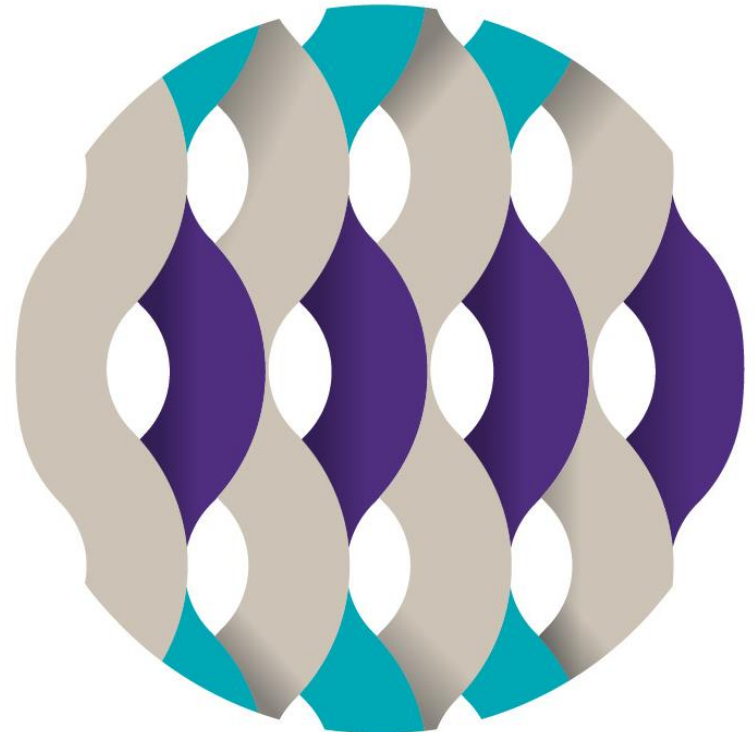


# Budget 2020



# Budget 2020

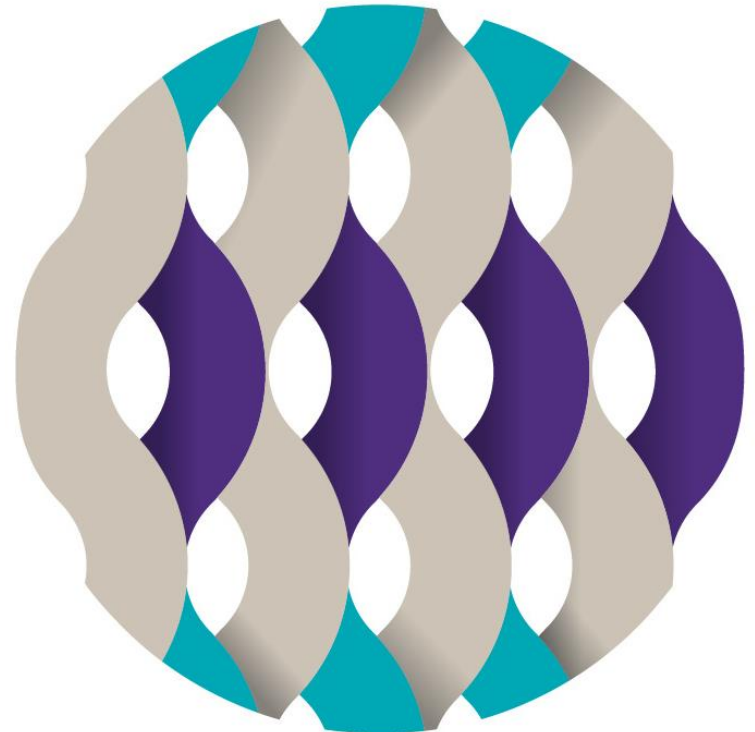
**9 October 2019**

**Theresa O’Gorman**

Tax Director  
Grant Thornton

**Lisa Chapman**

Tax Manager  
Grant Thornton



# **Impact of Budget 2020**

## **Measures Impacting Individuals**

# Impact of Budget 2020

## Individual Measures – Income Tax

SARP

Extended to  
31 Dec 2022



Home Carers

Tax Credit

Increase of €100

Earned Income

Credit

Increase by €150  
to €1,500

FED

Extended to  
31 Dec 2022

# Impact of Budget 2020

## Individual Measures – Income Tax

Help to Buy  
Extended to  
31 Dec 2021



EIIS

Full relief in year 1  
Limit increased from  
€150K to €250K

Living City  
Initiative  
Extended to  
31 Dec 2022

# Impact of Budget 2020

## Miscellaneous Measures

CAT Threshold  
Increase in Class  
A Threshold by  
€15k to €335k



Entrepreneurs Relief  
on CGT  
No Change, but  
under review

CGT Relief for  
Farm Restructuring  
Extended to 31 Dec 2022

# **Impact of Budget 2020**

## **Measures Impacting Business**

# Impact of Budget 2020

## Business Measures

### Improvements to KEEP Scheme

Available until  
31 Dec 2023

Changes to definitions  
of companies

Exercise of share  
options: CGT  
@33%, not IT  
@52%



Existing shares to  
qualify for KEEP

Changes to  
definitions of  
employees



# Impact of Budget 2020

## Business Measures

### Improvements to R&D Tax Credit

Rate increase for micro  
& small companies

25% → 30%



Pre-trading R&D  
expenditure

Allowed for micro &  
small companies  
subject to limits

Rate increase for  
3<sup>rd</sup> Level Institutes  
5% → 15%

# Impact of Budget 2020

## Dividend Withholding Tax

### Rate increase

- From 20% to 25%
- From 1 Jan 2020

### Align with PAYE Mod

- Live from 1 Jan 2021
- Personalised rate of DWT for each taxpayer



# Impact of Budget 2020

## Other Measures

Anti Avoidance  
Measures

BEPS

REITs

Stamp Duty on  
Non-Residential  
