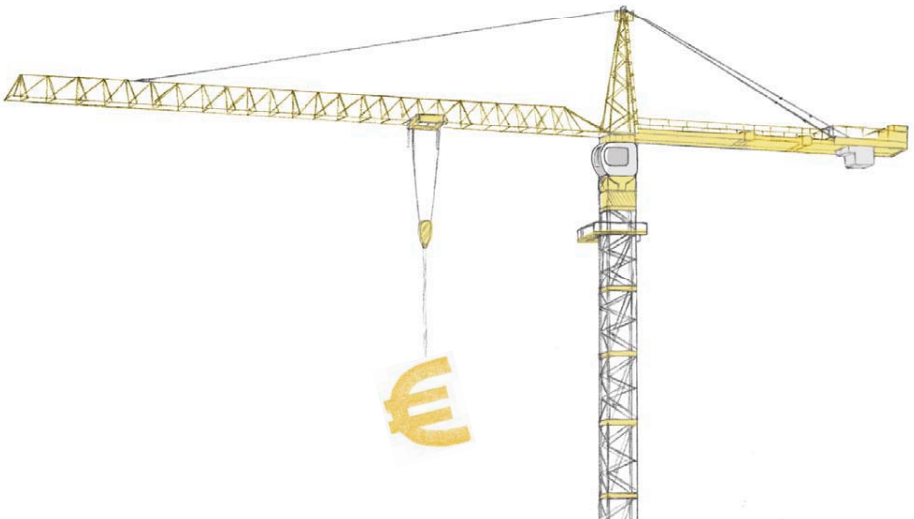


Budget 2009: a heavy load to bear?

Budget summary



INCOME TAX 2009

	€ Existing	€ Change	€ New
PERSONAL TAX CREDITS			
Single persons	1,830	-	1,830
Married persons	3,660	-	3,660
Additional one-parent family	1,830	-	1,830
PAYE	1,830	-	1,830
Age Credit - Single	325	-	325
Age Credit - Married	650	-	650
Home Carer	900	-	900
Rent relief:			
Under age 55 single persons	400	-	400
Under age 55 married persons	800	-	800
Over age 55 single persons	800	-	800
Over age 55 married persons	1,600	-	1,600
Incapacitated child	3,660	-	3,660
Blind persons:			
Single	1,830	-	1,830
Married (both blind)	3,660	-	3,660
Widowed additional credit	600	-	600
Widowed parent:			
1st year after year of bereavement	4,000	-	4,000
2nd year after year of bereavement	3,500	-	3,500
3rd year after year of bereavement	3,000	-	3,000
4th year after year of bereavement	2,500	-	2,500
5th year after year of bereavement	2,000	-	2,000
EXEMPTION LIMITS - 65 YEARS AND OVER			
Single/widowed	20,000	-	20,000
Married	40,000	-	40,000
STANDARD RATE BANDS			
Single/widowed persons	35,400	1,000	36,400
Married couples, one income	44,400	1,000	45,400
Married couples, two incomes	70,800	2,000	72,800
One parent/widowed parent	39,400	1,000	40,400
TAX RATES			
Standard rate	20%	-	20%
Top rate	41%	-	41%
INCOME LEVY			
Income up to €100,100 (up to €1,925 pw)	0%	1%	1%
Excess over €100,100 (over €1,925 pw)	0%	2%	2%
PRSI			
Employee ceiling	50,700	1,300	52,000
Weekly Threshold	352	-	352
HEALTH LEVY			
Threshold (annual)	26,000	-	26,000
Income up to €100,100 (up to €1,925 pw)	2.0%	-	2.0%
Excess over €100,100 (over €1,925 pw)	2.5%	-	2.5%

PERSONAL TAX

INCOME LEVY

A new income levy is being introduced at the rate of 1% on gross income up to €100,100 per annum (€1,925 per week). A rate of 2% will apply to income in excess of that amount. This will be based on gross income, before deductions for capital allowances or pension contributions. Social welfare payments including social welfare pensions are exempt from the levy.

CHANGES TO INCOME TAX

The single and married standard rate bands have increased by €1,000/€2,000 with a maximum transferability between spouses of €45,400 for 2009. There is no change in the standard or marginal rate of income tax for 2009.

PENSIONS - CONTRIBUTION LIMIT

The annual earnings limit for determining maximum tax-relievable contributions for pension purposes is being set at €150,000 for 2009 as compared with the 2008 limit of €275,239.

