



JOHN MCELHINNEY & Co.

*Chartered Accountants,
Taxation & Business Advisors*

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Budget | 2024

TAX FACTS & FIGURES



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BUDGET SUMMARY 2024

INCOME TAX

The following are details of the Budget Statement of 10 October 2023, as made by the Minister for Finance.

Tax Credit	2023 €	2024 €
Single Person	1,775	1,875
Married or in a Civil Partnership	3,550	3,750
PAYE Credit	1,775	1,875
Earned Income Tax Credit Max	1,775	1,875
Widowed Person or Surviving Civil Partner (without dependent children)	2,315	2,315
Single Person Child Carer Tax Credit	1,650	1,750
Incapacitated Child Credit Max	3,300	3,500
Blind Tax Credit:		
Single Person	1,650	1,650
Married or in a Civil Partnership - One Spouse or Civil Partner Blind	1,650	1,650
Married or in a Civil Partnership - Both Spouses or Civil Partners Blind	3,300	3,300
Widowed Parent		
Bereaved in 2023	-	3,600
• 2022	3,600	3,150
• 2021	3,150	2,700
• 2020	2,700	2,250
• 2019	2,250	1,800
• 2018	-	-
Age Tax Credit:		
Single or Widowed or Surviving Civil Partner	245	245
Married or in a Civil Partnership	490	490
Dependent Relative	245	245
Home Carer	1,700	1,800

Rent Tax Credit

The Rent Tax Credit is increasing to **€750** per individual and **€1,500** per jointly assessed couple for 2024 and 2025.

Payments made by parents in respect of "digs" or rent-a-room arrangements for their children to attend an approved course will now qualify for the Rent Tax Credit. This is provided the claimant and their child are not related to the landlord. This change will apply retrospectively for the years 2022 and 2023.

Rented Residential Relief

A new tax relief for landlords will be available against rental income from residential property for tax years 2024 to 2027 inclusive. The relief is available to individual landlords only for tenancies registered with the Residential Tenancies Board or for lettings of a residential property to a public authority. Landlords are also required to have tax clearance and to comply with their Local Property Tax.

The relief will reduce the tax due on residential rental income by up to €600 in 2024, €800 in 2025, and €1,000 in 2026 and 2027. The relief is capped at the tax liability on the rental income and will be apportioned in the case of joint ownership of a property. Further information on this relief will be set out in the Finance Bill.

Mortgage Interest Relief

A temporary one-year tax credit will be introduced for taxpayers who have made payments in respect of a qualifying loan for a principal private residence. The relief will be available to homeowners with an outstanding mortgage balance of between €80,000 and €500,000 as of 31 December 2022.

The credit will be available in respect of 2023, on the increase in interest paid in 2023 over interest paid in 2022. The amount qualifying for relief at the standard rate of tax will be capped at €6,250 per residence, equivalent to a maximum tax credit of €1,250.

Further information on the eligibility criteria for this credit and the process by which it may be claimed will be provided on www.revenue.ie.

Sea-going Naval Personnel Tax Credit

The Sea-going Naval Personnel Tax Credit of €1,500 has been extended to 31 December 2024.

Rates and Tax Bands

Changes are in **bold**.

Circumstances	2023 €	2024 €
Single or Widowed or Surviving Civil Partner, without dependent children	40,000 @ 20% Balance @ 40%	42,000 @ 20% Balance @ 40%
Single or Widowed or Surviving Civil Partner, qualifying for Single Person Child Carer Tax Credit	44,000 @ 20% Balance @ 40%	46,000 @ 20% Balance @ 40%
Married or in a Civil Partnership, one Spouse or Civil Partner with Income	49,000@ 20% Balance @ 40%	51,000@ 20% Balance @ 40%
Married or in a Civil Partnership, both Spouses or Civil Partners with Income	49,000@ 20% with increase of 31,000 max. Balance @ 40%	51,000@ 20% with increase of 33,000 max. Balance @ 40%



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Exemption Limits

The exemption limits for persons aged 65 years and over remain unchanged:

Personal Circumstances	2023 €	2024 €
Single or Widowed or a Surviving Civil Partner, 65 years of age & over	18,000	18,000
Married or in a Civil Partnership, 65 years of age & over	36,000	36,000

The above exemption limits are increased by €575 for each of the first two dependent children and by €830 for the third and subsequent children.

Marginal Relief may apply, subject to an income limit of twice the relevant exemption limit.

