

BUDGET 2020

In Summary...

- First Budget of coalition government of 33rd Dáil;
- Increase in second USC band;
- Increase of self-employed "earned income credit";
- Extension of Stamp Duty reliefs
- VAT Rate on tourism sector restored to 9% from 1 November 2020
- Changes to CGT Entrepreneur Relief
- Covid Restrictions Support Scheme introduced
- Flat rate farmer VAT rate increase
- Change to Employer PRSI band



Income Taxes

- An increase in the **Earned Income Credit** from €1,500 to €1,650.
- An increase in the **Dependent Relative Credit** from €70 to €245.
- **Sea-going Naval Personnel Tax Credit** to increase to €1,500 from €1,270
- The **second USC band** ceiling will increase €203 to €20,484 from 1 January 2021.
- The **tax debt warehousing scheme** will be expanded to include repayments of Temporary Wage Subsidy Scheme owed by employers, 2019 income tax balance and 2020 preliminary tax obligations for adversely affected self-assessed taxpayers.
- Extension of **Help to Buy** additional measures introduced on 23 July 2020 to the end of 2021

Carbon & Motor Taxes

- **Carbon tax** will be increased by €7.50 from €26 to €33.50 per tonne/CO₂. This increase will be applied to auto fuels – from tonight - and all other fuels from 1 May 2021.
- A new rates table is introduced for **Vehicle Registration Tax**
- A new **motor tax rates** table is introduced for WLTP cars first registered in the State from 01/01/21

Tax Incentive Schemes

- The **Accelerated Capital Allowance (ACA)** scheme designed to improve energy efficiency among Irish companies and unincorporated businesses is extended until 31 December 2023
- A new **Covid Restrictions Support Scheme (CRSS)**, aimed at businesses which have either been prohibited in operating or only been able to trade at significantly reduced levels as a result of restrictions imposed on them in response to Covid-19 was announced. Qualifying businesses can apply to Revenue for a cash payment, representing an advance credit for trading expenses that are deductible for income and/or corporation tax purposes (“ACTE”) for the period of restrictions resulting in operations being prohibited / reduction in activities effective from 13 October. Payments will be calculated on the basis of 10% of the first €1m in turnover and 5% thereafter, based on average VAT exclusive turnover for 2019, and will be subject to a maximum weekly payment of €5,000. The Scheme will generally apply when Level 3 or higher restrictions are imposed in line with the Plan for Living with Covid-19 is. It will run from Budget day until 31 March 2021. It will be brought into effect by Finance Bill 2020.
- An extension of the **Knowledge Development Box** was announced
- Work will take place in 2021 on the development of a tax credit for the **digital gaming sector**



VAT

- **VAT** on Tourism and Hospitality related services and goods currently applying at 13.5% will decrease to 9% from 1 November 2020 for a defined period of time to 31 December 2021

Farming

- The **flat-rate scheme** which compensates un-registered farmers on an overall basis for VAT incurred on their farming inputs is increasing from the current 5.4% to 5.6% for the year 2021.
- **Farm Consolidation** (Stamp Duty) Relief is being extended from its current expiry date of 31 December 2020 to 31 December 2022.

Excise

- Increase in 50c on pack of 20 cigarettes with pro-rata increase on other **tobacco products**.

Employer's PRSI

- From 1 January 2021 the weekly income threshold for the higher rate of **employer's PRSI** will increase from €394 to €398.

Capital Gains Tax

- Amend the holding requirement under the **CGT Entrepreneur Relief** so that an individual that held at least 5% of the shares for a continuous period of any three years qualifies, all other qualifying criteria remain unchanged. This measure will come into effect 1 January 2021.

Stamp Duty

- **Consanguinity Relief** is being extended from its current expiry date of 31 December 2020, to 31 December 2023



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