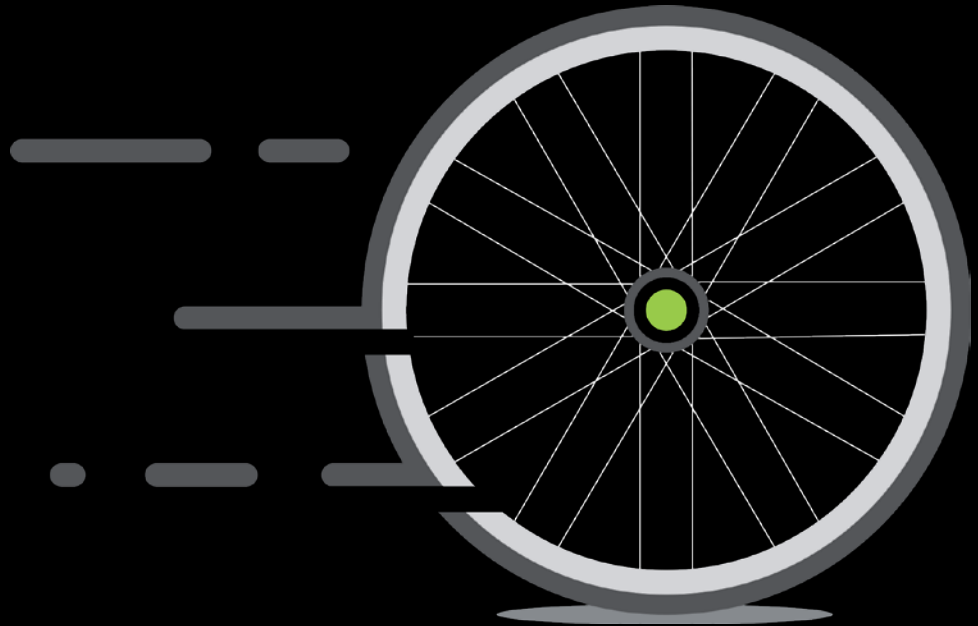


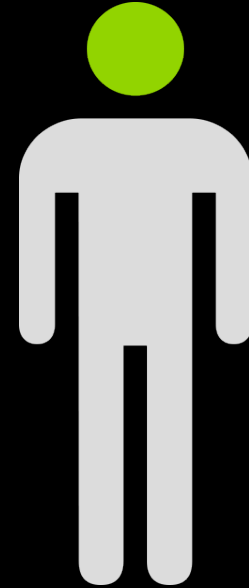
Deloitte.

Gaining momentum Budget 2016



14 October 2015

John O'Flynn
Tax Partner



Jackie Coughlan Senior Manager Tax

Personal Taxation





Income Tax

What didn't happen.....

No change in marginal rate of income tax of 40%

No increase in standard rate bands

	2015	2016
Single	33,800	33,800
Married Couple One Earner	42,800	42,800



Universal Social Charge

2015		2016	
< €12,012	Exempt	< €13,000	Exempt
First €12,012	1.5%	First €12,012	1%
€12,012 - €17,576	3.5%	€12,012 - €18,668	3%
€17,576 - €70,044	7%	€18,668 - €70,044	5.5%
> €70,044	8%	> €70,044	8%

Income over €100k – 11% USC for self employed persons only

Medical card holders & individuals over 70 with income < €60k pay a maximum of 3%



PRSI

Recognition of step effect of PRSI system

Introduction of PRSI relief – maximum €12 per week

Applies for income starting at €352.01 per week & tapers out as income reaches €424 per week

	2015	2016
Income (€360 p.w.)	18,720	18,720
PRSI	749	194
Difference	555	

Higher rate of Employer's PRSI 10.75% will apply to income in excess of €376 per week (2015 €356)



Home Carer's Credit

Tax credit increased from €810 to €1,000 p.a.

Can be claimed where spouse/civil partner works in the home caring for:

- Child (under 16 / under 18 & in full time education)
- Individual over 65
- Individual permanently incapacitated by reason of mental or physical infirmity

Carer can earn a level of income without impacting on the availability of the credit

Income threshold increased from €5,080 to €7,200 p.a.

Self-Employed



Disparity between employed and self-employed individuals

- Self-employed earning > €100k pay USC at 11% v 8% for employees
- Employees granted an additional tax credit of €1,650
- Self-employed pay PRSI at the same rate as employees but do not qualify for the same benefits

Budget 2016 – introduced some measures to re-dress the balance



Earned Income Credit

New tax credit of €550 p.a.

Applies to those earning trading or professional income

	Single Person earning €75k p.a.		Single Person earning €125k p.a.	
	Employee	Self-Employed	Employee	Self-Employed
Income Tax	19,940	21,040	39,940	41,040
USC	3,537	3,537	7,537	8,287
PRSI	3,000	3,000	5,000	5,000
Total	26,477	27,577	52,477	54,327
Difference	1,100		1,850	

Capital Gains Tax



Reduced CGT rate of 20% will apply from 1 January 2016 for disposals of a business

Subject to an overall limit of €1m in chargeable gains

- Interaction with Retirement Relief for those over 55?
- All or nothing if gain exceeds €1m?
- Lifetime limit?



