

## Budget 2012 Highlights

### INCOME TAX

- Standard and higher rates of income tax remain at 20% and 41%.
- Exemption threshold for universal social charge increased from €4,004 to €10,036.
- Income Tax bands and Tax credits remain at 2011 levels.
- Employer PRSI relief on employee pension contributions to be removed from 2012.
- DIRT up 3% to 30% on ordinary deposit accounts.
- Annual imputed distribution from Approved Retirements Funds increased to 6% in respect of funds with asset values in excess of €2 million.
- Mortgage Interest Relief increased to 30% for first-time buyers between 2004 and 2008.
- Mortgage Interest Relief to be abolished for houses purchased from 2013 onwards.
- Surcharge of 5% on income sheltered by property-incentive schemes to be introduced for investors with income over €100,000.
- The use of accelerated capital allowances beyond the tax life of a particular scheme will not be available after 1 January 2015.

### DUTIES/LEVIES

- Single rate of 2% Stamp Duty to apply on all non-residential property transfers.
- Carbon Tax up 1.4c/litre on petrol and 1.6c/litre on auto-diesel from 6 December 2011.
- Carbon Tax up €17.32/1,000 litres on Fuel Oil and €14.46/1,000 litres on Natural Gas from May 2012.
- Betting duty of 1% is extended to remote betting.
- Betting Intermediaries' Duty introduced (Gross Profits Tax of 15%) to cover betting exchanges.

### BUSINESS TAX

- Corporation Tax Rate remains at 12.5%.
- Corporation tax 3 year exemption for start-up companies is extended to companies commencing to trade in 2012 – 2014.
- 25% R&D tax credit for the first €100,000 of expenditure on R&D. The credit for incremental R&D expenditure in excess of €100,000 over the base year 2003 to remain.
- Current outsourcing limits for R&D tax credit to be increased.
- R&D tax credit can be utilised to reward key employees.

- Special Assignee Relief Programme to be introduced to encourage foreign direct investment.
- Foreign Earnings Deduction to be introduced for temporary assignments to BRICS region/countries.
- Employer Rebate from the Redundancy Payments Scheme reduced from 60% to 15%.

### VALUE ADDED TAX

- Standard rate of VAT will be increased from 21% to 23% from 1 January 2012.

### CAPITAL TAXES

- Capital Acquisitions Tax and Capital Gains Tax increased by 5% to 30% for transactions after midnight 6 December 2011.
- Group A tax-free threshold for gifts/ inheritances reduced to €250,000, effective for gifts/ inheritances taken after midnight 6 December 2011.
- Relief from capital gains tax to be introduced for properties bought between 7 December 2011 and the end of 2013, where the property is held for more than seven years.
- Upper limits on retirement relief from capital gains tax to be reduced for business and farming assets disposed of by an individual aged over 66 years (subject to transitional arrangements).

### OTHER MEASURES

- Old Age State Pension and Jobseeker's Benefit to remain unaffected.
- Household charge of €100 to be introduced in 2012.
- Drugs Payment Scheme threshold increased from €120 to €132 per month in 2012.
- Entitlements to higher rates of Child Benefit for the third and subsequent child to be phased out.
- Payment entitlement for Jobseeker's Benefit to be based on a 5 day week where a person is working for part of a week.
- 3% reduction in rate of student maintenance grant from 2012.
- Higher Education student contribution is increased from €2,000 to €2,250.
- Motor tax rates increased from 1 January 2012.
- Requirement that the domicile levy can only apply to Irish citizens to be removed.
- Current tax exemption for first 36 days of illness pay to be removed.

**If you would like further information, please contact our Tax Department on 01 6790800/ 021 4272900.**

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For more information, please contact us at: [marketing@crowleysdfk.ie](mailto:marketing@crowleysdfk.ie)

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