Property

6% → 7.5%

Stamp Duty on  
Scheme of arrangement  
1% applicable for schemes  
under Part 9 CA 2014



ER PRSI

.1% increase from  
1 Jan 2020

# Impact of Budget 2020

## Carbon Measures

Diesel Car Surcharge

Replaced by a nitrogen  
oxide emissions  
based charge

Carbon Tax

Increase in rate  
by €6 to €26



Cigs @ 50c

VRT Relief

Hybrids

Extended to 2020

BIK-Electric Cars

0% Rate extended  
to 2022

# Contact

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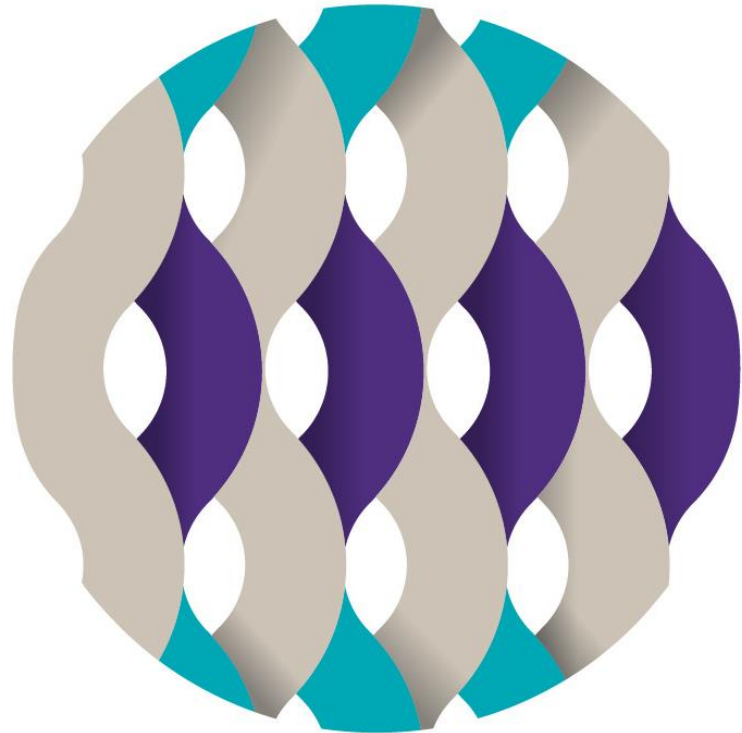
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Grant Thornton

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# VAT & Customs Brexit Essentials

**Kevin Devenney**

Indirect Tax Director

# VAT & Customs – Brexit Essentials

- Customs registration number - Economic Operator Registration and Identification number.
- Once an EORI number is obtained a Trader Account Number 'TAN' is automatically assigned.
- Consider applying for a deferred duty payment account/authorisation – review cost. Defer import payment until the 15<sup>th</sup> day of the following month.

# VAT & Customs – Brexit Essentials

- Customs formalities – declarations.
  - a) complete in-house. Obtain software licence (DTI) & hire/train staff or
  - b) use an agent/broker to file to Revenue.
- Review contracts to confirm who is acting as importer - exporter of record.



# VAT & Customs – Brexit Essentials

- Know the key data required for a customs declaration
  1. Review **Commodity Codes**. TARIC
  2. Customs **Value** of goods (insurance, packaging, transport costs)
  3. Country of **Origin**.
  4. **Customs Procedure** Code
  5. **Quantity** of goods

# VAT & Customs – Brexit Essentials

- VAT postponed accounting for imports - negative cash flow impact.
- Review supply chains, e.g. B2C supply of certain goods-services to UK customers no longer subject to VAT.
- Potential for increased VAT recovery.
- Compliance. Intrastat returns on supply of goods to UK.

