

The RBK logo is displayed in a bright green color. Each letter is separated from the others by a thin vertical white line. The background of the slide is a photograph of a modern, multi-story glass office building with a blue tint, featuring a street scene with trees and traffic lights in the foreground.

# RBK

## Budget 2025 Analysis

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**#RBKtax**

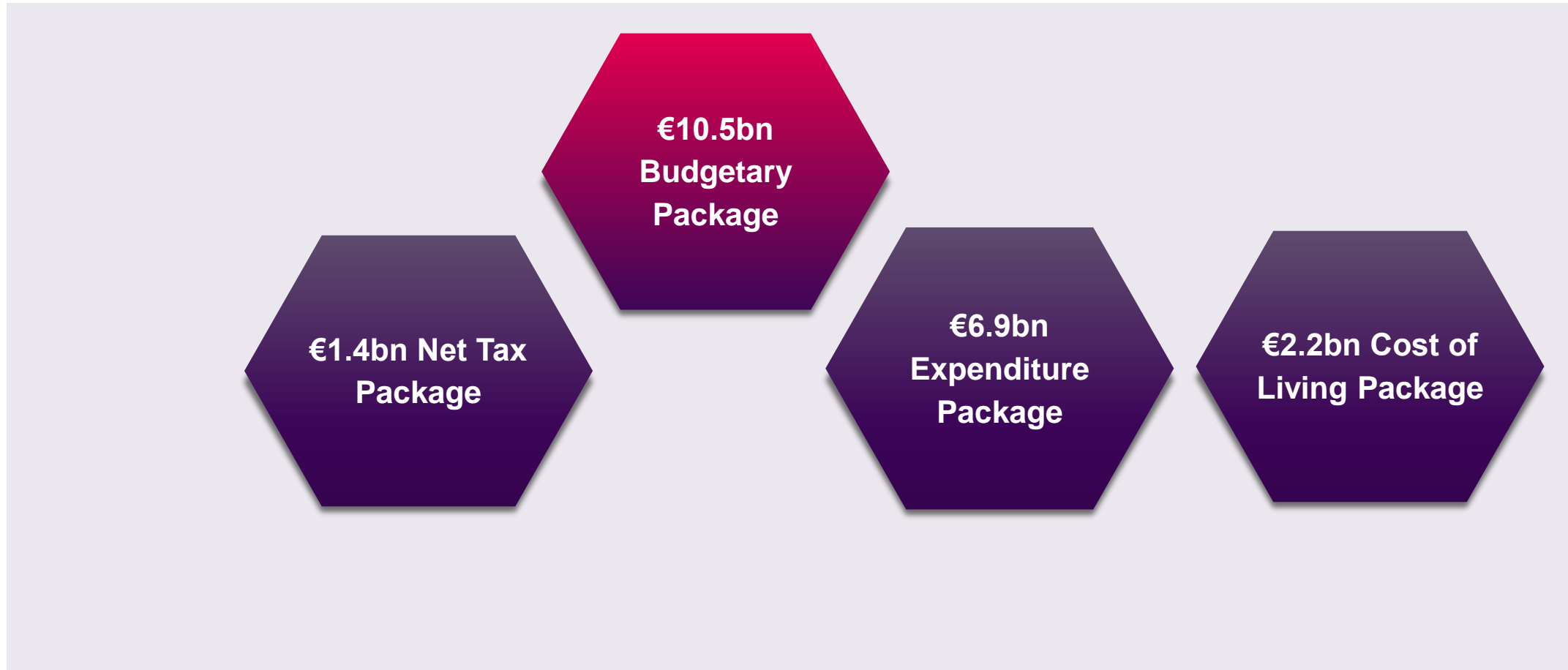
# Budget 2025 – A Window of Opportunity Budget

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“We want our country to be an attractive place to live in, work in, raise a family and create jobs and opportunity - a foundation of real progress for the future.”