DEPOSIT INTEREST RETENTION TAX

The rates of DIRT tax that applies to deposit interest, together with the rates of tax that apply to life assurance policies and investment funds, are being increased by 3% to 23% and 26% respectively. The increased rates will apply to payments, including deemed payments, made on or after 1 January 2009.

HEALTH EXPENSES RELIEF

From 1 January 2009, tax relief for health expenses will be granted at standard rate (20%) with the exception of nursing home expenses which will be granted relief at standard rate from 1 January 2010.

MORTGAGE INTEREST RELIEF

The current rate of mortgage interest relief is being increased from 1 January 2009 for first-time buyers from 20% to 25% in year 1 and year 2 and to 22.5% in years 3, 4 and 5. The additional relief will be available to new first-time buyers and first-time buyers who have bought a house in the last 4 years. The rate of mortgage interest relief for non-first-time buyers is being reduced from 20% to 15% from 1 January 2009.

BENEFIT-IN-KIND (BIK)

CARS

The Finance Bill will contain provisions to change the basis of the BIK charge on company cars to relate it to the cars' level of CO₂ emissions.

INCREASE IN THE SPECIFIED RATES FOR PREFERENTIAL HOME LOANS AND OTHER LOANS

An employee in receipt of a preferential loan is charged income tax on the difference between the interest actually paid and the amount which would have been payable at the "specified" rates of interest for the loans. The specified rate in respect of loans (other than home loans) is being increased from 13% to 15% from 1 January 2009.

LEVY ON CAR PARKING FACILITIES

A levy of €200 per annum will be charged on employees provided with car parking facilities by employers in the main urban centres.

CYCLE TO WORK SCHEME

The provision of bicycles and associated safety equipment by employers to employees who agree to use the bicycles to cycle to work will be treated as a tax exempt benefit-in-kind from 1 January 2009. Such expenditure is limited to €1,000 every five years for each employee and will qualify for salary sacrifice arrangements.

EMPLOYEE PRSI ANNUAL CEILING

The PRSI contribution ceiling will increase from €50,700 to €52,000 with effect from 1 January 2009.

CHARGE ON NON-PRINCIPAL PRIVATE RESIDENCES

A new charge at €200 per dwelling on all non-principal private residences will be levied by local authorities, for the provision of local services. This charge will come into effect in 2009. It will be payable by the owners of private rented accommodation, holiday homes and other non-principal private residences but will not be applied to new dwellings as yet unsold.

AIR TRAVEL TAX

An air travel tax applying to all departures from Irish airports will come into force on Monday 30 March 2009. The general rate applying will be €10 per passenger with a lower rate of €2 for shorter air journeys (those under 300 kms). The air travel tax will not apply to passengers under two years, disabled passengers and assisting persons, aircraft with less than 20 passenger seats, transit passengers, members of the crew, air services to and from Irish offshore islands and aircraft departing airports that in the previous calendar year had less than 10,000 departing passengers.

TAX RELIEF FOR THE DONATION OF HERITAGE ITEMS

The tax relief in respect of the donation of heritage items is being limited to 80% of the market value of the item donated. The ceiling on the aggregate value of donations qualifying in any one year will remain at €6 million.

BUSINESS TAXATION

CORPORATION TAX RATE

The 12.5% corporation tax rate will remain unchanged. The Minister emphasised that this rate will continue as a central part of Ireland's "economic brand".

TAX CREDIT SCHEME FOR RESEARCH AND DEVELOPMENT EXPENDITURE

The tax credit on qualifying incremental Research and Development expenditure will increase from 20% to 25%. The Minister has also indicated that he will consider making further enhancements in the Finance Bill. This will apply to accounting periods commencing on or after 1 January 2009.

INTELLECTUAL PROPERTY (IP)

While no reliefs were introduced in respect of IP expenditure, the Minister indicated that he may revisit this area in the future.

PAYMENT OF PRELIMINARY CORPORATION TAX

For accounting periods commencing on or after 14 October 2008 the current single preliminary tax payment for companies' with a corporation tax liability of more than €200,000 in their previous accounting period will be split into two instalments.

The first instalment will be payable in the sixth month of the accounting period (not later than 21st of the relevant month) and the amount payable will be 50% of the corporation tax liability in the preceding period or 45% of the corporation tax liability for the current accounting period.

The second instalment will be payable one month before the end of the accounting period and the amount payable will bring the total preliminary tax paid to 90% of the corporation tax liability for the current year.

