

Budget 2015



Today's Budget as delivered by Ministers Noonan and Howlin signaled the end of austerity and the start of a positive approach towards the future. Changes to Income Tax and Universal Social Charge rates and the extension of standard rate cut off points will help give taxpayers additional cash during the year.

Those in the social welfare net and farmers were also assisted today. The business community will be pleased to see that the corporation tax rate of 12.5% is not up for discussion either now nor in the future.

So for a change, it was not all 'take take' but we saw a handback today which can only hopefully improve as the years go on. A detailed budget guide can be obtained from <http://www.budget.gov.ie/Budgets/2015/2015.aspx>





Income Tax

Main changes to the Income Tax system today included:

- 41% rate reduced to 40%
- Standard Rate Tax band increased by €1,000 to €33,800
- Universal Social Charge (USC) rates have been reduced from 4% to 3.5% and 2% to 1.5%
- Point of entry to USC has increased from €10,036 to just over €12,000
- Those earning over €70,000 will be liable for an 8% USC rate
- 11% rate of USC also introduced for self employed with incomes of over €100,000
- Medical card holders will continue to be exempted from 7% rate of USC

Budget 2015 is about securing the recovery, building for the future and broadening it to families across the country.

Business

- Corporation Tax rate to remain at 12.5%
- 9% VAT rate to remain in place
- 3 year exemption from corporation tax for start-ups to be extended
- Accelerated capital allowances scheme for energy efficient equipment extended
- All new companies registered in Ireland from 2015 must also be tax resident. This will abolish the 'Double Irish' scheme.

Farming Community

- Targeting Capital Acquisitions Relief for agricultural property to ensure it is used by active farmers;
- broadening Capital Gains Tax retirement relief so that, for example, individuals can now lease out their land for up to 25 years prior to disposal and still be eligible for CGT retirement relief;
- extending stamp duty relief for non-residential land transfers between certain close relatives;
- removing stamp duty on agricultural leases in excess of 5 years; and
- extending CGT farm restructuring relief to the end of 2016 and broadening it to allow for restructuring through whole farm replacement.
- increasing the range for income averaging from 3 to 5 years. Also allowing income averaging on farm income to be available to farmers who derive income from another trade or profession, if this is due to on-farm diversification.
- The farmers' flat rate addition for farmers not registered for VAT is being increased from 5per cent to 5.2per cent from January 2015.



SME growth

- Seed Capital Scheme to be re-launched shortly
- Funds allowed to be raised annually under the Enterprise & Investment Incentive Scheme to be increased to €5m.
- Inclusion of hotels, nursing homes, self catering accommodation and guest houses to be included in the scheme.
- Holding period for shares to be increased to 4 years
- To support businesses abroad the Foreign Earnings Deduction has been improved to include other countries such as Mexico, Chile and others in the scheme
- Employees now only have to be abroad for only 40 days in the year to qualify and travel time can be considered in this



Other Reforms

- No changes to petrol, diesel, VRT, motor tax or alcohol
- Price of a pack of 20 cigarettes to increase by 40c
- Water charges relief at 20% rate of tax up to a maximum of €500 per annum.
- 0.6% pension levy to cease at end of 2014 and 0.15% levy to cease at the end of 2015
- Home Renovation Incentive Scheme to be extended to landlords liable to Income Tax
- First time buyers to be refunded any DIRT they pay on savings used towards the purchase of their home.

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Families & Social Reform

- Capital Investment of €2.2 billion in social housing over the next three years.
- Job Plus scheme to support 6000 employees under new reform
- Back to Work Family Dividend will allow parents returning to work to claim Qualified Child increase of €29.80 per week for 12 months at 100% and 50% in year 2.
- Child Benefit to increase by €5 per child in 2015 and by another €5 per child in 2016 if circumstances allow
- Living Alone Allowance to be increased to €9 per week
- Those on a Household Benefits Package will receive a €100 subsidy towards their water charges
- Health services are receiving €13.1 billion in 2015 to assist with medical or GP cards for the very young or elderly, supporting the elderly and disabled.
- Increase in the number of teachers and special needs assistants in schools.
- Resumption of recruitment into Civil Service

This is not intended to be a definitive guide and professional advice should be obtained before acting on any of the above.