*Minister Jack Chambers*

# Budget 2025 – Summary of Budgetary Package at a Glance



# Overview

- Personal Taxes & Cost of Living
- Property & Housing
- Supporting Business
- Pensions
- Farming Measures
- Capital Taxes
- Climate & 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 €44,000**

**USC**



**Increase in Second Band @ 2% by €1,622  
Reduction in 4% Rate to 3%**

# Income Tax Summary

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## Tax Credits



### **Increases of €125 to:**

- Personal Tax Credit
- Employee Tax Credit
- Earned Income Credit

### **Increases of €150 to:**

- Single Person Child Carer Tax Credit
- Home Carer Tax Credit

### **Increases of €300 to:**

- Incapacitated Child Tax Credit
- Blind Tax Credit

# Income Tax Measures – USC / PRSI

- **New USC Rates**

2024	2025
€12,012 @ 0.5%	€12,012 @ 0.5%
€13,748 @ 2%	€15,370 @ 2%
€44,284 @ 4%	€43,061 @ 3%
Balance @ 8%	Balance @ 8%

- **No change to the 3% surcharge for self employed**

- No change to the reduced rate of USC 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
- **Note: From 1 October 2024, all PRSI Contribution Rates will increase by 0.1%**



# Impact of Changes to Standard Band and Personal Credits

Person	Earnings	Net Increase (estimated)	Net % impact on income (estimated)
Single Person	Minimum wage	€1,424	6.2%
Single Person	€50,000	€859	2.2%
Married Couple, 2 children	One income, earning €54,00	€805	1.7%
Married Couple, 2 children	Two incomes earning €61,000 & €66,000	€2,015	2.3%
Married Couple, 2 children, Incapacitated Child Credit	One income, earning €90,000	€1,595	2.2%

# Tax Exemption

## Cervical Check Payments

- Exemption from tax on payments made to women impacted.
  - Taxes covered:
    - Income Tax
    - CGT
    - CAT
- Future + historical income/gains from investment of income exempt.

# Sporting Bodies

## Finance Bill to introduce the following amendments:

- Changes to the tax exemptions to facilitate long term investments
  - Capital Projects
  - Sports equipment needs to support high performance athletes and sports participation
- Donations to sporting bodies
  - Currently, PAYE worker provides form to sports body to allow them claim relief
  - Self-employed included on their form 11
  - Change – Flexibility for donor on whether to claim themselves or go to a sports body.

# Charitable Donations Tax Scheme

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- Previously, charity had to be registered for 2 years before being able to avail of donations scheme.
- 2 year waiting period removed
- Longer timeframe to utilise funds raised

# Key Personal Non-Tax Measures

- Energy Bill Credit - €250 credit to be paid over two instalments – one before end of year and one after
- “Baby Boost” Payment – once-off triple payment of €420 to new parents
- Fuel Allowance Scheme – €300 lump sum payment for recipients of fuel allowance – to be paid in November 2024
- Living Alone Allowance - €200 extra
- Once-off €400 payment for those in receipt of Carers Support, Disability Allowance, Blind Pension, Invalidity Pension and Domiciliary Care Allowance

# Key Personal Non-Tax Measures – Longer Term Measures

- Increases in weekly social protection payments of €12 per week – jobseekers / pension / fuel allowances
- Free Schoolbook Scheme extended to include Senior Cycle in Secondary School
- Hot School Meals Scheme to be extended to all primary schools
- Reduction in University Fees - €1,000 reduction





# Property and Housing

# Housing – Rent Tax Credit

- Increased in Budget, effective for 2024 and 2025
- Tax Credit increased from;
  - €750 to €1,000 (single)
  - €1,500 to €2,000 (married)
- Parents paying rent for students in 'rent a room' or 'digs' accommodation continue to be eligible to claim

# Housing - Mortgage Interest Tax Relief

- Temporary one year scheme introduced in 2024 has been extended for a further year
- 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 2024 v 2022
- Capped at €1,250 per property
- Must be LPT compliant / file a return to claim relief

# Housing - Help to Buy Scheme

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- Extended to 2029
- Allows first time buyers purchasing a new home to claim up to €30,000 back from Revenue in income tax they have paid in the past 4 years to use as a deposit.
- Continues to include Local Authority Schemes

# Housing – Stamp Duty Changes

- Immediate introduction of new stamp duty rate of 6% on purchase of residential property with a value exceeding €1.5 million.
- Additional increase in stamp duty rate applying to bulk purchase of residential property to 15% (previously 10%).

