



Budget 2019

Summary Guide

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Budget 2019 Overview



“**Budget 2019 – Investing now for the future**” was delivered to the Dáil on 9 October 2018. As widely anticipated, the Budget has been heavily influenced by the possibility of a no-deal Brexit while trying to address the Housing Crisis. However, the measures announced are relatively positive for Ireland’s population of Independent Professional Contractors.

We consider Budget 2019 to be progressive with due consideration given to any potential fall-out from Brexit negotiations.

We have seen some small but welcome measures today which will support Independent Contractors who are integral to the success of Ireland Inc. These men and women provide highly sought after skill-sets which is one of the reasons Ireland is so successful in attracting investment from foreign multi-nationals. Ensuring a positive trading environment for these individuals will ensure the ongoing growth and success of this very important sector.

*Jimmy Sheehan
Commercial Director, Contracting PLUS*

Positive points for Independent Professional Contractors

- An increase of €750 in the income tax rate bands for all earners.
- The Earned Income Tax Credit increased by €200 to €1,350.
- A reduction in the rates and thresholds of the Universal Social Charge (USC).
- The 0% Benefit in Kind rate for electrical vehicles is being extended to 2021, with a cap of €50k on the Original Market Value.
- An extension of the VRT Rebate for Hybrid and Plug-in Hybrid vehicles until end of 2019.
- A new Parental Benefit payment to be paid for two weeks to every parent of a child in their first year (expected to commence November 19). This benefit will apply to employees and the self-employed and is expected to be increased to seven weeks in time.
- Income thresholds for the Affordable Childcare Scheme will increase.
- Jobseekers Benefit will be available to the self-employed from Quarter 4 2019.

Property

- 100% interest deduction for landlords in respect of loans used to purchase, improve or repair residential property from 1 January 2019.
- €1.25 billion has been made available for the delivery of 10,000 new social homes in 2019.
- Any future changes to the Local Property Tax (LPT) will be moderate and affordable.

Business Taxes

- Weekly income threshold for higher Employers PRSI contributions increased to €386
- Employers PRSI Contributions to be increased by 0.1%

- New Controlled Foreign Companies (CFC) rules to be introduced for accounting periods starting on or after 1 January 2019
- Immediate introduction of an Anti-Tax Avoidance Directive (ATAD) regime applying a CGT Exit Tax at 12.5% for companies ceasing to be Irish tax resident.
- The introduction of a -
 - o Rainy Day Fund (to increase the resilience to larger economic shocks),
 - o Human Capital Initiative,
 - o Future Growth Loan Scheme, and
 - o Funding for Brexit measures.

Indirect Taxes

- From 1 January 2019, the rate of VAT in the Tourism & Hospitality Sectors is increased from 9% to 13.5%.
- Excise Duty on a packet of 20 cigarettes is increased by 50 cents and an additional 25 cents on tobacco products.
- An extension of the Young Trained Farmers Stamp Duty Relief until end of 2021.

Other Measures

- All weekly Social Welfare payments will increase by €5 per week (applicable from March 2019) and the Christmas bonus is to be fully restored.
- Income thresholds for the Affordable Childcare Scheme will increase.
- The hourly minimum wage will be increased to €9.80 as recommended by the Low Pay Commission.
- Capital Acquisitions Tax (CAT) Group A Threshold increased by €10,000 to €320,000
- A new accelerated capital allowance scheme for gas-propelled vehicles and refuelling equipment

Finance Bill

- The Finance Bill will be published on 18 October 2018 and is expected to pass all stages in the Dáil by mid-December. The Bill will legislate for the Budget 2019 tax measures.

Personal Tax Credits

	2018	2019
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.)	€1,200	€1,500
PAYE Employee Tax Credit	€1,650	€1,650
Earned Income Tax Credit (max)	€1,150	€1,350
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	€14,753	€14,753
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

	2018	2019
Single/Widowed/Surviving Civil Partner (without children)		
- 20% on first	€34,550	€35,300
- 40% on balance		
Single/Widowed/Surviving Civil Partner (with children)		
- 20% on first	€38,550	€39,300
- 40% on balance		
Married/Civil Partnership (one income)		
- 20% on first	€43,550	€44,300
- 40% on balance		
Married/Civil Partnership (two incomes)		
- 20% on first	€69,100	€70,600
- 40% on balance		
<i>Excess over €43,550 [2018] / €44,300 [2019] non-transferrable between spouses/civil partners</i>		

Tax on Savings

	2018	2019
Deposit Interest Retention Tax (DIRT)	37%	35%
<i>Previously announced in Budget 2017, the DIRT rate will reduce by 2% per year until it reaches 33% in 2020.</i>		

Exemption Limits

Personal Circumstances	2018	2019
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)

2018		2019	
First €12,012	0.5%	First €12,012	0.5%
Next €7,360	2.0%	Next €7,862	2.0%
Next €50,672	4.75%	Next €50,170	4.5%
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	2.0%

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 2018 and 2019)
- All Department of Social Protection payments
- Income subjected to DIRT

Capital Gains Tax

	2018	2019
Normal Rate	33%	33%
Entrepreneurial Rate	10%	10%
<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>		
Annual Exemption	€1,270	€1,270

Capital Acquisitions Tax

Group Thresholds on gifts/inheritances taken on or after ...	12 Oct 2016	10 Oct 2018
Group A – Son/Daughter	€310,000	€320,000
Group B – Parent/Brother/Sister/Niece/Nephew/Grandchild	€32,500	€32,500
Group C – Relationship other than Group A or B	€16,250	€16,250

Rates effective from...	6 Dec 2012
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

	2018	2019
Standard Rate	23%	23%
Reduced Rate – includes land & buildings, building services, heating and electricity, waste disposal	13.5%	13.5%
Second Reduced Rate – Electronically supplied publications (e-books and e-newspapers)	23%	9%
Second Reduced Rate – Tourism & Hospitality Industry	9%	13.5%
Zero Rate – includes exports, children's clothing and footwear, books	0%	0%

Key Dates to Remember

Income Tax

2017 Pay & File Deadline *	31 October 2018
2018 Pay & File Deadline	31 October 2019

*Note - * ROS Pay & File Extension is 14 November 2018*

Capital Gains Tax

Disposals between 1 January 2018 and 30 November 2018	15 December 2018
Disposals between 1 December 2018 to 31 December 2018	31 January 2019

Capital Acquisitions Tax

Gifts/Inheritances between 1 September 2017 to 31 August 2018	31 October 2018
Gifts/Inheritances between 1 September 2018 to 31 August 2019	31 October 2019

About Contracting PLUS

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Call our team today on 1800 54 54 22

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