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BUSINESS TAX

CORPORATION TAX

- The Minister reiterated in his Budget speech that the 12.5% Corporation Tax rate will remain in place indefinitely.
- The Finance Bill will introduce interest limitation and anti-reverse-hybrid rules.
- Intangible assets acquired after 13 October 2020 will now be fully within the scope of balancing charge rules.

DIVIDEND WITHHOLDING TAX (DWT)

- A modified Dividend Withholding Tax regime will be introduced from 1 January 2021.

BUSINESS SUPPORTS

- The Knowledge Development Box relief is being extended for a further 2 years until 31 December 2022.
- A new tax credit for the digital gaming sector is being developed with a view to supporting qualifying activity from 1 January 2022.
- The accelerated capital allowances scheme for energy efficient equipment is being extended for a further 3 years.

COVID RESTRICTIONS SUPPORT SCHEME

- A new scheme to provide targeted support for businesses was announced.
- The scheme is designed to assist those businesses whose trade has been significantly impacted or temporarily closed as a result of the restrictions as set out in the Government's 'Living with COVID-19' Plan. The scheme will generally operate when Level 3 or higher is in place and will cease when restrictions are lifted.
- The Government will make a payment based on the 2019 average weekly turnover to provide support at a difficult time.
- Qualifying businesses can apply to Revenue for a cash payment in respect of an advance credit for trading expenses for the period of the restrictions.
- The scheme will be effective from 13 October 2020 until 31 March 2021. The first payments will be made to affected businesses by mid-November 2020.
- Payments will be calculated on the basis of 10% of the first €1 million in turnover and 5% thereafter based on the average VAT exclusive turnover for 2019. Payments will be subject to a maximum weekly payment of €5,000.
- Once the scheme is operational and a county or region is subject to Government restrictions of Level 3 or above, qualifying businesses can claim in week 1 and valid claims will be repaid for the entire period of the restriction within 2-3 working days. Payments will automatically cease at the end of the COVID restriction period. If restrictions are extended a subsequent claim can be made.
- The scheme will operate on a self-assessment basis and qualification will require a business to demonstrate that their turnover has been severely impacted. Turnover may not exceed 20% of the turnover for the corresponding period in 2019.

PERSONAL TAX

INCOME TAX

- There were no changes to the Income Tax rates.
- The exemption limits, tax credits and standard rate bands applicable for the tax year 2021 are set out in detail under the **Personal Tax Facts** section.
- Any changes that have been made to the rates and bands for USC are set out in detail under the **Personal Tax Facts** section.
- For remote workers where the employer does not make a contribution, the worker may claim a tax deduction for utility expenses such as heat and light and for 2020, Revenue have now confirmed that this may include the cost of broadband.
- Debt warehousing provisions are to be extended to include 2019 Income Tax balances and 2020 preliminary Income Tax payments. This will allow such taxpayers to defer payment for a period of a year with no interest or surcharge applying. Interest at a rate of 3% will apply to outstanding liabilities thereafter.

CAPITAL ACQUISITIONS TAX

- No changes were announced to the rates and tax free thresholds.

TAX CREDITS

- The Minister will increase the Earned Income Credit by €150 to €1,650.
- The Dependant Relative Credit will increase from €70 to €245.

HELP TO BUY SCHEME (HTB)

- The July stimulus measures based on the lower of 10% of the value of the property or €30,000, have been extended to 31 December 2021.

CAPITAL GAINS TAX

- To qualify for Revised Entrepreneur Relief, an individual must have owned at least 5% of the shares for a continuous period of any 3 years. Previously a person had to own at least 5% for a continuous period of 3 years in the 5 years immediately prior to the disposal. Individuals will still be required to work in the business for 3 out of the 5 years before disposal.

STAMP DUTY

- The Stamp Duty Residential Development Refund scheme is due to expire on 31 December 2021 but will be extended to operations commenced by 31 December 2022. The time allowed between commencement and completion is to be extended to 2 ½ years.
- Consanguinity Relief which provides for a reduced 1% rate of stamp duty on transfers of agricultural land between family members is extended for a further 3 years to 31 December 2023.
- The Stamp Duty rate of 1% which applies where the transaction concerned is part of a farm consolidation is to be extended by 2 years to 31 December 2022.

MISCELLANEOUS

FARMERS FLAT RATE

- ➔ The farmers flat VAT rate addition is being increased from 5.4% to 5.6% with effect from 1 January 2021.

EXCISE DUTIES

- ➔ Excise Duty on a packet of 20 cigarettes is being increased by 50c with a pro rata increase on the other tobacco products. This measure will take effect from midnight on 13 October 2020.

