

BUDGET 2020

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 remained at €35,300 and at €44,300 for married one earner couples.

Universal Social Charge

The reduced USC rates for medical card holders have been extended to 31 December 2020.

Tax Credit for Self Employed

The Earned Income Credit has been increased to €1,500 from €1,350.

Home Carer Tax Credit

The Home Carer Tax Credit has been increased to €1,600 from €1,500.

PRSI

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

Help to Buy Scheme

The Help to Buy Scheme has been extended in its current form until 31 December 2021.

The Living City Incentive

The Living City Incentive Scheme has been extended in its current form until 31 December 2022.

Extension of 0% BIK for electric vehicles

The 0% BIK rate for electric vehicles is extended for 3 years to 31 December 2020.

BUSINESS TAXES

Corporation Tax Rate

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

Employment and Investments ("EII") Scheme

Three changes to the scheme announced:

- (i) Introduction of full income tax relief (40%) in the year of investment; and
- (ii) Increased investment limit to €250,000 from €150,000;
- (iii) Increased investment limit of €500,000 for an individual investing for a minimum of 10 years.

Key Employee Engagement Programme ("KEEP")

Three changes to the scheme announced:

- (i) Increased availability to group structures;
- (ii) Increased availability for part-time/flexible working arrangements; and
- (iii) Measures to allow existing shares to qualify under the scheme.

Research & Development Tax Credit

Three changes to the R&D tax credit (subject to state aid approval):

- (i) Increase in relief to 30% from 25% for small and micro companies;
- (ii) Relief available for pre-trading expenditure of small and micro companies available for offset against VAT and PAYE; and
- (iii) Increase in outsourcing limit to third level institutions of education to 15% from 5%.

Micro-brewery Relief

Production ceiling qualification increased to 50,000 hectolitres from 40,000 hectolitres.

Diesel Rebate Scheme

Relief to be introduced for users of the diesel rebate scheme to alleviate increases in carbon tax.

Electricity Tax

Electricity tax rates for businesses have been equalised with the rate for non-business use.

DIVIDEND WITHHOLDING TAX

Dividend withholding tax has been increased to 25% from 20% effective from 1 January 2020.



STAMP DUTY

The rate of stamp duty applicable to non-residential property transactions will be increased to 7.5% from 6% effective from 8th October 2019.

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 €335,000 from €320,000 effective for gifts/inheritances received on or after 9th October 2019.

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.

Retirement Relief / Entrepreneurial Relief

No changes have been announced in relation to Retirement Relief or Entrepreneurial Relief for Capital Gains Tax.

VALUE ADDED TAX

No changes have been announced for VAT rates or registration thresholds.

AGRICULTURAL TAXATION

Section 604B Farm Restructuring Relief

Farm restructuring Relief for Capital Gains Tax has been extended to 31 December 2022 subject to state aid approval.

BETTING DUTY

Introduction of relief for betting duty and intermediary betting duty up to a limit of €50,000 per calendar year.

VEHICLE REGISTRATION TAX

VRT Relief - hybrid & plug-in hybrid vehicles

VRT relief for hybrid & plug-in hybrid vehicles has been extended until 31 December 2020 subject to CO2 thresholds.

Environmental Health (NOx) Surcharge

The 1% diesel surcharge introduced last year is being replaced with a nitrogen oxide (NOx) emissions-based charge. This surcharge will apply to all passenger cars registering for the first time in the State from 1 January 2020.

CARBON TAX

Carbon tax has been increased to €26 per ton from €20 per ton effective from midnight 8th October 2019 for auto fuels and from May 2020 for all other applicable fuels.

EXCISE DUTY

Tobacco Products

The excise duty on a packet of 20 cigarettes has been increased by 50 cents (including VAT) with a pro-rata increase on the other tobacco products. These changes will take effect from midnight on 8th October 2019.

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

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