# Budget 2020: Are we growing up?

Professor Stephen Kinsella

University of Limerick

Shannon Chamber/Grant Thornton

Budget Breakfast Briefing | 09.10.2019

# Budget 2020 was the budget we needed to have

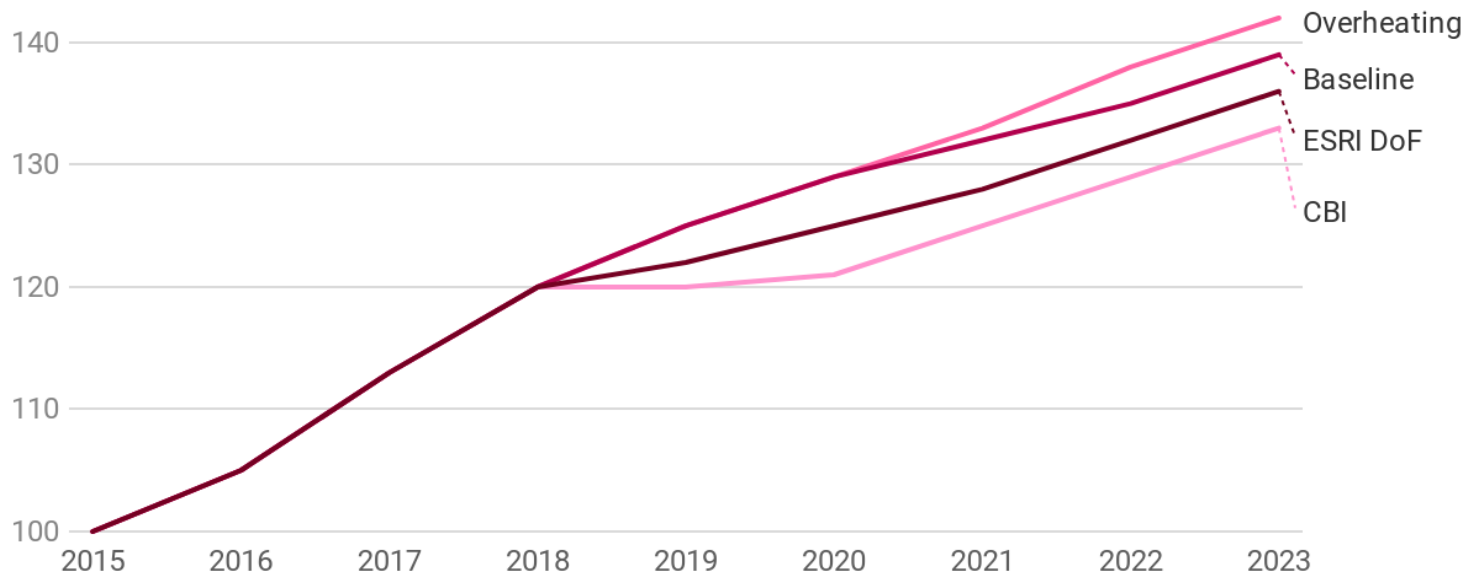
Plan for Brexit, hope for no Brexit

Recognise the Prodigal Son that is Health

Begin (and I mean *begin*) the transition to a low-carbon economy

# The economic outlook is exceptionally uncertain

Index (2015=100), real GDP volumes

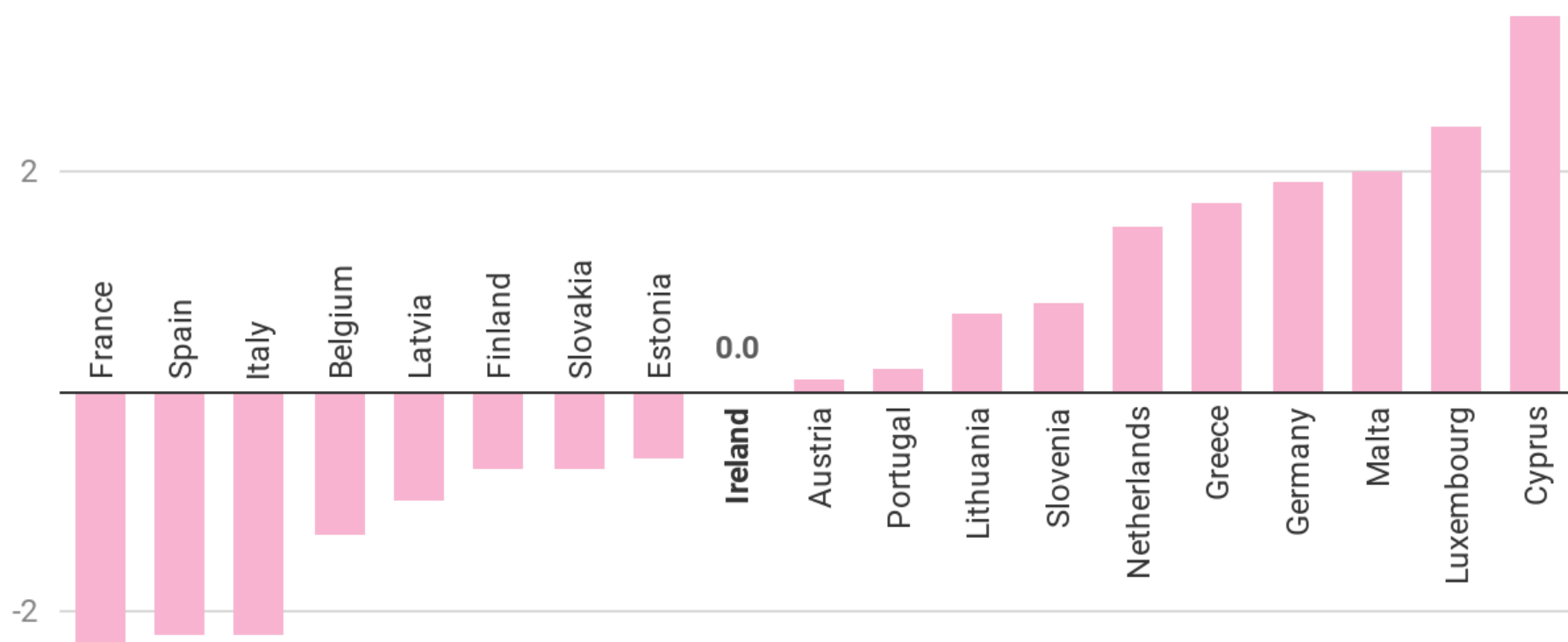


*The "Overheating" scenario is one in which growth does not slow from its pace in the baseline after 2020. The two "Hard Brexit" scenarios shown are based on the ESRI (Bergin et al., 2019) and Central Bank of Ireland (2019) scenarios for a disorderly Brexit.*

Chart: The Currency • Source: Source: Internal IFAC calculations; CSO; Central Bank of Ireland; and ESRI.  
• Created with Datawrapper

