



Budget 2022 Headlines



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Income Tax

Income tax standard rate band to be increased by €1,500 for all taxpayers.

Personal Tax Credit to be increased from €1,650 to €1,700.

Employee Tax Credit to be increased from €1,650 to €1,700.

Earned Income Credit to be increased from €1,650 to €1,700.

2% USC rate band to be increased from €20,687 to €21,295.

Weekly threshold for higher rate of employer's PRSI to be increased from €398 to €410.

Employment Wage Subsidy Scheme (EWSS) to continue until 30 April 2022 but with a gradual reduction in the level of support available from December 2021 onwards. The scheme will also be closed to new applicants from 1 January 2022.

New remote working tax relief amounting to 30% of the cost of vouched expenses for heat, electricity, and broadband to be available for such costs incurred while working from home.

General stock relief for farmers to be extended to the end of 2024.

Enhanced stock relief and stamp duty relief for young trained farmers to be extended to the end of 2022.

Changes to be made to the tax arrangements which apply to international air crews to exclude non-resident flight crew from the charge to Irish income tax in certain circumstances.

Business Taxation

Commitment to introduce a 15% minimum effective rate of tax for businesses with consolidated group turnover above €750m in line with the OECD BEPS 2.0 plan, alongside a reaffirmation of commitment to the 12.5% tax rate for businesses with a consolidated group turnover below €750m.

Interest limitation rules (limiting tax deductible net borrowing costs to 30% of EBITDA) and anti-reverse hybrid rules to be introduced from 1 January 2022 as the final steps in the transposition of the EU Anti-Tax Avoidance Directive into Irish domestic law.

Corporation tax relief for certain start-up companies to be extended for a period of five years until 31 December 2026. The relief will also be amended such that companies may avail of the relief within their first five years of trading, an increase from the current three-year window.

Extension of the accelerated capital allowances scheme for gas vehicles and refuelling equipment to the end of 2024 and expansion of the relief to investment in hydrogen powered vehicles and refuelling equipment.

Changes to the accelerated capital allowances scheme for energy efficient equipment to exclude from the relief investment in equipment directly operated by fossil fuels.

Extension of the Employment Investment Incentive (EII) scheme for a further three years along with certain enhancements to the scheme to make it more attractive to investors.

Refundable corporation tax credit to be introduced at a rate of 32% for eligible expenditure incurred (capped at €25m per project) on the design, production and testing of a digital game subject to EU State Aid approval being granted.

The Bank Levy which was due to expire in 2021 to be extended to 2022. It will not apply to Ulster Bank Ireland DAC or KBC Bank Ireland plc in 2022 given their intention to exit the market in 2022.

Property

A new Zoned Land Tax to replace the existing Vacant Site Levy to be introduced on certain land which is zoned suitable for residential development or for a mix of uses including residential development. There will be a two-year lead-in time for land zoned before January 2022, and a three-year lead in time for land zoned after January 2022 with no minimum size exclusion. The tax rate will be 3% of the market value of the land.

The enhanced Help to Buy scheme to be extended to 31 December 2022.

The deduction available for landlords for qualifying pre-letting expenses from rental income (subject to certain conditions and capped at €5,000 per premises) to be extended for a further three years to the end of 2024.

Indirect Tax

9% VAT rate applying to certain activities in the hospitality and tourism sector to continue to 31 August 2022.

Rate of carbon tax to be increased by €7.50 per tonne/CO₂ from midnight in respect of auto fuels and from 1 May 2022 in respect of other fuels, in line with the series of annual increases provided for in Finance Act 2020.

Revised VRT table to apply from 1 January 2022 which will see an uplift in VRT rates to the current 20 band table. There will be a 1% increase for vehicles in bands 9-12, a 2% increase for vehicles in bands 13-15 and a 4% increase for vehicles in bands 16-20.

€5,000 VRT relief available on the purchase of Battery Electric Vehicles to be extended to the end of 2023.

Excise duty on a packet of 20 cigarettes to be increased by 50 cent (including VAT) with a pro-rata increase on other tobacco products.

The flat-rate addition for farmers (which compensates non-VAT registered farmers for irrecoverable VAT on their input costs) to decrease from 5.6% to 5.5% from January 2022.