Benefit in Kind (BIK) on Employer-Provided Vehicles

The following will apply for BIK on employer-provided vehicles for 2024:

- A reduction of €10,000 will apply to the original market value (OMV), to reduce the amount of BIK payable, for all cars in Category A,B,C and D (not E) and all vans.
- The current reduction of €35,000 in OMV will continue to apply for all electric vehicles.
- The lower mileage limit in the highest mileage band which applies to employer-provided cars will remain at 48,000.

For 2025, 2026 and 2027, the reductions in the OMV for electric vehicles will be €35,000, €20,000 and €10,000 respectively.

Certain Profits from Micro-Generated Electricity

The amount of profits exempt from income tax, USC and PRSI from the micro-generation of electricity by an individual is being increased from €200 to €400 per year. The scheme is being extended to 31 December 2025.

The USC rates and thresholds are as follows:

The Standard Rates of USC			
USC Thresholds			
2023		2024	
	Rate		Rate
Income up to €12,012.00	0.5%	Income up to €12,012.00	0.5%
Income from €12,012.01 to €22,920.00	2%	Income from €12,012.01 to €25,760.00	2%
Income from €22,920.01 to €70,044.00	4.50%	Income from €25,760.01 to €70,044.00	4.50%
Income above €70,044.00	8%	Income above €70,044.00	8%

Reduced Rates of USC

The reduced rate of USC of 2% applies for individuals aged 70 years or over whose aggregate income for the year is €60,000 or less.

The reduced rate of USC will also apply for 2024 and 2025 for full medical card holders under 70 years whose aggregate income for the year is €60,000 or less.

Other Thresholds, Reliefs and Allowances

Payment of Tax by means of Donation of Heritage Items

The ceiling on the aggregate value of heritage items approved for donation in any one year has been increased to **€8 million**.

Relief for Investment in Corporate Trades

Changes to the Employment Investment Incentive (EII), Start-up Relief for Entrepreneurs (SURE) and the Start-up Capital Incentive (SCI) are mainly due to changes to State Aid rules and include:

- Changes to the eligibility criteria that apply to companies.
- Standardising the minimum holding period required to obtain relief to four years for all investments.
- Increasing the maximum investment amount on which an investor may claim relief from €250,000 to €500,000 annually.

Accelerated Capital Allowances for Energy Efficient Equipment

The accelerated capital allowances scheme for Energy Efficient Equipment is being extended for a further two years until 31 December 2025.

Acceleration of Wear and Tear Allowances for Farm Safety Equipment

The scheme of accelerated allowances which was due to expire at the end of this year is being extended until 31 December 2026.

Relief for Certain Income from Leasing of Farm Land

This change requires that a lessor who has purchased farm land for a consideration equal to market value on or after 1 January 2024 must have owned the land for a period of at least 7 years before they can make a claim for relief.

Special Provisions for Registered Farm Partnerships

The amount of relief that can be received in aggregate is to increase from €15,000 to €20,000 for qualifying periods commencing on or after 1 January 2024.

Relief for Young Trained Farmers

An overall lifetime limit applies to the aggregate amount of relief which may be claimed under:

- Income Tax Stock Relief;
- Succession Farm Partnerships;
- Stamp Duty Young Trained Farmer Relief. This limit is being increased from €70,000 to **€100,000**



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Property

Help to Buy (HTB)

The HTB scheme is extended for a further year to 31 December 2025. The scheme has also been amended to increase its compatibility with the Local Affordable Purchase Scheme for eligible applicants, effective from 11 October 2023.

Vacant Homes Tax (VHT)

VHT is a self-assessed tax that applies to habitable residential properties that have been occupied for less than 30 days in a 12-month chargeable period, from 1 November to 31 October of the following year. The VHT rate for chargeable periods from 1 November 2023 onwards has been increased to five times a property's existing base Local Property Tax liability.

Residential Zoned Land Tax (RZLT)

The first liability date for RZLT will be deferred until 1 February 2025. Landowners will be afforded an opportunity to submit requests for a change in the zoning of their land to local authorities in respect of the mapping process being undertaken in 2024 and 2025.

Corporation Tax (CT)

Pillar Two Minimum Effective Tax Rate

Under the transposition of the EU Minimum Tax Directive, a summary of the Pillar Two rules that will come into effect from 31 December 2023 is as follows:

- In-scope businesses will pay a minimum effective tax rate of 15% on their profits in respect of each country in which they operate.
- This will apply to both multinational and domestic businesses with a global annual turnover of €750 million and above in at least two of the preceding four years.

