

BUDGET 2024

Financial Statement of the Minister
for Finance 10th October 2023

Presented by



WENTWORTH
AUDIT TAX ADVISORY

On Tuesday 10 of October 2023 Minister for Finance, Mr. Michael McGrath, announced a total spending package of almost €14 billion, made up of a cost-of-living package of €2.3 billion, core spending and taxation of €6.8 billion and non-core spending of €4.8 billion.

Budget 2024 was about striking a balance between providing cost-of-living supports, addressing climate change commitments and preparing for future challenges.

An income tax package of €1.3 billion will see the standard rate band increase to €42,000 and personal tax credits increase by €100. The 2% USC ceiling will be increased by €2,840 to €25,760. The rental tax credit will be increased from €500 to €750.

On the business front, a €250 million package was announced for small and medium firms designed to help with the costs of doing business. The minimum wage increases to €12.70 and all rates of PRSI increase by 0.1%.

The R&D tax credit will be increased from 25% to 30%. The amount an investor can claim relief on for four-year investments under the Employment Investment Incentive Scheme has doubled to €500,000.

The Vacant Homes Tax will be increased from three to five times the LPT liability. In relation to the Residential Zoned Land Tax the liability date has been extended to 2025.

Landlords will welcome a tax break worth between €600 and €1,000, rising every year they stay in the market, up to 2027.

The Help-to-Buy scheme has been extended to the end of 2025 and reformed to ensure applicants for local authority affordable purchases can avail of Help-to-Buy.

If you would like to discuss how Budget 2024 will impact on you or your business, please call us to arrange a meeting with a member of our tax team.



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CHARTERED
ACCOUNTANTS
IRELAND

INCOME TAX & USC

Tax rates	2023	2024
Standard tax rate	20%	20%
Higher tax rate	40%	40%
Standard rate bands		
Single/widowed	€40,000	€42,000
Married/civil partnership one income	€49,000	€51,000
Married/civil partnership two incomes (increase capped at lower of €33,000 or the income of lower earner)	€80,000	€84,000
One parent family	€44,000	€46,000
Tax credits		
Single person	€1,775	€1,875
Married couple/civil partnership	€3,550	€3,750
PAYE	€1,775	€1,875
Earned income	€1,775	€1,875
Home carer (maximum)	€1,700	€1,800
Single person child carer	€1,650	€1,750
Incapacitated child	€3,300	€3,500
Universal Social Charge (USC)		
2023		2024
First €12,012	0.5%	First €12,012 0.5%
Next €10,908	2%	Next €13,748 2%
Next €47,124	4.5%	Next €44,284 4%
Balance over €70,044	8%	Balance over €70,044 8%
Relevant income > €100,000	11%	Relevant income > €100,000 11%

PRSI

	2023	2024
Class A Employee PRSI	4%	4.1%
Employer PRSI on weekly income (not exceeding €410)	8.8%	8.9% (not exceeding €410)
Employer PRSI on weekly income (over €410)	11.05%	11.06% (over €410)
Self-employed PRSI	4%	4.01%

CORPORATION TAX

Standard rate	12.5%
Knowledge Development Box	6.25%
Non-trading income rate	25%

CAPITAL GAINS TAX

General rate	33%
Entrepreneur relief	10%
Annual exemption	€1,270

STAMP DUTY

Residential units up to €1m	1%
over €1m	2%
Bulk purchased residential units	10%
Commercial property	7.5%
Shares (certain exceptions)	1%

CAPITAL ACQUISITION TAX

General rate	33%
Group A threshold	€335,000
Group B threshold	€32,500
Group C threshold	€16,250

DIRT

33%

DWT

25%

VAT

Standard rate	23%
Reduced rate	13.5%
Reduced rate for electricity and gas costs	9% until 31.10.2024

PERSONAL

Income Tax

The standard rate band has been increased to €42,000, resulting in a tax saving of €400 per individual where fully utilised. This along with the €100 increase in Personal, PAYE and Earned Income tax credits and the increase in the 2% USC band to align with the increase in the minimum wage, means that an individual on a salary of €55,000 will be €817 better off.

The Home Carer and Single Person Child Carer tax credits have increased by €100 and the Incapacitated Child tax credit by €200.

