MICHAEL F DOLAN & Co.
Chartered Accountants

Park House, Main Street, Loughrea, Co. Galway
Telephone: +353 (0)91 841518 - Mobile: +353 (0)86 2550866

Visit our website: **www.michaelfdolan.ie** - Email: **michael@michaelfdolan.ie**

BUDGET 24

BUDGET 2024 SUMMARY

These are the key tax measures in the Budget Statement by the Minister for Finance on 10 October 2023.

Personal Income Tax

Tax Credits
Changes are in **bold.**

Tax Credit	2023 €	2024 €
Single person	1,775	**1,875**
Married or in a civil partnership	3,550	**3,750**
Employee Tax Credit	1,775	**1,875**
Earned Income Tax Credit	1,775	**1,875**
Widowed person or surviving civil partner (without qualifying child)	2,315	**2,315**
Single person Child Carer Tax Credit	1,650	**1,750**
Incapacitated Child Credit	3,300	**3,500**
Blind Tax Credit		
Single person	1,650	1,650
Married or in a civil partnership:		
• one spouse or civil partner blind	1,650	1,650
• both spouses or civil partners blind	3,300	3,300
Widowed Parent		
• Bereaved in 2023	-	3,600
• Bereaved in 2022	3,600	3,150
• Bereaved in 2021	3,150	2,700
• Bereaved in 2020	2,700	2,250
• Bereaved in 2019	2,250	1,800
Age Tax Credit		
• Single or widowed or surviving civil partner	245	245
• Married or in a civil partnership	490	490
Dependent Relative	245	245
Home Carer Tax Credit	1,700	**1,800**

Rent Tax Credit
The Rent Tax Credit is increasing to **€750** per individual and **€1,500** per jointly assessed couple for 2024 and 2025.

Payments made by parents in respect of "digs" or rent-a-room arrangements for their children to attend an approved course will now qualify for the Rent Tax Credit. This is provided the claimant and their child are not related to the landlord. This change will apply retrospectively for the years 2022 and 2023.

Rented Residential Relief
A new tax relief for landlords will be available against rental income from residential property for tax years 2024 to 2027 inclusive. The relief is available to individual landlords only for tenancies registered with the Residential Tenancies Board or for lettings of a residential property to a public authority. Landlords are also required to have tax clearance and to comply with their Local Property Tax.

The relief will reduce the tax due on residential rental income by up to €600 in 2024, €800 in 2025, and €1,000 in 2026 and 2027. The relief is capped at the tax liability on the rental income and will be apportioned in the case of joint ownership of a property. Further information on this relief will be set out in the Finance Bill.

Mortgage Interest Relief
A temporary one-year tax credit will be introduced for taxpayers who have made payments in respect of a qualifying loan for a principal private residence. The relief will be available to homeowners with an outstanding mortgage balance of between €80,000 and €500,000 as of 31 December 2022. The credit will be available in respect of 2023, on the increase in interest paid in 2023 over interest paid in 2022. The amount qualifying for relief at the standard rate of tax will be capped at €6,250 per residence, equivalent to a maximum tax credit of €1,250. Further information on the eligibility criteria for this credit and the process by which it may be claimed will be provided on www.revenue.ie.

Sea-going Naval Personnel Tax Credit
The Sea-going Naval Personnel Tax Credit of €1,500 has been extended to 31 December 2024.

Tax Rates and Tax Bands
Changes are in **bold.**

Personal Circumstances	2023 €	2024 €
Single or widowed or surviving civil partner, without qualifying child	40,000 @ 20% Balance @ 40%	**42,000 @ 20%** Balance @ 40%
Single or widowed or surviving civil partner, qualifying for single person child carer credit	44,000 @ 20% Balance @ 40%	**46,000 @ 20%** Balance @ 40%
Married or in a civil partnership, one spouse or civil partner with income	49,000 @ 20% Balance @ 40%	**51,000 @ 20%** Balance @ 40%
Married or in a civil partnership, both spouses or civil partners with income	49,000 @ 20% with increase of 31,000 max. Balance @ 40%	**51,000 @ 20%** with **increase of 33,000 max.** Balance @ 40%

Exemption Limits
The Income Tax exemption limits for persons aged 65 years and over are unchanged.

Personal Circumstances	2023 €	2024 €
Single or widowed or surviving civil partner, 65 years of age and over	18,000	18,000
Married or in a civil partnership, 65 years of age and over	36,000	36,000

These exemption limits increase by €575 for each of the first two dependent children, and by €830 for the third and subsequent children.

Benefit in Kind (BIK) on Employer-Provided Vehicles
The following will apply for BIK on employer-provided vehicles for 2024:

- A reduction of €10,000 will apply to the original market value (OMV), to reduce the amount of BIK payable, for all cars in Category A,B,C and D (not E) and all vans.
- The current reduction of €35,000 in OMV will continue to apply for all electric vehicles.
- The lower mileage limit in the highest mileage band which applies to employer-provided cars will remain at 48,000.

