

BUDGET 2017

The Finance Minister Michael Noonan delivered the first budget of the current coalition government on 11 October 2016. Against a back drop of falling unemployment and steady economic growth, the budget contained few surprises, with the Government adapting a 'steady as she goes' approach to its finances.



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Personal Tax

- No changes to income tax rates or bands.
- Reduction in the lower USC rates and small adjustment to the second lowest band.
- Increase in home carer tax credit to €1,100.
- Increase in earned income tax credit to €950.
- New tax credit for fishermen of €1,270 where they fish for wild fish or wild shellfish for at least 80 days in a tax year
- Increase in interest relief allowable for landlords from 75% to 80% with proposed annual increases going forward.
- Home renovation scheme extended until 31st December 2018.
- Foreign Earnings Deduction extended until end of 2020 and now includes Colombia and Pakistan. Minimum number of days for travel being reduced to 30.
- Special Assignment Relief Programme extended to end of 2020.
- Start Your Own Business Relief extended for two years until end of 2018.
- Rent a room relief increased to €14,000 per annum.
- New income tax rebate system for first time buyers whereby they will get a rebate of income tax paid of previous four years up to 5% of the purchase price of new house up to €400,000. Where houses priced between €400,000 - €600,000 maximum relief of €20,000 will apply.
- Accelerated capital allowances for energy efficient equipment being made available for sole traders and non-corporates.
- Reduction in DIRT to 39% for 2017 with proposed reductions of 2% per annum until 2020 to bring rate to 33%.
- Income averaging for farmers to allow an "opt out" in a single year of unexpected poor income.

Capital Acquisitions Tax

- Group A lifetime tax-free threshold applying for gifts/inheritances from parents to children being raised to €310,000.
- Group B lifetime tax-free threshold applying for gifts/inheritances made to parents, siblings, nieces, nephews or grandchildren being raised to €32,500.
- Group C lifetime tax-free threshold applying for gifts/inheritances made to all others (except spouses or civil partners who are exempt) being raised to €16,250.

Capital Gains Tax

- Reduced rate of CGT of 10% will apply to disposal in whole or in part of a business up to overall limit of €1 million in qualifying chargeable gains.

VAT

- Increase in farmer's flat-rate addition from 5.2% to 5.4% with effect from 1st January 2017. The flat-rate addition is reviewed annually

Miscellaneous

- Amendments to section 110 TCA 1997 will be included in the Finance Bill to address unintended uses of the section.
- New comprehensive programme of targeted compliance interventions against those engaged in offshore tax evasion. New amnesty planned to encourage early disclosure.
- Increase in Revenue Commissioners for audit and investigation activities.
- Increase in excise duty on cigarettes by 50 cent from midnight on 11th October 2016.
- Extension of qualifying limit for excise duty relief for microbreweries.
- VRT reliefs for the purchase of hybrid electric vehicles and plug-in hybrid electric vehicles to be extended to 31st December 2018. Electric vehicles and electric motorcycles to be extended to 31st December 2021.
- 12.5% of corporation tax remains unchanged.

Tax Rates	2016	2017
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

Changes in Tax Credits

Home carer tax credit	€1,000	€1,100
Earned income credit	€550	€950
Fisherman tax credit	Nil	€1,270

Universal Social Charge

2016		2017	
First €12,012	1.5%	First €12,012	0.5%
Next €6,656	3.5%	Next €6,760	2.5%
Next €51,376	5.5%	Next €51,272	5%
Balance over €70,044	8%	Balance over €70,044	8%
Relevant income > €100,000	11%	Relevant income > €100,000	11%

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