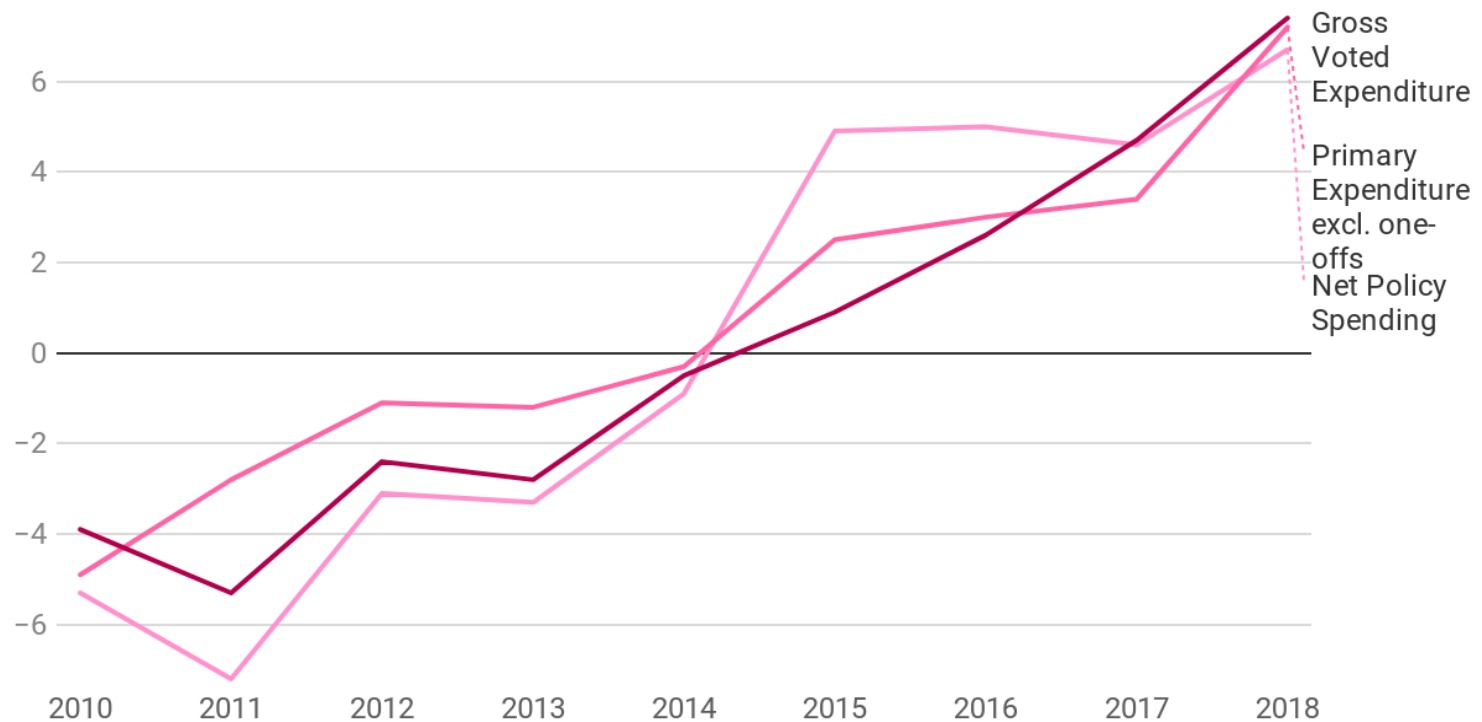
# Large surpluses run elsewhere in 2018

% GDP (% GNI\* for Ireland), General Government Balance



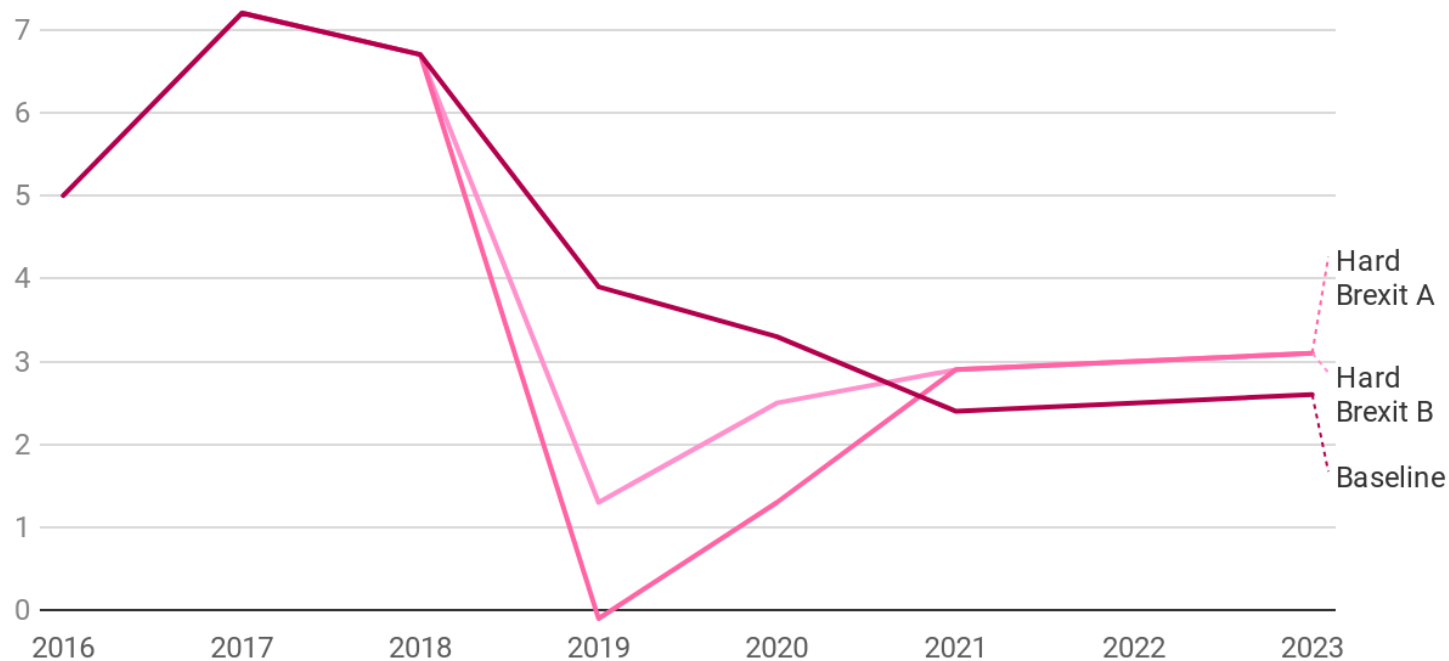
## Expenditure Growth has Accelerated in Recent Years:

% change year-on-year



Source: Irish Fiscal Advisory Council • Created with Datawrapper

## Alternative growth scenarios



*The CBI shock is initially the more adverse of the two "Hard Brexit Scenarios". Growth rates are higher in later years to allow for the fact that the SPU 2019 forecasts already incorporate a soft Brexit after 2020 leading to a free trade agreement between the UK and EU.*

Chart: The Currency • Source: Internal Ifac calculations based on CBI and ESRI/DoF; CSO. • Created with Datawrapper