VEHICLE REGISTRATION TAX

- ➔ A New VRT regime is to be introduced from January 2021 based on the Worldwide Harmonised Light Vehicle Test Procedure (WLTP) emissions. This new regime will apply to both new vehicles and imported used vehicles.
- ➔ VRT reliefs for Plug-in Hybrid Electric Vehicles and Hybrids will be allowed to expire having regard to the fact that there will be much lower VRT rates for low emission cars.

MOTOR TAX

- ➔ A third Motor Tax table for cars registered from 1 January 2021 will be introduced to take account of the WLTP emissions test.

FAMILY SUPPORTS

- ➔ The weekly rate for the qualified child payment will increase by €5.00 per week in respect of under 12's and €2.00 per week in respect of over 12's.
- ➔ The carers support grant is increasing by €150 to €1,850 per year.
- ➔ Parents benefit is being extended by three weeks.
- ➔ The planned increase in the pension age to 67 on 1 January 2021 will not proceed.

PANDEMIC UNEMPLOYMENT SUPPORT SCHEME

- ➔ An earnings disregard is being introduced for self-employed recipients of this scheme to allow them to take up intermittent work without losing the benefit

COMMERCIAL RATES

- ➔ A commercial rates waiver for the final quarter of 2020 was announced.

CARBON TAX

- ➔ The rate of Carbon Tax will increase by €7.50 from €26.00 to €33.50 per tonne from midnight on 13 October 2020 for auto fuels.
- ➔ The application to other fuels will be delayed until May 2021.
- ➔ Legislation will be provided in the Finance Bill to increase Carbon Tax each year by €7.50 up to 2029 and by €6.50 in 2030 to achieve €100 per tonne.

TAX CREDITS FOR TAX YEAR 2021

	2021 €	2020 €		2021 €	2020 €
PERSONAL					
Single	1,650	1,650	INCAPACITATED CHILD	3,300	3,300
Married	3,300	3,300	DEPENDANT RELATIVE	245	70
Widowed Person	2,190	2,190	BLIND PERSON		
Single Person Child Carer	1,650	1,650	Single / Married	1,650	1,650
Home Carer Credit	1,600	1,600	Married (both blind)	3,300	3,300
			FISHER TAX CREDIT	1,270	1,270
Earned Income Credit*	1,650	1,500	AGE CREDIT		
PAYE	1,650	1,650	Single / Widowed	245	245
WIDOWED PARENT BEREAVEMENT			Married	490	490
Tax Credit year 1	3,600	3,600			
- Tapering to year 5	1,800	1,800			

* No Earned Income Credit where individual entitled to a PAYE credit.

INCOME TAX RATES

SINGLE PERSONS 2021

20% First €35,300
40% Balance

MARRIED PERSONS 2021

(Two Incomes)
20% First €70,600**
40% Balance

LONE PARENT

20% First €39,300
40% Balance

(One Income)

20% First €44,300
40% Balance

INCOME TAX EXEMPTION LIMITS

	2021 €	2020 €
Single or Widowed 65 years or over	18,000	18,000
Married Couples 65 years or over	36,000	36,000

** Transferable between spouses up to a maximum of €44,300 for any one spouse.

UNIVERSAL SOCIAL CHARGE

EMPLOYEES & SELF-EMPLOYED

	2021	2020
	0.00% on total earnings <€13,000	0.00% on total earnings <€13,000
	0.50% on €0 to €12,012	0.50% on €0 to €12,012
	2.00% on €12,013 to €20,687	2.00% on €12,013 to €20,484
	4.50% on €20,688 to €70,044	4.50% on €20,485 to €70,044
	8.00% on €70,045 to €100,000	8.00% on €70,045 to €100,000
PAYE INCOME	8.00% on excess over €100,000	8.00% on excess over €100,000
SELF-EMPLOYED	11.00% on excess over €100,000	11.00% on excess over €100,000

PRSI

EMPLOYER	2021	2020
Contribution for Class A		
PRSI	10.05%	10.05%
Training Levy	1.00%	1.00%
Total for Employer	11.05% on all income 8.8% on earnings less than €398 p.w.	11.05% on all income 8.8% on earnings less than €394 p.w.
EMPLOYEE		
PRSI	*4.00% on all income	*4.00% on all income
SELF-EMPLOYED / DIRECTORS CONTRIBUTIONS		
PRSI	**4.00% on all income	**4.00% on all income

* Not applicable if earnings less than €18,300 p.a. (€352 p.w.)
 **4.00% subject to minimum payment of €500.

As this release is intended as a general guide to the subject matter, it should not be used as a basis for decisions. For this purpose advice should be obtained which takes into account all the client's circumstances. Every effort has been made to ensure the accuracy of the information in the release. In view of its purpose the reader will appreciate that we are unable to accept liability for any errors or omissions which may arise.