

KSA

KSA SHIELDS & CO.

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Budget 2024

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Summary of announcements

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Executive summary

Minister for Finance Michael McGrath delivered his first Budget targeting many sectors of the economy in what was a more 'chunky' budget compared to relatively 'light' budgets in recent times. The Cost-of-Living Crises was a major factor in the Budget and featured heavily throughout.

HOUSING

Rent Tax Credit

Rent tax credit to increase to €750 from €500.

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.

Landlords

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.

Vacant Homes Tax

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 5 times (previously 3 times) a property's existing base Local Property Tax liability.

Help-to-Buy Scheme

The HTB Scheme has been extended to 2025.

PERSONAL TAX

Tax Credits

The following tax credits have been increased for 2024:

• Personal tax credit	€1,875
• Employee tax credit	€1,875
• Earned Income credit	€1,875
• Home Carer credit	€1,800
• Single Person Child Carer credit	€1,750
• Incapacitated Child credit	€3,500
• Rent tax credit	€ 750

Standard Rate Cut Off Points

The following are the new cut off points for 2024:

• Single, widowed or surviving partner without qualifying child	€42,000
• Single, widowed or surviving partner with qualifying child	€46,000
• Married, civil partnership, one person with income	€51,000
• Married, civil partnership, both persons with income	€51,000 with a max. increase of €33,000

USC

The new USC thresholds and rates for 2024 are as follows:

• Income up to €12,012	0.5%
• Income from €12,012 up to €25,760	2.0%
• Income from €25,760 up to €70,044	4.0%
• Income above €70,044	8.0%

PRSI

All PRSI contribution rates will increase by 0.1% from 01 October 2024.

COST OF LIVING**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.

Energy Bills

All domestic electricity customers will get €450 off their electricity bills. The energy credit will be paid in 3 instalments of €150. The first payment will be made in December 2023, the second will be made in January 2024 and the third will be made in March 2024.

A €300 once-off lump sum will be paid to people getting Fuel Allowance in November 2023.

The reduced 9% VAT rate for gas and electricity will be extended for 12 months to 31 October 2024.

The temporary excise rate reductions on auto diesel, petrol and marked gas oil due to expire on 31 October 2023 will be extended until 31 March 2024.

Minimum Wage

The national minimum wage will increase by €1.40 to €12.70 per hour from 01 January 2024.

Education and Childcare

There has been a range of measures relating to education and childcare announced in the Budget.

Social welfare

Many increased welfare rates were announced.

BUSINESS**Electric 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.

Corporation Tax

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.

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.

VAT

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.

AGRICULTURE**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.

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.

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 Farmland

This change requires that a lessor who has purchased farmland 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.

CAPITAL TAXES**CGT****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.

A further amendment will require that retirement relief must be claimed by an individual on their tax return.

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.

CAT**Group B 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.

ADVICE

Please do not hesitate to contact our office to seek advice on the Budget 2024 and how it may affect you, your family or your business.