

BUDGET 2024

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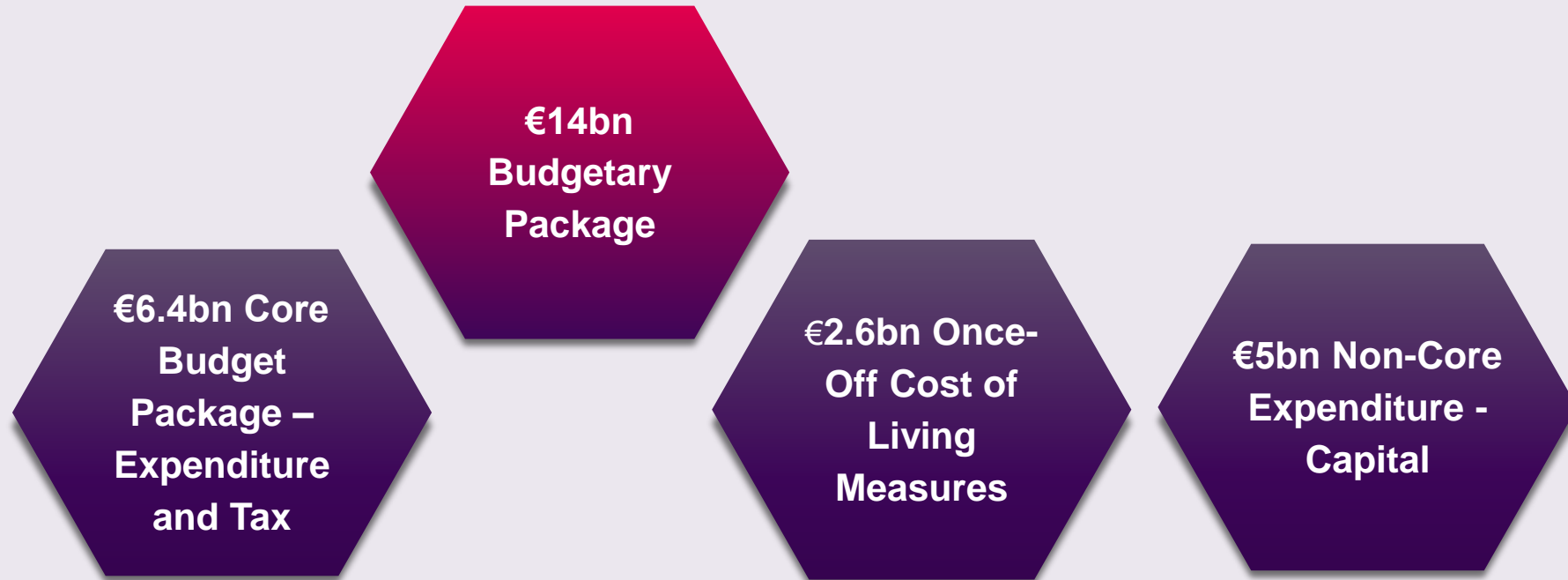
BUDGET 2024

Budget 2024 – A Window of Opportunity Budget

“To balance the needs of our society today, while ensuring the wellbeing of our economy for generations to come.”

Minister Michael McGrath

Budget 2024 – Summary of Budgetary package at a glance



New National Savings Funds




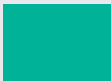
The Future Ireland Fund

- 0.8% of GDP to be invested on an annual basis from 2024 to 2035 (2024 figure €4.8bn) - €400m initial seed funding from National Reserve Fund
- Target to build fund to €100bn by 2035

The Infrastructure, Climate and Nature Fund

- €2bn per annum over next 7 years – 2024 funding to originate from National Reserve Fund
- Breaking the ‘stop/start’ cycle in terms of funding capital expenditure
- €3bn to be specifically set aside for Climate and Nature component – securing carbon targets

Overview

-  Personal Taxes and Cost of Living
-  Property and Housing
-  Supporting Business
-  Climate and Other





