Institute of Professional Auctioneers & Valuers

# Budget 2023 Highlights

## Housing

·A record €6.2 billion in Exchequer funding to the Department of Housing, Local Government and Heritage of which the majority, €3.5 billion, will be capital investment.

·€1.7 billion will be allocated to the Department of Housing in 2023 to deliver the social housing new build target of 9,100 homes.

·A €99 million increase in funding for existing schemes, including the Social Housing Current Expenditure Programme which will support nearly 6,500 additional new social housing units, through Approved Housing Bodies (AHB) new build delivery and leases.

·In total in 2023 there will be €215 million, an increase of €40 million, allocated to three key affordable schemes; the Local Authority affordable purchase scheme, the AHB Cost rental scheme and the national First Home Shared Equity scheme. These schemes will support the delivery of over 5,000 affordable homes next year.

·€215 million to be provided for homelessness services. This is a €21 million increase in the homelessness provision and will provide assistance to those who are most vulnerable in society.

## Help to Buy (HTB)

The HTB scheme is being extended in its current form for a further two years until 31 December 2024.

## Living City Initiative (LCI)

The Living City Initiative is being extended for a further five year period to 31 December 2027. In addition, the relief available to owner-occupiers is being accelerated so that it may be claimed over seven years in place of the existing ten years. It is also proposed to allow carry-forward of any excess relief by owner-occupiers where it cannot be absorbed in year, up to a maximum of ten years.

## Pre-letting Expenses for Landlords

This measure is being amended to increase the eligible expenditure cap from €5,000 to €10,000 per property with effect from 1 January 2023 is being halved from twelve to six months.

## Rent Tax Credit

A new tax credit of €500 per annum for renters in the private rented sector is being introduced for those who are not in receipt of any other State housing support. Only one credit may be claimed per person per year, however it is proposed that the value of the credit will be doubled in the case of married couples and civil partners. It is proposed that the credit may be claimed "in year" in the years 2023 to 2025 and that, in addition, it may be claimed for 2022 from early in 2023. Approximately 400,000 persons are expected to benefit.

## Vacant Homes Tax (VHT)

A new Vacant Homes Tax (VHT) will be introduced in 2023. The VHT will be self-assessed and administered by the Revenue Commissioners. The measure aims to increase the supply of homes for rent or purchase to meet demand, rather than raise revenue. The tax will apply to residential properties which are unoccupied for twelve months or more. A property will be considered vacant for the purposes of the tax if it is occupied for less than 30 days in a 12-month period. The tax will be charged at a rate equal to three times the property's existing base Local Property Tax liability. There will be a number of exemptions to ensure property owners are not unfairly charged for temporary vacancy arising from genuine reasons. This will include properties recently sold or currently listed for sale or rent; properties vacant due to the occupier's illness or long-term care; and properties vacant as a result of significant refurbishment work. This measure seeks to achieve an appropriate balance between incentivising owners of vacant homes to bring their properties back into use and not penalising home-owners for normal, temporary vacancy, with the primary objective of the tax being to change behaviour rather than raise revenue.

## Extension of Residential Development Stamp Duty Refund Scheme

The date at which projects wishing to avail of this scheme must commence construction is being extended from 31 December 2022 to 31 December 2025. In place since 2017, this is a refund scheme whereby a portion of the stamp duty paid on the acquisition of non-residential land is refunded where that land is subsequently developed for residential purposes (such just to certain conditions). The net minimum stamp duty payable after a refund is 2% (the normal rate for non-residential property is 7.5%). The scheme was previously extended by two years in Budget 2021.

## New Defective Concrete Products Levy

Following from a Government decision November 2021 that a levy intended to contribute towards meeting the substantial cost of the Mica Redress Scheme should be imposed on the construction sector, targeted to raise €80 million per annum over the scheme's lifetime, a new levy applying at the rate of 10% at the point of first supply in the State, will be applied to certain concrete products which fall within one of 18 harmonised EU Standards, which have been identified as meeting certain criteria. It will also apply to ready to pour (also known as readymix) concrete.

## Income Tax

An increase of €3,200 in the income tax standard rate cut-off point for all earners, from €36,800 to €40,000 for single individuals and from €45,800 to €49,000 for married couples / civil partners with one earner. In addition, the main tax credits (Personal, Employee and Earned Income Credit) are being increased by €75.

## USC

USC An increase of €1,625 to the 2% rate band ceiling from €21,295 to €22,920.

