

# Finance Act 2023



**15 MAY 2023**

## Table of Contents

TEMPORARY BUSINESS ENERGY SUPPORT SCHEME .....	2
AGRI-BUSINESS MEASURES .....	3
EXTENSION OF REDUCED VAT AND EXCISE DUTY RATES .....	5

## Temporary Business Energy Support Scheme

Finance Act 2023 makes a number of amendments to the Temporary Business Energy Support Scheme (TBESS). The Scheme will now run to 31 May 2023. The Minister for Finance has the authority to further extend the Scheme until 31 July 2023.

One of the conditions to be met in order to qualify for the TBESS is that the business can demonstrate that the average unit price for electricity or natural gas on the relevant bill has increased when compared to the average unit price in the reference period. When the Scheme was first established, the business was required to demonstrate the relevant bill has increased by 50% or more when compared to the average unit price in the reference period. This qualification threshold has been reduced to 30% under Finance Act 2023. The reduced threshold applies retrospectively from 1 September 2022.

Under the initial Scheme rules, a qualifying business is entitled to make a claim for payment of 40% of the increased cost in the energy or natural gas bill, whichever is applicable. Finance Act 2023 provides that, as and from 1 March 2023, a qualifying business is entitled to make a claim for payment of 50% of the increased cost.

Finance Act 2023 provides a new time limit for making claims under the Scheme which will be two months from the end of the specified period of 31 May 2023.

As these changes are subject to State aid approval, Finance Act 2023 provides that the amendments will come into operation on foot of a commencement order made by the Minister for Finance.

In addition, other amendments have been made to the TBESS as a result of Statutory Instruments 73 and 74 of 2023 which were signed by the Minister for Finance on 23 February 2023. From 1 March 2023, the monthly limit on the payment amount which can be claimed is increased to €15,000 per qualifying business and, for businesses that are carried on from more than one location, the monthly overall cap is increased to €45,000. These limits remain at €10,000 and €30,000, respectively, for claim periods running from 1 September 2022 to 28 February 2023.

## Agri-business measures

During the course of his 2023 Budget speech, the Minister for Finance announced his intention to extend a number of important agricultural reliefs which were set to expire at the end of last year. Temporary extensions of 6 months were included in Finance Act 2022 as revised EU state aid regulations regarding agricultural reliefs had not been agreed at the time. These new EU regulations came into effect on 1 January 2023 and the agricultural reliefs referred to in the Minister's speech have now been extended as originally intended.

These measures include:

### Stamp duty relief for young trained farmers

Stamp duty relief for the conveyance of farmland to eligible young (i.e. under the age of 35) trained farmers has been extended to 31 December 2025. In the absence of this relief, such conveyances would generally be charged to stamp duty at a rate of 7.5%.

Historically a young farmer could still avail of this relief if they attained the necessary qualification 4 years after acquiring the farmland. This has now been reduced to 3 years to comply with the EU state aid rules for instruments executed on or after the date of the passing of the act.

On a separate note, Revenue recently updated their guidance on this relief to note that an individual who avails of this relief can farm the land through a company, providing the individual is the main shareholder and working director of the company and farms the land on behalf of the company. This is a welcome clarification, as last month Revenue issued guidance noting that an individual could not claim the relief if the land was farmed through a company.

### Farm consolidation stamp duty relief

Farm consolidation relief applies a 1% stamp duty charge (instead of the normal rate of 7.5%) on the net consideration where farm holdings are consolidated by way of linked sales and purchases of land and where the acquisition and disposal take place within a 24-month period. The relief has been extended to 31 December 2025.

### CGT relief for farm restructurings

Capital gains tax relief for farm restructuring allows farmers to claim tax relief on gains arising from the sale of farmland when the proceeds from the sale are reinvested in acquiring new farmland within 24 months. Full CGT relief is available where the purchase price of the new land exceeds the sales price of the old land, and partial relief is available where the sales proceeds exceed the purchase price. The relief has been extended to 31 December 2025.

### **Enhanced stock relief**

Under existing legislation, young trained farmers and registered farm partnerships are eligible for enhanced relief at rates of 100% and 50% respectively for increases in the value of stock. These enhanced reliefs have been extended to 31 December 2024.

### **Accelerated capital allowances for the construction of slurry storage facilities**

In an effort to assist the agri-business sector in further adopting environmentally positive farming practices, the minister introduced an accelerated capital allowance scheme for the construction of new slurry storage facilities. The scheme allows farmers to write off the capital cost incurred constructing these facilities over two years rather than the usual seven years. The new scheme commenced on 1 January 2023 and now includes any qualifying expenditure incurred on the construction of slurry storage facilities between 1 January 2023 and 31 December 2025 (previously this was also 30 June 2023). The maximum value that can be claimed under this scheme is €500,000.

## Extension of reduced VAT and Excise Duty rates

Finance Act 2023 provides that the temporary reduced VAT rate of 9% for supplies of gas and electricity will be extended until 31 October 2023. The VAT rate for these supplies is now due to revert to 13.5% on 1 November 2023. This temporary rate came into effect on 1 May 2022.

The act also extends the temporary reduced VAT rate of 9% for certain goods and services in the tourism and hospitality sectors until 31 August 2023. The goods and services covered by the temporary 9% rate include supplies of certain food and beverages in the restaurant, take-away and catering sectors; admissions to certain attractions including cinemas, museums and exhibitions; hotel, guesthouse and other holiday or short-term accommodation; and hairdressing services. The VAT rate applicable to these supplies is now due to revert to 13.5% on 1 September 2023.

The act provides for a legislative basis for the application of the zero-rate of VAT to the supply of Covid-19 testing kits. The zero-rate of VAT for such supplies had previously applied on a temporary basis up to 31 December 2022, but Revenue [e/brief 15/23](#) of 20 January 2023 confirmed the continuation of the VAT zero-rate on an ongoing basis.

The act confirms that the excise duty rate reductions of 21 cent per litre for petrol, 16 cent per litre for diesel, and 5.4 cent per litre for Marked Gas Oil (MGO) will continue to apply until 1 June 2023 from which date a phased restoration of the rates will begin.