Personal Taxes and Cost of Living

Income Tax Summary

Standard Tax and Marginal Tax Rates (20% / 40%)	→	No changes
Standard Rate Tax Band	→	Increase of €2,000 to €42,000
USC	→	Increase in Second Band @ 2% by €2,840 Reduction in 4.5% Rate to 4%
Tax Credits	→	Increases of €100 to: <ul style="list-style-type: none">• Personal Tax Credit• Employee Tax Credit• Earned Income Credit• Single Person Child Carer Tax Credit Incapacitated Child Tax Credit by €200

Income Tax Measures – USC / PRSI

- **New USC Rates**

2023	2024
€12,012 @ 0.5%	€12,012 @ 0.5%
€10,908 @ 2%	€13,748 @ 2%
€47,123 @ 4.5%	€44,284 @ 4%
Balance @ 8%	Balance @ 8%

- **Note: From 1 October 2024, all PRSI Contribution Rates will increase by 0.1%**

- The reduced rate of USC has been maintained for a further 2 years for Medical Card Holders and those over 70 years earning less than €60,000 per annum:
 - The first €12,012 @ 0.5%
 - 2% on balance of income

Impact of changes to Standard Band and Personal Credits

Person	Earnings	Net Increase (estimated)	Net % impact on income (estimated)
Single Person	Earning minimum wage (€23k - €25.7k)	€2,301	11.1%
Single Person	Earning €50,000	€792	2.1%
Married Couple, 2 children, Home Carer	One income, earning €50,000 +	€1,102	2.1%
Married couple	Two Incomes €100,000 +	€1,683	2.1%

Key Personal Non-Tax Measures

- Energy Bill Credit - €450 credit to be paid over three instalments between end of year and April 2024
- Recipients of Regular Social Welfare – Christmas bonus, payable early December
- Double Child Allowance – envisaged for late October and Christmas
- Fuel Allowance Scheme – €300 lump sum payment
- Living Alone Allowance - €200 extra
- Once-off Double Week ‘Cost of Living Support’ – payable in January
- Once-off €400 payment for those in receipt of Carers Support, Disability Allowance, Blind Pension, Invalidity Pension and Domiciliary Care Allowance
- Once-off €400 – Working Family Payment

Key Personal Non-Tax Measures – Longer term measures

- Increases in weekly payment rate for jobseekers/ pension / fuel allowances - €12 per week
- Childcare cost supports – 25% reduction in fees
- Free Schoolbook Scheme extended up to Junior Cycle in Secondary School
- Reduction in University Fees - €1,000 reduction



Property and Housing

Housing – Rent Tax Credit

- Introduced Budget 2023
- Tax Credit increased from;
 - €500 to €750 (single)
 - €1,000 to €1,500 (married)
- Extended to parents paying rent for students in ‘rent a room’ or ‘digs’ accommodation
 - Retrospective for claims in 2022 and 2023

Housing - Mortgage Interest Tax Relief

- Abolished / phased out completely in 2020
- Temporary one year scheme
- Applies to Homeowners PPR
- Mortgage at 31 December 2022 must be between €80,000 and €500,000
- Tax relief at Standard Rate on increase in mortgage interest paid in 2023 v 2022
- Capped at €1,250 per property
- Must be LPT compliant / file a return to claim relief

Housing - Rented Residential Relief

- New Tax Relief for Landlords subject to certain conditions - applies to Residential Rental Income
- Relief at Standard Rate as follows:
 - €3,000 in 2024 (worth €600)
 - €4,000 in 2025 (worth €800)
 - €5,000 in 2026 (worth €1,000)
 - €5,000 in 2027 (worth €1,000)
- Clawback of Relief if Landlord removes any of the rental properties held in Year 1 from the rental market within 4 years
- Tenancies must be registered with RTB / let to a Local Authority
- If property held jointly, relief is divided proportionally

Housing - Help to Buy Scheme

- Extended to 31 December 2025
- Amended to include Local Authority Schemes

Housing – Vacant Homes Tax (“VHT”)

- Introduced in Budget 2023 - Tax on long term vacant residential property
- Payable by property owner – first return due 7th November 2023
- “Vacant” – occupied for less than 30 days in a 12-month period
- Rate of VHT – revised to 5 times LPT liability, effective next chargeable period, commencing November 2023