# Brexit will be a regional shock

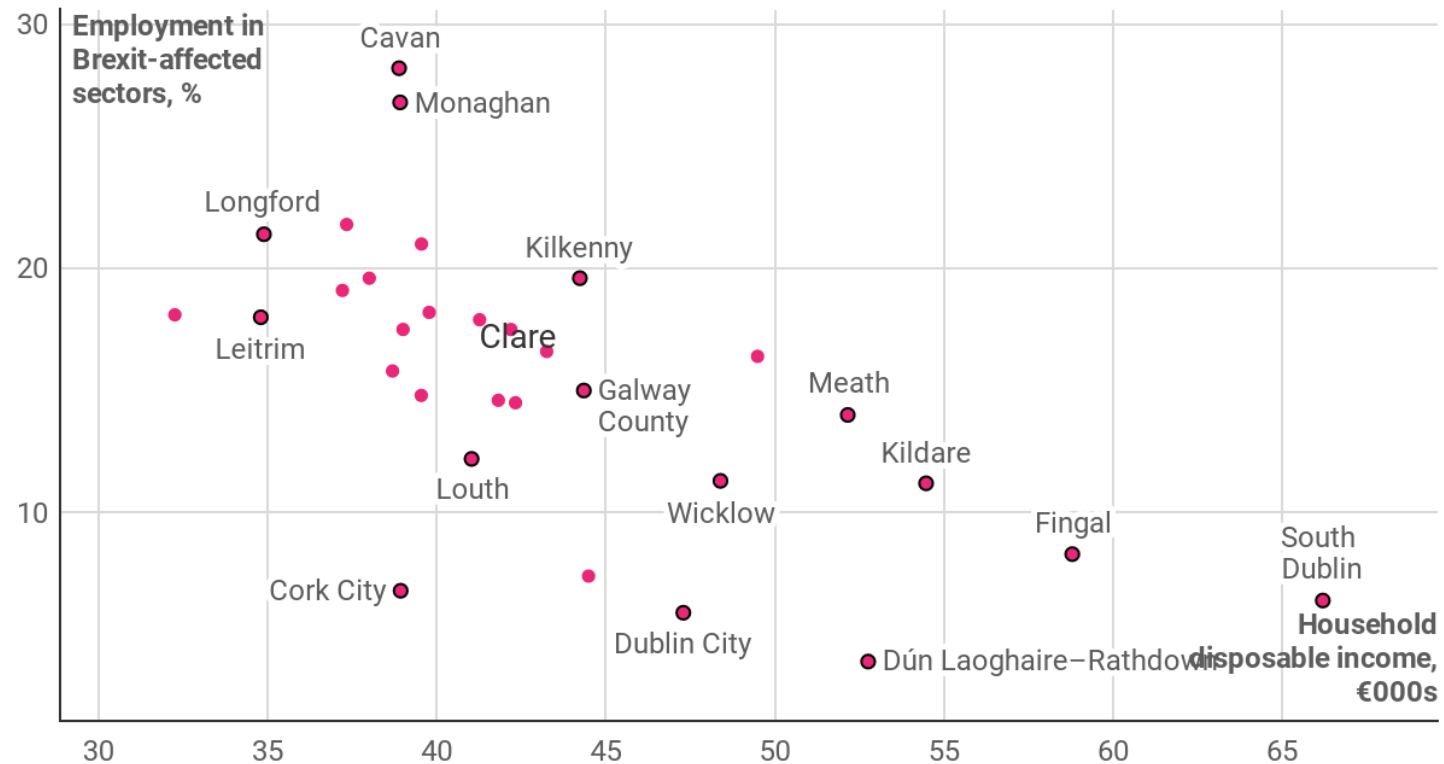


Chart: The Currency • Source: IBEC • Created with Datawrapper

# Net Spending and Net Revenue Forecasts

Billions of Euros, spending includes net current and capital.

