

Tax News



Earlier today Minister Donohoe delivered his third Budget as Minister for Finance. With the shadow of a no deal Brexit looming, the Minister took a cautious approach to tax cuts. A summary of the main tax changes impacting private clients is set out below.

The Finance Bill is scheduled to be published on 17 October 2019 and it will include more details on the tax measures announced today. The Bill may also include further changes which were not announced today.

Patrick Kinnane

Patrick Kinnane, Director

e-mail: patrick@kta.ie Tel: (+353 1) 660 8000



Income taxes - 2020

- Home Carer Credit increased by EUR100 to EUR1,600
- Earned Income Credit increased by EUR150 to EUR1,500
- Rate of DIRT decreased to 33%.



Employment benefits

- Some positive changes to the “Key Employee Engagement Programme” (KEEP). Part-time employees will be able to qualify for KEEP. Companies operating through a group structure will also qualify
- The 0% BIK rate for electric cars is extended to the end of 2022 but only for cars up to the value of EUR50,000
- Both the Special Assignment Relief Programme (SARP) and Foreign Earnings Deduction (FED) which were due to end on 31 December 2020 will be extended for a further 2 years until 31 December 2022.



And finally the disclaimer.....

Tax News is a forum for sharing ideas and is not a substitute for formal tax advice. If you take, or do not take, action as a result of Tax News without formal advice from us, KTA can accept no responsibility for any loss, damage or distress.

Capital taxes

- Gift/inheritance tax free threshold between parent and child increased by EUR15,000 to EUR335,000
- No changes to other gift/inheritance tax free thresholds or tax rate
- Stamp duty on commercial property increased by 1.5% to 7.5% with effect from 9 October 2019. Transitional rules will apply to contracts signed before Budget Day which are executed before 1 January 2020
- No change to the EUR1m threshold for entrepreneur relief but a review of the relief to be undertaken by the Department of Finance
- Help to Buy Scheme for first time buyers extended to 31 December 2021
- Living City Initiative extended to 31 December 2022.

Other changes

- The rate of withholding tax (DWT) on dividends from Irish companies increased from 20% to 25%
- It is intended that from 1 January 2021 a personalised rate of DWT will apply to each shareholder based on the rate of tax they pay under PAYE
- Some targeted tax changes to Real Estate Investment Trusts (REITs) and Irish Real Estate Funds (IREFs).

Investors

- Changes to the Employment and Investment Incentive Scheme (EIIS) – with effect from Budget Day
- Full tax relief at 40% will be given in the year in which the investment is made rather than 30% in year 1 and 10% in year 4
- The annual investment limit will be increased from EUR150,000 to EUR250,000 and to EUR500,000 for those who invest for a minimum period of 10 years.

No change to:

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

KTA, Fleming Court, Fleming Place, Mespil Road, Dublin 4, D04 N4X9 **Tel:** (+353 1) 660 8000

Copies of this and previous editions of Tax News are available on our website www.kta.ie (password "private")