BUSINESS

Corporate Tax

The Minister for Finance has said he will be publishing legislation to implement the 15% minimum effective tax rate for large companies as provided for under the OECD Pillar Two agreement. The 12.5% corporation tax rate for businesses with a consolidated group turnover below €750m remains intact.

Business Supports

The Temporary Business Energy Support Scheme was put in place to support businesses with increasing energy costs in Budget 2023, and €124 million in claims were paid out to 31 August 2023. As higher rates of inflation have persisted, a once-off business support measure will be rolled out in 2024 at a cost of €250 million. The details of the scheme will be further developed and finalised for implementation in 2024.

Research and Development Tax Credit

The Research and Development (R&D) tax credit rate for qualifying R&D expenditure is being increased from 25% to 30% in respect of 2024 expenditure, for which claims will be filed in 2025. The first-year payment threshold allows for a claim up to the threshold amount to be paid in full in year 1, rather than over three years. The current threshold of €25,000 is being increased to €50,000.

Employment Investment Incentive Scheme (EIIS)

EIIS provides income tax relief for risk capital investments in qualifying small and medium enterprises. From 1 January 2024, the minimum holding period required to obtain relief is being standardised to four years for all investments, and the limit on the amount that an investor can claim relief on for such investments is being increased to €500,000.

Capital Gains Tax Relief for Angel Investment

A new CGT relief for angel investors who invest in innovative SME start-ups for a period of 3 years is being introduced. The investment by the individual must be in the form of fully paid-up newly issued shares costing at least €10,000 and constituting between 5% and 49% of the ordinary issued share capital of the company. Qualifying investors may avail of an effective reduced rate of CGT of 16%, or 18% if through a partnership, on a gain up to twice the value of their initial investment. There is a lifetime limit of €3 million on gains to which the reduced rate of CGT will apply.

VAT Registration Thresholds

From 1 January 2024, the existing VAT registration thresholds are being increased from €37,500 to €40,000 for services, and from €75,000 to €80,000 for goods.

Accelerated Capital Allowances – Energy Efficient Equipment

The Accelerated Capital Allowances (ACA) scheme for Energy Efficient Equipment (EEE) provides a tax incentive for companies and unincorporated businesses who invest in highly-EEE. The scheme is being extended for a further two years to 31 December 2025.

Retirement Relief

From 1 January 2025, the higher level of relief, which applies to disposals to children and to others, will be available for disposals occurring from the age of 55 until the age of 70. Also from 1 January 2025, there will be a new limit of €10 million on the relief available for disposals to a child up until the age of 70.

Section 481 Film Relief

Section 481 film relief provides relief in the form of a corporation tax credit for the qualifying costs of certain audiovisual productions. Section 481 was extended to 31 December 2028 in Budget 2023. The cap on projects eligible for Section 481 tax credit for filmmakers has increased from €70 million to €125 million.

HOUSING

Rental Tax Credit

The Rental Tax Credit will be increased to €750 per individual and €1,500 per jointly assessed couple for 2024 and 2025. This relates to taxpayers who are paying rent on their principal private residence.

Parents who pay for their student children who have tenancies in 'Rent a Room' or 'digs' accommodation will now be able to claim the Rent Tax Credit. This will be backdated to allow for claims to be made for the 2022 and 2023 tax years.

Mortgage Interest Tax Relief

A temporary one-year mortgage interest tax relief is being introduced, to help homeowners in the current high interest rate environment. The relief will be available to taxpayers in respect of their mortgage on their principal private residence in the State where the outstanding mortgage balance was between €80,000 and €500,000 on 31 December 2022, and the taxpayer is compliant with LPT requirements.

Mortgage interest tax relief will be available at the standard rate of income tax in respect of the increase in the interest paid between the calendar year 2022 compared to the calendar year 2023. The maximum value of the relief is €1,250 per property. To claim the mortgage interest tax relief, the taxpayer must file a tax return with Revenue. The relief will operate by way of a credit offset against the taxpayer's income tax liability in 2023. It is anticipated that the relief may be claimed in early 2024.

Help-to-Buy

The Help-to-Buy scheme for first-time buyers has been extended at the current rates until the end of 2025. The scheme offers a tax rebate of up to €30,000 or 10% of the purchase price of the property. The scheme is also being amended to reflect its interaction with the Local Authority Affordable Purchase Scheme (LAAP). This amendment will enable the use of the affordable dwelling contribution received through the LAAP scheme for the purposes of calculating the 70% loan-to-value requirement, thereby facilitating access to all LAAP purchasers to the HTB scheme. This will come into effect from 11 October 2023.

