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# Budget | 2019

TAX FACTS & FIGURES





## BUDGET SUMMARY 2019

### INCOME TAX

The following are details of the Budget Statement of 9 October 2018, as made by the Minister for Finance.

#### Tax Credits

Tax Credit	2018 €	2019 €
Single Person	1,650	1,650
Married or in a Civil Partnership	3,300	3,300
PAYE Credit	1,650	1,650
Earned Income Tax Credit Max	1,150	<b>1,350</b>
Widowed Person or Surviving Civil Partner (without dependent children)	2,190	2,190
Single Person Child Carer Tax Credit	1,650	1,650
Incapacitated Child Credit Max	3,300	3,300
<b>Blind Tax Credit:</b>		
Single Person	1,650	1,650
Married or in a Civil Partnership - One Spouse or Civil Partner Blind	1,650	1,650
Married or in a Civil Partnership - Both Spouses or Civil Partners Blind	3,300	3,300
<b>Widowed Parent</b>		
Bereaved in 2018	3,600	3,600
• 2017	3,150	3,150
• 2016	2,700	2,700
• 2015	2,250	2,250
• 2014	1,800	1,800
• 2013	-	-
<b>Age Tax Credit:</b>		
Single or Widowed or Surviving Civil Partner	245	245
Married or in a Civil Partnership	490	490
Dependent Relative	70	70
Home Carer	1,200	<b>1,500</b>

#### Key Employee Engagement Programme (KEEP)

The KEEP was introduced for employees of unquoted Small and Medium Enterprises with effect from 1 January 2018. The value of share options which can be granted to qualifying individuals under the terms of the KEEP scheme has been amended. Options of up to €300,000 can be awarded over the lifetime of the scheme (rather than €250,000 over a three-year period).

An employee may now also receive an equal value of KEEP options to salary (subject to the overall limits). Previously the value of options that could be granted was capped at 50% of salary. The maximum value of options that can be granted in a year remains at €100,000.

### Tax Rates and Tax Bands

The tax rates and bands remain unchanged.

Circumstances	2018 €	2019 €
Single or Widowed or Surviving Civil Partner, without dependent children	34,550 @ 20% Balance @ 40%	<b>35,300</b> @ 20% Balance @ 40%
Single or Widowed or Surviving Civil Partner, qualifying for Single Person Child Carer Tax Credit	38,550 @ 20% Balance @ 40%	<b>39,300</b> @ 20% Balance @ 40%
Married or in a Civil Partnership, one Spouse or Civil Partner with Income	43,550 @ 20% Balance @ 40%	<b>44,300</b> @ 20% Balance @ 40%
Married or in a Civil Partnership, both Spouses or Civil Partners with Income	43,550 @ 20% with increase of 25,550 max. Balance @ 40%	<b>44,300</b> @ 20% with increase of <b>26,300</b> max. Balance @ 40%

### Exemption Limits

The exemption limits for persons aged 65 years and over remain unchanged:

Personal Circumstances	2018 €	2019 €
Single or Widowed or a Surviving Civil Partner, 65 years of age & over	18,000	18,000
Married or in a Civil Partnership, 65 years of age & over	36,000	36,000

The above exemption limits are increased by €575 for each of the first two dependent children and by €830 for the third and subsequent children.

Marginal Relief may apply, subject to an income limit of twice the relevant exemption limit.

### The revised USC rates and thresholds are as follows:

The Standard Rates of USC			
USC Thresholds			
2018		2019	
	Rate		Rate
Income up to €12,012.00	0.5%	Income up to €12,012.00	0.5%
Income from €12,012.01 to €19,372.00	2%	Income from €12,012.01 to <b>€19,874.00</b>	2%
Income from €19,372.01 to €70,044.00	4.75%	Income from <b>€19,874.01</b> to €70,044.00	<b>4.50%</b>
Income above €70,044.00	8%	Income above €70,044.00	8%



### The Reduced Rates of USC

USC Thresholds			
Individuals aged 70 years or over whose aggregate income for the year is €60,000 or less.			
Individuals (aged under 70) who hold a full medical card whose aggregate income for the year is €60,000 or less.			
2018	Rate	2019	Rate
Income up to €12,012.00	0.5%	Income up to €12,012.00	0.5%
Income above €12,012.00	2%	Income above €12,012.00	2%

Note 1. 'Aggregate' income for USC purposes does not include payments from the Dept of Social Protection.

Note 2. A 'GP only' card is not considered a full medical card for USC purposes.

### The Exempt Categories – remain unchanged

2018	2019
Where an individual's income for a year does not exceed €13,000	Where an individual's income for a year does not exceed €13,000
All Dept. of Social Protection payments	All Dept. of Social Protection payments
Income already subjected to DIRT	Income already subjected to DIRT

### 3% Surcharge (non-PAYE income)

The surcharge of 3% on individuals who have non-PAYE income that exceeds €100,000 in a year remains unchanged.

### Mortgage Interest Relief

#### Mortgage interest deductibility for landlords

From 1 January 2019 landlords of residential property will be able to deduct 100% of their mortgage interest against their rental income. Without this change, the permitted deduction would have been 90% of mortgage interest in 2019 and 95% of mortgage interest in 2020.

### CT and CAPITAL GAINS TAX (CGT)

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

As part of Ireland's commitment to implementing the ATAD, the Finance Bill will provide for a new ATAD compliant exit tax regime and Controlled Foreign Company (CFC) Rules.

#### Exit Tax The ATAD

compliant exit tax regime will tax unrealised capital gains where companies migrate or transfer assets offshore such that they leave the scope of Irish tax. The rate of the exit tax charge, which comes into effect on 10 October 2018, will be 12.5%.

