



Budget 2024 Briefing

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BYRNEWALLACE BUDGET 2024 BRIEFING

The Minister for Finance, Mr. Michael McGrath T.D., and the Minister for Public Expenditure, National Development Plan Delivery & Reform, Mr. Paschal Donohoe T.D., announced Budget 2024 today.

Minister McGrath noted that Budget 2024 is framed against a backdrop of global uncertainty – both economic and geopolitical – and that the Government aims to “balance the needs of our society today while ensuring the wellbeing of our economy for generations to come”. The Budget is aimed at striking a balance between providing support for Ireland’s economy and society while not unduly adding to inflation.

In response to the continuing cost of living pressures, Minister McGrath has announced an extension of the reduced rate of VAT of 9% for electricity and gas for 12 months and the introduction of a temporary one-year mortgage interest tax relief scheme for certain homeowners.

Minister McGrath also announced an income tax package that from 1 January 2024 will increase the standard rate band for income tax, increase some tax credits and slightly reduce USC for most taxpayers.

Minister McGrath also acknowledged that housing is a core challenge facing the country. In response to this, he announced a number of measures including the extension of the Help-to-Buy scheme, the increase of the rent tax credit and the introduction of a tax relief in respect of rental income for landlords.

In an effort to support businesses, the Research and Development Tax Credit is being increased and the introduction of a new capital gains tax (“CGT”) relief for angel investors was also announced.

More details on the tax measures announced today will be set out in the Finance Bill when published.

The ByrneWallace Tax Team is ready to assist you, your family and your business in navigating the changes proposed by Budget 2024. Please contact any member of our Tax Team or your usual ByrneWallace LLP contact for more information and advice.



Anthony Smyth

Head of Tax

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BUSINESS TAX

Corporation Tax Rates

Minister McGrath announced no changes to the existing corporation tax rates, which are as follows:

Trading income (for companies with revenue of €750 million or less) ¹	12.5%
Passive Income	25%
Knowledge Development Box income	10%

Knowledge Development Box (“KDB”)

A commencement order to implement Finance Act 2022 amendments to the KDB from 1 October 2023 was signed on 5 September 2023. This order implements the provision in Finance Act 2022 to increase the KDB regime’s effective tax rate from 6.25% to 10%.

Research and Development (“R&D”) Tax Credit

The R&D tax credit provides a 25% tax credit for qualifying R&D expenditure. The rate is being increased from 25% to 30% in respect of 2024 expenditure, for which claims will be filed in 2025. The first year payment threshold allows for a claim up to the threshold amount to be paid in full in year 1, rather than over three years. The current threshold of €25,000 is being increased to €50,000.

Stock Relief

Stock relief for registered farm partnerships is being amended to increase the threshold from €15,000 to €20,000 in the case of qualifying periods commencing on or after 1 January 2024.

¹ 15% rate, once introduced in the next Finance Act, will apply to companies with revenue of greater than €750 million.

Film Relief

Relief in the form of a corporation tax credit is available for the cost of production of certain audio-visual productions. The scheme is intended to act as a stimulus to the creation of an indigenous film industry in Ireland, creating quality employment opportunities and supporting the expression of Irish culture. The credit is granted at a rate of 32% of qualifying expenditure which is capped at €70 million.

Minister McGrath announced that the cap is being increased from €70 million to €125 million.

Accelerated Capital Allowances - Farm Safety Equipment

This scheme, which allows for accelerated capital allowances of 50% per annum for eligible equipment, is being extended to 31 December 2026.

Accelerated Capital Allowances – Energy Efficient Equipment

The Accelerated Capital Allowances (ACA) scheme for Energy Efficient Equipment (EEE) for companies and unincorporated businesses which invest in highly-EEE is being extended for a further two years to 31 December 2025.

INCOME TAX

Standard Rate Band

Minister McGrath announced a number of income tax measures which aim to help citizens at a time when prices have been rising. This includes an increase of €2,000 to the income tax standard rate band for all earners. This will mean an increase from €40,000 to €42,000 for single individuals and from €49,000 to €51,000 for married couples / civil partners with one earner.

The rates and bands of income tax for introduction in 2024 are as follows:

Taxpayer	Standard Rate Band
Single, widowed or surviving civil partner (no dependent children)	€42,000
Single, widowed or surviving civil partner (dependent children)	€46,000
Married couple or in a civil partnership (one income)	€51,000
Married couple or in a civil partnership (two incomes)	€51,000 (with an increase of €33,000 max ²)

Universal Social Charge (“USC”)

From 1 January 2024, the second USC rate band will be increased from €22,920 to €25,760 in line with the €1.40 per hour increase in the national minimum wage.

In addition, the 4.5% rate of USC will reduce by 0.5% to 4.0%. This rate applies to income between €25,761 and €70,044.