Vacant Homes Tax

The rate of the Vacant Homes Tax is being increased from three times to five times a property's existing base LPT liability. This increase will take effect from the next chargeable period, commencing 1 November 2023

Residential Zoned Land Tax

The Residential Zoned Land Tax liability date has been extended by a year to allow for a review of maps and allow more engagement with the process.

Rented Residential Relief

A new tax relief for landlords is being introduced. It will provide a relief, at the standard rate, of residential rental income. The relief will be as follows: €3,000 in 2024; €4,000 in 2025, €5,000 in 2026 and €5,000 in 2027. A full claw-back of the relief applies in the event the landlord removes from the rental market, within 4 years, any of the rental properties held in year 1 when the benefit is claimed. There is no clawback after the expiry of the 4-year period. The relief relates only to tenancies registered with the Residential Tenancies Board, or where a landlord lets a residential property to a public authority.

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. 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.

MOTORING

BIK Measure: OMV Deduction

The temporary universal relief of €10,000 applied to the Original Market Value of a vehicle (including vans) for vehicles in Category A-D and the amendment to the lower limit of the highest mileage band is being extended to 31 December 2024.

BIK Measure: Relief for Battery Electric Vehicles

The tapering mechanism applied to benefit in kind relief for electric vehicles is being enhanced by extending the current Original Market Value deduction of €35,000 until the end of 2025, followed by a reduction to €20,000 in 2026 and €10,000 in 2027. This means a total reduction in 2024 of €45,000 when applied in conjunction with the OMV deduction.

VRT Relief for Battery Electric Vehicles

The VRT relief for battery electric vehicles, which was due to end on the 31 December 2023, is being extended by two years to 31 December 2025.

CONSUMPTION TAXES

VAT

The reduced VAT of 9% on electricity and gas is being extended for an additional 12 months, until 31 October 2024.

From 1 January 2024, the VAT rate for audiobooks and e-books is being reduced from 9% to zero.

From 1 January 2024, the VAT rate for the supply and installation of solar panels installed in schools is being reduced to zero.

Customs & Excise

The excise duty on a packet of 20 cigarettes will be increased by 75 cents, bringing the total price to €16.75.

A domestic tax on e-cigarettes and vaping products has been proposed by Minister McGrath for next year's Budget.

The temporary excise rate reductions applying to auto diesel, petrol and marked gas oil which were due to expire on 31 October 2023 are being extended until 31 March 2024. Half of the outstanding amounts of 8 cents on petrol, 6 cents on diesel and 3.4 cents on marked gas oil will be restored on 1 April 2024, with the balance restored on 1 August 2024.

AGRICULTURE

Accelerated Capital Allowances – Farm Safety Equipment

This scheme, which allows for accelerated capital allowances of 50% per annum for eligible equipment, is being extended to 31 December 2026.

Stock Relief

Stock relief for registered farm partnerships is being amended to increase the threshold from €15,000 to €20,000 in the case of qualifying periods commencing on or after 1 January 2024.

Young Trained Farmer Stamp Duty Relief

This relief gives a full exemption from stamp duty to young trained farmers when they acquire (by gift or purchase) farmland, and associated buildings, including farmhouses. This relief is due to expire at the end of 2025.

EU Agricultural Block Exemption Regulation

The maximum aggregate lifetime limit of a number of farm-related reliefs is extended from €70,000 to €100,000 from 1 January 2024 which is the maximum allowable under the new EU Agricultural Block Exemption Regulation (ABER) which came into effect on 1 January 2023.

These reliefs include the Young Trained Farmer Stamp Duty Relief, Stock Relief for Young Trained Farmers, and the relief for Succession Farm Partnerships.

Consanguinity (Stamp Duty) Relief

This stamp duty relief is being extended to 31 December 2028. It reduces the rate of stamp duty applicable to transfers of farmland within a family from 7.5% to 1%.

Farmer's Flat Rate compensation

The flat-rate scheme compensates unregistered farmers on an overall basis for VAT incurred on their farming inputs. This rate will decrease from the current 5.0% to 4.8% from 1 January 2024.

