

BUDGET 2019

Summary of Key Tax Changes



PERSONAL TAXES

Income Tax Rates and Bands

There is no change in the standard rate (20%) and the marginal rate (40%) of Income Tax.

The standard rate band for a single person has been increased to €35,300 from €34,550 and to €44,300 from €43,550 for married one earner couples.

Universal Social Charge

The USC rates for 2019 have been changed as follows:

€0 to €12,012	0.5%
€12,013 to €19,874	2%
€19,874 to €70,044	4.50%
€70,044+	8%

Income of €13,000 and under remain USC exempt.
Self-employed income of over €100,000: 3% surcharge.

Tax Credit for Self Employed

The Earned Income Credit has been increased to €1,350 from €1,150.

Home Carer Tax Credit

The Home Carer Tax Credit has been increased to €1,500 from €1,200.

PRSI

There has been no change to the rate of Employee PRSI.

There has been a 0.1% increase in the National Training Fund levy payable by employers in respect of reckonable earnings of employees in Class A and Class H.

This has the following effect on the Combined Employer's PSRI and National Training Fund Contribution:

	2019	2018
High Rate	10.95%	10.85%
Low Rate	8.7%	8.6%

The weekly threshold for the higher rate of Employer PRSI has been increased to €386 from €376 effective from 1st January 2019.

Acceleration of Interest Deduction for Rental Income

The level of interest paid in respect of loans used to purchase, improve or repair a residential property that can be deducted by landlords has been increased to 100% effective from 1 January 2019.

NEW - Increased Parental Leave

A new paid parental leave scheme will be introduced in November 2019 to provide two extra weeks' leave to every parent of a child in their first year. It is intended to increase this to seven weeks over time.

BUSINESS TAXES

Corporation Tax Rate

The standard rate of Corporation Tax remains unchanged at 12.5%.

NEW - Anti-Tax Avoidance Directive

A new exit tax of 12.5% will apply from midnight 9th October 2018 in respect of unrealised capital gains where companies migrate or transfer assets offshore such that they leave the scope of Irish tax.

NEW - Controlled Foreign Company Regime

Anti-abuse measures will be introduced to prevent the diversion of profits to offshore entities in low or no tax jurisdictions.

Key Employee Engagement Programme ("KEEP")

Three changes to the scheme announced:

- (i) Increase in the ceiling on maximum annual market value of shares that may be awarded to equal the employee's annual salary (was 50%);
- (ii) Lifetime limit to replace the 3-year limit;
- (iii) Increase in quantum of share options that can be granted under the scheme to €300,000 (from €250,000).

Three Year Start Up Relief (Section 486C Relief)

This corporation tax relief for profit making start-up companies that create and maintain jobs is being extended for a further three years up to the end of 2021.

Extension of Film Corporation Tax Credit

The availability of this existing relief has been extended from 31 December 2020 to 31 December 2024.

NEW - Accelerate Capital Allowances for Employer provided Fitness & Childcare Facilities

Effective from 1 January 2019 accelerated capital allowances will be available for employers who provide fitness and/or childcare facilities for employees' use.

NEW - Accelerated Capital Allowances for Gas-Propelled Vehicles and Refueling Equipment

Acceleration of existing allowances for environmentally friendly large vehicles such as HGVs and buses that use natural gas and biogas as a substitute for diesel.

CAPITAL ACQUISITIONS TAX

CAT Rates & Thresholds

The rate of Capital Acquisitions Tax remains the same at 33%.

The current Group A tax free threshold (primarily on gifts/inheritances from parents to children) has been increased to €320,000 from €310,000 effective for gifts/inheritances received on or after 10th October 2018.

CAPITAL GAINS TAX

CGT Rates & Thresholds

The standard rate of Capital Gains Tax remains the same at 33% and the annual personal allowance remains at €1,270.

VALUE ADDED TAX

Increase in VAT Rate for the Tourism Sector

Services and goods currently subject to VAT at 9% (except for newspapers & sports facilities) will increase to 13.5% with effect from 1 January 2019.

Newspapers and sports facilities will remain at 9% VAT.

Reduced VAT rate for electronically supplied publications

The VAT rate applicable to e-books & electronically supplied newspapers is being reduced to 9% from 23% effective 1st January 2019.

AGRICULTURAL TAXATION

Income Averaging

Removal of restrictions relating to farmers with off-farm income.

Stock Relief

Availability of existing stock reliefs have been extended to 31 December 2021.

Extension of Stamp Duty Exemption for Young Trained Farmers

This relief has been extended to apply to qualifying farm transfers that occur on or before 31 December 2021.

BETTING DUTY

The current 1% rate of betting tax will increase to 2% for all bets placed in the State.

Betting duty on the commission earned by betting intermediaries or exchanges will increase from 15% to 25%.

VEHICLE REGISTRATION TAX

NEW - Diesel Surcharge

A 1% VRT surcharge is introduced for diesel engine passenger vehicles registered in the State effective from 1st January 2019.

VRT Relief - hybrid & plug-in hybrid vehicles

VRT relief for hybrid & plug-in hybrid vehicles is being extended until 31 December 2019.

Extension of 0% BIK for electric vehicles

The 0% BIK rate for electric vehicles is extended for 3 years, with a cap of €50,000 on the Original Market Value of the vehicle.

EXCISE DUTY

Tobacco Products

The excise duty on a packet of 20 cigarettes is being increased by 50 cents (including VAT) with a pro-rata increase on the other tobacco products and 25 cents increase on roll your own tobacco. There will be an increase in the Minimum Excise Duty on tobacco products so that all cigarettes sold below €11 will have the same excise duty applied as cigarettes sold at €11. These changes will take effect from midnight on 9th October 2018.

MINIMUM WAGE

The minimum wage will increase to €9.80 from €9.55 effective from 1 January 2019.

If you have any queries on how any of the above may impact your business please contact us.

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