

# Tax News




With the backdrop of a cost of living crisis, Minister Donohue delivered his 6<sup>th</sup> Budget speech earlier today.

As expected there was a range of measures announced to help households and businesses deal with rising costs. There were also a number of changes in taxation. A summary of the tax changes impacting private clients is set out below.

The Finance Bill is expected to be published on 20 October 2022. There may be further tax measures in the Bill.

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“A Cost of Living Budget” –  
Minister Donohue.

## Income taxes 2023

- Personal tax credit, employee tax credit and earned income credit all increased by EUR75 to EUR1,775
- Increase of EUR3,200 in the income tax standard rate (20%) band
- Home carer tax credit to increase by EUR100 to EUR1,700
- Increase of EUR1,625 in the 2% USC rate band ceiling.



## Property – tax measures

- Help to buy scheme – extension to 31 December 2024
- Pre-letting expenses – increase in eligible expenditure limit from EUR5,000 to EUR10,000 and vacancy period cut from 12 months to 6 months
- Rent tax credit of EUR500 introduced for private tenants. Credit will be available for 2022 onwards
- Living City Initiative extended for 5 years until 31 December 2027
- Vacant Homes Tax (VHT) - to be introduced in 2023. It will apply to residential properties which are occupied for less than 30 days in a 12 month period
- The VHT will be 3 times the basic LPT charge for the property. Exemption for temporary periods of vacancy with genuine reasons.



Revenue to conduct targeted PAYE compliance interventions – focus on share schemes.

## Business and employment

- Key Employee Engagement Programme (KEEP) to be extended to 31 December 2025
- KEEP – lifetime company limit for shares raised from EUR3m to EUR6m
- KEEP - part-time employees now qualify and companies operating through a group structure – changes announced in 2019 but now brought into effect
- Both the Special Assignment Relief Programme (SARP) and Foreign Earnings Deduction (FED) will be extended for a further 3 years until 31 December 2025
- SARP – income threshold raised from EUR75,000 to EUR100,000
- Employers can now give employees one or two vouchers up to a combined maximum value of EUR1,000 each year.



## Support for Agri-sector

Extension to 31 December 2025 of stamp duty relief for young trained farmers and capital gains tax relief for farm restructuring.

### **And finally the disclaimer.....**

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## There has been no change to:

- Capital gains tax rates
- The 10% entrepreneur relief tax rate and EUR1m threshold
- Gift/inheritance tax rates and tax free thresholds
- Stamp duty rates
- Employer and employee PRSI rates
- Investment fund rates (41%)
- Tax residence rules
- Tax rules for non-domiciled individuals
- The 12.5% corporation tax rate for companies with a turnover of less than EUR750m.

## REMINDER:

Filing deadline for 2021 income tax returns is Wednesday 16 November 2022.

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