For 2025, 2026 and 2027, the reductions in the OMV for electric vehicles will be €35,000, €20,000 and €10,000 respectively.

Certain Profits from Micro-Generated Electricity
The amount of profits exempt from income tax, USC and PRSI from the micro-generation of electricity by an individual is being increased from €200 to **€400** per year. The scheme is being extended to 31 December 2025.

Universal Social Charge (USC)

Standard Rates of USC
Changes to USC thresholds and rates are in **bold**.

USC Thresholds			
2023	**Rate**	**2024**	**Rate**
Income up to €12,012.00	0.5%	Income up to €12,012.00	0.5%
Income from €12,012.01 to €22,920.00	2.0%	Income from €12,012.01 to **€25,760.00**	2.0%
Income from €22,920.01 to €70,044.00	4.5%	Income from **€25,760.01** to €70,044.00	**4%**
Income above €70,044.00	8.0%	Income above €70,044.00	8%

Reduced Rates of USC
The reduced rate of USC of 2% applies for individuals aged 70 years or over whose aggregate income for the year is €60,000 or less.

The reduced rate of USC will also apply for 2024 and 2025 for full medical card holders under 70 years whose aggregate income for the year is €60,000 or less.

USC Thresholds - Reduced Rates			
2023	**Rate**	**2024**	**Rate**
Income up to €12,012.00	0.5%	Income up to €12,012.00	0.5%
Income above €12,012.00	2.0%	Income above €12,012.00	2.0%

- Note 1: 'Aggregate' income for USC purposes does not include payments from the Department of Social Protection (DSP).
- Note 2: A 'GP only' card is not considered a full medical card for USC purposes.

Other Thresholds, Reliefs and Allowances

Payment of Tax by means of Donation of Heritage Items
The ceiling on the aggregate value of heritage items approved for donation in any one year has been increased to **€8 million**.

Relief for Investment in Corporate Trades
Changes to the Employment Investment Incentive (EII), Start-up Relief for Entrepreneurs (SURE) and the Start-up Capital Incentive (SCI) are mainly due to changes to State Aid rules and include:

- Changes to the eligibility criteria that apply to companies.
- Standardising the minimum holding period required to obtain relief to four years for all investments.
- Increasing the maximum investment amount on which an investor may claim relief from €250,000 to **€500,000** annually.

Accelerated Capital Allowances for Energy Efficient Equipment
The accelerated capital allowances scheme for Energy Efficient Equipment is being extended for a further two years until 31 December 2025.

Acceleration of Wear and Tear Allowances for Farm Safety Equipment
The scheme of accelerated allowances which was due to expire at the end of this year is being extended until 31 December 2026.

Relief for Certain Income from Leasing of Farm Land
This change requires that a lessor who has purchased farm land for a consideration equal to market value on or after 1 January 2024 must have owned the land for a period of at least 7 years before they can make a claim for relief.

Special Provisions for Registered Farm Partnerships
The amount of relief that can be received in aggregate is to increase from €15,000 to **€20,000** for qualifying periods commencing on or after 1 January 2024.

Relief for Young Trained Farmers
An overall lifetime limit applies to the aggregate amount of relief which may be claimed under:

- Income Tax Stock Relief
- Succession Farm Partnerships
- Stamp Duty Young Trained Farmer Relief.

This limit is being increased from €70,000 to **€100,000**.

Corporation Tax (CT)

Pillar Two Minimum Effective Tax Rate
Under the transposition of the EU Minimum Tax Directive, a summary of the Pillar Two rules that will come into effect from 31 December 2023 is as follows:

- In-scope businesses will pay a minimum effective tax rate of 15% on their profits in respect of each country in which they operate.
- This will apply to both multinational and domestic businesses with a global annual turnover of €750 million and above in at least two of the preceding four years.

A number of consequential amendments to existing provisions have also been introduced.

Section 481 Film Relief
The maximum expenditure which can be used to calculate the credit will be increased to **€125 million**, from the date of commencement order.

Research & Development (R&D) Tax Credit
There are a number of amendments to the R&D Corporation Tax credit including:

- An increase in the rate from 25% to **30%**.
- An increase from €25,000 to **€50,000** in the amount of the credit payable in Year One.

Capital Gains Tax (CGT)

Angel Investor Relief
CGT relief will be introduced for third-party individuals who take significant minority shareholdings in innovative start-up companies for at least 3 years. These individuals can avail of an effective reduced rate of CGT of 16%, or 18% for partnerships. The relief can be applied on a gain of up to twice the value of their initial investment and is subject to a lifetime limit of €3 million. Further details will be set out in the Finance Bill.

Retirement Relief
The following changes will come into effect for disposals made on or after 1 January 2025:

- The upper age limit which applies to the maximum level of retirement relief will be extended from 66 to 70, in respect of both a disposal to a child and a disposal to a person other than a child.
- A new threshold will limit the availability of the relief on disposals to a child by individuals from the age of 55 until the age 70 to assets with a value of €10 million or less.