## Excise Duty

The current excise reduction of 21 cent per litre in respect of petrol, 16 cent per litre in respect of diesel and 5.4 cent per litre in respect of Marked Gas Oil (MGO), and the 9 per cent VAT rate for electricity and gas will continue until 28 February 2023.

## Temporary Business Energy Support Scheme

A Temporary Business Energy Support Scheme to assist businesses with their energy cost over the winter months is being introduced. The scheme will be open to businesses that carry on a Case 1 trade, are tax compliant and have experienced a significant increase in their natural gas and electricity costs. The scheme will be administered by the Revenue Commissioners and will operate on a self-assessment basis. Businesses will be required to register for the scheme and to make claims within the required time limits.

It is proposed that the scheme will operate by comparing the average unit price for the relevant bill period in 2022 with the average unit price in the corresponding reference period in 2021. If the increase in average unit price is more than 50 per cent then the threshold would be passed and the business would be eligible for support under the scheme. Once eligibility criteria are met the support will be calculated on the basis of 40 per cent of the amount of the increase in the bill amount.

A monthly cap of €10,000 per trade will apply and an overall cap will apply on the total amount which a business can claim.

## Small Benefit Exemption

The Small Benefit Exemption allows an employer to provide limited non-cash benefits or rewards to their workers without the payment of income tax, PRSI and USC. The annual limit provided for in the exemption is being increased from €500 to €1,000 and will also permit two vouchers to be granted by an employer in a single year under this exemption.

These changes will apply in the current tax year, so that additional benefits can be paid this year if an employer wishes to do so.

## Agriculture

## Stock Reliefs

Two special stock relief measures, for registered farm partnerships and for young trained farmers are being extended until end-2024. The extension is contingent on the update of the Agricultural Block Exemption Regulation (ABER). Extension of the Young Trained Farmer (stamp duty) Relief. This relief, which applies a full exemption from stamp duty to young trained farmers when they acquire (by gift or purchase) farmland, and associated buildings, including farmhouses, and which is due to expire at the end of this year, is planned to be extended so that it expires on 31 December 2025. This is subject to finalisation of issues relating to the Agricultural Block Exemption Regulation at EU level.

## Extension of the Farm Consolidation (Stamp Duty) Relief

This relief, which provides that a 1% rate of stamp duty (as opposed to the general rate on non-residential property of 7.5%) can apply to instruments giving effect to acquisitions and disposals of agricultural land where the land transactions involved qualify for a 'Farm Restructuring Certificate' from Teagasc, is due to expire at the end of this year, is planned to be extended so that it expires on 31 December 2025. This is subject to finalisation of issues relating to the Agricultural Block Exemption Regulation at EU level.

## Farm restructuring (Capital Gains Tax) relief

It is intended the CGT Farm restructuring relief, which provides relief from CGT for land transactions qualifying for a 'Farm Restructuring Certificate' from Teagasc, and is currently due to expire at end 2022, will be extended to end December 2025. This is subject to finalisation of issues relating to the Agricultural Block Exemption Regulation at EU level.

## Flat-rate compensation percentage for Farmers reduced 5.5% to 5.0%

The flat-rate scheme compensates unregistered farmers on an overall basis for VAT incurred on their farming inputs. Based on macro-economic data received from the CSO and the Revenue Commissioners for the period 2020-2022 this must be decreased from the current 5.5% to 5.0% in accordance with criteria set down in the EU VAT Directive. This change will be introduced from 1 January 2023.

## Slurry Storage Facilities.

IAccelerated capital allowances for the construction of slurry storage facilities so that 50% of expenditure is claimed over two years.

## Climate and Environmental Measures

### Carbon Tax

The Carbon Tax rate will increase from the current rate of €41 to €48.50 per tonne of $CO_2$. This will apply to auto fuels with effect from 12 October 2022 and all other fuels from 1 May 2023. This measure is estimated to raise an additional €114 million in 2023 and €151 million in 2024. In line with the Programme for Government commitment to ensure the measure is progressive, this additional revenue will be ringfenced for expenditure on the Just Transition, fuel poverty prevention and funding to encourage greener and more sustainable farming. The impact of the carbon tax increase on auto-fuels will be offset with a reduction in the National Oil Reserves Agency (NORA) levy from 2 cent per litre to 0 cent per litre which will be provided for by the Minister for the Environment, Climate and Communications.