Property Value	Previous Stamp Duty	Updated Stamp Duty
Up to €1m	1%	1%
€1m - €1.5m	2%	2%
€1.5m and over	2%	6%

# Housing – Vacant Homes Tax (“VHT”)

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- Introduced in Budget 2023 - Tax on long term vacant residential property
- Payable by property owner
- “Vacant” – occupied for less than 30 days in a 12-month period
- Increase in rate of VHT in Budget 2025 – revised to 7 times LPT liability, effective next chargeable period, commencing November 2024



# Housing - Residential Zoned Land Tax

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- Announced in Budget 2022
- Specific exemption introduced for landowners to avail of in 2025 if they seek to have their land rezoned to reflect current activity they carry out on their land



## Supporting Businesses

# Enterprise Tax Measures

## **Territoriality / Participation Exemption**

- Participation Exemption for foreign sourced dividends with effect from 1 January 2025
  - Alternative, simplified mechanism for double tax relief
- Future years will consider;
  - Extending geographic scope
  - Foreign branch exemption

**Consultation to review complex interest deductibility rules launched**

# Enterprise Tax Measures

## 1. R&D Tax Credit

- Focused review over coming year
- Interim measure:
  - Cash flow benefit
    - First €75,000 (was €50,000) now payable in first year

# Enterprise Tax Measures

## 2. Extension of EIS, SURE and SCI to end of 2026

### EIS

- Tax relief up to 40% of investment in certain companies
- Previously;
  - €500,000 investment limit / 4 year holding
- Now;
  - €1m investment limit / 4 year holding

### SURE

- Tax relief at 40%
- Previously €700,000 (max €100k relief in current year and each 6 prior)
- Now €980,000 (€140k relief in current year and each of 6 prior)

# Enterprise Tax Measures

## 3. Start Up Exemption (S486c Relief)

- Relief from corporation tax for first 3 years trading
- Commence to trade any time up to 31 December 2026
- Maximum relief - €40,000 tax provided €5,000 per employee PRSI
- Marginal relief – where corporation tax €40,000 - €60,000
- Can now include Class S PRSI (€1,000) – allows owner managed business qualify



# Enterprise Tax Measures

## 4. Scaling of Business

- Relief for expenses on first listing IRE / EU Stock Exchange
  - Subject to State Aid
  - €1m cap
- Stamp Duty Exemption
  - SME's who access equity via financial trading platforms subject to State Aid

# Audio Visual Sector

## 1. Tax Film Credit

### ■ Current:

- Corporation tax credit at 32%
- Current cap on qualifying spend €125m

### ■ Proposed:

- 8% uplift
- Feature film productions with max qualifying spend of €20m
- Subject to State Aid approval

# Audio Visual Sector

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## 2. Unscripted Products

- New 20% credit of qualifying spend up to €15m
  - Subject to a cultural test
  - Subject to State Aid approval

## 3. Visual Effects Sector

- Commitment to monitor trends internationally
- Budget 2026 to consider measures

# BIK on Company Cars

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- A temporary reduction in Original Market Value of vehicles in the amount of €10,000 was introduced as a result of a significant change to BIK rules in 2023.
- This temporary measure has been extended for a further year.
- This relief, in addition to specific relief for electric vehicles already in legislation, means an overall BIK relief of €45,000 in 2025.

## Change to “Low Emissions” Category for Company Cars

- A change has been announced to the emissions threshold for vehicle capital allowances.
- The emissions threshold for “low emissions” company cars will be reduced effective from 1 January 2027.

Capital Allowances Threshold	Emissions
€24,000	0 – 120 g/km
€12,000 (max)	121 – 140 g/km
€0	141 g/km and above

# Share Based Remuneration

- Results of Indecon Independent review published
- Share Based Remuneration (SBR) schemes currently in operation include:

Revenue Approved
Approved Profit Sharing Scheme (APSS)
Employee Share Ownership Trust (ESOT)
Save as you Earn (SAYE) Scheme

Revenue Unapproved
Key Employee Engagement Programme (KEEP)
Restricted Stock Units (RSUs)
Unapproved Share Options
Employee Share Purchase Plans (ESPP)
Growth Shares
Restricted Shares
Convertible Securities
Forfeitable Shares
Discounted shares, free, partly paid shares
Phantom Shares, Stock Appreciation rights



# Recommendations

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1. Introduce a cap on the level of Employer PRSI exemption
2. Enhance attractiveness of KEEP
  - Clarity and guidance on share valuation
  - Amend and re-design post 2025 / State Aid
  - Effective promotion of the scheme
3. RSUs
  - Align treatment for internationally mobile employees with stock options
  - Sourcing or apportionment method
4. Simplify the reporting of ESR
5. Reduce BIK rate on loans to employees to fund purchase of shares in share based remuneration plans
6. Reform the treatment of Employee Ownership Trusts (EOT's) in line with UK

# Change to Small Benefit Exemption

- Small benefit exemption allows employers to provide non-cash benefits/rewards to workers that are not subject to Income Tax, USC or PRSI
- The limit on the number of benefits has been raised to 5 (previously 2)
- The annual limit of the aggregate of these benefits has been raised by €500, to an annual limit of €1,500



# Pensions

# Pension Auto-Enrolment

## Delayed until 30<sup>th</sup> September 2025

- Employer – Tax relieved similar to a PRSA.
- Employee – No tax relief on contributions – State Contribution instead.
- Clarification on Drawdown
  - 25% Lump sum (first €200k tax free, then €300k @ 20%, anything above @ 40%)

# Pension - Standard Fund Threshold (SFT)

## Not Mentioned in Budget speech

- Minister announced changes two weeks ago.
- The SFT is due to increase by €200k a year from 2026 until 2029.
- From 2030 the SFT will be linked to increases in the average industrial wage.