Capital Acquisitions Tax

Parent – child threshold increased from €225k to €280k

Measure to counteract the effect of rising property prices

Snapshot of changes in parent child threshold over the years

2000	2005	01/01/09 -07/04/09
300,000	466,725	542,544



Farm Succession

New proposal to provide certainty around transfer of family farm to next generation

Allows two or more people enter into a partnership with profit sharing ratio

Farm to be transferred to younger farmer within specified period, not > 10 years

Income tax credit of €5,000 p.a. for 5 years

Allocated to partnership and split based on profit share

On the Home Front



Home Renovation Incentive extended for works carried out up to 31 December 2016

Income tax credit of 13.5% of cost of repair, renovation or improvement of home or rental property

Minimum expenditure of €4,405 (credit €595), maximum expenditure €30,000 (credit €4,050)

Credit is claimed in the two years following the year in which the work was carried out

Scheme has stimulated the building sector and reduced the “black economy”

Local Property Tax revaluation date postponed from 2016 to 2019



Travel and Subsistence Expenses

IT54 Updated June 2015

- Overnight allowances payable when employee is 100km from home and normal place of work. No minimum distance previously
- Daily allowances payable where employee is at least 8km from home or normal place of work (5km previously)
- Rate of allowances has increased in most cases – two tiered rate system abolished

Overnight allowances	Day Allowances	
Normal rate	>10 hours	>5 but<10 hours
€125	€33.61	€14.01

From 1 July 2015

	Overnight allowances	Day Allowances	
	Normal rate	>10 hours	>5 but<10 hours
Class A	€109.99	€33.61	€13.71
Class B	€107.69	€33.61	€13.71

Up to 30 June 2015



Travel and Subsistence Expenses

Dept of Finance consultation on tax treatment of travel and subsistence expenses

“Normal place of work” fundamental to the regime

Tax free payments can be made when employee works away from normal place of work

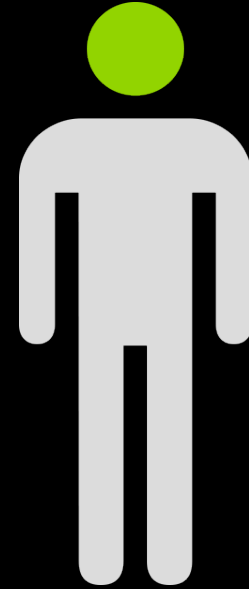
Travel from home to work is not a business journey = no tax free reimbursement

Revenue view is that home can never be a normal place of work

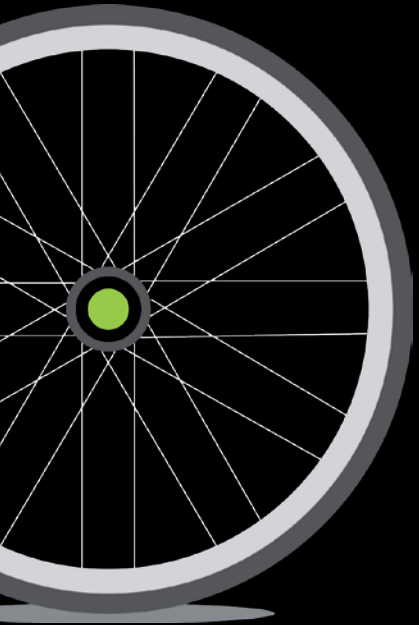
Not compatible with modern business requirements / technological advances

Non Executive Directors

Brian Cronin
Tax Senior Manager
Entrepreneurship –
Challenges and opportunities



Entrepreneurship – challenges & opportunities



1. Incentives for entrepreneurship and the Knowledge economy
2. International Developments - BEPS
3. Year end issues and opportunities

Living City Initiative



Finally approved for Cork in 2015!

