

Tax News



Earlier today Minister Donohoe delivered his second Budget as Minister for Finance. For a second year in a row the Budget did not contain many tax changes. Some relatively small adjustments should benefit all who pay income tax and the USC. Despite pre-Budget speculation in the media, no changes to capital gains tax or stamp duty were announced. A summary of the main points relevant for private clients is set out below.

The Finance Bill is scheduled to be published on 18 October 2018 and it will include more details on the tax measures announced today. The Bill may also include further changes which were not announced today.

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Income taxes - 2019

- Income tax standard rate band (20%) increased by EUR750 to EUR35,300 for a single person and to EUR44,300 for married couples with one earner
- Home Carer Credit increased by EUR300 to EUR1,500
- Earned Income Credit increased by EUR200 to EUR1,350
- Rate of DIRT decreased to 35% with further reduction to 33% from 2020 onwards
- Employment and Investment Incentive Scheme (EIS) – measures will be included in the Finance Bill.

Minister confirms corporation tax rate.



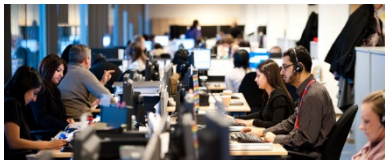
“Our longstanding 12.5 per cent rate will not be changing”.

USC Rates 2019 - 3rd rate band reduced by 0.25% to 4.5%

First EUR12,012	0.5%
Next EUR7,862	2%
Next EUR50,170	4.5%
Next EUR29,956	8%
Over EUR100,000 (Note 1)	8%/11%

Note 1: 11% rate applies to self-employment and investment income.

Note 2: Maximum USC for individual age 70 or over with income below EUR60,000 is 2%.



And finally the disclaimer.....

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Employment benefits

- Some positive changes to the “Key Employee Engagement Programme” (KEEP). The limit on the value of options granted in one year to be increased from 50% to 100% of salary
- Total value of options granted under the scheme to be increased from EUR250,000 to EUR300,000
- The 0% BIK rate for electric cars is extended for a period of 3 years to the end of 2021 but only for cars up to the value of EUR50,000

Capital taxes

- Gift/inheritance tax free threshold between parent and child increased by EUR10,000 to EUR320,000
- No changes to other gift/inheritance tax free thresholds or tax rate
- No changes to capital gains tax announced, including no change to the EUR1m threshold for entrepreneur relief
- No changes to stamp duty rates
- No extension of the Home Renovation Incentive beyond 2018
- Review of Local Property Tax - any changes will be moderate.

Other changes

- VAT rate for hospitality sector increased from 9% to 13.5%
- Landlords - full tax relief for loan interest payments against rental income
- Employer’s PRSI increased by 0.1% to 10.95% in 2019 and to 11.05% in 2020.

No change to:

- Corporation tax rates
- Capital gains tax rates
- Gift/inheritance tax rates
- Income tax rates
- PRSI rates
- Stamp duty rates
- Fund rates (41%)
- Tax residence rules
- Remittance basis for non-Irish domiciled individuals.

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