GSA
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AUDITORS & ACCOUNTANTS

Budget 2020

The Brexit Budget

BUDGET OVERVIEW

A heavy smoker from the midlands who drives long distances in their diesel-powered car and burns through a lot of fossil fuel to keep themselves warm in winter will bear the brunt of Budget 2020.

The increase in Carbon Tax will add €1.02 to the cost of 60 litres of petrol and €1.18 to the same volume of diesel, while a 900-litre home heating delivery will cost an additional €15. A 12.5 kg bag of peat will cost 16 cent more and about 72 cent has been added to the price of a 40kg bag of coal.

Other measures which will benefit some people include an increase of €100 in the home carer tax credit to €1,600 while the self-employed tax credit goes up by €150 to €1,500.

For most other people, the impact of a budget which has been "developed in the shadow of Brexit" will go almost unnoticed.

As had been widely flagged, there were no changes to the wider personal tax regime while social welfare payments were largely untouched.

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ACCA Think Ahead

BREXIT FUND

- €1.2 billion fund excluding EU funding.
- €650 million will be provided for agriculture, enterprise and tourism, in event of no deal.
- €110 million provided via the Department of Agriculture, Food and the Marine.
- €85 million to beef farmers and €14 million for fisheries.
- €40 million to support the tourism sector in event of no deal.
- €365 million provided for Social Protection expenditure benefit in event of no deal.
- €45 million to assist people in transition to new work.

HEALTH

- 6.3% / €1 bn increase in expenditure to €17.4 billion.
- €25m extra for National Treatment Purchase Fund.
- 50 cent reduction in prescription charges for all.
- Drug Payment Scheme threshold reduced by €10 per month.
- Medical card income thresholds for over 70 increased by €50 single person / €150 couple per week.
- Free GP care extended to children under the age of eight.
- Free dental care for children under 6.

CLIMATE MEASURES & CARBON TAX

- Carbon tax increase of €6 per tonne (to €26) on petrol and diesel.
- 2c to a litre of petrol or diesel approx.
- 1% surcharge for diesel vehicles (introduced last year) replaced with a nitrogen oxide (NOx) emissions-based charge. Applies to all passenger cars registering for the first time from 01/01/2020.
- Home heating fuels increases will come into effect in May 2020.
- VRT relief for hybrid vehicles extended to 2020.
- €13 million for the Warmer Homes scheme.
- Benefit in Kind zero rate on electric vehicles extended to 2020.
- Equalisation of business and domestic electricity rates.

AGRICULTURE & RURAL

- €2 billion investment in rural Ireland.
- €51 million extra for the Department of Agriculture, Food and the Marine.
- €17 million for the Department of Rural and Community Development.
- €3 million allocation to pilot new agri-environmental schemes.
- The farm restructuring relief programme is to be extended to the end of 2022.

EDUCATION

- €11 billion allocated, increase of almost €2 billion.
- 150 new mainstream teaching posts.
- €1.9 billion investment in special education. 400 new teachers and over 1,000 special needs assistants.
- The National Training Fund levy increase by 0.1%.
- The Human Capital Initiative will receive €60 million to provide an additional 3,000 places in identified priority skills areas.

JUSTICE & DEFENSE

- €120 million / 4.7% increase for justice and policing.
- €81 million increase in budget for An Garda Síochána.
- 700 new Garda recruits.
- €39 million addition to broader justice sector and funding increasing costs in direct provision.
- Extra civilian staff will allow more trained guards to return to frontline policing.
- New forensic science laboratory and the redevelopment of Limerick prison.
- New Garda offices in Dublin to replace Harcourt Square.

TRANSPORT

- €2.7 billion allocated, an increase of €384 million.
- €9 million for green ways and urban cycling projects among others.
- €3 million for electric vehicle infrastructure, doubling the amount of local authority charging points.

HOUSING

- €2.5 billion to the Housing Programme in 2020.
- €1.1 billion allocated to support delivery of 11,000 new social homes in 2020, 12,000 in 2021.
- €80 million extra for the Housing Assistance Payment scheme.
- Help-to-Buy scheme extended for a further two years until end of 2021.
- €2 million extra to the Residential Tenancies Board.
- Stamp Duty for non-residential property increased by 1.5% to 7.5%.
- €17.5m extra to the Land Development Agency to provide new affordable homes.
- €130 million in Urban Regeneration and Development funding available next year.
- €20 million extra for homeless services to total of €166 million.

SOCIAL WELFARE

- €690m increase for the Department of Employment Affairs and Social Protection.
- 100% Christmas bonus to all social welfare recipients this year.
- The Living Alone Allowance increase by €5.
- One Parent Family Payment increase by €15.
- Working Family Payment income threshold will increase by €10 for families with up to three children.
- The Qualified Child Payment will increase by €3 for children over 12 and €2 for children under 12.
- Fuel allowance will increase by €2.
- One million additional home care hours will be provided in 2020.
- Those in receipt of Carer's benefit can work or study up to 18.5 hours per week (up from 15).
- Home Carer Credit increase of €100 to bring the value of the credit to €1,600.