The updated rates of USC will be as follows:

€0 to €12,012	0.5%
€12,013 - €25,760	2%
€25,761 - €70,044	4%
€70,045 +	8%
Self-employed income in excess of €100,000	3% surcharge

The reduced rate of USC for medical card holders is being extended for a further two years.

² The increase in the rate band is capped at the lower of €33,000 or the income of the lower earner.

Personal Tax Credit, Employee Tax Credit and Earned Income Credit

An increase in each of these credits from €1,775 to €1,875 has been announced.

Home Carer Tax Credit

An increase in this credit from €1,700 to €1,800 has been announced.

Single Person Child Carer Tax Credit

An increase in this credit from €1,650 to €1,750 has been announced.

Incapacitated Child Tax Credit

An increase in this credit from €3,300 to €3,500 has been announced.

Sea-going Naval Personnel Tax Credit

This credit has been extended to 31 December 2024.

Rent Tax Credit

Minister McGrath announced that the rent tax credit is being amended to increase the amount that can be claimed from €500 to €750.

Eligibility for the credit will be extended to parents who pay for their student children’s rental accommodation in the case of Rent a Room accommodation or “digs”. This change will apply retrospectively to the years 2022 and 2023.

Employment Investment Incentive (EII)

The EII provides income tax relief for risk capital investments in qualifying small and medium enterprises. From 1 January 2024, the minimum holding period required to obtain relief is being standardised to four years for all investments. The limit on the amount for which an investor can claim relief is being increased to €500,000. Further changes will be made to the

scheme to reflect amendments to the EU General Block Exemption Regulation.

Microgeneration of electricity

Micro-generation of electricity is the small-scale production of electricity by consumers who generate electricity at their own homes for their own consumption and sell the excess electricity produced. There will be an increase from €200 to €400 in the exemption from income tax, USC and PRSI for certain profits arising to a qualifying individual who generates energy from renewable, sustainable or alternative energy sources for their own consumption. The exempted profits are those arising from the domestic generation of electricity which is supplied to the grid.

Fuel Allowance / credits

Given the impact of increasing energy costs on households, Minister Donohoe announced that a lump sum payment of €300 will be made before Christmas to recipients of fuel allowance.

All households will receive a further set of credits to assist with energy bills over the winter period. Three credits of €150 each will be provided between now and April of 2024.

EMPLOYEE & EMPLOYER TAXES

Pay Related Social Insurance (“PRSI”)

Minister Donohoe noted that it is important that the long-term sustainability challenges faced by Ireland’s pensions system is addressed. Earlier this year, the Government decided against increasing the pension age but instead to take a measured approach to increasing PRSI contribution rates on a phased, incremental, basis over a number of years.

As such, it was announced that all PRSI contribution rates will increase by 0.1% from 1 October 2024.

Benefit in Kind (“BIK”) Measure: Relief for Battery Electric Vehicles

The tapering mechanism applied to BIK relief for electric vehicles is being enhanced by extending the current Original Market Value deduction of €35,000 until the end of 2025, followed by a reduction to €20,000 in 2026 and €10,000 in 2027.

BIK Measure: Original Market Value Deduction for Certain Categories of Vehicles

The temporary universal relief of €10,000 applied to the Original Market Value of a vehicle (including vans) for vehicles in Category A-D and the amendment to the lower limit of the highest mileage band is being extended to 31 December 2024.

CAPITAL TAX

Capital Gains Tax (“CGT”)

No change to the rate of CGT was announced. It remains at 33%.

Minister McGrath announced that a new CGT relief for angel investment in innovative start-ups is being introduced. Qualifying investors will be able to benefit from a reduced rate of CGT (16% - 18%) for gains arising from the disposal of a qualifying investment in a qualifying company, up to a maximum gain of twice their initial investment.

Changes to retirement relief were also announced. From 1 January 2025, the higher level of relief, which applies to disposals to children and to others, will be available for disposals occurring from the age of 55 until the age of 70. Currently, where the individual making the disposal is 66 years or over and the market value of the qualifying assets is over €3 million, the relief is limited to a maximum gain of €3 million.

Also from 1 January 2025, there will be a new limit of €10 million on the relief available for disposals to a child up to the age of 70.

Capital Acquisitions Tax (“CAT”)

No amendments to the group thresholds which apply to gifts and inheritances were announced. The thresholds are:

Group A Threshold	€335,000
Group B Threshold	€32,500
Group C Threshold	€16,250

There was also no change announced for the rate of CAT on gifts and inheritances. It remains at 33%.

It was announced that amendments will be made to ensure that foster children can avail of the Group B CAT threshold based on their relationship to their foster parents.

INDIRECT TAX

Value-Added Tax (“VAT”)

The reduced VAT rate of 9% for electricity and gas is being extended until the end of October 2024.