#### CFC Rules

The CFC rules are an anti-abuse measure, designed to prevent the diversion of profits to offshore entities (the CFCs) in low or no tax jurisdictions. The rules are required by the ATAD and will take effect for accounting periods of controlling companies beginning on or after 1 January 2019.

### CORPORATION TAX (CT)

There are no change to the 12½ % Corporation Tax rate.

#### Film Relief

The scheme provides relief in the form of CT credit related to the cost of production of certain films. The credit was due to expire at the end of 2020 and will now be extended until 2024.

A new, short-term, regional uplift commencing at 5% is being introduced for productions being made in areas designated under State aid regional guidelines. This is subject to State aid approval and will be tapered over four years.

#### Capital allowances for employer-provided fitness and childcare facilities

Accelerated capital allowances are being made available for capital expenditure incurred on equipment and buildings used for the purposes of providing fitness and childcare facilities to employees.

The scheme is available to all employers in the State who provide such services and facilities to employees for their exclusive use. This provision will apply from 1 January 2019.

#### Capital allowances for gas-propelled vehicles and refuelling equipment

Accelerated capital allowances are being made available for capital expenditure incurred by persons who use gas-propelled vehicles and refuelling equipment for the purposes of their trade.

#### Three Year Relief for Start-up Companies

This measure provides relief from CT on trading income (and certain capital gains) for new start-up companies in the first three years of trading. This relief was due to expire at the end of 2018 and is being extended to companies commencing a qualifying trade during the next three years.

### CAPITAL ACQUISITIONS TAX (CAT)

#### Tax-free thresholds

The CAT Group A tax-free threshold is increased.

	Threshold	2018 Level	2019 Level
<b>A</b>	applies where the beneficiary is a child (including adopted child, step-child and certain foster children) or is a minor child of a deceased child of the disposer. Parents also fall within this threshold where they take an inheritance of an absolute interest from a child.	€310,000	<b>€320,000</b>
<b>B</b>	applies where the beneficiary is a brother, sister, a nephew, a niece or lineal ancestor or lineal descendant of the disposer.	€32,500	€32,500
<b>C</b>	applies in all other cases.	€16,250	€16,250

The new Group A tax-free threshold applies to gifts and inheritances taken on or after 10 October 2018.



## VALUE ADDED TAX (VAT)

### Tourism activities

The VAT rate on tourism activities (services and goods) will be increased from 9% to 13.5% from 1 January 2019.

### Newspapers and sports facilities

The VAT rate on newspapers and sports facilities will remain at 9%.

### Electronically supplied publications

The VAT rate on e-books and electronically supplied newspapers is being reduced from 23% to 9% from 1 January 2019.

## AGRI-TAXATION

### Income Averaging

The income averaging regime for farmers is being extended to include farmers who, or whose spouses or civil partners, carry on another trade or profession, or are directors of a company carrying on a trade or profession.

### Farmer Stock Relief

Stock relief for farmers is being extended for a further three years to 31 December 2021.

This includes the:

- 25% general stock relief;
- 50% stock relief for members of Registered Farm Partnerships, and
- 100% stock relief for certain Young Trained Farmers.

## VEHICLE REGISTRATION TAX (VRT)

### Diesel Surcharge

A 1% VRT surcharge applies to diesel engine passenger vehicles registered from 1 January 2019.

### Relief for hybrid and plug-in hybrid vehicles

This relief is being extended for another year to 31 December 2019.

## BENEFIT IN KIND (BIK)

### Exemptions - Electric Cars and Vans

The exemption from benefit in kind for employer provided electric cars or vans is extended to 31 December 2021. A cap of €50,000 on the original market value (OMV) of the car or van that is exempt from BIK is applied from 1 January 2019. Any amount of the OMV over €50,000 is taxable in the normal manner.

This exemption is limited to cars or vans which derive their motive power solely from electricity (that is no exemption is available in respect of hybrid cars or vans).

## STAMP DUTY

The stamp duty exemption on transfers of land to young trained farmers is to be extended for a further three years. This will apply to conveyances or transfers executed on or before 31 December 2021.

## EXICES

### Tobacco Products Tax (TPT)

TPT rates are increased with effect from 10 October 2018. The increase amounts to 50 cent, inclusive of VAT, on a packet of 20 cigarettes in the most popular price category, with pro rata increases on other tobacco products.

An additional 25 cent inclusive of VAT is being added to the price of 30g packets of Roll Your Own (RYO) tobacco.

The Minimum Excise Duty for cigarettes is being raised to €376.82 per 1,000 cigarettes. This means that all packs of 20 cigarettes sold at, or below, €11.00 will be subject to €7.54 in Excise Duty.

### Betting Duty

Betting Duty on bookmakers, both traditional and remote will increase from 1% to 2% on the amount wagered by customers in the State from 1 January 2019.

### Betting Intermediary Duty

Betting Intermediary Duty on the commission earned by betting intermediaries from bets placed by customers in the State will increase from 15% to 25% from 1 January 2019.

### Sugar Sweetened Drinks Tax (SSDT)

There are no changes to SSDT rates.

### Alcohol Products Tax (APT)

There are no changes to the APT rates.

### Energy

There are no changes to the following rates:

- Mineral Oil Tax (MOT);
- Natural Gas Carbon Tax (NGCT);
- Solid Fuel Carbon Tax (SFCT), and
- Electricity Tax.

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Don't hesitate to contact me or a member of our team if you would like to discuss any of the issues raised.



*Johnny*

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*This budget document is intended to provide a general guide to the subject matter and is necessarily prepared in a condensed form. In view of its purpose the reader will appreciate that we are unable to accept liability for any errors or omissions which may arise. Advice should be sought before acting on the information contained in it.*