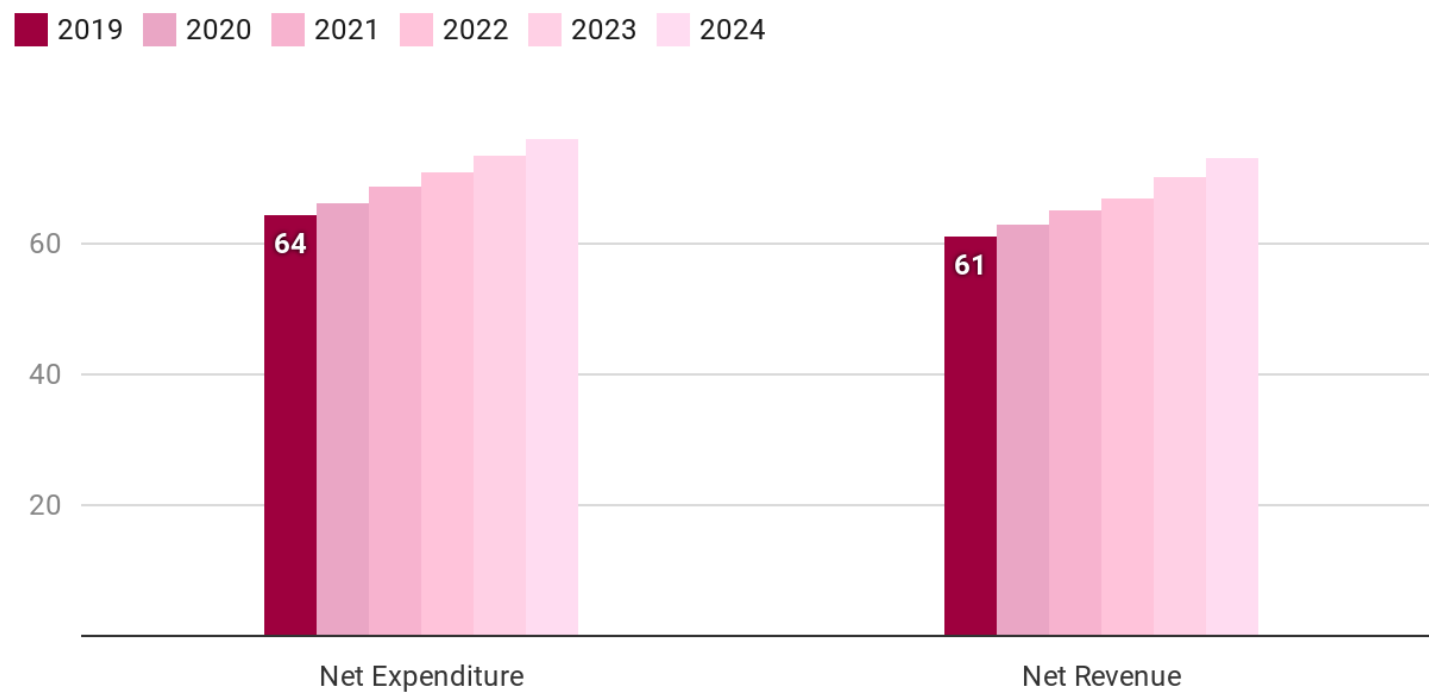


Chart: The Currency • Source: Department of Finance • Created with Datawrapper

# Where is the money coming from to run the state? Profile vs actual receipts

€ billions

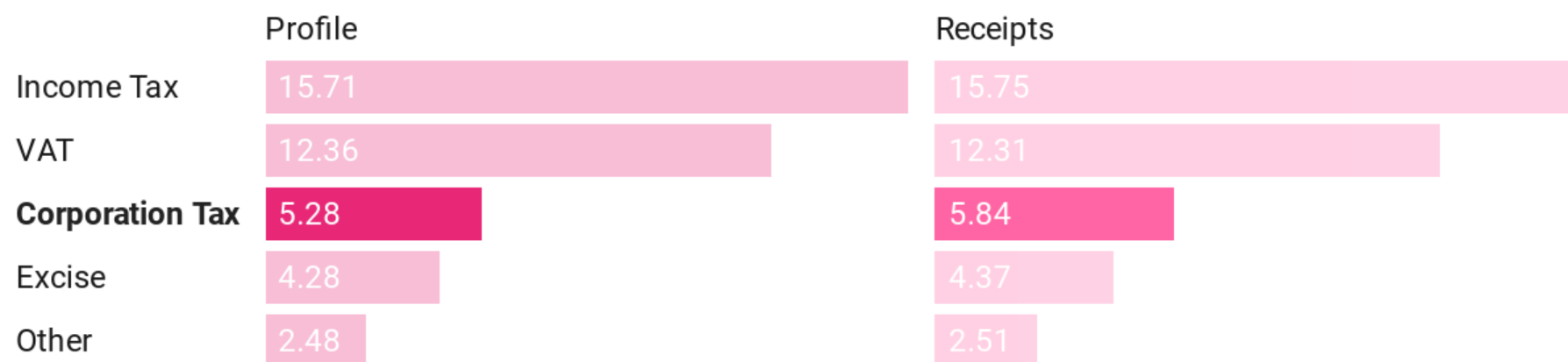


Chart: The Currency • Source: Department of Finance • Created with Datawrapper

# Current Spending by Ministerial Vote Group

€ Billions

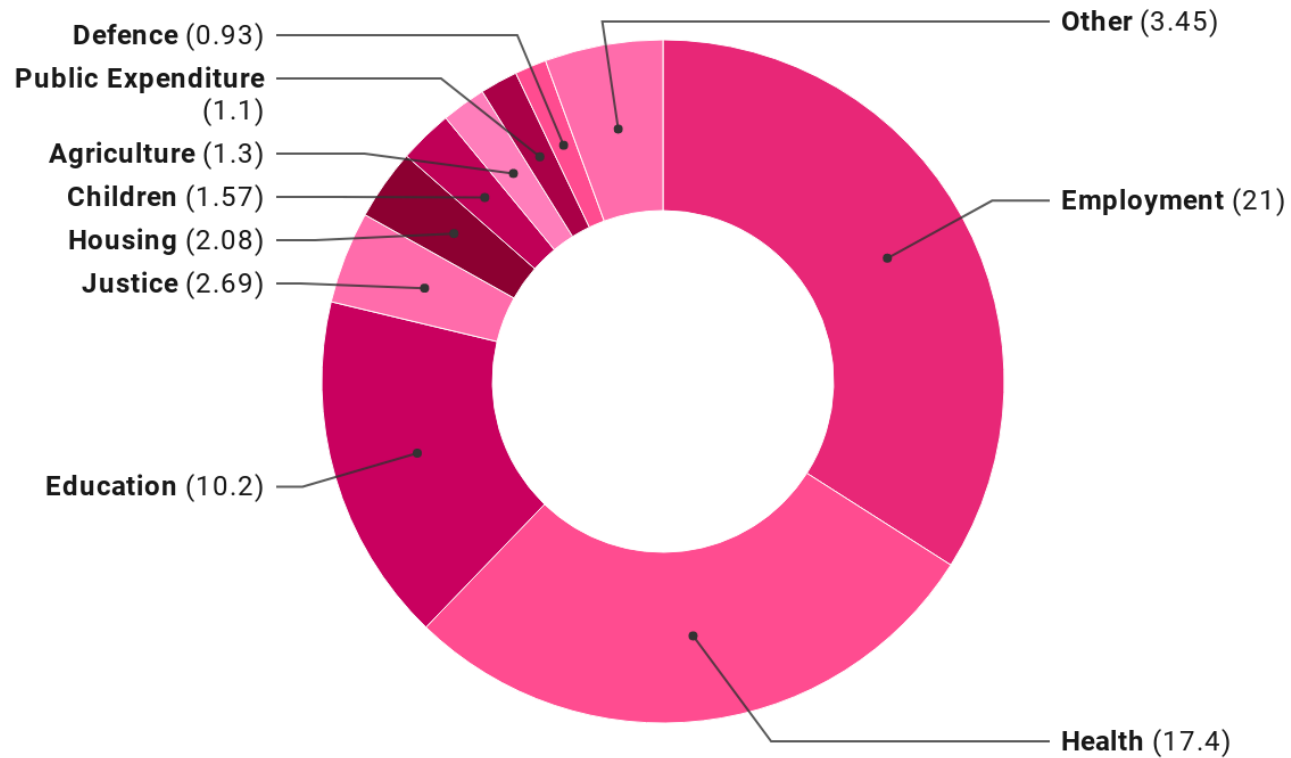


Chart: finance.gov.ie • Source: Department of Finance • Created with Datawrapper

