



AUDITORS, TAX &  
BUSINESS ADVISERS

Result Driven Client Focused

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# BUDGET 2010

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## The Budget Highlights...

- No changes to income tax rates, income levy, or PRSI for 2010.
- Streamlined social contribution scheme to replace PRSI, the health levy, and income levy to be introduced in 2011.
- Further restrictions for high earners.
- Commitment to 12.5% corporation tax rate - 'Brand here to stay'.
- Enhancements to the R&D tax credit regime.
- Intellectual Property regime may be included in the Finance Bill.
- Tax Migrants - Irish domicile levy of €200k.
- Introduction of a carbon tax - €15 /tonne.
- Public Service Salary reductions 8% - 15%.
- Reduction in rates of excise duty on beer and cider, wine & spirits.
- Introduction of car scrappage scheme for cars of ten years and older.
- Decrease in standard VAT rate from 21.5% to 21%.

## Personal Tax Changes

No changes in the income tax credits and reliefs  
No changes to bands or tax allowances

### Pension Announcements

- Limit tax free pension lump sums on retirement to €200,000.
- The tax treatment of sums above €200,000 is being considered
- No cut in old age pension or civil servants pensions
- Pension reliefs to be Consumer Price Linked

### Restriction of tax reliefs for high earners

- Ensure that High Earners pay a minimum tax rate
- The restrictions will apply by increasing the effective rate of income tax on income sheltered by such reliefs to 30% ( previously 20% ) plus PRSI levies.
- The entry level to which the restriction will apply is being reduced from €250,000 to €125,000.

[More Personal Tax Changes >](#)



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## Personal Tax Changes Cont.

### What is restricted?

- Limit tax free pension lump sums on retirement to €200,000.
- The tax treatment of sums above €200,000 is being considered
- No cut in old age pension or civil servants pensions
- Pension reliefs to be Consumer Price Linked

### Non Resident Individuals

#### Domestic Levy of €200,000 annually where :

- Non-resident Irish nationals and domiciled individuals,
- Worldwide income exceeds €1 m
- Irish located capital is greater than €5 m.

### Replacement of existing employee PRSI, health and income levy charges.

- Reform the tax system for 2011.
- Consolidate all current employee social insurance payments and levies into a universal social contribution by 2011.
- Current €75,036 PRSI earnings ceiling remains unchanged at the moment.

### Mortgage interest relief

- Individuals in negative equity can continue to claim relief until the tax year 2017.
- New qualifying loans taken out before 1 July 2011 will continue to get relief at current levels.
- It is intended to abolish mortgage interest relief entirely by the end of the 2017 tax year.

## Environmental Taxation

### Carbon tax

Petrol and diesel with immediate effect:

- petrol (per litre) €0.042
- diesel (per litre) €0.049

From 1 May 2010 it will be extended to oil and gas.

### Water charges

- Preparations to introduce a system of water metering for homes.

### Excises

Reduction in Excises:

- 12c per pint of beer and cider / 14c per half glass of spirits / 60c per bottle of wine.

[Business Taxation next page >](#)



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## Business Taxation

### Corporation tax

- Renewed commitment to the 12.5% rate
- 12.5% corporation tax rate is an internationally recognised brand of Ireland Inc - 'a brand that's here to stay'.

### Start-up companies

- Extension of 3 year exemption for companies commencing trading in 2010 where companies have a tax liability less than €40,000.

### Smart Economy

- Awaiting report on R&D tax credits & Intellectual property regime
- Improvement in R&D and Intellectual Property regime

### Opportunities for employers - Job Stimulus Measures

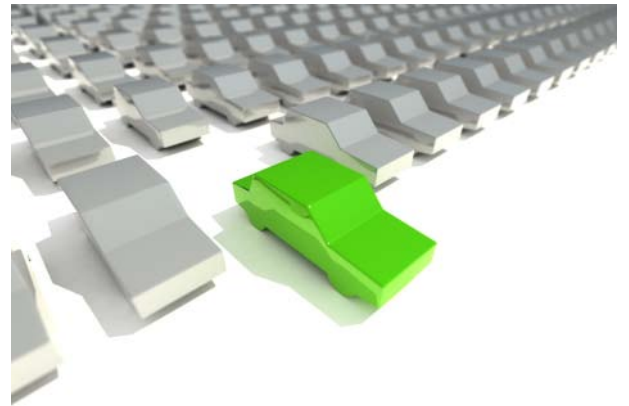
- Additional funding for employer PRSI exemption scheme
- One year exemption from employers' PRSI for new employees where unemployed for a period of six months or more.
- Gives employers an 8% - 10% saving on employment costs for each new job created

### VAT rate reduction – 1 Jan 2010

- 21% VAT rate effective from 1 January 2010
- UK rate to increase from 15% to 17.5% on 1 Jan 2010

### VRT – Car Scrappage Scheme

- New cars bought from 1 January 2010 to 31 December 2010
- Car must be 10 years or older
- VRT relief of up to €1,500.
- NCT and Insurance



### Rezoning Tax (80%)

- Where land is rezoned after 31 October 2009
- Taxes profits attributable to the rezoning
- Applies to all taxpayers



If you would like further detail on the Budget 2010 email  
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