D tax credit is increasing from 25% to 30% for micro and small companies.
- A new provision is also being introduced to allow micro and small companies to claim the R&D tax credit on qualifying pre-trading R&D expenditure. The credit will be limited to offset against VAT and payroll taxes.
- For research and development outsourced to 3rd level institutions the limit is increased from 5% to 15% for all claimants.

KEY EMPLOYEE ENGAGEMENT PROGRAMME (KEEP)

- The Key Employee Engagement Programme is being amended as follows:-
  - o to allow companies who operate in a group structure to qualify for KEEP;
  - o to allow for part-time flexible working and movement within group structures;
  - o to allow existing shares to qualify for KEEP.

EMPLOYMENT INVESTMENT INCENTIVE (EII)

- Full income tax relief (40%) to be provided in the year in which the investment is made.
- The annual investment limit to be increased from €150,000 to €250,000 and to €500,000 in the case of those who invest for a minimum period of 10 years.

BENEFIT IN KIND

- The 0% rate of Benefit in Kind on electric vehicles is extended to 2022.
- The Finance Bill will introduce an environmental rationale for Benefit in Kind for commercial vehicles from 2023.

BUDGET HIGHLIGHTS 2020

PERSONAL TAX

INCOME TAX

- There were no changes to the Income Tax rates.
- The exemption limits, tax credits and standard rate bands applicable for the tax year 2020 are set out in detail under the **Personal Tax Facts** section.
- No changes have been made to the rates and bands for USC which are set out in detail under the **Personal Tax Facts** section.
- One year extension of reduced rate of USC for Medical Card holders.

TAX CREDITS

- The Minister has increased the Earned Income Credit by €150 to €1,500. The Home Carer Credit was also increased by €100 to €1,600.

HELP TO BUY SCHEME (HTB)

- The Help to Buy scheme has been extended in its present format until 31 December 2021.

FOREIGN EARNINGS DEDUCTION (FED)

- The Foreign Earnings Deduction is extended in its present format until 31 December 2022.

SPECIAL ASSIGNEE RELIEF PROGRAMME (SARP)

- The Special Assignee Relief Programme is extended in its present format until 31 December 2022.

STAMP DUTY

- The rate of stamp duty applicable to non-residential property is increasing by 1.5% to 7.5% with effect from midnight 8 October 2019. If the land is subsequently used for residential development there will be a refund of stamp duty to ensure a minimum charge of 2%.
- A 1% stamp duty rate will be applicable where a scheme of arrangement in accordance with part 9 of the Companies Act 2014 is used for the sale/acquisition of a company.

CAPITAL ACQUISITIONS TAX

- The current Group A tax free threshold which applies primarily to gifts and inheritances from parents to their children is being increased from €320,000 to €335,000. This increase applies in respect of gifts or inheritances received on or after 9 October 2019.

Group	€
A - Parent to child	€335,000
B - Between related persons	€32,500
C - Between non-related persons	€16,250

BUDGET HIGHLIGHTS 2020

MISCELLANEOUS

EXCISE DUTIES

- Excise Duty on a packet of 20 cigarettes is being increased by 50c with a pro rata increase on the other tobacco products. This measure will take effect from midnight on 8 October 2019.

BETTING DUTY

- A relief from betting duty and betting intermediary duty up to a limit of €50,000 per calendar year is being introduced for small independent bookmakers.

VEHICLE REGISTRATION TAX

- Extension of VRT reliefs for conventional and plug-in hybrids to 2020, subject to CO2 thresholds.

SOCIAL WELFARE

- A €5 per week increase in the living alone allowance to be introduced in 2020.
- The Christmas bonus payment of 100% will again be paid to all Social Welfare recipients in 2019.

FAMILY SUPPORTS

- The weekly rate for the qualified child payment will increase by €2.00 per week in respect of under 12's and €3.00 per week in respect of over 12's.

DRUG PAYMENT SCHEME

- The drug payment scheme threshold is to be reduced from €124 to €114 per month.
- Prescription charges have been cut by €0.50 per item.

MICROBREWERY

- The production ceiling for qualification is raised from 40,000 hl to 50,000 hl .