Other Farming Supports

There will be over €100 million in support for beef and sheep sectors and €9 million more for tillage farmers, alongside higher rates of grants for new tanks for those importing slurry designed to offset the impact of the ending of the nitrates derogation.

CLIMATE & ENVIROMENTAL

Carbon Tax

There will be a €7.50 increase on the current rate of Carbon Tax applied per tonne of carbon dioxide emission. This will bring the rate up to €56.00 per tonne. Carbon tax will increase by the same amount in every budget until 2029. The increase will be applied to petrol (+€1.28 on 60L) and auto diesel (+€1.48 on 60L) from 11 October 2023 and all other fuels on 1 May 2024.

Microgeneration of electricity

There will be an increase from €200 to €400 in the exemption from income tax, USC and PRSI for certain profits arising to a qualifying individual who generates energy from renewable, sustainable or alternative energy sources for their own consumption. The exempted profits are those arising from the domestic generation of electricity which is supplied to the grid.

BANKING

Bank Levy

A revised bank levy is to be put in place in 2024, to raise €200 million. It will apply to those banks that received financial assistance from the State during the banking crisis, (AIB, EBS, Bank of Ireland and PTSB).

COST OF LIVING SUPPORTS

Once-Off Cost of Living Supports

Every household will get €450 in energy credits (3 x €150) between the end of the year and April 2024.

A once-off double week Cost of Living Support payment will be paid to all qualifying Social Protection recipients in January 2024.

A once-off double Child Benefit payment to be paid before Christmas, while Child Benefit will be extended to 18-year-olds in full-time education.

A Fuel Allowance Lump Sum of €300 will be paid to recipients before Christmas.

A Living Alone Allowance of €200 will be paid before Christmas.

A once-off payment of €400 will be paid to those in receipt of the Carers Support Grant, Blind Pension, Invalidity Pension and the Domiciliary Care Allowance before Christmas.

A Qualified Child Increment Lump Sum of €100 will be paid before Christmas.

A Working Family Payment Lump Sum of €400 will be paid before Christmas.

€100 increase in the Back-to-School Clothing and Footwear Allowance.

A once-off Foster Care Allowance double payment will be paid before Christmas.

Extension of Youth Travel Card.

Other Measures (Higher Education Student Contribution, Schools Capitation, School Transport, State Exam Fees).

CHARITY

Charities Compensation Scheme

From 1 January 2024, the total annual capped fund for the Charities VAT Compensation Scheme is being increased up from €5 million to €10 million.

Donations of Heritage Items

This tax relief is available to taxpayers who donate heritage items to Irish national collections. A credit equal to 80% of the market value of the item donated can be set against donors' liabilities for income tax, corporation tax, capital gains tax or gift and inheritance tax. The limit on the aggregate value of items that can be donated under the scheme in any one year is to be increased from €6 million to €8 million.

KEY EXPENDITURE MEASURES

- Free School Book Scheme for junior cycle students at post-primary level.
- 1,000 new Garda and 250 Garda Staff.
- Restoration of maintenance grants to postgraduate students on a similar basis to undergraduates.
- 400 additional military personnel.
- €67 million to provide 16,000 craft apprenticeship programmes.
- 10,200 new tenancies under the HAP and RAS schemes.
- 20% fare reduction on public transport continued to end of 2024.
- 6,400 affordable homes for sale and rent.
- 6,000 new households supported through Social Housing Current Expenditure Programme.
- €207 million to bring back vacant and derelict units through the voids programme and Croí Cónaithe scheme.
- €12 increase in the Weekly Social Welfare Rate for working age recipients.
- €12 increase in weekly payments for Pensioners.
- €54 per week increase in the Working Family Payment threshold.
- €4 increase in weekly rate for a Qualified Child.
- Up to 2,000 additional staff to enhance capacity across acute and social care services.
- €1 million per day invested in cycling and walking infrastructure.
- €1 billion for the development, protection and renewal of our road network.
- €348 million to connect a further 100,000 homes to fibre broadband.
- National Childcare Scheme hourly subsidy increased from €1.40 to €2.14 effective from September 2024.
- €380 million for residential and community energy schemes.
- Additional €50 million for school transport scheme.
- Over 1,216 SNAs and 744 Special Education Teachers.
- Extension of Child Benefit to 18 years old in full time education.

Advice you can trust



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