## Increases in Current Spending relative to 2019

Year on year increase

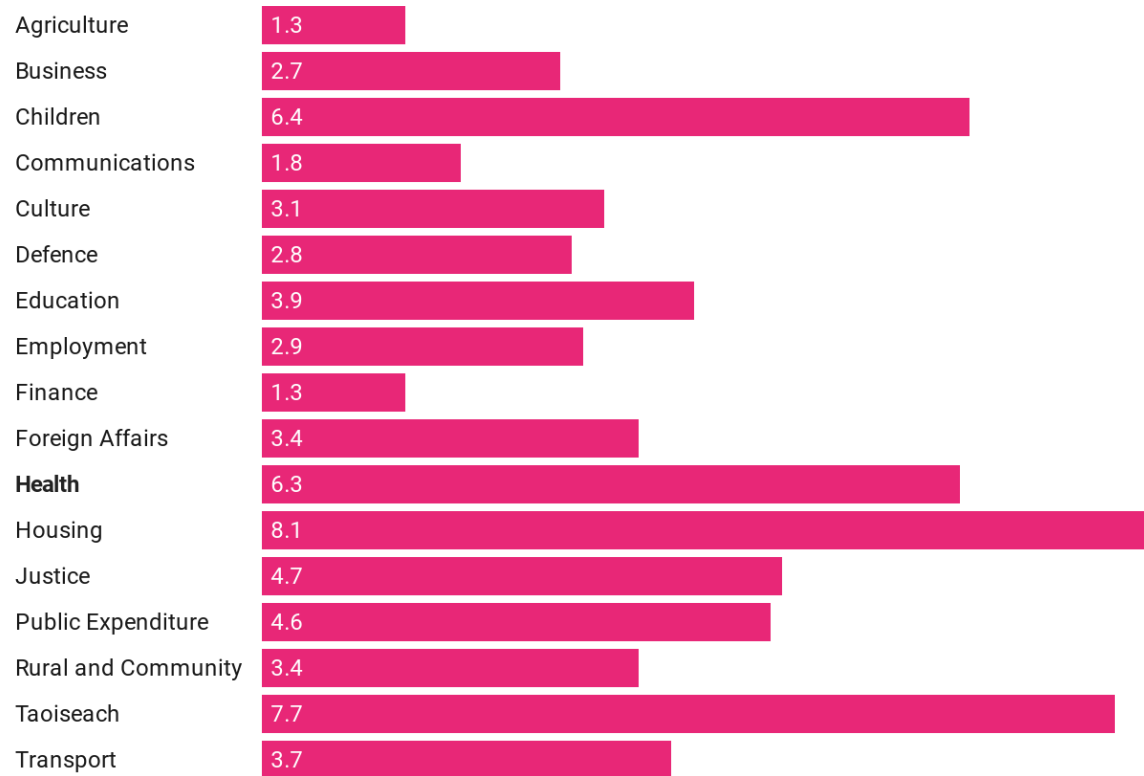


Chart: The Currency • Source: Department of Finance • Created with Datawrapper

# Summary: One weird budget

A tentpole policy you don't want to use

A recognition of the fiscal prodigal that is Health.

A suite of measures at the Father Stone level of prudence on climate and balanced regional growth

A raft of other small things that might not get used at all.

# Questions & Answers