CARBON TAX

- The rate of carbon tax will increase by €6 to €26 per tonne from midnight on 8 October 2019 for auto fuels.
- The increase to other fuels will be delayed until May 2020.
- The Diesel Rebate Scheme is being extended to give additional relief to the haulage sector from increases in carbon tax.

BREXIT

An amount of €1.2 billion has been introduced to protect businesses from the impact of a No Deal Brexit.
Support will be by way of grants, loans and equity investment and will include:

- A €45 million Transition Fund;
- A €42 million Rescue and Restructuring Fund;
- An €8 million Transformation Fund for Food and Non-Food businesses;
- €5 million extra for Micro Finance Ireland;
- €5 million for a Local Enterprise Offices Emergency Brexit Fund;
- €2m extra for Intertrade Ireland; and
- €3m extra for Regulatory Bodies.

TAX CREDITS FOR TAX YEAR 2020

	2020 €	2019 €
PERSONAL		
Single	1,650	1,650
Married	3,300	3,300
Widowed Person	2,190	2,190
Single Person Child Carer	1,650	1,650
Home Carer Credit	1,600	1,500
Earned Income Credit*	1,500	1,350
PAYE	1,650	1,650
WIDOWED PARENT BEREAVEMENT		
Tax Credit year 1	3,600	3,600
- Tapering to year 5	1,800	1,800

	2020 €	2019 €
INCAPACITATED CHILD	3,300	3,300
DEPENDANT RELATIVE	70	70
BLIND PERSON		
Single / Married	1,650	1,650
Married (both blind)	3,300	3,300
FISHER TAX CREDIT	1,270	1,270
AGE CREDIT		
Single / Widowed	245	245
Married	490	490

* No Earned Income Credit where individual entitled to a PAYE credit.

INCOME TAX RATES

SINGLE PERSONS 2020	MARRIED PERSONS 2020 (Two Incomes)
20% First €35,300	20% First €70,600**
40% Balance	40% Balance
LONE PARENT	**(One Income)**
20% First €39,300	20% First €44,300
40% Balance	40% Balance

** Transferable between spouses up to a maximum of €44,300 for any one spouse.

INCOME TAX EXEMPTION LIMITS

	2020 €	2019 €
Single or Widowed 65 years or over	18,000	18,000
Married Couples 65 years or over	36,000	36,000

PERSONAL TAX FACTS

UNIVERSAL SOCIAL CHARGE

EMPLOYEES & SELF-EMPLOYED

	2020	2019
	0.00% on total earnings <€13,000	0.00% on total earnings <€13,000
	0.50% on €0 to €12,012	0.50% on €0 to €12,012
	2.00% on €12,013 to €19,874	2.00% on €12,013 to €19,874
	4.50% on €19,875 to €70,044	4.50% on €19,875 to €70,044
	8.00% on €70,045 to €100,000	8.00% on €70,045 to €100,000
PAYE INCOME	8.00% on excess over €100,000	8.00% on excess over €100,000
SELF-EMPLOYED	11.00% on excess over €100,000	11.00% on excess over €100,000

PRSI

EMPLOYER	**2020**	**2019**
Contribution for Class A		
PRSI	10.05%	10.05%
Training Levy	1.00%	0.90%
Total for Employer	11.05% on all income 8.8% on earnings less than €386 p.w.	10.95% on all income 8.7% on earnings less than €386 p.w.
EMPLOYEE		
PRSI	*4.00% on all income	*4.00% on all income
SELF-EMPLOYED / DIRECTORS CONTRIBUTIONS		
PRSI	**4.00% on all income	**4.00% on all income

*** Not applicable if earnings less than €18,300 p.a. (€352 p.w.)**
****4.00% subject to minimum payment of €500.**

As this release is intended as a general guide to the subject matter, it should not be used as a basis for decisions.
For this purpose advice should be obtained which takes into account all the client's circumstances.
Every effort has been made to ensure the accuracy of the information in the release.
In view of its purpose the reader will appreciate that we are unable to accept liability for any errors or omissions which may arise.