The VAT rate on the following will be reduced to zero from 1 January 2024:

- The supply and installation of solar panels installed in schools; and
- audiobooks and e-books;

Farmers’ Flat Rate Compensation Percentage

The flat-rate scheme compensates unregistered farmers on an overall basis for VAT incurred on their farming inputs. This will be decreased from the current 5% to 4.8% from 1 January 2024.

VAT registration thresholds

It was announced that VAT registration thresholds for businesses will be increased from €37,500 for

services and €75,000 for goods to €40,000 and €80,000 respectively.

Charities Compensation Scheme

From 1 January 2024, the total annual capped fund for the Charities VAT Compensation Scheme is being increased from €5 million to €10 million.

Excise Duties

The excise duty on a pack of 20 cigarettes will increase by €0.75 with a pro-rata increase on other tobacco products.

The temporary excise rate reductions applying to auto diesel, petrol and marked gas oil which were due to expire on 31 October 2023 are being extended until 31 March 2024. Half of the outstanding amounts of 8 cent on petrol, 6 cent on diesel and 3.4 cent on Marked Gas Oil will be restored on 1 April 2024, with the balance restored on 1 August 2024.

Carbon Tax

The carbon tax rate per tonne of carbon dioxide emitted for petrol and diesel will increase from €48.50 to €56.00 from 11 October 2023 as per the trajectory set out in the Finance Act 2020. This increase will be applied to auto diesel and petrol with effect from 11 October 2023 and to all other fuels with effect from 1 May 2024.

Vehicle Registration Tax (“VRT”)

The VRT relief for battery electric vehicles, which was due to end on the 31 December 2023, is being extended by two years to 31 December 2025.

PROPERTY TAX

Rented Residential Relief

A new tax relief for landlords is being introduced. It will provide a relief, at the standard rate, of residential rental income. The relief will be as follows: €3,000 in the tax year 2024; €4,000 in

2025, €5,000 in 2026 and €5,000 in 2027. A full claw-back of the benefit of the relief applies in the event the landlord removes from the rental market, within 4 years, any of the rental properties held in year 1 when the benefit is claimed. There is no clawback after the expiry of the 4-year period.

Mortgage Interest Tax Relief

A temporary one-year mortgage interest tax relief scheme is being introduced for homeowners with an outstanding mortgage balance on their principal private residence of between €80,000 and €500,000 on 31 December 2022. Qualifying homeowners will be eligible for mortgage interest tax relief in respect of the increased interest paid on that loan between the calendar year 2022 compared to the calendar year 2023 at the standard rate of income tax (20%), capped at €1,250 per property.

Vacant Homes Tax

The rate of the Vacant Homes Tax is to be increased from three times to five times a property's existing base Local Property Tax liability. This increase will take effect from the next chargeable period, commencing 1 November 2023.

Help to Buy Scheme

The Help to Buy scheme was designed to help first-time buyers of newly built homes to assemble the required deposit. The scheme is to continue until 31 December 2025.

Residential Zoned Land Tax

Minister McGrath announced that the first liability date for Residential Zoned Land Tax will be deferred by one year (from 2024 to 2025) to allow for the planned 2024 review of maps by local authorities to take place and to allow affected people a further opportunity to engage with the mapping process.

Local Property Tax

No changes to Local Property Tax were announced.

STAMP DUTY

Consanguinity Relief

This stamp duty relief reduces the rate of stamp duty applicable to intra-familial transfers of farmland from 7.5% to 1%. It is being extended to 31 December 2028.

Young Trained Farmers and Succession Farm Partnerships

Stock relief for young trained farmers, relief for succession farm partnerships and young trained farmers stamp duty relief are being amended to increase the aggregate lifetime amount of relief available to a person under these reliefs from €70,000 to €100,000 from 1 January 2024.

Current Rates of Stamp Duty

No changes were announced to the current rates of stamp duty, which are as follows:

Residential Property	
- Consideration up to €1,000,000	1%
- Balance of consideration	2%
Cumulative purchases of ten or more houses or duplexes (but not apartments) in any 12 month period	10%
Non-Residential Property	7.5%
Shares	1% ³

OTHER MATTERS

Bank Levy

A revised bank levy is being introduced for 2024. It will apply to those banks that received financial assistance from the State during the banking

³ Subject to certain exceptions.

crisis, (AIB, EBS, Bank of Ireland and PTSB). It will have a revenue target of €200 million.

Defective Concrete Products Levy

This levy is being amended so that it will no longer apply to the pouring concrete used in the manufacture of precast concrete products. A refund scheme is also being put in place to allow those who paid the levy on such concrete between 1 September 2023 and 31 December 2023 to reclaim it.

