

Budget 2021

Main changes impacting your payroll from 1 January 2021



Tax Credits

The Dependent Relative Tax Credit **increased** from €70 to €245.



Self Employed

The Earned income credit **increased** by €150 from €1,500 to €1,650.



Minimum wage

Minimum wage **increased** from €10.10 to **€10.20** per hour from 1 January 2021.



Universal Social Charge (USC)

The second USC band has been increased to from €20,484 to €20,687.



Employer Wage Subsidy Scheme (EWSS)

The EWSS has been extended to 31 December 2021, in some format.



Working from Home

Employees can claim a deduction for utility expenses which may include broadband.



Employers PRSI

The weekly income threshold for the higher rate of employer's PRSI will increase from €394 to €398.



Rates and credits 2021

Tax rates	2020	2021
Standard tax rate	20%	20%
Higher tax rate	40%	40%
Standard rate band		
Single/widowed	€35,300	€35,300
Married couple one income	€44,300	€44,300
Married couple two incomes	€70,600	€70,600
One parent family	€39,300	€39,300
Home Care		
Home carer credit	€1,600	€1,600
Home carer income threshold	€7,200	€7,200
Earned Income		
Earned income credit	€1,500	€1,650

Contact

If you have any queries in relation to the effect of Budget 2021 on your payroll please contact your usual Grant Thornton advisor.



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Single
€36,000



Single
€100,000



Family €90,000
'Squeezed middle income'



Family
€62,000

Single No children	2020 Pre-Budget	2021 Post Budget	Difference
PAYE	€3,540	€3,540	€0
USC	€928	€923	(€5)
PRSI	€1,440	€1,440	€0
Total taxes	€5,908	€5,903	(€5)
Take home pay	€28,292	€28,297	€5

Single No children	2020 Pre-Budget	2021 Post Budget	Difference
PAYE	€27,640	€27,640	€0
USC	€4,856	€4,851	(€5)
PRSI	€4,000	€4,000	€0
Total taxes	€36,496	€36,491	(€5)
Take home pay	€58,504	€58,509	€5

Married (Two wages) Two children	2020 Pre-Budget	2021 Post Budget	Difference
PAYE	€13,480	€13,480	€0
USC	€2,665	€2,655	(€10)
PRSI	€3,600	€3,600	€0
Total taxes	€19,745	€19,735	(€10)
Take home pay	€65,755	€65,765	€10

Married (Two wages €62,000) One dependant relative	2020 Pre-Budget	2021 Post Budget	Difference
PAYE	€5,180	€5,180	(€175)
USC	€1,405	€1,395	(€10)
PRSI	€2,480	€2,480	€0
Total taxes	€8,995	€8,810	(€185)
Take home pay	€49,905	€50,090	€185

*All the above figures are rounded to the nearest euro. All scenarios include a 5% pension contribution.