

Budget 2015

On 14 October 2014 Minister for Finance Michael Noonan has announced the new Budget 2015 which includes a reduction of the Universal Social Charge (USC) and a higher rate of income tax but stays committed to the 12.5% corporation tax rate.

Corporation Tax Rates

Ireland stays committed to the 12.5% corporation tax rate. Thus, Ireland remains a good location for national and international companies. Ireland upholds its competitiveness as a location of choice for companies which are operating on a national and global basis.

The new corporate tax reform ensures that all Irish incorporated companies will be Irish tax resident and will apply from 1 January 2015 for new companies and from 1 January 2021 for existing companies. This is part of Ireland's desire to maintain a strong international reputation with trading partners, the European Commission, OECD and other stakeholders.

The 3 year corporation start-up exemption will be extended.

The R & D base year threshold will be phased out.

Income Tax Rates

The top rate of income tax has been reduced to 40% while the standard rate of tax remains at 20%. The threshold at which middle income earners will start paying the higher rate of tax has increased to €33,800 (2014: €32,800) for singles and €42,800 (2014: €41,800) for married couples with one earner.

Capital Taxes

The Stamp duty relief will be extended for non-residential land transfers between certain close relatives. The stamp duty will be removed on agricultural leases in excess of 5 years.

VAT

The 9% VAT rate will be retained.

Price of 20 cigarettes is to increase by 40 cent.

No changes to diesel, petrol or alcohol.

Property

The home Renovation Scheme will be extended to include rented residential property.

80% windfall to tax will be abolished with effect from 1 January 2015.

DIRT refund in respect of the savings of first time buyers saving for a house deposit will be possible.

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Universal Social Charge (USC)

The threshold at which earners will start paying USC will be increased to €12,012 (2014: 10,036) and the USC bands and rates will be changed (see table).

Pension

The 0.6% pension levy will be abolished at the end of 2014.

The 0.15% levy will expire at the end of 2015.

Tax Rates

Corporate Tax Rates	2014	2015
Trading Income (including certain dividends)	12.5%	12.5%
Other Income (excluding capital gains)	25%	25%
R&D Tax Credit	25%	25%
R&D Volume Threshold	€300,000	R&D credit available on total spend
Deposit Interest Retention Tax (DIRT)	41%	41%
Three year Corporation Tax relief for start-up companies in 2015		
Capital Tax Rates	2014	2015
Capital Gains (CGT)	33%	33%
Gifts and Inheritance (CAT)	33%	33%
Income Tax Rates	2014	2015
Standard	20%	20%
Higher	41%	40%
Income Tax Bands	2014	2015
Income @ 20%	%	%
Single/Widowed (not a principal child carer)	€32,800	€33,800
Single/Widowed (principal child carer)	€36,800	€37,800
Married Couple (one income)	€41,800	€42,800
Married Couple (two incomes)	€65,600	€67,600
Balance at 41%	%	%
Income Tax Credits	2014	2015
Single Person (not a principal child carer)	€1,650	€1,650
Single Person (principal child carer)	€3,300	€3,300
Married	€3,300	€3,300
Employee Tax Credit	€1,650	€1,650
PRSI	2014	2015
Class A1 - most employed persons: (€356 per week or more)	%	%
Employer	10.75%	10.75%

Employee - employment income	4%	4%
Class S1 - proprietary and non-executive directors, not insurable under Class A	%	%
Employer	nil	nil
Employee	4%	4%
Universal Social Charge 2014		
Income Exemption Threshold	€10,036	
First €10,036	2%	
€10,037 to €16,016	4%	
Over €16,016	7%	
Over €100,000 (self-assessed income only)	10%	
Universal Social Charge 2015		
€0 – €12,012	1.5%	
€12,013 – €17,576	3.5%	
€17,577 – €70,044	7%	
€70,044 – €100,000	8%	
PAYE income in excess of €100,000	8%	
Self-employed income in excess of €100,000	11%	
Value Added Tax (VAT) 2014 2015		
Standard	23%	23%
Reduced: land and buildings, building services, heating and electricity, waste disposal, car hire	13.5%	13.5%
Hospitality	9%	9%
Exports	0%	0%
Stamp Duty 2014 2015		
Certain Stocks and Shares	1%	1%
Private Residential Property:		
Up to €1,000,000	1%	1%
Any excess over €1,000,000	2%	2%
Non-residential property	2%	2%
Carbon Tax		
No increase to general Carbon Tax rate at €20		
Carbon Tax introduced on phased basis for solid fuel.		
Local Property Tax		
	2014	2015
0.18% of market value up to €1m		Reduction of the tax due by up to 15%
0.25% of any excess over €1m		(Some local councils have exercised their ability to reduce the tax)
Operated over 12 month period		
Motor Tax		
	2014	2015
Low emission bands subdivided with average increase of 12%		No changes announced
Water Charges		
Tax relief will be available at the Standard Rate on water charges up to a maximum of €500 per household per year.		

For further information please contact us:



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