CAPITAL ACQUISITIONS TAX

- Group A tax-free threshold increase from €320,000 to €335,000 (transfers between parent and child broadly).

BUSINESS, ENTERPRISE AND INNOVATION

- €1 billion / 2% increase to the Department of Business, Enterprise and Innovation.
- €10 million will be allocated to a Disruptive Technologies Innovation Fund.
- EIIS scheme give full income tax relief in year of investment rather than spread as before; investment limit raised to €250k.
- An annual investment limit of €500,000 will be introduced for investors who are prepared to invest in the EIIS for > 10 years.
- R&D tax credit increased from 25% to 30% for micro and small companies.
- KEEP rules loosened (Key Employee Engagement Programme).
- SARP (Special Assignee Relief Programme) extension to 2022 for FDI companies to recruit and attract staff.

OLD RELIABLES

- 50 cents increase in excise duty on pack of 20 cigarettes, bringing average price to €13.50. With a pro-rata increase on other tobacco products.
- 2c to a litre of petrol or diesel approx.

RAINY DAY FUND

- €1.5 billion will be transferred, given that a No Deal Brexit is more likely.

TOURISM & OVERSEAS

- €40m announced for tourism specific initiatives.
- €21 million increase for Irish overseas development assistance, total of €837 million.
- Green Climate Fund increase of 100% which provides financial support to reduce greenhouse gas emmissions in developing countries.

DIVIDEND WITHHOLDING TAX

- Step 1 - from 1st of January 2020, increase in the rate of tax from 20% to 25%.
- Step 2 - from 1st of January 2021, Revenue will be introducing a modified Dividend Withholding Tax regime, utilising real-time data collected under modernised PAYE system.

CHILDREN

- The Department of Children and Youth Affairs will be allocated an additional €94 million.
- Túsla extra €29 million, to just over €814 million.
- Funding for early learning and childcare will increase by €54 million.

TAX CREDITS FOR YEAR 2020

PERSONAL	2020	2019
	€	€
Single	1,650	1,650
Married	3,300	3,300
Widowed Person	2,190	2,190
Single Child Carer	1,650	1,650
Home Carer Credit	1,600	1,500
Earned Income Credit	1500	1,350
PAYE	1,650	1,650
WIDOWED PARENT BEREAVEMENT	**2020**	**2019**
In Year of Assessment	3,600	3,600
Incapacitated Child	3,300	3,300
Dependent Relative	70	70
BLIND PERSON	**2020**	**2019**
Single/Married	1,650	1,650
Both Blind	3,300	3,300
AGE CREDIT	**2020**	**2019**
Single/Widowed	245	245
Married	490	490

INCOME TAX RATES 2020

SINGLE PERSON	MARRIED PERSON
2020	**2020 (two incomes)**
20% of 1st €35,300	20% of first €70,600*
40% Balance	40% balance **Transferable between spouse up to a max of €44,300 for any one spouse*
Single Parents	**(One Income)**
20% of 1st €39,300	20% of 1st €44,300
40% Balance	40% Balance

INCOME EXEMPTION LIMITS

SINGLE/WIDOWED	2020	2019
	€	€
65 years or over	18,000	18,000
MARRIED COUPLES	**2020**	**2019**
	€	€
65 years or over	36,000	36,000

UNIVERSAL SOCIAL CHARGE

2020	EMPLOYEE & SELF-EMPLOYED	2019
0% on total earnings <€13,000 per annum		0% on total earnings <€13,000 per annum
0.5% on €0 to €12,012 per annum		0.5% on €0 to €12,012 per annum
2% on €12,013 to €19,874 per annum		2% on €12,013 to €19,874 per annum
4.5% on €19,875 to €70,044		4.5% on €19,875 to €70,044
8% on €70,045 to €100,000		8% on €70,045 to €100,000
PAYE INCOME 8% on excess over €100,000		PAYE INCOME - 8% on excess over €100.000
SELF EMPLOYED INCOME 11% on excess over €100,000		SELF EMPLOYED INCOME 11% on excess over €100,000

PRSI

EMPLOYER	2020	2019
Contribution for Class A		
PRSI	11.05%	10.05%
TRAINING LEVY	1%	0.90%
TOTAL FOR EMPLOYERS	12.05% on all income	10.95% on all income

EMPLOYEE	2020	2019
PRSI	*4% on all income	*4% on all income
SELF EMPLOYED/ DIRECTORS CONTRIBUTION	**2020**	**2019**
PRSI	**4% on all income	**4% on all income

** Not applicable if earnings less than €18,300 p.a. (€352 p.w.)*
***4.00% subject to a minimum payment of €500*

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