



10 October 2023

## BUDGET 2024 HIGHLIGHTS



**We are pleased to bring you our summary of the tax measures set out in Budget 2024.**

This Budget sets out a number of tax measures of benefit to small and medium sized businesses and their owners. The angel investor relief is a welcome example of this.

In addition to the taxation measures announced today, the Minister announced a number of proposals and consultations on tax matters that are important to businesses.

In acknowledgement of how complex claiming business supports has become, Revenue will in the coming weeks establish a dedicated Tax Administration Liaison Committee (TALC) subgroup focused on identifying any opportunities to simplify and modernise the administration of business supports.

Should you have any taxation or business questions, our experienced team will be happy to share their insights with you.

**Dermot Brennan**  
*Managing Partner*

### Snapshot of Budget

#### Personal Tax

- Standard rate band increased
- Increase of 2% USC band ceiling
- Reduction of 4.5% USC rate to 4%
- Income tax rates remain the same
- Increase of €100 in the personal tax and employee/earned income credits
- Increase of rent tax credit to €750
- New tax relief for landlords of up to €3,000 in 2024
- Introduction of limited mortgage interest relief
- Help to Buy Property Scheme extended to 31 December 2025
- Increase in all PRSI rates by 0.1% from 1 October 2024

#### Business Tax

- New capital gains tax relief for angel investors
- Deferral of changes to BIK on electric vehicles
- Increase of the research & development tax credit from 25% to 30% together with other improvements
- Extension of Accelerated Energy Efficient Equipment Capital Allowances
- Changes in retirement relief from 1 January 2025
- Improvements to Employment Investment Incentive relief
- Consultations on various tax matters

#### Other Taxes

- Increase in VAT registration thresholds
- Excise duty to increase by 75c on a packet of 20 cigarettes with a pro rata increase on other tobacco products
- Increase in Charities VAT Compensation Scheme
- Vacant homes tax rate increased
- Revised bank levy introduced for 2024

## PERSONAL TAXATION

### Personal income tax bands and credits

The income tax standard rate band has been increased by €2,000 for all earners, resulting in the band for single individuals increasing from €40,000 to €42,000 and for married couples/civil partners with one earner from €49,000 to €51,000.

The personal tax credit, the employee tax credit and the earned income credit have all increased by €100. The home carer tax credit has increased from €1,700 to €1,800.

### Universal Social Charge (USC)

The 2% USC rate band ceiling has increased from €22,920 to €25,760. The 4.5% rate of USC has been reduced to 4%.

The reduced rate of USC of 2% for medical card holders earning less than €60,000 per annum has been extended for a further two years.

The exemption for income less than €13,000 remains unchanged.

Income	USC
From €1 – €12,012	0.5%
From €12,013 – €25,760	2%
From €25,761 – €70,044	4%
Over €70,044	8%

Personal tax credits and bands	2024	2023
<b>Personal tax credits</b>		
Single	€1,875	€1,775
Married	€3,750	€3,550
PAYE	€1,875	€1,775
Earned income tax credit for self-employed	€1,875	€1,775
Rent tax credit	€750	€500
Home carer credit	€1,800	€1,700
<b>Age exemption limits (aged 65 and over)</b>		
Single	€18,000	€18,000
Married	€36,000	€36,000
<b>20% standard rate tax bands</b>		
Single	€42,000	€40,000
Married one income	€51,000	€49,000
Married two incomes	€84,000	€80,000

### Rent tax credit

The rent tax credit has been increased to €750 per year. This increase applies from 2024 onwards.

There has been an amendment to allow parents of students living in “Rent-a-Room” or digs accommodation to claim the rent tax credit. This amendment applies retrospectively to tax years 2022 and 2023.

### Mortgage interest relief

A one-year mortgage interest tax relief scheme is being introduced for homeowners with an outstanding mortgage on their principal private residence of between €80,000 and €500,000 as of 31 December 2022.

Qualifying homeowners will be eligible for mortgage interest tax relief in respect of the increased interest paid on the mortgage in the calendar year 2023 compared with the amount paid in 2022 at the standard rate of income tax (20%), capped at €1,250 per property.

### Tax relief for landlords

A new temporary tax relief for landlords has been introduced. It provides tax relief on residential rental income at the standard rate of income tax of 20%.

Subject to certain conditions, rental income of €3,000 for 2024, €4,000 for 2025 and €5,000 for 2026 and 2027 will be disregarded at the standard rate of tax. The scheme is expected to end in 2027.

Rental properties held by the landlord on which the relief is being claimed must remain in the rental market for four years or there will be a full clawback of the relief. The relief only applies to tenancies registered with the Residential Tenancies Board (RTB) or where a residential property is let to a public authority.

### Help to Buy Scheme

The Help to Buy Scheme has been extended at the current rates until the end of 2025. The current maximum credit is 10% of the house price, up to a maximum of €30,000. This has further been extended to include units purchased under the Local Authority Affordable Purchase Scheme.

### Residential electricity

The tax disregard in relation to personal income received by households who sell residual electricity from micro-generation to the national grid is doubling from 1 January 2024, resulting in an income disregard of up to €400 per year.