TAX EXEMPTION FOR START-UP COMPANIES

Subject to obtaining EU approval, new start up companies which commence trading in 2009 will be exempt from tax, including capital gains tax, in each of the first three years to the extent that their liability in each year does not exceed €40,000.

CAPITAL ALLOWANCES FOR CERTAIN ENERGY EFFICIENT EQUIPMENT

Subject to obtaining EU approval four new categories have been introduced to be included in the 100% year one capital allowance scheme for certain energy efficient equipment.

NEW MOTOR TAX RATES AND FEES FOR TRADE LICENCE PLATES

Motor tax rates and fees for trade licence plates are to be increased from 1 January 2009. The proposed increases are 4% for cars below 2.5 litres and CO₂ bands A to D, and 5 % for cars above the 2.5 litre threshold and CO₂ bands E, F and G. Goods and all other vehicles will also increase by 4% with no increase for electric vehicles. Trade plate licences will also increase by 4%.

CAPITAL GAINS TAX

CHANGE IN RATE OF TAX

The rate of capital gains tax has been increased from 20% to 22% in respect of contracts signed after 14 October 2008. The Minister said that he will continue to review the rate of capital gains tax on an ongoing basis.

CHANGE IN PAYMENT DATES

The payment date has been changed to mid-December, in respect of disposals made in the period from 1 January to 30 November. The tax on disposals in December will be due on the following 31 October. The change in payment dates will commence in 2009. This measure will accelerate the payment of tax on gains made in the period from 1 October to 30 November, which would otherwise not have been due until the following January.

VALUE ADDED TAX (VAT)

RATE INCREASE

The standard rate of VAT is being increased to 21.5% with effect from 1 December 2008. There will be no change for goods and services liable at the 0% and 13.5% rates.

FARMERS

The farmers flat rate addition is being maintained at 5.2% for 2009.

FARMING TAXATION

FARMERS STOCK RELIEF / FARM POLLUTION CONTROL RELIEF

The existing scheme of general farming stock relief and the special 100% stock relief for Young Trained Farmers is being extended for a further 2 years to 31 December 2010.

The Budget also extended the 31 December 2008 deadline for relief on capital allowances for expenditure on certain pollution control measures to 31 December 2010.

EXTENSION OF STAMP DUTY RELIEF FOR YOUNG TRAINED FARMERS

Stamp duty relief is available for farmers aged under 35 acquiring land, who have specific agricultural training. The relief was due to terminate on 31 December 2008 but has now been extended for 4 years.

EXTENSION OF STAMP DUTY RELIEF FOR FARM CONSOLIDATION

Stamp duty relief on the consolidation of a farmer's holding has been extended from 30 June 2009 to 30 June 2011.

EXCISE DUTY

RATE INCREASES

Excise Duty on a packet of 20 cigarettes will increase by 50 cent from midnight on 14 October 2008 with pro rata increases in other tobacco products. Excise on a standard bottle of wine will increase by 50 cent with pro rata increases on other wine products. Petrol will increase by 8 cent a litre with no change for diesel. It is proposed to decrease the excise on low alcohol beer and cider. Betting duty is being increased from 1% to 2% from 1 January 2009.

EXCISE LICENCES

A range of alcohol-related licensing fees including off licences but excluding pub licences are being increased to €500. These rates will apply from the appropriate renewal dates in 2009.

STAMP DUTY

STAMP DUTY ON NON-RESIDENTIAL PROPERTY

The top rate of stamp duty on non-residential property has been reduced from 9% to 6% for instruments executed on or after 15 October 2008. There has been no change in the rates below 6%. The rates of stamp duty on non-residential property are now as follows:

AGGREGATE CONSIDERATION	RATE OF DUTY
Up to €10,000	Exempt
€10,001 to €20,000	1%
€20,001 to €30,000	2%
€30,001 to €40,000	3%
€40,001 to €70,000	4%
€70,001 to €80,000	5%
Over €80,000	6%

FINANCIAL CARDS

Stamp duty on ATM and Debit cards has been reduced for the year ending 31 December 2008 from €5 to €2.50 and the rate of duty on combined ATM/Debit cards has been reduced from €10 to €5. This duty is collected by financial institutions from bank customers in the following year i.e. 2009.

STAMP DUTY ON BILLS OF EXCHANGE

The Stamp Duty rate on cheques has been increased from 30 cent to 50 cent in respect of cheques supplied by financial institutions to customers on or after 15 October 2008.

This leaflet is only a summary of the Budget Speech and is not intended to be a comprehensive guide.

Produced & Issued 14/10/08