

Tax News

BUDGET 2022



After a Covid enforced break to the Convention Centre, Minister Donohoe was back in the familiar setting of Dáil Éireann to deliver his fifth Budget speech.

Despite much speculation there were fewer tax changes announced than expected. A summary of the main changes impacting on private clients is set out below.

One of the more significant tax changes was already announced last week when the Minister confirmed that Ireland had signed up to a corporation tax rate of 15%. But for the majority of Irish companies the 12.5% tax rate will continue to apply.

The Finance Bill is expected to be published on 21 October and there may be additional tax measures in the Bill.

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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.



VAT

- The temporary reduction in VAT rate from 13.5% to 9% on Tourism and Hospitality goods and services is extended to 31 August 2022.



A new “zoned land tax” to be introduced to encourage the use of land for building homes. Tax will be 3% of the market value of the land. Two year lead in time for land zoned pre January 2022. Three year lead in time for land zoned 2022 onwards.

And finally the disclaimer.....

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Income taxes 2022

- Income tax deduction of 30% of the cost of vouched expenses for heat, electricity and broadband in respect of days spent working from home
- Personal tax credit, employee tax credit and earned income credit all increased by EUR50 to EUR1,700
- Increase of EUR1,500 in the income tax standard rate (20%) band
- Small increase of EUR608 in the 2% USC rate band ceiling
- Extension of the BIK exemption for electric cars to 2025 but with an element of tapering from 2023 onwards.

Other tax measures

- Accelerated capital allowances scheme for energy efficient equipment extended to 31 December 2024
- Help to buy scheme – extension of additional measures to 31 December 2022
- Pre-letting expenses - extension of additional measures to 31 December 2024
- Start-up exemption – corporation tax relief for certain start-up companies to be extended so that relief can be claimed for 5 years; an increase from 3 years.

Employment Investment Incentive Scheme (EIS)

A number of changes are being introduced to the EIS. The detail of these changes will be in the Finance Bill 2021.

- The scheme will be opened up to a wider range of investors
- The requirement that 30% of an investment must be spent before tax relief can be claimed will be removed
- Relaxation of penalties for investors redeeming capital.

REMINDER:

Filing deadline for 2020 income tax returns is Wednesday 17 November 2021.

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