



# Budget 2018

Summary Guide



## SUMMARY

Below is a summary of the key measures of Budget 2018 as delivered by Paschal Donohoe T.D. on 10 October 2017:-

- The **Home Carer Tax Credit** increased by €100 to €1,200.
- The **Earned Income Tax Credit** for the self-employed increased by €200 to €1,150.
- An increase of €750 in the income tax rate bands for all earners.
- A reduction in the rates and thresholds of the **Universal Social Charge (USC)**.
- To encourage the use of electric vehicles, a **0% Benefit-In-Kind** rate has been introduced for 2018.
- **Mortgage Interest Relief** to be phased out for owner occupiers who took out a qualifying mortgage between 2004 and 2012. Relief will be reduced as follows - 2018 @ 75%, 2019 @ 50%, 2020 @ 25% and 2021 et seq @ 0%. The relief was originally due to terminate at the end of 2017.
- Relief for **Pre-letting Expenses** up to €5,000 per property available for properties that have been vacant for a period of 12 months or more. Relief available up to the end of 2021 and a claw-back would occur if the property is withdrawn from the rental market within 4 years.
- An increase of 0.1% to **Employer PRSI**.
- A working group to be set up to plan the amalgamation of PRSI and USC.
- All weekly social welfare payments, including the state pension, to be increased by €5.
- The **Help to Buy Scheme** has been retained.
- **Capital Acquisitions Tax (CAT)** Rates and Thresholds remain unchanged.
- **Excise Duty** on a packet of 20 cigarettes is increased by 50 cent.
- **Stamp Duty** on Non-Residential Property increased from 2% to 6% (effective from 11-10-2017).
- The **Vacant Site Levy** will be 3% in the first year and 7% in the second and subsequent years.
- Introduction of a **Sugar Tax** from 1 April 2018. It will apply to sugar sweetened drinks between 5-8 grams per 100ml at a rate of 20c per litre. A second rate applies to drinks with sugar content of 8 grams or above at 30c per litre.
- A reduction of the 7 year holding period for **Capital Gains Tax (CGT) Relief** for the sale of qualifying assets. Where qualifying assets are sold between the 4<sup>th</sup> and 7<sup>th</sup> anniversary of their acquisition they will still qualify for full CGT relief.
- The introduction of a new share based remuneration incentive - **Key Employee Engagement Programme (KEEP)**. The aim of KEEP is to assist unquoted SMEs attracting and retaining key employees. The incentive should be available in 2018 subject to State Aid approval.

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**PERSONAL TAX CREDITS**

	<b>2017</b>	<b>2018</b>
Single Person	€1,650	€1,650
Married Person/Civil Partnership	€3,300	€3,300
Widowed Person/Surviving Civil Partner		
- in year of bereavement	€3,300	€3,300
- without dependent children	€2,190	€2,190
- with dependent children	€1,650	€1,650
Single Person Child Carer Credit	€1,650	€1,650
Widowed Person/Surviving Civil Partner (with qualifying child)		
- Year 1	€3,600	€3,600
- Year 2	€3,150	€3,150
- Year 3	€2,700	€2,700
- Year 4	€2,250	€2,250
- Year 5	€1,800	€1,800
Home Carer Tax Credit (max.)	€1,000	€1,200
PAYE Employee Tax Credit	€1,650	€1,650
Earned Income Tax Credit (max)	€950	€1,150
Age Tax Credit		
- Single/Widowed/Surviving Civil Partner	€245	€245
- Married/Civil Partnership	€490	€490
Incapacitated Child Tax Credit	€3,300	€3,300
Dependent Relative Tax Credit (max)	€70	€70
Income Limit	€14,060	€14,060
Blind Person's Tax Credit		
- Single Person	€1,650	€1,650
- Both Spouses/Civil Partners Blind	€3,300	€3,300
Employment of Carer for Incapacitated Person (Max)	€75,000 at marginal rate	€75,000 at marginal rate
Rent a Room Relief	€14,000	€14,000
Tax Credit for Fishermen	€1,270	€1,270

