



**moran mcnamara**

Chartered Tax Advisors | Certified Public Accountants | Registered Auditors

BUDGET  
2019

**At a Glance**

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### Personal Tax

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- The 2% USC rate has remained unchanged, however there is an increase in the band to which this rate applies by €502 to €19,872.
- Reduction in the 4.75% USC rate to 4.50%.
- Increase of €750 in the standard rate tax band for all earners.
- Increase in Home Carer Tax Credit by €300 to €1,500.
- Increase in Earned Income Tax Credit by €200 to €1,350.
- Reduction in the 37% DIRT rate to 35%.
- Mortgage Interest relief for landlords will rise to 100% from 1<sup>st</sup> January 2019.

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### Farming

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- Renewing the existing stock relief measures for a further three years.
- Extending Income averaging to farms with off –farm trading income.
- Providing a three-year extension of the Young Trained Farmer stamp duty relief, which was due to expire at the end of this year.

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### Capital Acquisitions Tax

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- The tax free threshold of CAT that applies to children on gifts and inheritances from their parents will increase by €10,000 to €320,000. Applies to gifts and inheritances from 10<sup>th</sup> October 2018.

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### Corporation Tax

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- 12.5% Corporation Tax rate to remain unchanged.
- Introduction of new Controlled Foreign Company (CFC) rules, in line with the Anti – Tax Avoidance Directive (ATAD), which will apply for accounting periods beginning on or after 1 January 2019.
- Introduction of a new ATAD compliant Exit Tax at a rate of 12.5% to tax unrealised gains where companies migrate or transfer assets offshore. This is effective from the 10<sup>th</sup> October 2018.
- Film Corporation Tax credit will be extended beyond the current end date of 2020, until December 2024.
- Extending the three-year tax relief for certain start-up companies until the end of 2021.

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### VAT

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- Increase in rate of VAT in the tourism sector to 13.5% from January 2019.
- Retaining the 9% VAT rate for sporting facilities.
- Retaining the 9% rate for newspaper publications and reduction in the rate for electronic publications from 23% to 9%.

## Miscellaneous

- Extending VRT relief for hybrid vehicles until the end of 2019.
- Providing for a 1% surcharge for diesel vehicles to apply across all VRT bands.
- Extension of 0% BIK rate for electric vehicles for a period of three years, with a cap of €50,000 on the Original Market Value of the vehicle.
- Increase of the minimum wage by 25 cent per hour, from €9.55 to €9.80 effective from the 1<sup>st</sup> January 2019.
- The weekly threshold for the higher rate of employer's PRSI will be increased from €376 to €386 effective from the 1<sup>st</sup> January 2019.
- Employers PRSI will increase by 0.1% in 2019 to 10.95% and by a further 0.1% in 2020 to 11.05%.
- From next March, a €5 per week increase in all weekly social welfare payments, including Disability Allowance, Carer's Allowance, Jobseekers Allowance and State pension.
- A new paid parental leave scheme will be introduced in November 2019 to provide two extra weeks leave to every parent of a child in their first year. The Government intends to increase this to seven weeks over time.
- The excise duty on a packet of 20 cigarettes will rise by 50 cents, bringing the cost of a packet of cigarettes to €12.70.
- Increase in betting duty from 1% to 2%, and betting duty on the commission to increase from 15% to 25% with effect from 1 January 2019.

### Tax Rates

	2018	2019
Standard tax rate	20%	20%
Higher tax rate	40%	40%

### Standard Rate Band

Single/widowed	€34,550	€35,300
Married couple one income	€43,550	€44,300
Married couple two incomes	€69,100	€70,600
One parent family	€38,550	€39,300

### Changes in Tax Credits

Home carer tax credit	€1,200	€1,500
Earned income credit	€1,150	€1,350

### Universal Social Charge

2018		2019	
First €12,012	0.5%	First €12,012	0.5%
Next €7,360	2%	Next €7,862	2%
Next €50,762	4.75%	Next €50,170	4.5%
Balance over €70,044	8%	Balance over €70,044	8%
Relevant income > €100,000	11%	Relevant income > €100,000	11%

Total incomes of €13,000 or less are exempt otherwise the above rates apply.

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