



BUDGET 2020 HEADLINES

08 OCTOBER 2019

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Income Tax

No changes to personal tax rates or bands.

€150 increase in Earned Income Credit for the Self Employed to €1,500.

€100 increase in the home carer credit to €1,600.

0% BIK on electric cars extended to 2022.

The Special Assignee Relief Programme ("SARP") and Foreign Earnings Deduction ("FED") extended to 2022.

The Employment and Investment Incentive ("EII") is extended and improved. There is an increase in the annual limit on investments to €250,000 (€500,000 for those who commit to investment for 10 years or more). Furthermore, from 8 October 2019, the full 40% income tax relief will be available in the year of investment rather than the previous arrangement whereby 30% was available at the time of investment and a further 10% was potentially made available after 4 years.

The dividend withholding tax ("DWT") rate is to be increased from 20% to 25% in 2020. This is not a tax increase as such, but essentially an acceleration of the payment of tax on dividends. There will be a further change in 2021 to integrate DWT with the PAYE regime.

Business Taxation

Strong reaffirmation of long-term commitment to 12.5% corporation tax rate.

Improvements to the KEEP scheme rules to make it more functional for SMEs. The scheme provides for tax relief for certain share remuneration provided to key employees by unquoted SMEs. It is stated that the improved rules can apply to existing options.

Improvements to R&D tax credit regime aimed at smaller businesses. Increase in value of R&D tax credit from 25% to 30% for small and micro businesses. Small and micro businesses will also be allowed claim for pre-trading expenditure. There is also an increase in the limit for spending outsourced to Third Level Institutes from 5% to 15% for all claimants.

Confirmation of introduction of anti-hybrid tax anti-avoidance rules and changes to transfer pricing rules with effect from 1 January 2020.

Introduction of a 1% stamp duty charge targeted at certain company acquisitions.

Increase in the rate of the "Bank Levy" from 59% of DIRT in base year 2015 to 170% of DIRT for base year 2017 in order to retain the yield at €150m.

Property

Stamp duty on commercial property increased by 1.5% to 7.5% with effect from 9 October 2019. Some transitional measures for transactions in progress.

Introduction of anti-avoidance provisions to apply to REITs and IREFs.

Help to buy scheme extended to end 2021.

Indirect Tax

An increase from €20 per tonne to €26 per tonne in the rate of Carbon Tax which applies to auto fuels will take effect from midnight tonight and a similar increase will apply to other fuels from May 2020.

The 1% diesel surcharge introduced last year is being replaced with a nitrogen oxide (NOx) emissions-based charge, which will apply to passenger vehicles registering for the first time in the State from 1 January 2020.

VRT relief for hybrid vehicles will be extended until the end of 2020 (and will be subject to CO2 emission levels).

The Minister intends to increase the level of rebates payable to hauliers under the Diesel Rebate Scheme, details of which will be included in the Finance Bill.

A relief (capped at €50,000 per annum) from the amount of betting duty payable by independent bookmakers and betting exchanges/intermediaries will be introduced.

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

Capital Acquisitions Tax

Tax Free threshold for gifts and inheritances within Category A (generally parents to their children) is increasing from €320,000 to €335,000. Applies to gifts and inheritances from 9 October 2019.