

Tax News

BUDGET 2024



Earlier today Minister McGrath was the first Fianna Fáil Minister for Finance to deliver a Budget speech since 2010.

As expected, and as widely reported in the media over the weekend there were a number of changes in taxation. This Budget edition of Tax News sets out the main tax changes that will impact private clients.

The Finance Bill is expected to be published on 19 October 2023. There will be more detail on the tax changes in the Bill and further tax measures may be included in the Bill.

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Income taxes 2024

- Personal tax credit, employee tax credit and earned income credit all increased by EUR100 to EUR1,875
- Home carer credit increased by EUR100 to EUR1,800
- Single person child carer tax credit increased by EUR100 to EUR1,750
- Incapacitated child tax credit increased by EUR200 to EUR3,500
- Increase of EUR2,000 to EUR42,000 in the income tax standard rate (20%) band
- Increase of EUR2,840 in the 2% USC band ceiling
- USC rate of 4.5% reduced to 4%
- All PRSI rates to increase by 0.1% from October 2024.



Property – tax measures

- Rent tax credit to be increased from EUR500 to EUR750. The credit will now be available for parents who pay for their children's student accommodation e.g. "digs", rent a room
- For landlords a rented residential relief is being introduced. It will be a relief at the standard rate of tax (20%) on up to EUR3,000 for 2024, EUR4,000 for 2025 and EUR5,000 for 2026 and 2027. Clawback of the relief if property is removed from the rental market within 4 years
- Help to buy scheme extended to 31 December 2025
- Vacant Homes Tax (VHT) – annual charge increased to 5 times the LPT charge for the property for the year to 31 October 2024.



VAT

Registration thresholds to be increased to EUR40,000 for services and EUR80,000 for goods.



Capital taxes

Retirement relief

- From 1 January 2025 the age limit for the higher level of relief will be extended from 66 to 70. In addition, a new limit of EUR10m will apply for individuals up to the age of 70 for disposals to a child. Currently, there is a limit of EUR3m for disposals made to children by a parent aged 66 or above.

Angel Investors

- A new capital gains tax relief for Angel Investors in startups is to be introduced
- A tax rate of 16% for individuals (18% for partnerships) will apply to gains up to twice the level of the amount invested
- Must hold shares for 3 years and invest at least EUR10,000 for a shareholding between 5% and 49%

Entrepreneur relief

- No changes announced but a review of the relief to be undertaken.

Mortgage Interest Relief

- A one year temporary mortgage interest relief scheme is being introduced in respect of loans on a main residence
- Tax relief at 20% (capped at EUR1,250 per property) on the increased mortgage interest paid between calendar year 2022 compared to calendar year 2023
- Only applies to loans with a balance between EUR80,000 and EUR500,000 as at 31 December 2022.

No changes announced to:

- Investment Fund Rates (41%). But the taxation of funds, including ETFs to be reviewed
- Gift/inheritance tax rates and tax free thresholds
- Capital gains tax rates
- Tax residence rules
- Remittance basis for non-domiciled individuals.

REMINDER:

Filing deadline for 2022 income tax returns is Wednesday 15 November 2023.



Heritage Items Scheme

The annual aggregate value limit for items donated under this scheme is increased by EUR2m to EUR8m.

And finally the disclaimer.....

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