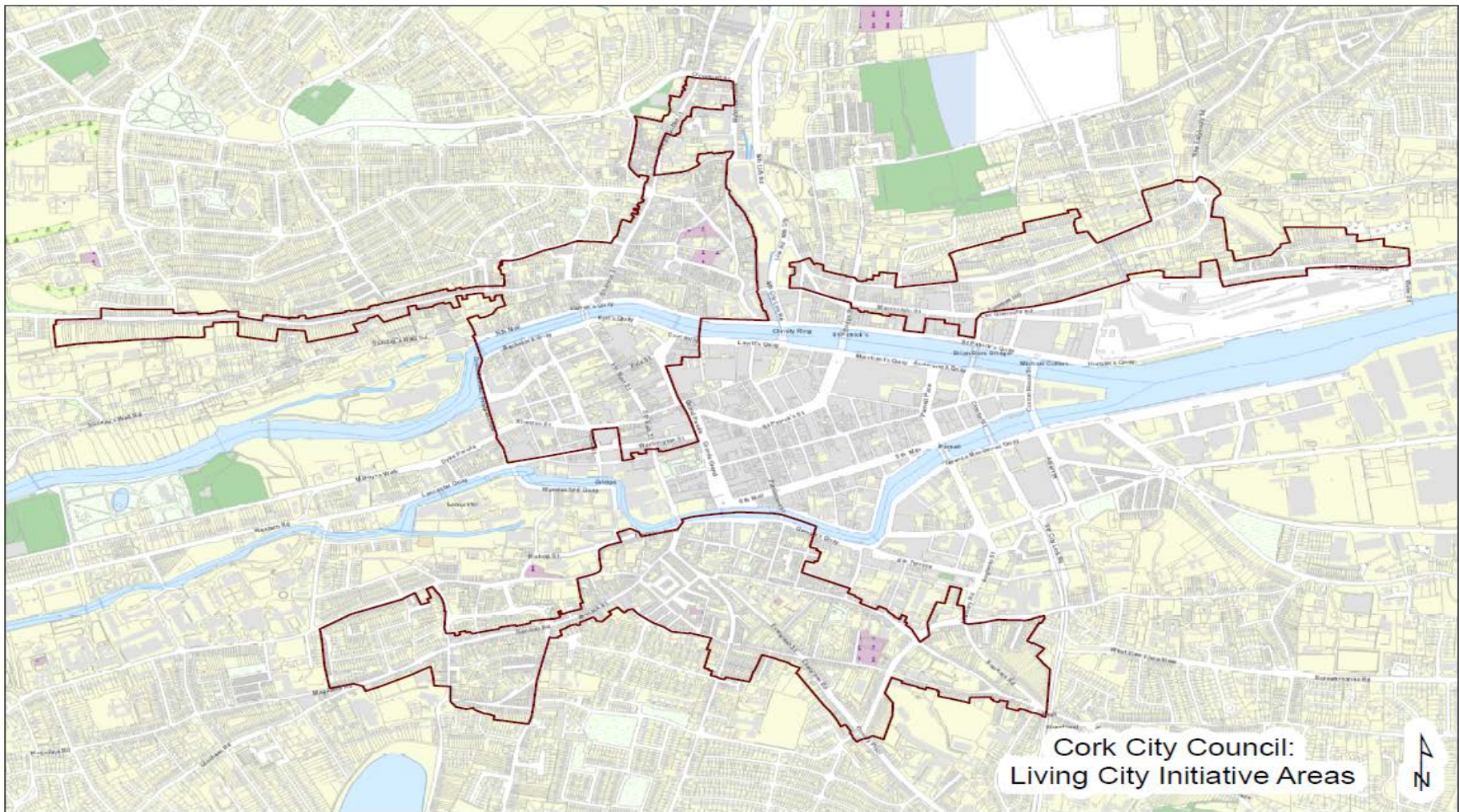
Tax incentives in respect of renovation expenditure for

Owner Occupiers of pre 1915 buildings

Owners and Lessors

- Commercial premises (retail of goods or provision of services)

Opportunity for builder/developer to sell properties with attached incentives



Cork City Council:
Living City Initiative Areas



Employment and Investment Incentive Scheme (BES!)



Investment in shares in most trading companies

Budget 2015 – expansion of existing nursing homes

Limit for funds raised increased from €2.5m to €5m in a 12 month period

Maximum overall amount raised from €10m to €15m

Employment and Investment Incentive Scheme (BES!)



Individuals can subscribe for up to €150,000

Retain shares for 4 years

Two tranches of relief 30% upfront and 10% at the end

30% outside High Earners Restriction to 31 December 2016

10% permanently outside High Earners Restriction

Opportunity for individuals / families to invest in their own companies subject to certain conditions

R&D Tax Credits and Intellectual Property



Up to 37.5% tax saving in relation to qualifying R&D of which 25% is refundable

New Revenue guidelines published in early 2015

Restrictive interpretation of qualifying expenditure

Clarification in relation to access to pre 2009 tax credits

Section 291A (capital allowances on intangibles)

Knowledge Box



Signalled in Budget 2015

6.25% rate on the exploitation of certain patents and copyrighted software

OECD compliant – modified nexus approach

Qualifying R&D must have been carried out in Ireland

Onerous tracking requirement – profitability of each individual IP asset

Opportunities for group companies?

Fintech



Base Erosion and Profit Shifting (BEPS)

G20 mandated project

'The BEPS process is not about increasing corporate taxes'

More closely align where companies earn profits/investors are based and where they pay their taxes

Affected by

- Great transparency in reporting/ transfer pricing
- Changes to permanent establishment rules
- Eliminating anomalies created by varying tax treatments
- Domestic actions and multilateral instrument



Ireland's Response

Commitment to defend the 12.5% rate

Changes to company residence rules – 'The Double Irish'

Expanded R&D credits

Capital allowances in intangibles

SARP/FED

Budget 2016

- Knowledge Box
- Country by Country reporting (€750m minimum)
- Commitment to multilateral instrument



Year End Opportunities and Challenges

Switch to FRS 101/102 – impact of taxable profits

EIS investment opportunities/pension contributions

Accelerate rental payments to utilise expiring property reliefs

Annual gift exemption

Trigger capital losses to shelter capital gains

Utilisation of spouses tax credits and 20% rate where justified

Annual CGT exemption

For further information

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