### Pay Related Social Insurance

All PRSI contribution rates will increase by 0.1% from 1 October 2024.

## BUSINESS TAXATION

### Corporation tax rate

Finance Bill 2023 will introduce a minimum effective corporation tax rate of 15% for companies which are members of a multi-national group with turnover in excess of €750 million. These rules will be in line with the OECD's Global Anti-Base Erosion rules, aimed at reforming the taxation of multi-national enterprises.

The rules are expected to apply from accounting periods commencing on/after 31 December 2023.

### Participation exemption for dividends

A new exemption on the taxation of dividends from abroad has been announced. Previously such dividends would be subject to corporation tax in Ireland and double taxation relief claimed. This new measure would exempt certain qualifying dividend income and remove the administrative burden of taxing such income and applying double taxation relief.

This measure is in a consultation phase and is expected to be included in Finance Bill 2024, to take effect from 2025.

### Research & Development tax credit

Finance Bill 2023 will introduce changes to the rate of credit which can be claimed, increasing from 25% to 30%. SMEs will directly benefit from the increase in credit due to them.

In addition, the first-year claim threshold is being increased to €50,000 from €25,000. This will mean that smaller businesses will be able to claim up to €50,000 of their credit in year one. The rules on claiming the balance of the credit remain the same.

### Capital gains tax angel investor relief

This new relief being introduced encourages angel investors to invest in innovative start-ups. Qualifying investors can avail of new reduced rates of CGT (16%, or 18% if the investment is made through a partnership) on gains at a value of up to twice the value of the investor's initial investment. There is a lifetime limit of €3 million of gains upon which the new reduced rates will apply.

The qualifying investment(s) must be made in innovative SMEs and must be held for a minimum of three years. Qualifying investments must represent new fully paid-up share capital which constitutes between 5% and 49% of the investee's issued share capital. The minimum investment requirement is €10,000. This new scheme will see investees being reviewed and certified by Enterprise Ireland to ensure that they meet the innovative start-up requirement.

### Retirement relief

The upper age limit for claiming the higher level of relief is increasing from 65 to 70 years of age from 1 January 2025.

A new limit of €10 million will apply on disposals to a child from 1 January 2025.

### Employment Investment Incentive (EII)

From 1 January 2024 the holding period required to avail of this relief is being standardised at four years, with the limit on the qualifying amount of the investment being increased to from €250,000 to €500,000. Until now, investments in excess of €250,000 were required to be held for a minimum of seven years.

### Key Employee Engagement Programme (KEEP)

EU approval has been given to the outstanding 2022 amendments.

### Benefit in kind for motor vehicles

The temporary universal relief of €10,000 to the original market value on certain categories of vehicles announced previously is extended to the end of 2024. There will also be no tapering of the preferential BIK relief on electric vehicles. Accordingly, the existing €35,000 original market value reduction will apply for 2024 and 2025.

### Energy efficient equipment

This existing scheme for accelerated capital allowances is extended until 31 December 2025.

### Section 481 film relief

The cap on the maximum qualifying expenditure in respect of which the 32% credit is calculated is increased to €125 million from €70 million.

## OTHER MEASURES

### VAT

The temporary reduction in the VAT rate for electricity and gas to 9% is being extended by 12 months to 31 October 2024.

The VAT rate on the below products will be reduced to 0% from 1 January 2024:

- Audiobooks
- E-books
- Solar panels installed in schools

The VAT registration thresholds will be increased from €37,500 to €40,000 for services and from €75,000 to €80,000 for goods with effect from 1 January 2024.

The annual cap on the VAT compensation scheme available to charities will be increased from €5 million to €10 million from 1 January 2024.

A consultation is to take place regarding VAT e-invoicing and the Digital Age.

Farmers' flat rate compensation will decrease from 5% to 4.8% from 1 January 2024.

A consultation is to take place regarding VAT e-invoicing and the Digital Age.



## CAT

The Group B threshold of €32,500 will apply to foster children.

## Residential zoned land tax

Budget 2022 introduced a residential zoned land tax at a rate of 3% of the market value of land within its scope, being land that on or after 1 January 2022 is zoned as being suitable for residential development and is serviced. The Minister today deferred the liability date of the tax by one year. This will allow for the planned 2024 review of maps to take place and will allow landowners time to engage.

## Vacant homes tax

With effect from 1 November 2023 the rate of the vacant homes tax will be increased from three times to five times the standard LPT rate payable on that property.

## Farming reliefs

Consanguinity stamp duty relief has been extended for a period of five years to 31 December 2028.

The aggregate lifetime amount of relief available under the Young Trained Farmer Relief for Succession Farm and Stock Relief for Young Trained Farmers will be increased from €70,000 to €100,00 from 1 January 2024. It was also announced that the stock relief for farmers in registered farm partnerships will be increased from €15,000 to €20,000 from 1 January 2024.

The accelerated capital allowances scheme for farm safety equipment has also been extended to 31 December 2026.

## VRT

The relief from VRT on battery electric vehicles is being extended for a further two years to 31 December 2025.

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