

Budget 2016 - main changes impacting your payroll from 1 January 2016

Universal Social Charge (USC): entry level for USC increased from €12,012 to €13,000.

Otherwise, the revised rates of USC will be as follows for incomes in excess of €13,000:

- €0 to €12,012 @ 1% (*reduced from 1.5%*)
- €12,013 to €18,668 @ 3% (*reduced from 3.5%*)
- €18,669 to €70,044 @ 5.5% (*reduced from 7%*)
- €70,045 to €100,000 @ 8% (*no change*).

PAYE income in excess of €100,000 @ 8% (*no change*).

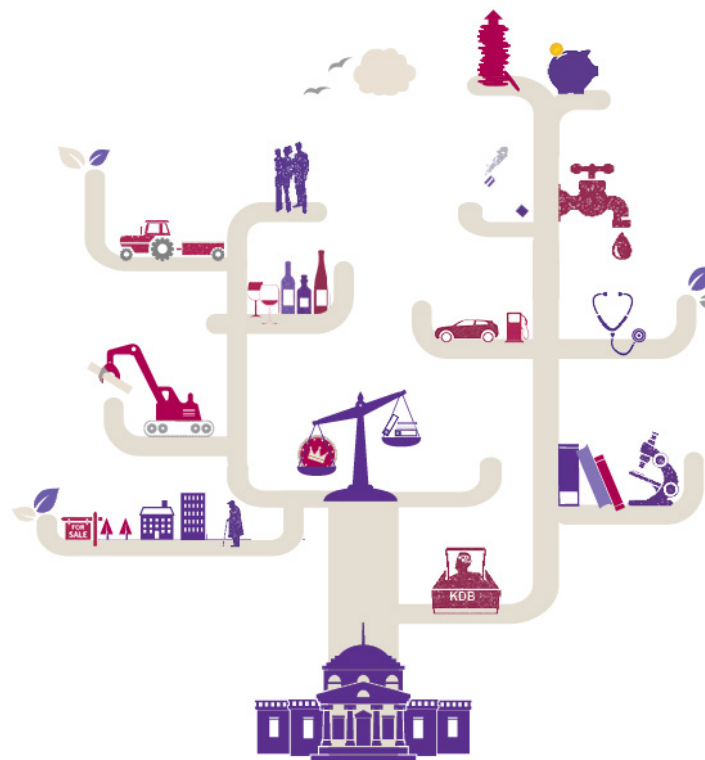
Self-employed income in excess of €100,000 @ 11% (*no change*).

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 3% USC, reduced from 3.5%.

Income tax:

Introduction of an earned income credit of €550 to be available to taxpayers earning self-employed trading or professional income under Cases I, II and III of Schedule D and to business owner/managers who are ineligible for a PAYE credit on their salary income.

An increase in the home carer tax credit from €810 to €1,000, and increase in the home carer's income threshold from €5,080 to €7,200.



#GTtax

Employee's PRSI: Introduction of a PRSI relief of a maximum of €12 per week. Relief commences at income of €352.01 per week, and tapers out at a rate of one-sixth of income in excess of this threshold. Relief fully tapers out as income reaches €424 per week.

Employer's PRSI: Increase from €356.01 to €376.01 in the weekly threshold at which liability to employer's PRSI increases from 8.5% to 10.75% on all earnings.

Minimum wage: Minimum wage increased from €8.65 to €9.15 per hour.

Pension fund levy: The remaining pension fund levy of 0.15% introduced in 2014 and 2015 will end this year and will not apply in 2016

Contact

If you have any queries in relation to the effect of the 2016 budget on your payroll please contact your usual Grant Thornton advisor.



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Rates and credits 2016

| Tax rates | 2015 | 2016 | |
|--------------------------------------|---------|---------------------------------------|------|
| Standard tax rate | 20% | 20% | |
| Higher tax rate | 40% | 40% | |
| Standard rate band | | | |
| Single/widowed | €33,800 | €33,800 | |
| Married couple one income | €42,800 | €42,800 | |
| Married couple two incomes | €67,600 | €67,600 | |
| One parent family | €37,800 | €37,800 | |
| Home care | | | |
| Home carer credit | €810 | €1,000 | |
| Home carer income threshold | €5,080 | €7,200 | |
| Earned income credit | | | |
| | € NIL | €550 | |
| Universal Social Charge (USC) | | | |
| 2015 | | 2016 | |
| First €12,012 | 1.5% | First €12,012 | 1% |
| Next €5,564 | 3.5% | Next €6,656 | 3% |
| Next €52,468 | 7% | Next €51,376 | 5.5% |
| Balance over €70,044 | 8% | Balance over €70,044 | 8% |
| Relevant income > €100,000 | 11% | Relevant income > €100,000 | 11% |
| Pensions | | | |
| Levy 2014 - 2015 | 0.15% | abolished with effect from 31.12.2015 | |



Single €30,000



Family €45,000



Single €70,000



Single €115,000

| Single No Children | 2015 Pre-Budget | 2016 Post Budget | Difference | % Gain |
|--------------------|-----------------|------------------|--------------|--------------|
| PAYE | €2,700 | €2,700 | €0 | 0.00% |
| USC | €1,245 | €943 | -€302 | 24.23% |
| PRSI | €1,200 | €1,200 | €0 | 0.00% |
| Total Taxes | €5,145 | €4,843 | -€302 | 5.86% |

| Married (one wage) Two children | 2015 Pre-Budget | 2016 Post Budget | Difference | % Gain |
|---------------------------------|-----------------|------------------|--------------|--------------|
| PAYE | €3,680 | €3,490 | -€190 | 5.16% |
| USC | €2,295 | €1,768 | -€527 | 22.95% |
| PRSI | €1,800 | €1,800 | €0 | 0.00% |
| Total Taxes | €7,775 | €7,058 | -€717 | 9.22% |

| Single No Children | 2015 Pre-Budget | 2016 Post Budget | Difference | % Gain |
|--------------------|-----------------|------------------|--------------|--------------|
| PAYE | €17,940 | €17,940 | €0 | 0.00% |
| USC | €4,045 | €3,143 | -€902 | 22.29% |
| PRSI | €2,800 | €2,800 | €0 | 0.00% |
| Total Taxes | €24,785 | €23,883 | -€902 | 3.64% |

| Single No Children | 2015 Pre-Budget | 2016 Post Budget | Difference | % Gain |
|--------------------|-----------------|------------------|--------------|--------------|
| PAYE | €35,940 | €35,940 | €0 | 0.00% |
| USC | €7,644 | €6,742 | -€902 | 11.80% |
| PRSI | €4,600 | €4,600 | €0 | 0.00% |
| Total Taxes | €48,184 | €47,282 | -€902 | 1.87% |