

**Summary of  
2016 Budget Measures  
Policy Changes**



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## Taxation Measures for Introduction in 2016

Measure	Yield/Cost 2016	Yield/Cost Full Year
<p><b>USC</b></p> <ul style="list-style-type: none"> <li>• Incomes of €13,000 or less are exempt. Otherwise,</li> <li>• €0 to €12,012 @ 1%</li> <li>• €12,013 to €18,668 @ 3%</li> <li>• €18,669 to €70,044 @ 5.5%</li> <li>• €70,045 to €100,000 @ 8%</li> <li>• PAYE income in excess of €100,000 @ 8%</li> <li>• Self-employed income in excess of €100,000 @ 11%</li> <li>• Medical card holders and individuals aged 70 years and over whose aggregate income does not exceed €60,000 will now pay a maximum rate of 3% USC.</li> </ul>	-€561m	-€772m
<p><b>Income Tax</b></p> <p>An increase in the Home Carer Tax Credit from €810 to €1,000, and increase in the home carer's income threshold from €5,080 to €7,200.</p> <p>Introduction of an Earned Income Credit of €550 to be available to taxpayers earning self-employed trading or professional income under Cases I, II and III of Schedule D and to business owner/managers who are ineligible for a PAYE credit on their salary income.</p>	-€10m	-€14m
<p><b>PRSI</b></p> <p><b>Employee's PRSI</b> Introduction of a PRSI relief of a maximum of €12 per week. Relief commences at income of €352.01 per week, and tapers out at a rate of one-sixth of income in excess of this threshold. Relief fully tapers out as income reaches €424 per week.</p> <p><b>Employer's PRSI</b> Increase from €356.01 to €376.01 in the weekly threshold at which liability to employer's PRSI increases from 8.5% to 10.75% on all earnings.</p>	-€15m	-€17m
	-€6m	-€7m

<p><b>Excise Duties</b></p> <p><b>Tobacco Products Tax</b> The excise duty on a packet of 20 cigarettes is being increased by 50 cents (including VAT) with a pro-rata increase on the other tobacco products, with effect from midnight on 13 October 2015.</p> <p><b>Excise Duty Relief for Microbreweries</b> The special relief reducing the standard rate of Alcohol Products Tax by 50% on beer produced in microbreweries will now be available upfront as well as through a rebate.</p> <p><b>Motor Tax</b> The rate of Motor Tax is being reduced for all vehicles above 4,000kgs, with a new annual rate of €500 for vehicle between 4,000kgs and 12,000kgs and €900 for vehicles over 12,000kgs.</p>	<p>€61.4m</p> <p>-</p> <p>-€43m</p>	<p>€61.4m</p> <p>-</p> <p>-€43m</p>
<p><b>Other Income Tax</b></p> <p><b>Employment and Investment Incentive</b> The changes announced to the EII in Budget 2015 are being commenced and the scheme is being amended to include expansion works on existing nursing homes.</p> <p><b>Incentives for Certain Aviation Services Facilities</b> The scheme of capital allowances for the construction of facilities used in the maintenance, repair, overhaul and dismantling of aircraft is being commenced.</p> <p><b>Home Renovation Incentive</b> The HRI is being extended until 31 December 2016.</p> <p><b>Agri-Taxation</b> General Stock Relief, Stock Relief for Young Trained Farmers, Stock Relief for Registered Farm Partnerships and the Stamp Duty Exemption for Young Trained Farmers are being extended until 31 December 2018.</p> <p><b>Farm Succession</b> A new farm succession transfer partnership model is being introduced, subject to EU State Aid approval.</p> <p><b>High Earners' Restriction</b> Profits or gains from the occupation of woodlands are being removed from the high earners' restriction.</p>	<p>-</p> <p>-</p> <p>-</p> <p>-€10m</p> <p>-</p> <p>-</p>	<p>-€3m</p> <p>-€0.3m</p> <p>-€19m</p> <p>-€13m</p> <p>-€10m</p> <p>-€1m</p>

<p><b>Capital Acquisitions Tax</b></p> <p>The current Group A tax free threshold which applies primarily to gifts and inheritances from parents to their children is being increased by about one quarter from €225,000 to €280,000. This increase applies in respect of gifts or inheritances received on or after the 14<sup>th</sup> of October.</p>	-€28m	-€33m
<p><b>Capital Gains Tax</b></p> <p><b>CGT Entrepreneur Relief</b></p> <p>A revised Capital Gains Tax relief for entrepreneurs is being introduced from 1 January 2016 which will apply a reduced capital gains tax rate of 20% to the disposal in whole or in part of a business up to an overall limit of €1 million in chargeable gains.</p>	-€25m	-€27m
<p><b>CORPORATION TAX</b></p> <p><b>Knowledge Development Box</b></p> <p>This measure will provide a 6.25% rate of corporation tax to apply to the profits arising to certain patents and copyrighted software which are the result of qualifying R&amp;D carried out in Ireland. Full details of this measure will be contained in the Finance Bill.</p> <p><b>3 Year Relief for Start-up Companies</b></p> <p>This measure provides relief from corporation tax on trading income (and certain capital gains) of new start-up companies in the first 3 years of trading. This relief is being extended for new start-ups commencing to trade over the next 3 years.</p> <p><b>Film Relief</b></p> <p>The cap on eligible expenditure under the relief is being increased to €70 million, subject to EU State Aid approval.</p>	-€31m  -€2m  -	-€50m  -€6m  -€10m

<p><b>Stamp Duty</b></p> <p><b>Stamp Duty on combined debit / ATM cards</b></p> <ul style="list-style-type: none"> <li>Abolish the current €2.50/€5 per annum charge on ATM cards and combined (ATM &amp; debit) cards from 1st January 2016</li> <li>Introduce a new 12c ATM withdrawal fee from 1st January 2016, which would be capped at €2.50/€5 per annum per card</li> </ul>	-	-
<p><b>Miscellaneous Taxes</b></p> <p><b>Marine Taxation Measures</b></p> <p><b>Compliance measures</b> The office of the Revenue Commissioners have received new funding for increased audit and investigation activities, which will lead to improved compliance. This is supplemented by a new debt analysis tool, which will reduce tax arrears.</p>	-  €75m	€15m  €75m