

## Budget 2019 Overview

### 1. Business & SMEs

#### Corporation Tax

The 12.5% rate remains unchanged and will remain so indefinitely.

#### Capital Allowances

New allowances were introduced such as accelerated capital allowances for gas propelled vehicles and refuelling equipment. Accelerated capital allowances for employers providing fitness and childcare facilities was also announced, commencing with effect from 1 January 2019.

#### Key Employee Engagement Programme

The Key Employee Engagement Programme (KEEP) came into effect on the first of January 2018 to help SME's attract and retain employees in a highly competitive labour market.

The ceiling on the maximum annual market value of share options that may be granted has increased to 100% of salary. The three year limit will be replaced with a lifetime limit and increasing the overall value of options that may be awarded per employee from €250,000 to €300,000. These changes is intended to support SME's.

#### Revenue Compliance

We've talked a good bit about PAYE Modernisation and will continue to do so.

Revenue's updated PAYE system will be fully operational from 1st January 2019. Once implemented, this system is expected to yield additional Exchequer savings arising from increased compliance levels of taxpayers.

#### National Training Fund Levy

From 1st January 2020 there will a further 0.1% increase (from 0.9% to 1.0%) in the National Training Fund Levy payable by employers in respect of reckonable earnings of employees in Class A and Class H employments.

#### Three year Start Up Relief

The Three Year Start Up Relief provides Corporation Tax relief for profit making start-up companies which create and maintain jobs. The relief has been extended for a further three years, until the end of 2021.

## **Future Growth Loan Scheme for SMEs**

A Future Growth Loan Scheme for SMEs and the agriculture and food sector is being launched providing up to €300m.

## **Disruptive Technologies Innovation Fund**

As part of the National Development Plan, a Disruptive Technologies Innovation Fund established, which makes €500m available for co-funded projects involving enterprise and research partners over the period to 2027.

## **Film Relief**

The scheme provides relief in the form of a Corporation Tax credit related to the cost of production of certain films. The credit is granted a rate of 32% of qualifying expenditure which is capped at €70 million. The credit was due to expire at the end of 2020 and will now be extended until 2024.

A new, short term, tapered regional uplift commencing at 5% is also being introduced, subject to State Aid approval, for productions being made in areas designated under the State Aid regional guidelines.

## **Young Trained Farmer Relief**

There has been a three year extension given to the Young Trained Farmer relief from stamp duty which was due to expire in 2018.

## **Anti-Tax Avoidance Directive (ATAD)**

The rate for the new ATAD compliant exit tax will be set at 12.5%. This will tax unrealised capital gains where companies migrate or transfer assets offshore such that they leave the scope of Irish tax. This measure is effective from midnight on the 9 October 2018.

## **2. VAT**

Services & goods currently applying at 9% will increase to 13.5% from the 1st of January 2019.

Sports facilities & newspapers will be retained at the 9% VAT rate.

The VAT rate on e-books and electronically supplied newspapers is being reduced from 23% to 9% with effect from 1st January 2019. This follows recent agreement among EU Finance Ministers to allow Member States apply reduced VAT rates on digital publications.

## 3. Employers and Employees

### Parental Leave

From November 2019 parents will receive two extra paid leave weeks for a child in their first year. According to the Minister, this will increase to seven weeks over time.

### USC

From 1st January 2019 the following USC changes will apply:

- €0 - €12,012 @ 0.5%
- €12,012 - €19,874 @ 2%
- €19,874 - €70,044 @ 4.5%
- €70,044+ @ 8%

Self-employed income over €100,000: 3% surcharge

### Minimum Wage Increase

It has increased from €9.55 to €9.80.

### PRSI

The weekly threshold for the higher rate of employer's PRSI will be increased from €376 to €386 to ensure that there is no incentive to reduce working hours for a full-time minimum wage worker.

### Income Tax

There was an increase of €750 in the income tax standard rate band for all earners, from €34,550 to €35,300 for single individuals and from €43,550 to €44,300 for married one earner couples.

An increase in the Home Carer Tax Credit from €1,200 to €1,500.

For self-employed workers, the Earned Income Credit will be increased by a further €200 to €1,350.

### Benefit In Kind

The 0% BIK rate for electric vehicles is being extended for a period of 3 years, with a cap of €50,000 on the original market value of the vehicle.

## **4. The Old Reliables**

### **Cigarettes**

The price of a twenty box of cigarettes will increase by .50 cent bringing the price up to €12.70.

### **Alcohol**

There is no increase in excise on alcohol this year.

### **Diesel/petrol**

There has been no increase in carbon tax or excise on diesel.

As this release is intended as a general guide to the subject matter, it should not be used as a basis for decisions. For this purpose advice should be obtained which takes into account all the client's circumstances. Every effort has been made to ensure the accuracy of the information in the release. In view of its purpose the reader will appreciate that we are unable to accept liability for any errors or omissions which may arise.