A number of consequential amendments to existing provisions have also been introduced.

Section 481 Film Relief

The maximum expenditure which can be used to calculate the credit will be increased to €125 million, from the date of commencement order.

Research & Development (R&D) Tax Credit

There are a number of amendments to the R&D Corporation Tax credit including:

- An increase in the rate from 25% to 30%.
- An increase from €25,000 to **€50,000** in the amount of the credit payable in Year One

Capital Acquisition Tax (CAT)

Tax-free thresholds - there are no changes.

Threshold		2023 Level	2024 Level
A	applies where the beneficiary is a child (including adopted child, step-child and certain foster children) or is a minor child of a deceased child of the disposer. Parents also fall within this threshold where they take an inheritance of an absolute interest from a child.	€335,000	No change
B	applies where the beneficiary is a brother, sister, a nephew, a niece or lineal ancestor or lineal descendant of the disposer.	€32,500	No change
C	applies in all other cases.	€16,250	No change

Group B CAT Threshold

Currently, individuals can claim the Group A CAT threshold in respect of gifts and inheritances received from their foster parents. Similar treatment is to be extended in respect of gifts and inheritances received from within the wider familial relationships individuals have by virtue of their foster parents. Where the treatment applies, individuals will be entitled to claim the Group B CAT threshold.

Capital Gains Tax (CGT)

Angel Investor Relief

CGT relief will be introduced for third-party individuals who take significant minority shareholdings in innovative start-up companies for at least 3 years. These individuals can avail of an effective reduced rate of CGT of 16%, or 18% for partnerships. The relief can be applied on a gain of up to twice the value of their initial investment and is subject to a lifetime limit of €3 million. Further details will be set out in the Finance Bill.

Retirement Relief

The following changes will come into effect for disposals made on or after 1 January 2025:

- The upper age limit which applies to the maximum level of retirement relief will be extended from 66 to 70, in respect of both a disposal to a child and a disposal to a person other than a child.
- A new threshold will limit the availability of the relief on disposals to a child by individuals from the age of 55 until the age 70 to assets with a value of €10 million or less.



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Stamp Duty

Consanguinity Relief

A reduced Stamp Duty rate of 1% applies to transfers of farmland between certain blood relatives. This relief is being extended by five years to 31 December 2028.

Bank Levy

A revised bank levy is being introduced for 2024, which will be payable by banks which received State assistance. The target yield for the levy for 2024 is €200 million. It will replace the current bank levy, which is based on the Deposit Interest Retention Tax paid by the banks in a specified year and is due to expire on 31 December 2023.

Value Added Tax (VAT)

Gas and Electricity Supplies

The application of the second reduced VAT rate of 9% to gas and electricity supplies is extended for one year until 31 October 2024.

eBooks and Audio Books

The VAT rate on the supply of electronic books and audio books will be reduced to 0%, with effect from 1 January 2024.

Solar Panels

The VAT rate on the supply and installation of solar panels on school buildings will be reduced to 0%, with effect from 1 January 2024.

Flat-Rate Addition for Farmers

The flat-rate addition for farmers will be reduced from 5% to 4.8%, with effect from 1 January 2024.

VAT Registration Thresholds

With effect from 1 January 2024, the turnover thresholds beyond which suppliers are obliged to register for VAT will rise:

- For a supplier of goods, the new threshold will be **€80,000**, up from €75,000.
- For a supplier of services (or mixed supplies), the new threshold will be **€40,000**, up from €37,500.

Suppliers whose turnover is below the threshold amount may opt to register for VAT.

Excise

Tobacco Products Tax (TPT)

TPT rates are increased with effect from 11 October 2023. The increase amounts to 75 cent, inclusive of VAT, on a packet of 20 cigarettes, with pro rata increases on other tobacco products.

Vehicle Registration Tax (VRT)

Relief for Electric Vehicles (EVs)

Remission or repayment in respect of VRT for electric vehicles (EVs), including electric motorcycles, is extended until 31 December 2025.

Do not hesitate to contact me or a member of our team if you would like to discuss any of the issues raised or on any of our services.



Johnny

John J. McElhinney | Partner

This budget document is intended to provide a general guide to the subject matter and is necessarily prepared in a condensed form. In view of its purpose the reader will appreciate that we are unable to accept liability for any errors or omissions which may arise. Advice should be sought before acting on the information contained in it.