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BUDGET HIGHLIGHTS 2016



N^o CARROLL & C^o

Personal/Income Tax

Rates, Credits & Bands

No changes to PAYE rates and the tax bands.

Tax rates remain at 20% and 40%.

• Tax Credits	<u>2015 & 2016</u>		<u>2015 & 2016</u>
Single	€1,650	Widowed Person	€2,190
Married	€3,300	Widowed Parent, Year 1	€3,600
One Parent Family (Only available to main carer from 2014)	€1,650	-Reducing annually to Year 5	€1,800
PAYE Employee Credit	€1,650	Incapacitated Child	€3,300

New 2016 Tax credit of €550 for self employed (against earned income)

Home Carers credit increased from €810 per annum to €1,000.

• Personal Rate Bands	<u>2015 & 2016</u>	• Exemption Limits	<u>2015 & 2016</u>
Single	€33,800	Single/Widowed 65 years or over	€18,000
Married (one income)	€41,800	Married 65 years or over	€36,000
Married (two incomes)*	€65,600		
Single/Widowed Parent	€36,800		

* Max transferable of €42,800

PRSI / USC

Employers PRSI

The threshold for the increase from 8.5% to 10.75% in Employers PRSI has been increased to €376 per week.

Employees will benefit from a tapered PRSI tax credit of up to €624 per annum.

USC

USC— Reduction in first three rates by 0.5%, 0.5% and 1.5% respectively. Exempt threshold increased to €13,000.

2015		2016	
< €12,012—Nil		< €13,000— Nil	
> €12,012		> €12,012	
First €12,012	1.5%	First €12,012	1%
€12,012 to €17,576	3.5%	€12,012 to €17,576	3%
> €17,576	7%	€17,576 to €70,004	5.5%
> €70,004 (Employed)	8%	> €70,004 (Employed)	8%
Self Employed > €100,000	11%	Self Employed > €100,000	11%

Home Renovation Scheme

The tax credit of 13.5% available for qualifying home renovation and improvement to PPR and rental properties which was due to expire at the end of 2015 has been extended to 31st December 2016.

Film Relief

The qualifying spend for film relief has been increased to €70M.

Capital Gains Tax

There is a change to the rate of CGT from 33% to 20% for capital gains arising from the sale of the whole or part of a business.

This is an unusual move away from the normal practice on two fronts, namely, (1) The rate reduction is specific to a particular type of disposal and (2) there is no change to the CAT rate.

Capital Acquisitions Tax

The threshold for Group A inheritances and gifts usually taken from a parent has been increased from €225,000 to €280,000 presumably in the main to reflect the increases in property values. No change has been made to the CAT rate of 33%.

Corporation Tax

12.50% rate remains for trading profits.

Introduction of a Knowledge Development Box to provide for a 6.25% corporation tax rate on profits arising from certain Intellectual Property (IP) assets. These IP assets result from qualifying R&D activity carried out in Ireland..

Start-up Company Relief — This relief has been extended to new companies starting to trade over the next three years.

Excise Duties

Tobacco

The only "Old Reliable" being targeted again in this year Budget, similarly to 2015, is tobacco with a significant increase which takes effect from midnight tonight.

Cigarettes - 50c per pack of twenty, pro-rata on other tobacco products.

VAT

Retention of 9% Rate.

No changes to 13.5% or 23% rates.

Social Welfare

Increase of €5 per month in child benefit

Increase of €3 per week in State Pension.

Respite Care Grant of €1,700 restored from 2016.

Fuel Allowance increased by €2.50 per week.

Christmas bonus increased to 75% of the normal weekly payment.

Local Property Tax

It is proposed to postpone the property revaluation date to 2019.

Also there is a proposal to amend the administrative procedures for exemptions in respect of properties affected by pyrite.

Other Changes

Agriculture

Introduction of a new tax credit worth €5,000 per annum for five years for family farm partnerships to facilitate the transfer of family farms to the next generation.

Extension of stock relief for young farmers and farmers in general for a further 3 years.

Extension of stamp duty exemption to young trained farmers to the end of 2018.

Motor Tax

Reduction to €500 for vehicles >4,000kgs <12,000kgs. Over 12,000kgs reduction to €900.

Childcare/Other

Extra free pre-school funding by extending the qualifying age from, currently 4 years 7 months now to 5 years 6 months. Also the start date for a child can be September, January or April whereas previously it was just September. It is effective from September 2016.

Free GP care is extended to children up to 12 years of age.

Call us on 01 8774747 or e-mail info@ocarroll.biz to discuss any of the above topics in more detail.

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