Housing - Residential Zoned Land Tax

- Announced in Budget 2022
- Payment date deferred for 1 year to facilitate further engagement and to allow local authorities to prepare maps setting out areas impacted by tax

Supporting Businesses



Enterprise Tax Measures

OECD – Pillar Two

- Finance Bill to legislate for 15% minimum effective tax rate
 - Larger companies - €750m turnover

Territoriality / Participation Exemption

- Finance Bill 2024
- Participation Exemption for foreign sourced dividends
- First step in reducing administration burden

Commitment to review complex interest deductibility rules

Indigenous Business - Package of Wide Ranging Measures

1. R&D Tax Credit

For 2024 spend:

- Increase in credit from 25% to 30%
- Cash flow benefit to smaller R&D projects
 - First €50,000 (was €25,000) now payable in first year

Indigenous Business - Package of Wide Ranging Measures

2. EIS

- Tax relief up to 40% of investment in certain companies
- Previously;
 - €250,000 investment limit / 4 year holding or
 - €500,000 investment limit / elect for 7 year holding
- Now;
 - €500,000 investment limit / 4 year holding
- Further review early 2024 – focus on further simplification

Indigenous Business - Package of Wide Ranging Measures

3. KEEP

- CGT not Income Tax payable on exercise of KEEP share options - detailed eligibility criteria
- Commencing some key 2022 provisions (post EU approval)
 - Extended to 31 December 2025
 - Company limit increased to €6m

4. Film Tax Credit

- Corporation tax credit at 32%
- Current cap on qualifying spend from €70m to €125m
- Subject to State Aid approval

Indigenous Business - CGT

1. New Targeted CGT Relief

- Angel investors to innovative SME start ups
- Reduced CGT rate on qualifying investment
 - 16% if direct
 - 18% if through a partnership
- Applies to gains up to twice value of investment
- €3m lifetime limit / 3 year investment period
- Minimum €10,000 investment comprising 5% - 49% of Ordinary Share Capital
- Certification process to be carried out by Enterprise Ireland

Indigenous Business - CGT

2. Retirement Relief

With effect from 1 January 2025;

- > Restricted relief from 70 onwards (previously 66)
- > €10m cap on transfers to child

	Current Rules		1 January 2025 Onwards	
Qualifying Disposals	AGE	RELIEF	AGE	RELIEF
Child	55 – 65 66 onwards	unrestricted €3m cap	55 – 69 70 onwards	€10m cap €3m cap *
Third Party	55 – 65 66 onwards	€750k limit €500k limit	55 – 69 70 onwards	€750k limit €500k limit

* To be confirmed on publication of Finance Bill 2023.

Indigenous Business - CGT

3. Entrepreneur Relief

- 10% tax rate on first €1m qualifying gains
- Results of Cost Benefit Analysis published
- Commitment to refocus relief and enhance for;
 - Innovative start-ups and
 - Ensure contributes to job creation

Farming

Accelerated Capital Allowances – Farm Safety Equipment

- Extended to 31 December 2026
- Allows for capital allowances of 50% per annum on eligible equipment

Consanguinity Relief

- Extended to 31 December 2028
- Relief that can reduce Stamp Duty applicable to intra-familial transfers of farmland
from 7.5% to 1%

Farming

Young Trained Farmers and Succession Farm Partnerships

- Lifetime aggregate limits being increased from €70,000 to €100,000
- Relates to individuals availing of the below reliefs:
 - Stock Relief for young trained farmers
 - Relief for succession farm partnerships
 - Stamp Duty relief

Stock Relief – Registered Farm Partnerships

- Increase to maximum amount of stock relief that can be claimed from €15,000 to €20,000

Farming

Farmland Leasing Income Tax Exemption

- The Income Tax exemption for the leasing of farm land to be changed in the Finance Bill.
- Tax relief will only now be available to a land owner after holding the land for seven years.