A further amendment will require that retirement relief must be claimed by an individual on their tax return.

Capital Acquisitions Tax (CAT)

Group B CAT Threshold
Currently, individuals can claim the Group A CAT threshold in respect of gifts and inheritances received from their foster parents. Similar treatment is to be extended in respect of gifts and inheritances received from within the wider familial relationships individuals have by virtue of their foster parents. Where the treatment applies, individuals will be entitled to claim the Group B CAT threshold.

Stamp Duty

Consanguinity Relief
A reduced Stamp Duty rate of 1% applies to transfers of farmland between certain blood relatives. This relief is being extended by five years to 31 December 2028.

Bank Levy
A revised bank levy is being introduced for 2024, which will be payable by banks which received State assistance. The target yield for the levy for 2024 is €200 million. It will replace the current bank levy, which is based on the Deposit Interest Retention Tax paid by the banks in a specified year and is due to expire on 31 December 2023.

Property

Help to Buy (HTB)
The HTB scheme is extended for a further year to 31 December 2025.The scheme has also been amended to increase its compatibility with the Local Affordable Purchase Scheme for eligible applicants, effective from 11 October 2023.

Vacant Homes Tax (VHT)
VHT is a self-assessed tax that applies to habitable residential properties that have been occupied for less than 30 days in a 12-month chargeable period, from 1 November to 31 October of the following year. The VHT rate for chargeable periods from 1 November 2023 onwards has been increased to five times a property's existing base Local Property Tax liability.

Residential Zoned Land Tax (RZLT)
The first liability date for RZLT will be deferred until 1 February 2025. Landowners will be afforded an opportunity to submit requests for a change in the zoning of their land to local authorities in respect of the mapping process being undertaken in 2024 and 2025.

Defective Concrete Products Levy
This levy is being amended so that it will no longer apply to the pouring concrete used in the manufacture of precast concrete products, with effect from 1 January 2024. A refund scheme is also being put in place to allow those who paid the levy on such concrete between 1 September 2023 and 31 December 2023 to reclaim it.

Value Added Tax (VAT)

Gas and Electricity Supplies
The application of the second reduced VAT rate of 9% to gas and electricity supplies is extended for one year until 31 October 2024.

eBooks and Audio Books
The VAT rate on the supply of electronic books and audio books will be reduced to **0%**, with effect from 1 January 2024.

Solar Panels
The VAT rate on the supply and installation of solar panels on school buildings will be reduced to **0%**, with effect from 1 January 2024.

Flat-Rate Addition for Farmers
The flat-rate addition for farmers will be reduced from 5% to **4.8%**, with effect from 1 January 2024.

VAT Registration Thresholds
With effect from 1 January 2024, the turnover thresholds beyond which suppliers are obliged to register for VAT will rise:

- For a supplier of goods, the new threshold will be **€80,000**, up from €75,000.
- For a supplier of services (or mixed supplies), the new threshold will be **€40,000**, up from €37,500.

Suppliers whose turnover is below the threshold amount may opt to register for VAT.

Excise

Tobacco Products Tax (TPT)
TPT rates are increased with effect from 11 October 2023. The increase amounts to **75 cent**, inclusive of VAT, on a packet of 20 cigarettes, with pro rata increases on other tobacco products.

Mineral Oil Tax (MOT)
Based on charging €56.00 per tonne of CO_2, the carbon component of MOT will increase from 11 October 2023, resulting in overall MOT rate increases to:

- **€606.39** per 1,000 litres on petrol and aviation gasoline.
- **€526.83** per 1,000 litres on auto-diesel and heavy oil used for air and private pleasure navigation.

Increases to the carbon component and overall MOT rates on other fuels will take effect on 1 May 2024.

The reversal of 2022 MOT rate cuts, scheduled for 31 October 2023, is postponed. MOT rate increases on petrol, auto-diesel and marked gas oil (MGO) will now take effect on 1 April and 1 August 2024.

Natural Gas Carbon Tax (NGCT)
Based on charging €56.00 per tonne of CO2, the NGCT rate will increase to **€10.13** per megawatt hour at gross calorific value from 1 May 2024.

Solid Fuel Carbon Tax (SFCT)
Based on charging €56.00 per tonne of CO_2, SFCT rates will increase from 1 May 2024 to:

- **€147.49** per tonne on coal
- **€102.68** per tonne on peat briquettes
- **€50.88** per tonne on milled peat
- **€76.32** per tonne on other peat.

Vehicle Registration Tax (VRT)

Relief for Electric Vehicles (EVs)
Remission or repayment in respect of VRT for electric vehicles (EVs), including electric motorcycles, is extended until 31 December 2025.

Legal Disclaimer
This summary is intended to describe the subject in general terms. As such, it does not attempt to cover every issue which may arise in relation to the subject. It does not purport to be a legal interpretation of the statutory provisions and, consequently, responsibility cannot be accepted for any liability incurred or loss suffered as a result of relying on any matter published herein.