

# Budget 2018

## Main changes impacting your payroll from 1 January 2018

### Universal Social Charge (USC)

Entry level for USC remains unchanged at €13,000.

The revised rates and bands of USC will be as follows for incomes in excess of €13,000:

- €0 to €12,012 @ 0.5% (no change);
- €12,013 to €19,372 (increased from €18,722) @ 2% (reduced from 2.5%);
- €19,373 to €70,044 @ 4.75% (reduced from 5%); and
- €70,045 and above @ 8% (no change).

Self-employed income in excess of €100,000 will continue to be subject to additional USC at 3%.

Medical card holders and individuals aged 70 years and over, whose aggregate income does not exceed €60,000, will now pay a maximum rate of 2% USC, reduced from 2.5%.

### Income tax

The earned income credit has been increased from €950 to €1,150. This credit is available to taxpayers earning self-employed trading or professional income under Case I, II and III of Schedule D and to business owner/managers who are ineligible for a PAYE credit on their salary income.

The home carer tax credit has been increased from €1,100 to €1,200. The home carer's income threshold remains unchanged at €7,200.

### Minimum wage

Minimum wage increased from €9.25 to €9.55 per hour.

### Benefit in Kind (BIK) on electric vehicles

A zero percent BIK rate is being introduced for electric vehicles for a period of one year. Electricity used in the workplace for charging vehicles will also be exempt from BIK.

### Key Employee Engagement Programme (KEEP)

A share-based remuneration incentive is being introduced 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 CGT on disposal of the shares, in place of the current liability to income tax, USC and PRSI on exercise. This incentive will be available for qualifying share options granted between 1 January 2018 and 31 December 2023.

### Contact

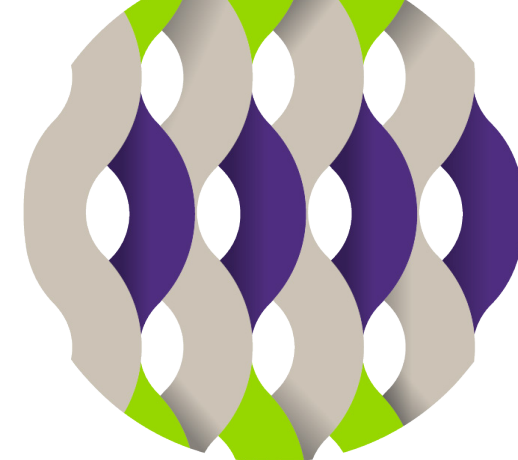
If you have any queries in relation to the effect of Budget 2018 on your payroll please contact your usual Grant Thornton advisor.



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# Rates and credits 2018

Tax rates	2017	2018
Standard tax rate	20%	20%
Higher tax rate	40%	40%

Standard rate band	2017	2018
Single/widowed	€33,800	€34,550
Married couple one income	€42,800	€43,550
Married couple two incomes	€67,600	€69,100
One parent family	€37,800	€38,550

Home care	2017	2018
Home carer credit	€1,100	€1,200
Home carer income threshold	€7,200	€7,200

Earned income	2017	2018
Earned income credit	€950	€1,150

Universal Social Charge (USC)			
2017		2018	
First €12,012	0.5%	First €12,012	0.5%
Next €6,760	2.5%	Next €7,360	2%
Next €51,727	5%	Next €50,672	4.75%
Balance over €70,044	8%	Balance over €70,044	8%
Relevant income > €100,000	3%	Relevant income > €100,000	3%

## National Training Levy

The National Training Levy of 0.7% which is currently collected as part of the employer PRSI contribution will increase to 0.8% in 2018. This will result in a combined rate of employer PRSI and Training Levy as follows under PRSI Class A, based on the current rates of employer PRSI.

	2017	2018
Reduced rate	8.5%	8.6%
Higher rate	10.75%	10.85%



Single  
€18,000

Single Part time No children	2017 Pre-Budget	2018 Post Budget	Difference	% difference
PAYE	€300	€300	€0	0%
USC	€210	€180	-€30	-14%
PRSI	€0	€0	€0	0%
<b>Total taxes</b>	<b>€510</b>	<b>€480</b>	<b>-€30</b>	<b>-6%</b>



Single  
€30,000

Single No children	2017 Pre-Budget	2018 Post Budget	Difference	% difference
PAYE	€2,700	€2,700	€0	0%
USC	€790	€712	-€78	-10%
PRSI	€1,200	€1,200	€0	0%
<b>Total taxes</b>	<b>€4,690</b>	<b>€4,612</b>	<b>-€78</b>	<b>-2%</b>



Family  
€45,000

Married (one wage) Two children	2017 Pre-Budget	2018 Post Budget	Difference	% difference
PAYE	€3,390	€3,140	-€250	-7%
USC	€1,540	€1,425	-€116	-8%
PRSI	€1,800	€1,800	€0	0%
<b>Total taxes</b>	<b>€6,730</b>	<b>€6,365</b>	<b>-€366</b>	<b>-5%</b>



Single  
€70,000

Single No children	2017 Pre-Budget	2018 Post Budget	Difference	% difference
PAYE	€17,940	€17,790	-€150	-1%
USC	€2,790	€2,612	-€178	-6%
PRSI	€2,800	€2,800	€0	0%
<b>Total taxes</b>	<b>€23,530</b>	<b>€23,202</b>	<b>-€328</b>	<b>-1%</b>



Single  
€115,000

Single No children	2017 Pre-Budget	2018 Post Budget	Difference	% difference
PAYE	€35,940	€35,790	-€150	0%
USC	€6,389	€6,211	-€178	-3%
PRSI	€4,600	€4,600	€0	0%
<b>Total taxes</b>	<b>€46,929</b>	<b>€46,601</b>	<b>-€328</b>	<b>-1%</b>

All the above figures are rounded to the nearest euro.