

## 2019 Budget Summary

### Housing, Agri & Rural, Business, Personal Tax & Miscellaneous

#### Housing

€1.25bn allocated for the delivery of 10,000 new social homes through a combination of construction, acquisition and leasing.

An extra €121m for the Housing Assistance Payment (HAP) to provide an additional 16,760 new tenancies next year.

€60m extra in capital funding, much of which will fund additional emergency accommodation and for additional family hubs.

€30m is being provided for homelessness services.

€100m for Serviced Sites Fund to support local authorities in bringing forward lands for subsidised, more affordable housing. This fund will be increased to €310m over three years. The planned funding is increasing from €20m to €89m, facilitating the delivery of around 6,000 affordable homes over the lifetime of the fund.

#### **Interest relief**

The increase in the amount of interest paid in respect of loans used to purchase, improve or repair a residential property that may be deducted by landlords will be accelerated to 100% from 1 January 2019.

There were no changes to the rates of Stamp Duty.

#### Agri and Rural

##### **Brexit**

€60m for Brexit related supports will be provided to improve resilience in the farm sector.

An additional €53m to fund the first round of projects under the new Rural Regeneration and Development Fund.

##### **Stamp Duty**

**Extension of Young Trained Farmers Stamp Duty Relief** (section 81AA SDCA 1999) for a further three years to 31/12/2021

##### **Income Averaging (removal of restrictions relating to farmers with off-farm income)**

Income averaging allows eligible farmers to calculate their taxable income as the average of their income in the current year and the previous four years, on a rolling basis, thus smoothing their tax liability over a 5-year cycle.

##### **Stock relief (extended for 3yrs until end 2021)**

Stock relief is a long-standing farming tax relief that encourages investment in improving stock quality and thus output. There are three separate measures:

- the 25% General Stock Relief on Income Tax;
- the 50% Stock Relief on Income Tax for Registered Farm Partnerships; and

- the 100% Stock Relief on Income Tax for Certain Young Trained Farmers (YTF).

Additional climate related measures include €103.5m for improvements in grant and premium rates for planting forests.

Introduction of the Beef Environmental Efficiency Pilot (BEEP) to further improve the carbon efficiency of beef production.

€70m for the Targeted Agriculture Modernisation Scheme (TAMS).

Additional funding of €70m for the Environment and Waste Management Programme

## **Business**

### **Brexit**

Over €110m for Brexit measures across a number of Departments, including funding for essential customs requirements and a range of other targeted measures.

### **Capital Acquisitions Tax**

#### **Increase Group A threshold to €320,000**

The current Group A tax free threshold which applies primarily to gifts and inheritances from parents to their children is being increased from €310,000 to €320,000. This increase applies in respect of gifts or inheritances received on or after the 10th of October. The cost of this change is estimated to be -€6.9 million in 2019 (as payments for CAT relate to inheritances from 1 September to 31 August each year). The full year cost, from 2020 onwards, is estimated to be €8.1 million.

#### **Three Year Start Up Relief (Section 486C)**

Three Year Start Up Relief provides corporation tax relief for profit-making start-up companies which create and maintain jobs. The relief is being extended a further three years, until the end of 2021.

#### **Key Employee Engagement Programme (KEEP)**

A share-based remuneration incentive to facilitate the use of share-based remuneration by unquoted SME companies to attract key employees. Gains arising to employees on the exercise of KEEP share options will be liable to Capital Gains Tax on disposal of the shares, in place of the current liability to income tax, USC and PRSI on exercise. This incentive is available for qualifying share options granted between 1 January 2018 and 31 December 2023.

#### **Accelerated Capital Allowances for Gas-Propelled Vehicles and Refuelling Equipment**

This is a measure to encourage investment in gas-propelled vehicles and refuelling equipment. The use of natural gas and biogas as a substitute for diesel is seen as a more environmentally friendly fuel for large vehicles such as HGVs and busses. This measure provides for the acceleration of existing allowances and therefore is cost-neutral over the lifespan of the assets.

### **Corporation Tax**

12.5% rate remains unchanged.

## **Personal Tax**

### **Income Tax**

An increase of €750 in the income tax standard rate band for all earners, from €34,550 to €35,300 for single individuals and from €43,550 to €44,300 for married one earner couples.

An increase in the Home Carer Tax Credit from €1,200 to €1,500.

An increase in the Earned Income Credit from €1,150 to €1,350.

### **USC**

The following changes to USC will apply from 1 January 2019

☑ €502 increase to €19,372 band ceiling

☑ 4.75% rate reduced to 4.5%

The increase in the 2% rate band ceiling will ensure that a full-time adult worker who benefits from the increase in the hourly minimum wage rate from €9.55 to €9.80 will remain outside the top rates of USC.

The reduction in the third rate of USC will ensure that the marginal tax rate on incomes up to €70,044 is reduced from 48.75% to 48.5%.

### **USC Rates & Bands from 1 January 2019:**

Incomes of €13,000 are exempt. Otherwise:

- €0 – €12,012 @ 0.5%
- €12,012 – €19,874 @ 2%
- €19,874 – €70,044 @ 4.5%
- €70,044+ @ 8%
- Self-employed income over €100,000: 3% surcharge

### **Employer's PRSI**

From 1 January 2019 the weekly income threshold for the higher rate of employer's PRSI will increase from €376 to €386.

### **Increase in employer contribution to National Training Fund levy**

From 1 January 2019 there will be a 0.1% increase (from 0.8% to 0.9%) in the National Training Fund levy payable by employers in respect of reckonable earnings of employees in Class A and Class H employments.

From 1 January hourly minimum wage to increase to €9.80, the second USC rate band will be increased from €19,372 to €19,874.

## **Miscellaneous**

### **Vehicle Registration Tax**

#### **Diesel Surcharge**

A 1% VRT surcharge is being brought in for diesel engine passenger vehicles registering in the State from 1 January 2019.

#### **Extension of VRT relief for hybrid and plug-in hybrid vehicles**

The VRT relief available for conventional hybrids and plug-in electric hybrids is being extended for a period of one year, until end 2019.

### **Extension of 0% BIK rate for electric vehicles**

The 0% Benefit-in-kind rate for electric vehicles is being extended for a period of 3 years, with a cap of €50,000 on the Original Market Value of the vehicle.

### **VAT**

#### **VAT rate on tourism activities to increase to 13.5%, with the exception of newspapers and sporting facilities**

Services and goods currently applying at 9% will increase to 13.5% from 1 January 2019. With economic analysis indicating that there is a decline in competitiveness in the sector, it has been decided to increase these activities to the 13.5% rate.

Newspapers and sports facilities, however, will be retained at the 9% VAT rate.

### **Excise Duties**

The excise duty on a packet of 20 cigarettes is being increased by 50 cents (including VAT) with a pro-rata increase on the other tobacco products and there will be an additional 25c on roll your own tobacco. Both measures took effect from midnight on 9 October 2018.

### **Health**

50 cent reduction in prescription charges from €2.00 to €1.50 for all medical card holders over the age of 70.

National Treatment Purchase Fund (NTPF) to get an extra €20m.

### **Social Welfare**

In addition to a €5 per week increase in all weekly social welfare payments from next March, the Christmas bonus payment will be fully restored to all social welfare recipients this year.

A new paid parental leave scheme will be introduced in November 2019 to provide two extra weeks' leave to every parent of a child in their first year.

The Qualified Child Payment of €2.20 per week in respect of under 12s and €5.20 per week in respect of over 12s, as well as a €25 increase in Back to School Clothing and Footwear Allowance rates.