Climate and Other Measures

Climate & Other Measures

- **Extension of Accelerated Capital Allowances of;**
 - ✓ Energy efficient equipment
 - ✓ Listed on SEAI website
- **Income Tax Exemption on Sale of Residual Electricity**
 - ✓ €400 per year
 - ✓ Relief from Income Tax, USC, PRSI
- **Extension of VRT Relief for Battery Electric Vehicles**
 - ✓ Further 2 years to 2025
 - ✓ Value up to €50,000

Climate and Environmental Issues

Carbon / Excise Tax

- Carbon tax increase €7.50
- Revenue raised will fund:
 - A socially progressive national retrofitting programme
 - Encourage and support farmers in the green transition
- Deferral of fuel excise increases
 - Due on 31st October
 - Increases to occur in two equal instalments
 - 1 April 2024
 - 1 August 2024

Tobacco and Alcohol

- Increase in excise duty by 75 cents on pack of 20 (Now €16.70)
- E-cigarettes / Vaping Products
 - Domestic Tax to be introduced in Budget 2025

Climate and Environmental Issues

BIK on Electric Vehicles

- **BIK Exemption applied for vehicle valued at €50k**
 - ✓ Tapering effect on vehicle value – was introduced in Budget 2023
 - ✓ Suspension of tapering for 2 years, taxable value to be reduced as follows:

Market Value	Year
€35,000	2023, 2024, 2025
€20,000	2026
€10,000	2027

- ✓ Extension of temporary universal relief of €10,000 for 1 year
- ✓ E.g. BIK Market value relief of €45,000 in 2024 (i.e. €35,000 + €10,000)

VAT Measures

- Decrease in Farmers “Flat-rate” compensation rate to 4.8% from 1 January 2024 (down from the current 5% rate)
- Extension of 9% rate on gas and electricity to 31 October 2024 (extended from 31 October 2023)
- Application of zero rate of VAT on audio books and e-books from 1 January 2024 – to align with treatment of printed books
- Application of zero rate for supply and installation of solar panels on schools from 1 January 2024 (since 1 May 2023, this was limited to installations on private dwellings)
- Charities VAT compensation scheme – available “pot” for repayment doubling to €10m for 2024
- Increase in VAT Registration thresholds to €40,000 for services and €80,000 for goods from January 2024 (up from €37,500 and €75,000)
- Public Consultation process re modernising of invoicing and reporting systems

Capital Taxes

Capital Acquisitions Tax

- No changes to headline rates / thresholds as part of Budget 2024
- Foster children entitled to Group B Threshold

Donation of Heritage Assets

- Tax credit equal to 80% of the market value of the item
- Aggregate annual limit for approved donations now increased to €8m (previous cap of €6m)



What's Next?

Simplification – Business Tax

Tax Reliefs / Schemes

- By nature, complex / difficult to access
- Compounded by EU State Aid / International rules

Revenue to establish dedicated Tax Administration Liaison Committee (TALC) Group to:

- Ensure SMEs know entitlement and can access
- Identify opportunities to simplify / modernise administration
- Recommendations to be published during 2024

Public consultation on digitalisation / modernisation of VAT invoicing and reporting

Public consultation on share based remuneration

Sporting Reliefs and Philanthropy

Sporting Reliefs for Approved Sporting Bodies

- Qualifying sporting bodies and projects – reliefs for donations to same
- Corporates – deductibility as an expense
- Individuals – approved body can claim a refund
- Commitment to review current reliefs in terms of promoting capital investment
- Outcome of review to be published in 2024

Philanthropy

- Further review of tax measures to encourage and support

Payroll Changes 2024

In 2024 there will be a number of changes to be considered when processing your payroll.

1. Revenue are introducing enhanced reporting requirements from 1st January 2024 - employers will be required to electronically notify Revenue of the following tax free payments or benefits made to an employee/directors:
 - The remote working daily allowance of up to €3.20 per day
 - The payment of travel and subsistence expenses
 - Small benefits covered by the small benefit exemption
2. Social welfare are introducing auto-enrolment for pension in latter end of 2024.

Conclusion

“We face challenges for sure, but we face them from a position of strength, and we face them together.”

Minister Michael McGrath



Thank you



We're by your side

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