

April 2009

HIGHLIGHTS FROM THE APRIL 2009 SUPPLEMENTARY BUDGET

Income Tax

- Standard and higher rates of income tax remain at 20% and 41%.
- Income levy of 2% on income from €15,028 and 4% on income in excess of €75,036 and of 6% on income in excess of €174,980.
- Mortgage Interest Relief will be discontinued for any mortgage over 7 years.
- Tax deductibility of interest relief on loans on residential properties restricted to 75%.
- Deposit Interest Retention Tax (DIRT) applicable to deposit interest and on (a) life assurance policies (b) investment funds is increased by 2% to 25% and 28% respectively.

PRSI/Levies

- PRSI contribution ceiling increased from €52,000 to €75,036.
- Health levy rates doubled to 4% on income up to €75,036 and 5% for amounts in excess of this threshold.

Stamp Duty/Excises/Levies

- Excise Duty on a packet of 20 cigarettes is being increased by 25 cent.
- Mineral oil tax on auto-diesel to be increased by 5cent per litre.
- 1% levy introduced on new life assurance premiums.
- Non-life insurance levy being increased by 1% to 3%.
- Stamp Duty 'trade in' scheme established, whereby no Stamp Duty is payable by a person who accepts a traded-in property in exchange/part exchange for a new house/apartment.

Business Tax

- Special 20% rate applied to trading profits from dealing with residential development land is being abolished. The income is now chargeable at the marginal tax rate or at 25% for companies.
- Restrictions imposed on offset of trading losses from dealing with residential development land.

- New tax relief on capital expenditure incurred in the acquisition of Intellectual Property.
- Termination of capital allowances scheme for private hospitals and nursing homes. Transitional measures to be put in place for projects at an advanced stage.

Capital Gains Tax/Capital Acquisitions Tax

- Rate of capital gains tax and capital acquisitions tax increased from 22% to 25% from midnight 7th April 2009.
- Current gift/inheritance tax thresholds reduced by 20%.

Value Added Tax

- A margin scheme is being introduced on dealers acquiring and selling second hand cars.

Other Measures

- Early Childcare Supplement to be halved to €41.50 per month per child with effect from 1 May 2009 and abolished at end of 2009.
- Introduction in January 2010 of a pre-school Early Childhood Education Scheme.
- Personal jobseekers allowance to be reduced for those under 20 to €100 per week.
- Removal of social welfare Christmas bonus payment in 2009.
- Creation of an asset management agency to take bad loans off banks' balance sheets.
- Announcement of payroll savings measures in various government departmental and public sector bodies.
- Incentivised scheme of early retirement in the public service for certain civil and public servants aged 50 and over.
- Changes made to recently introduced public service pension levy to lessen the burden on the lower paid civil servants.

- Introduction of an Enterprise Stabilisation Fund to help protect jobs in troubled businesses.
- 10% cut in political expenses and the abolition of long-term payments to TDs.
- Capital expenditure in 2009 has been reduced by €624 million and a commitment for future use of pension funds for Public Private Partnership developments.



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