



BUDGET 2015

Financial Statement of The Minister for Finance 14th October 2014.
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Presented by



Chartered Accountants

McKeogh Gallagher Ryan

5 Shannon Street, Limerick
T: 353 61 208050
F: 353 61 404835
E: info@hlbmgr.ie
W: www.hlbmckeoghgallagherryan.ie

Also At
12 Merrion Square, Dublin 2
T: 353 1 631 6014



Chartered
Accountants
Ireland

Tax rates	2014	2015
Standard tax rate	20%	20%
Higher tax rate	41%	40%

Standard rate band

Single/widowed	€32,800	€33,800
Married couple one income	€41,800	€42,800
Married couple two incomes	€65,600	€67,600
One parent family	€36,800	€37,800
Tax credits and allowances		No Change

Universal Social Charge (USC)

2014		2015	
First €10,036	2%	First €12,012	1.50%
Next €5,980	4%	Next €5,564	3.50%
Balance	7%	Next €52,468	7%
		Balance over €70,044	8%
Relevant income > €100,000	10%	11%	
DIRT/Exit tax rate	41%	41%*	

*Relief from DIRT on savings used by first time buyers, up to 20% of purchase price

Rent a room relief	€10,000	€12,000
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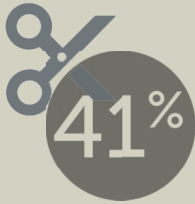
Pensions

Levy	0.60%	abolish w.e.f. 31.12.2014
Levy 2014 - 2015	0.15%	abolish w.e.f. 31.12.2015
PRSI		No change

PERSONAL TAX

TAX RATES AND BANDS

Favourable adjustments to tax bands and rates with the higher rate reduced to 40% and the standard rate band increased by €1,000 for single taxpayer and €2,000 for married couple with two incomes.



USC BANDS AND RATES

Changes in USC bands, effectively extending the lower rate bands and reducing the USC rate up to €17,576 but introducing an increased rate of 8% for income over 70,044 and an 11% rate for relevant income over €100,000.

INCENTIVES

- home renovation incentive (HRI), previously afforded to an individual's principal private residence will be extended to rental properties, subject to conditions. HRI heretofore afforded tax relief of 13.5% of qualifying expenditure on home renovation and improvement work, with minimum expenditure of €5,000 up to a maximum of €30,000;

- EIIS – Minimum retention period by the investors has been increased from three to four years and scope of relief extended;
- start-up relief for entrepreneurs (SURE) - extended to individuals who have been unemployed for up to two years; and
- foreign earnings deduction will be extended for a further 3 years until 31 December 2017, with the number of qualifying days abroad reduced from 60 to 40 and the minimum stay reduced to 3 days. Qualifying countries extended to include Chile, Mexico and certain countries in the Middle East & Asia.

WATER CHARGES RELIEF

Tax relief, payable in arrears, at 20% will be available for water charges, subject to maximum tax credit of €100 per annum.



ARTIST EXEMPTION

Threshold increased to €50,000 (previously €40,000) and the relief has been extended to certain non-resident artists.

AGRI SECTOR

The threshold for qualifying lease income will increase by 50%, with the introduction of a fourth threshold for lease periods 15 years or more. In addition the criteria to meet the qualification for exemption will lessen – there will be no minimum age requirement for the lessor (previously 40 years), and qualification extends to where the lessee is a company.

BUSINESS TAX

FOREIGN DIRECT INVESTMENT (FDI)

Ireland's commitment to the 12.5% rate is reinforced

The “Double Irish” structure abolished by new residence rules which will require all companies registered in Ireland to be also tax resident in Ireland, with the likely exception of companies tax resident in a tax resident jurisdiction. This will take effect from 1 January 2015 for new companies while a transition period until the end of 2020 will be provided for existing companies.

A new strategy for International Financial Services in Ireland to be launched next year.

Improvements to the special assignee relief programme (“SARP”) to be introduced.

INTELLECTUAL PROPERTY

Introduction of a “Knowledge Development Box” for intellectual property.

Improvements to the existing intangible asset tax provisions to be introduced.

Further improvements in the R&D tax credit relief with the phasing out of the base year from 1 January 2015.

OTHER MEASURES

Corporation tax relief for start-up companies extended for a further three years. Accelerated capital allowances for energy efficient equipment extended.

Pension levy of .6% will not be renewed when it expires on 31 December 2014. Levy of .15% will not be renewed after 2015.

COMMENT

The abolition of the ‘Double Irish’ had been anticipated, with the only question being whether Ireland should take unilateral action in advance of that of other countries competing with Ireland for foreign direct investment. The transition period will allow multinationals arrange their affairs in an orderly manner.

The Knowledge Development Box will mirror a similar regime in place in the UK. A public consultation process will take place in order to legislate in next year’s Finance Bill. The precise format may depend on EU and OECD developments in taxation policy.

CAPITAL TAXES

- no change to CGT and CAT rates of 33%
- the 80% Windfall Tax on gains arising from rezoning of land has been abolished with effect from 01 January 2015
- CGT relief in respect of properties bought before 31 Dec 2014 and held for 7 years is not to be extended beyond 31 Dec 2014
- extension of farm restructuring relief where first restructuring transaction is carried out before 31 Dec 2016
- CGT retirement relief expanded to include disposals of farm land which has been leased for up to 25 years
- CGT retirement relief expanded to include disposals of farm land let under conacre where disposed of before 31 Dec 2016
- CAT Agricultural Relief restricted to gifts/inheritorships of agricultural property received by “active farmers” or received by individuals who let the property on a long-term basis to an active farmer
- introduction of stamp duty exemption on agricultural leases between 5 – 35 years granted to active farmers
- extension of consanguinity relief to 31 Dec 2017 for transfers of non-residential properties to certain relatives, where the transferor is under 66 years of age and the transferee is an active farmer.

INDIRECT TAXES

- retention of the 9% rate of VAT for the tourism sector.
- the farmer's flat-rate addition has been increased from 5% to 5.2% with effect from 1 January 2015.
- the excise duty on a pack of 20 cigarettes is being increased by 40 cents with effect from midnight.
- the excise duty on roll-your-own tobacco is also being increased by 20 cents per 25g with effect from midnight.
- the Minister confirmed that the Betting (Amendment) Bill 2013 will be enacted by the end of the year for the extension of betting duty to remote operators and betting exchanges in 2015.
- the special relief on alcohol products tax on beers produced in microbreweries is being extended to include microbreweries which produce not more than 30,000 hectolitres per annum.
- the excise rate for natural gas and biogas as a propellant will be set at the current EU minimum rate and this rate will be held for a period of eight years.
- there are no changes to the motor tax rates.
- there are no changes to the duty on alcohol, petrol or diesel.

