



# Budget 2019 Highlights

## € Personal Tax

- The ceiling of the second **Universal Social Charge** rate band is increased to €19,874 and the third USC rate is reduced from 4.75% to 4.5%.

Incomes of €13,000 or less are exempt from the USC. Otherwise, rates are as follows:

Income €	Rate
0- 12,012	0.5%
12,013 - 19,874	2%
19,875 - 70,044	4.5%
70,045 +	8%

- Self-employed income in excess of €100,000 at 11%.
- Medical card holders and individuals aged 70 years and over whose aggregate income does not exceed €60,000 pay a maximum rate of USC of 2%.
- Marginal tax rates on incomes up to €70,044 reduced from 48.75% to 48.5%.
- **Income tax bands** – the threshold which an individual will pay tax at the 40% rate of income tax will rise from its current level of €34,550 by €750 to €35,300.
- The **Home Carer Credit** will increase from €1,200 to €1,500.
- The **Earned Income Credit** will increase from €1,150 to €1,350.
- **Interest relief** – Rented Residential Property. 100% of qualifying interest payments on monies borrowed to purchase, improve or repair residential property will be deductible from January 2019.

## VAT

- Standard rate of VAT will remain at 23%.
- The reduced 9% rate of VAT for the tourism and hospitality sector, introduced in 2011, will increase to 13.5% from January 2019.
- The 9% rate of VAT for newspapers and sports facilities remains unchanged.
- The VAT rate on electronic publications will be reduced to 9%.

## Corporation Tax

- Confirmation of the 12.5% rate of tax.
- The start-up exemption from corporation tax for certain start-up companies will be extended until the end of 2021.
- New Controlled Foreign Company (CFC) rules will be introduced, in line with the Anti-Tax Avoidance Directive (ATAD), which will apply for accounting periods beginning on or after 1 January 2019.
- A new accelerated capital allowances scheme for gas-propelled commercial vehicles and refuelling equipment is being introduced.
- Film Corporation Tax Credit will be extended beyond the current end date of 2020, until December 2024.

## Agri Measures

- The exemption for young trained farmers from stamp duty on agricultural land transactions will be extended for a further 3 years.
- The income averaging regime allows a farmer's taxable profit to be averaged out over a 5 year period. The regime will be extended to farms with off-farm trading income.

## Capital Gains Tax and Capital Acquisitions Tax

- Capital Acquisitions Tax and Capital Gains Tax remain at 33%.
- The threshold for inheritance tax that applies to children inheriting from their parents will increase by €10,000 to €320,000.

## Other Measures

- The **excise duty** on a packet of 20 cigarettes is being increased by 50 cents. The Minimum Excise Duty on tobacco is being increased such that all cigarettes sold below €11 will have the same excise applied as cigarettes sold at €11.
- Excise duty on diesel and petrol remains unchanged.
- Excise duty on alcohol remains unchanged.
- There will be a 1% increase in the Vehicle Registration Tax for newly registered **diesel vehicles** across all VRT bands.

## Other Measures Continued

- VRT relief for **hybrid vehicles** will be extended until the end of 2019.
- **Betting duty** on the commission earned by betting intermediaries or exchanges will increase from 15% to 25%.
- State Pension will rise by €5 per week with effect from March 2019.
- All other weekly **social welfare** payments to increase by €5 per week, including the carer's allowance, disability allowance and jobseeker's benefit and allowance in line with the state pension. The 100% Christmas bonus will be fully restored in 2018.
- The Back-To-School clothing and footwear allowance will increase by €25.
- Prescription charges for the over 70s are to be reduced from €2 to €1.50 per item.
- There will be a reduction in the threshold for the Drugs Payment Scheme from €134 to €124.
- A new paid **parental leave** scheme will be introduced in November 2019 to provide two extra weeks leave to every parent of a child in their first year.
- There will be an extension of **PRSI benefits** for the self-employed in late 2019 to include jobseeker's benefit.
- A Future Growth Loan Scheme for SMEs and the agriculture and food sector is being launched.

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