



Budget 2019

Financial Statement of The Minister for Finance 9 October 2018.
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Presented by

HLB **McKeogh Gallagher Ryan**
Chartered Accountants

45 O'Connell Street Limerick, V94 XE18

T: +353 61 208050

E: info@hlbmgr.ie

W: www.hlbmckeoghgallagherryan.ie

Other offices:

50 O'Connell Street, Ennis, Co Clare | 12 Merrion Square, Dublin 2 | 23 Silver Street, Nenagh, Co. Tipperary*

**The separate but related company AKWL Summerhill Ltd t/a HLB McKeogh Gallagher Ryan*



TAX RATES AND CREDITS

Tax rates	2018	2019	
Standard tax rate	20%	20%	
Higher tax rate	40%	40%	
Standard rate band			
Single/widowed	€34,550	€35,300	
Married couple/civil partnership one income	€43,550	€44,300	
Married couple/civil partnership two incomes	€69,100	€70,600	
One parent family	€38,550	€39,300	
Home care			
Home carer credit	€1,200	€1,500	
Home carer income threshold	€7,200	€7,200	
Earned income			
Earned income credit	€1,150	€1,350	
Universal Social Charge (USC)			
2018	2019		
First €12,012	0.5%	First €12,012	0.5%
Next €7,360	2%	Next €7,862	2%
Next €50,672	4.75%	Next €50,170	4.5%
Balance over €70,044	8%	Balance over €70,044	8%
Relevant income > €100,000	3%	Relevant income > €100,000	3%

PERSONAL TAX

Income tax rates and bands

- No change to the 20% and 40% income tax rates.
- The standard rate band has been increased by €750 for a single person and €1,500 for a married couple/civil partnership with two incomes.
- The home-carer credit and earned income credit have been increased by €300 and €200 respectively.

Universal Social Charge (USC) and bands

- From 1 January 2019, the third USC rate of 4.75% will be reduced to 4.5%.
- In order to avoid minimum wage earners paying USC at the third rate, the threshold above which the 4.5% USC rate will apply is to increase to €19,874.

Minimum wage

Minimum wage will increase from €9.55 per hour to €9.80 per hour, from 1 January 2019.

Social protection

- Weekly social welfare payments will increase by €5 per week from March 2019.
- A full 100% Christmas bonus will be paid to social welfare recipients in 2018.

AGRI SECTOR

Stamp duty

Young Trained Farmer Relief, which exempts the transfer of agricultural land to a 'young trained farmer', has been extended for a further three years to 31 December 2021.

Income averaging

The restriction that operated to disallow income averaging relief for farmers with off-farm income has been removed.

Stock relief

The three separate measures of stock relief for income tax have all been extended for an additional three years to 31 December 2021.

CAPITAL AND TRANSACTION TAXES

- No change to CGT and CAT rates.
- The Group A CAT threshold, which typically applies to gifts and inheritances from parents to children, has been increased by €10,000 to €320,000, with effect from 10 October 2018.
- No change to stamp duty rates.

BUSINESS TAX

Corporation tax rate

The Minister reaffirmed the Government's commitment to the 12.5% corporation tax rate.

Corporation tax exemption for start-ups

Corporation tax relief for certain start-up companies has been extended for a further three years to 31 December 2021.

International tax update

Ireland's Corporation Tax Road Map, published in September 2018, sets out progress on corporate tax reform and the next steps required to implement the EU Anti-Tax Avoidance Directive and the recommendations of the 2017 Coffey Review on Corporation Tax. The Minister announced the commencement of two measures referred to in the Road Map:

- Finance Bill 2018 will provide for the introduction of new Controlled Foreign Company (CFC) rules, which will be effective for accounting periods beginning on or after 1 January 2019. These rules will be designed to prevent the diversion of profits to CFCs in low- or no-tax jurisdictions.
- With effect from midnight on 9 October 2018, a new exit tax of 12.5% has been introduced to tax unrealised capital gains where a company migrates or transfers assets offshore, such that they leave the scope of Irish taxation.

There will be a review and update of Ireland's transfer pricing regime in 2019.

Crowdfunding

- The Department of Finance and Central Bank of Ireland will review crowdfunding and introduce new regulations.
- As part of this review, there will be an assessment of withholding tax rules in respect of peer-to-peer lending.