Year	Increase	Revised SFT
2025	No Increase	€2,000,000
2026	€200,000	€2,200,000
2027	€200,000	€2,400,000
2028	€200,000	€2,600,000
2029	€200,000	€2,800,000
2030	To increase in line with average industrial wage	



# Farming

## Accelerated Capital Allowances – Farm Safety Equipment

- Extended to 31 December 2026
- Allows for capital allowances of 50% per annum on eligible equipment
- Additional farm safety equipment brought within scope

# Farming

## Extension of Agricultural Tax Reliefs to end of 2027

- General stock relief
- Stock Relief for young trained farmers

## Agricultural Stamp Duty Reliefs

- Young Trained Farmers extended to individual farmer who operates through a company
- Leasing relief to also be extended to farmers who operate through a company

## Dairy Sector

- Budget 2026 – Income volatility measures to be considered



# Farming

## Farmers Flat Rate Addition

- With effect from 1 January 2025, rate increased from 4.8% to 5.1%

## CAT Agricultural Relief

- CAT relief which provides a 90% reduction to taxable gifts / inheritances of agricultural land / property
- Subject to certain conditions including beneficiary must be an active farmer for 6 years
- 6 year active farmer test now extended to disponent (i.e. person providing the gift)



# Capital Taxes

# Capital Taxes

## Capital Acquisitions Tax

- Changes to lifetime tax-free thresholds as part of Budget 2025

Groups	Current Thresholds (2024)	New Thresholds (2025)
Group A Parent to child	€335,000	€400,000
Group B Sibling to sibling, grandparent to grandchild, uncles/aunts to nieces/nephews	€32,500	€40,000
Group C Any relationship not in A or B	€16,250	€20,000

- No change to headline rate of 33%

# Indigenous Business - CGT

## Budget 2024 Proposals

	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

## Budget 2025

- €10m cap removed where child retains assets for 12 years
- Relief clawed back where there is a disposal with 12 years
- Qualifying assets under €10m, clawback period remains 6 years

# Indigenous Business - CGT

## Angel Investor CGT Relief

- Introduced in Budget 2024
- Reduced CGT rate on qualifying investment
  - 16% if direct
  - 18% if through a partnership
- Minimum €10,000 investment comprising 5% - 49% of Ordinary Share Capital
- Applies to gains up to twice value of investment
- Lifetime limit increased from €3m to €10m
- Commencing shortly!



## Climate and Other Measures

# VRT Commercial Vehicles

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- VRT Amendment
  - Electric commercial vehicles qualify for €200 VRT rate
  - Emissions based approach to VRT for category B commercial vehicles
  - 8% rate emissions of 120 g/km

# 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 31<sup>st</sup> October but extended to May 2025

## Tobacco and Alcohol

- Increase in excise duty by €1 on pack of 20 (Now €18.05)
- E-cigarettes / Vaping Products
  - 50c per ml of e-liquid
  - Typical vape now €9.23
  - Subject to commencement order



# VAT Measures

- Increase in the VAT registration thresholds –

Supply	Current Threshold	New Threshold
Services	€40,000	€42,500
Goods	€80,000	€85,000

- Extension of 9% rate on gas and electricity to 30 April 2025 (extended from 31 October 2024)
- Application of 9% for supply and installation of heat pumps from 1 January 2025
- 0% rate on solar panels to remain



**What's Next?**

# What's Next?

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## Revenue Focus

- Increased compliance activity
  - Real-time reporting of travel expenses
  - Share-based remuneration
  - CGT losses

# What's Next?

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## Further Reviews

- Interest deductibility rules
- R&D tax credit
- Participation exemption
- Review of taxation of funds sector
- Dairy farming income volatility

# Conclusion

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“  
*Always look forward to things. Look forward with hope. Hope is  
the greatest thing of all.*”

*Micheál O'Muircheartaigh*



# Thank you



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