

Budget 2024 Headlines



10 OCTOBER 2023

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Income Tax

Income tax standard rate band to be increased by €2,000 to €42,000 with proportionate increases for single person child carers, married couples and civil partners.

The Personal Tax Credit, Employee Tax Credit and Earned Income Credit will all be increased from €1,775 to €1,875.

Increases in various tax credits including the Home Carer Tax Credit (increased from €1,700 to €1,800), Single Person Child Carer Tax Credit (increased from €1,650 to €1,750) and Incapacitated Child Tax Credit (increased from €3,300 to €3,500).

Rent Tax Credit increased from €500 to €750 per year. The credit will also be extended to parents paying rent on behalf of student children in certain tenancies backdated to the 2022 tax year and retained for current and future years.

Various amendments to the USC including an increase in the 2% USC rate band from €22,920 to €25,760, reduction in the 4.5% USC rate band to 4% and reduced USC rates for medical card holders extended until the end of 2025.

Various farming related tax reliefs to be extended and/or increased including: (i) enhanced stock relief for farm partnerships, (ii) stamp duty relief on transfer of farms from parents to children, (iii) accelerated capital allowances for farm safety equipment and (iv) increase in combined lifetime threshold across a number of measures including stock relief for young trained farmers, relief for succession farm partnerships and young trained farmers stamp duty relief.

Mortgage interest relief of up to €1,250 introduced for the 2023 tax year in respect of increased interest paid on a primary dwelling mortgage relative to 2022 interest paid.

Existing rates of BIK on company cars retained and proposed tapering of preferential BIK relief deferred.

0.1% increase in all rates of PRSI from October 2024.

Business Taxation

Enhancements to the Research and Development (R&D) regime including an increase in the credit available from 25% to 30% in respect of claims which will be filed in 2025 and increase in the first-year payment threshold from €25,000 to €50,000.

Legislation will be published in the Finance Bill next week to implement the 15% minimum effective tax rate to in-scope taxpayers as provided for under the OECD Pillar 2 agreement.

Work is ongoing to develop a territoriality / participation exemption for foreign sourced dividends with the intention that this will be legislated for in Finance Bill 2024 after due consideration of recent consultation processes.

A revised bank levy will be introduced with the intention of raising €200m in 2024.

Maximum qualifying expenditure for Film Relief under Section 481 will be increased from €70m to €125m, subject to State aid approval.

Establishment of two specific funds - the Future Ireland Fund, which will be designed to support future social and public expenditure, and an Infrastructure, Climate and Nature Fund to support sustained levels of investments in infrastructure to support climate and nature related projects. The Future Ireland Fund will initially be funded with windfall corporate tax receipts, whilst both will receive seed funding further to the dissolution of the National Reserve Fund.

Intention to establish a dedicated group focused on simplifying and modernising the administration of business supports.

Engagement with stakeholders over the next year in relation to complexities regarding the current interest deductibility regime. In addition, there will be consideration of the current taxation framework applicable to the funds sector (including life assurance exit tax), following the recent consultation process.

Property

The Help to Buy Scheme which had been due to come to an end on 31 December 2024, has been extended to the end of 2025. The scheme will also be amended to ensure that applicants of the Local Authority Purchase Scheme will also be able to avail of the Help to Buy Scheme.

A new temporary tax relief is being introduced for landlords in relation to residential rental income. Subject to conditions being satisfied, rental income will be disregarded for income tax purposes at the standard rate (20%) as follows: €3,000 for tax year 2024, €4,000 for tax year 2025 and €5,000 for 2026 and 2027.

The rate of the Vacant Homes Tax is being increased from three times the property's existing base rate of Local Property Tax to five times the base rate, with effect from the next chargeable period commencing this November.

The liability date for Residential Zoned Land Tax (RZLT) is being extended by one year to allow further time for engagement from those affected and consideration from local authorities of what land should be placed on the RZLT maps.

Capital Gains Tax

A new targeted CGT relief for angel investors in innovative, start up SMEs has been announced. The relief will provide for a lower CGT rate of 16% (or 18% where held through a partnership) for disposals of qualifying investments for gains up to a value of two times the initial investment. There is a minimum investment period of at least 3 years and lifetime relief limit of €3 million.

The upper age limit for claiming Retirement Relief will be extended from 65 to 70 from 1 January 2025. Reduced relief which was previously available on disposals from 66 onwards will apply from

above this increased age threshold. From 1 January 2025, a limit of €10m on the relief available on transfer to a child is to be introduced.

A cost-benefit analysis of Revised Entrepreneur Relief has been carried out and it is intended that opportunities to refocus the relief will be examined in order to improve the incentives offered for founders and entrepreneurs.

The EII scheme is being enhanced by standardising the minimum holding period for all investments to four years and doubling the amount on which an investor may claim relief on from €250,000 to €500,000. Future simplifications and enhancements to the scheme are also being considered, with a review of the scheme in early 2024 being announced.

Indirect Tax

Temporary 9% VAT rate currently applicable to supplies of gas and electricity extended for an additional 12 months.

Increase in VAT registration thresholds to €40k and €80k in relation to the respective supplies of services and goods from 1 January 2024.

0% VAT rate to apply to the supply and installation of solar panels in schools, in addition to the supply of audio books and eBooks from 1 January 2024.

Funds available under the existing Charity VAT Compensation Scheme to be increased from €5m to €10m.

Revenue Commissioners to launch a Public Consultation on how digital advances can be used to modernise Ireland's VAT Invoicing and Reporting System.

VRT relief for battery electric vehicles is being extended to the end of 2025.

Excise duty on a packet of 20 cigarettes to be increased by 75 cents (including VAT) with a pro-rata increase on other tobacco products from midnight on 10 October. Announcement to introduce a tax on e-cigarettes and vaping products in next year's Budget.

Fuel excise increases which were due to come into effect on 31 October 2023 to be deferred until 2024. The rate per tonne of carbon dioxide emitted for petrol and diesel will go up from €48.50 to €56.00 from 11 October as per the trajectory set out in the Finance Act 2020.