**INCOME TAX RATES**

	<b>2017</b>	<b>2018</b>
Single/Widowed/Surviving Civil Partner (without children)		
- 20% on first	€33,800	€34,550
- 40% on balance		
Single/Widowed/Surviving Civil Partner (with children)		
- 20% on first	€37,800	€38,550
- 40% on balance		
Married/Civil Partnership (one income)		
- 20% on first	€42,800	€43,550
- 40% on balance		
Married/Civil Partnership (two incomes)		
- 20% on first	€67,600	€69,100
- 40% on balance		
<i>Excess over €42,800 [2017] / €43,550 [2018] non-transferrable between spouses/civil partners</i>		



## TAX ON SAVINGS

	2017	2018
Deposit Interest Retention Tax (DIRT)	39%	37% *

\*In accordance with Budget 2017 whereby the DIRT rate will reduce by 2% per year until it reaches 33% in 2020

## EXEMPTION LIMITS

### Personal Circumstances

	2017	2018
Single/Widowed or Surviving Civil Partner, 65 years of age and over	€18,000	€18,000
Married/Civil Partnership, 65 years of age and over	€36,000	€36,000

Note – The above exemptions increase by €575 for each of the first two dependent children and by €830 for the third and subsequent children.

## UNIVERSAL SOCIAL CHARGE (USC)

2017		2018	
First €12,012	0.5%	First €12,012	0.5%
Next €6,760	2.5%	Next €7,360	2.0%
Next €51,272	5.0%	Next €50,672	4.75%
Balance	8.0%	Balance	8.0%
Non-PAYE Income in excess of €100,000	3.0%	Non-PAYE Income in excess of €100,000	3.0%

Reduced rates of USC are:-

Individuals 70 or over and individuals who hold full medical cards with income up to €60,000

First €12,012	0.5%
Balance	2.5%

Individuals 70 or over and individuals who hold full medical cards with income up to €60,000

First €12,012	0.5%
Balance	2.0%

### Exemptions:-

- Where an individual's income for a year does not exceed €13,000 (applicable for 2017 and 2018)
- All Department of Social Protection payments
- Income subjected to DIRT

## CAPITAL GAINS TAX

	2017	2018
Normal Rate	33%	33%
Entrepreneurial Rate <i>Applies to the disposal in whole or part of a business up to an overall limit of €1,000,000 in qualifying chargeable gains</i>	10%	10%
Annual Exemption	€1,270	€1,270



## CAPITAL ACQUISITIONS TAX

<b>Group Thresholds on gifts taken on or after ...</b>	<b>12 October 2016</b>
Group A – Son/Daughter	€310,000
Group B – Parent/Brother/Sister/Niece/Nephew/Grandchild	€32,500
Group C – Relationship other than Group A or B	€16,250

<b>Rates from effective</b>	<b>6 December 2012</b>
Threshold Amount	0%
Balance	33%
Annual Gift Exemption	€3,000

## CORPORATION TAX

Standard Rate on Trading Income	12.5%
Investment/Rental Income	25%

*There are various reliefs available to reduce the effective rate of corporation tax, namely Knowledge Development Box and Research & Development Tax Credit.*

## VAT

Standard Rate	23%
Reduced Rate – <i>includes land &amp; buildings, building services, heating and electricity, waste disposal</i>	13.5%
	9%
Second Reduced Rate - <i>Hospitality Industry</i>	
Zero Rate – <i>includes exports, children's clothing and footwear, books</i>	0%

## KEY DATES TO REMEMBER

### Income Tax

2016 Pay & File Deadline	31 October 2017 *
2017 Pay & File Deadline	31 October 2018

*Note - \* ROS Pay & File Extension of 14 November 2017*

### Capital Gains Tax

Disposals between 1 January 2017 and 30 November 2017	15 December 2017
Disposals between 1 December 2017 to 31 December 2017	31 January 2018

### Capital Acquisitions Tax

Gifts/Inheritances between 1 September 2016 to 31 August 2017	31 October 2017
Gifts/Inheritances between 1 September 2017 to 31 August 2018	31 October 2018



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