

Budget 2023 Headlines



27 SEPTEMBER 2022

Table of Contents

INCOME TAX.....	2
BUSINESS TAXATION.....	2
PROPERTY	3
INDIRECT TAX	3

Income Tax

Income tax standard rate band to be increased by €3,200 to €40,000 with proportionate increases for married couples and civil partners.

Further analysis to be undertaken in relation to the introduction of a third (or intermediate) rate of income tax.

Personal Tax Credit to be increased from €1,700 to €1,775.

Employee Tax Credit to be increased from €1,700 to €1,775.

Earned Income Credit to be increased from €1,700 to €1,775.

Home Carer Credit to be increased by €100 to €1,700.

Rent Tax Credit in respect of rent paid on a principal private residence to be introduced valued at €500 per year and to be available from 2022 tax year onwards.

2% USC rate band to be increased from €21,295 to €22,920.

Small Benefit Exemption tax-free limit to be increased to €1,000 with effect from the 2022 tax year with provision for this to be granted by means of two separate vouchers.

Extension of the Special Assignee Relief Programme (SARP) to 2025 but with qualifying income level increased to €100,000 (currently €75,000).

Foreign Earnings Deduction (FED) relief extended until the end of 2025.

Various farming related tax reliefs to be extended subject to agreement with the EU including: (i) enhanced stock relief, (ii) stamp duty relief for young-trained farmers, (iii) farm consolidation stamp duty relief, (iv) registered farm partnership stock relief and (v) farm restructuring CGT relief.

Accelerated capital allowances to be available on the construction of modern slurry storage facilities.

Business Taxation

Work ongoing to develop the elements needed to give effect to 15% minimum effective tax rate in tandem with consideration of options for a territorial system of corporation tax.

Review of the REIT, IREF and Section 110 regimes to be commenced in addition to the establishment of a working group to consider the taxation of funds, life assurance policies and other investment products.

Introduction of a Temporary Business Energy Support Scheme to help certain Case I trading businesses with energy costs with eligibility being based on a 50% increase in the average unit price for the relevant period in 2022 compared with 2021. The support will equate to 40% of the amount of the increase in the bill subject to a monthly cap of €10,000 and an overall cap not yet known.

Extension of the Knowledge Development Box regime for a further four years.

Extension of the Film Corporation Tax credit beyond the current end date of 2024 to December 2028.

Extension of the Key Employee Engagement Programme (KEEP) to the end of 2025 with further changes to be introduced following European Commission approval.

Changes to be made to the payment provisions for the Research and Development (R&D) tax credit to align it with new international definitions of refundable tax credits.

The Bank Levy which was due to expire in 2022 to be extended to 2023.

Property

The enhanced Help to Buy Scheme to be extended to 31 December 2024 with recommendations from an independent report on the operation of the scheme to be considered in future budgets.

The residential development stamp duty refund scheme to be extended to 31 December 2025.

A levy of 10% on concrete blocks, pouring concrete and certain other concrete products to apply from 3 April 2023.

The deduction available to landlords of residential property for qualifying pre-letting expenses to be increased from €5,000 to €10,000 per premises with the minimum period of vacancy of the premises before such deductions are permitted to be reduced from 12 months to 6 months.

A new vacant homes tax to apply (subject to certain exemptions) to residential properties which have been occupied for less than 30 days in a 12 month period to be calculated at three times the base local property tax liability applicable to the property.

The Living City Initiative to be extended for a further 5 years to 31 December 2027 with relief available to owner-occupiers to be accelerated so that it may be claimed over 7 years instead of 10 years as is the case currently.

Indirect Tax

9% VAT rate applying to certain activities in the hospitality and tourism sector to continue to 28 February 2023.

Temporary reductions in excise duties currently applying to petrol, diesel and marked gas oil in addition to the temporary reduced VAT rate of 9% currently applying to supplies of gas and electricity to continue to 28 February 2023.

Increased carbon tax of approximately 2 cent (including VAT) per litre on auto fuels to apply from 12 October 2022 but expectation that the increase will be offset by an equal reduction in the National Oils Reserve Agency levy.

Excise fee payable in respect of Special Exemption Orders (licences required to operate a late-night venue) to be reduced by 50%.

VAT on the supply of newspapers (including digital editions), defibrillators, nicotine and hormone replacement therapies and certain period products to be reduced to 0%.

Excise duty payable by independent small producers of cider and pear cider to be reduced by 50%.

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 5.5% to 5% from January 2023.

The production threshold for microbreweries to qualify for a reduction in Alcohol Products Tax to be increased from the current ceiling of 50,000 hectolitres to 75,000 hectolitres per annum.