Capital allowances

- A new scheme of accelerated capital allowances for acquisition of gas-propelled vehicles and refuelling equipment is to be introduced; details are expected in Finance Bill 2018.
- Legislation providing for accelerated capital allowances for employer-provided fitness and childcare facilities was included in Finance Act 2017 and will commence from January 2019. It was announced that amendments will be made to the legislation but no details are yet available.

Employee taxation

- The exemption from BIK on electric vehicles is being extended for three years to the end of 2021, subject to a cap of €50,000 on the original market value of the vehicle.
- From 1 January 2019, the weekly income threshold for the higher rate of Employer's PRSI will increase from €376 to €386.
- The Minister announced a 0.1% increase in Employer's PRSI for both 2019 and 2020, to 10.95% and 11.05% respectively.

INCENTIVES

Employment Investment and Incentive Scheme (EIIS)

Following on from a recent review of this incentive, the Minister announced that he:

“...intend[s] to bring forward a priority package of measures in the Finance Bill to address the main problems identified and to increase its efficiency and effectiveness.”

Film relief

- The corporation tax credit available in relation to film production has been extended for a further four years to 2024.
- A new tapered regional uplift to the credit, commencing at 5%, has been announced and this will be subject to EU State aid approval.

Key Employment Engagement Programme (KEEP)

The Budget provides for increases in scheme limits in respect of the market value of share options that can be granted to a key employee/director. The market value of share options cannot exceed:

1. €100,000 in any one tax year (no change);
2. €300,000 over a lifetime (increased from €250,000 over a three-year consecutive period); or
3. 100% of the salary of the employee/director in the year of grant (increased from 50%).

PROPERTY

Rental income

The tax deduction available in respect of interest on loans used to purchase or repair rented residential property will increase to 100% from 1 January 2019.

Local Property Tax (LPT)

A review of LPT is ongoing and will be complemented by a consultation process. In his Budget speech, the Minister restated his commitment that:

“... any future changes will be moderate and affordable.”

INDIRECT TAXES

Excise

- Excise duty on a packet of 20 cigarettes is being increased by 50c with effect from midnight on 9 October 2018. There will be a pro-rata increase on other tobacco products.
- There are no changes to the duty on alcohol, petrol or diesel.

Betting tax

From 1 January 2019, there will be an increase of 1% (to a rate of 2%) on bets placed in the State with bookmakers, as well as an increase to 25% (from 15%) on commission earned by betting intermediaries.

VAT

- The VAT rate applicable to the tourism and hospitality sectors reverts to the 13.5% VAT rate, with effect from 1 January 2019.
- Printed newspapers and access to sporting facilities will continue to be subject to the 9% VAT rate.
- The rate applicable to electronic publications will reduce to 9% from January 2019.

Vehicle Registration Tax (VRT)

- The VRT relief available for conventional hybrids and plug-in electric hybrid vehicles is extended for a period of one year, until the end of 2019.
- A 1% VRT surcharge will apply to all diesel passenger vehicles registered from 1 January 2019.

Carbon tax

- No changes were made to the rates of carbon tax.
- The Minister announced that he intends to introduce a long-term plan for increasing carbon taxes over the period to 2030.

PREPARING FOR BREXIT

While no specific tax measures relating to Brexit were introduced, the various tax reliefs available for SME businesses and the agriculture/food sector are a general support to those exposed sectors. As in his 2017 Budget speech, the Minister's main focus was on the allocation of additional funds to support Brexit readiness.

Human Capital Initiative

A fund of €300 million is being made available throughout the period 2020 to 2024 to increase investment in higher education courses across the country.

Future Growth Loan Scheme

Following on from the €300 million Brexit Loan Scheme made available to SMEs last year, a further €300 million will be made available to lend at a competitive rate to SMEs and the agriculture/food sector.

Funding for Brexit measures across government departments

€110 million is to be made available for Brexit measures across a number of departments, including funding for customs requirements and other targeted measures.

Increased funding for farm and food sectors

€60 million of funding is being made available to improve resilience in the farm sector and productivity in the food sector, and to provide additional resources in relation to the regulatory requirements of Brexit.

Increased funding for the PEACE Programme

The aim of this funding is to support economic and social stability in the border region during the Brexit period.