Donation of Heritage Items

This tax relief is available to taxpayers who donate heritage items to Irish national collections. A credit equal to 80% of the market value of the item donated can be set against donors' liabilities for income tax, corporation tax, capital gains tax or gift and inheritance tax. Currently, the aggregate value of items that can be donated under the scheme in any one year cannot exceed €6 million. This limit is to be increased to €8 million.

Personal Income Tax Rates and Bands		
	20%	40%
Single, widowed or surviving civil partner (no dependent children)	€42,000	Balance
Single ¹ , widowed or surviving civil partner (dependent children)	€46,000	Balance
Married couple or in a civil partnership (one income)	€51,000	Balance
Married couple or in a civil partnership (two incomes) ²	€84,000	Balance

Personal Tax Credits	
Single person (no dependent children)	€1,875
Single person child carer credit ³	€1,750
Married or in a civil partnership	€3,750
Employee (PAYE) credit	€1,875
Earned income credit	€1,875
Home carer credit	€1,800
Rent credit	€750
Incapacitated child credit	€3,500

PRSI (Employer Rate) ⁴	
Employer	
If income is €410 p/w or less	8.8%
If income exceeds €410 p/w	11.05%
Self-Employed⁵	4%
Employee Class A⁶	4%

Universal Social Charge ⁷	
€0 - €12,012	0.5%
€12,013 - €25,760	2%
€25,761 - €70,044	4%
€70,045+	8%
Self-employed income in excess of €100,000	3% surcharge

Capital Acquisitions Tax (CAT) Rate, Thresholds and Exemption	
CAT rate	33%
Group A threshold	€335,000
Group B threshold	€32,500
Group C threshold	€16,250
Small gift exemption	€3,000

1. This rate is available to the principal carer of the child only.
2. €51,000 with an increase of €33,000 maximum, capped at the lower of €33,000 or the income of the lower earner.
3. This credit is available to the principal carer of the child only.
4. All PRSI contribution rates are to increase by 0.1% from 1 October 2024.
5. The minimum annual contribution for Class S is €500.
6. Employees earning €352 or less p/w are exempt from PRSI. A tapered employee PRSI Credit of €12 p/w applies on earnings up to €424.
7. Individuals with total income up to €13,000 are not subject to the Universal Social Charge.

Capital Gains Tax (CGT) Rate, Relief and Exemption	
CGT rate	33%
CGT entrepreneur relief ⁸	10%
Annual exemption	€1,270

Deposit Interest Retention Tax Rate	
Deposit Interest Retention Tax (DIRT)	33%

Corporation Tax Rates	
Trading income (for companies with revenue of €750 million or less) ⁹	12.5%
All other income	25%
Knowledge Development Box	10% ¹⁰

Research and Development Tax Credit	
Research and Development Tax Credit	30%

Digital Gaming Sector Tax Credit	
Digital Gaming Tax Credit	32%

Dividend Withholding Tax Rate	
Dividend Withholding Tax (DWT)	25%

Value Added Tax (VAT) Rates	
Standard rate	23%
Reduced rate ¹¹	13.5%
Second reduced rate ¹²	9%

Local Property Tax Rates ¹³	
Market value of €1,050,000 or less	Mid-point rate of 0.1029%
Market value between €1,050,001 and €1,750,000 ¹⁴	Mid-point rate of 0.1029% on the first €1.05 million
	0.25% on balance
Market value is €1,750,001 or more ¹⁵	0.1029% on the first €1.05 million
	0.25% between €1.05 million and €1.75 million
	0.3% on balance

Stamp Duty Rates	
Transfer of certain stocks and shares	19% ¹⁶
Non-residential property	7.5%
Residential property	1% on consideration up to €1 million 2% on balance
Cumulative purchases of ten or more houses or duplexes (but not apartments) in any 12 month period	10%

8. Subject to certain conditions and lifetime limit of €1 million chargeable gains.

9. 15% rate, once introduced in Finance Act 2023, to apply to companies with revenue of greater than €750 million.

10. The Minister for Finance has signed an Order to commence a Finance Act 2022 provision, providing for an increase of the effective tax rate for the Knowledge Development Box, with effect from 1 October 2023.

11. Applicable to certain supplies including land and buildings, building services and waste disposal services.

12. Applicable to certain supplies including electricity and gas (until 31 October 2024).

13. Each Local Authority can increase or decrease the LPT rate by up to 15% from the basic rate.

14. For properties valued at €1.75 million or less, the LPT charge is based on the basic LPT rate for the valuation band that applies to the property and any adjustment that a Local Authority has applied. The LPT charge is fixed at €90 and €225 for band 1 and 2 respectively.

15. No banding applies to property values over €1.75 million.

16. Subject to certain exceptions.

HOW THE BYRNEWALLACE TAX TEAM CAN HELP

The ByrneWallace Tax team offers a fully integrated tax service providing both advisory and compliance services to our clients. Our highly experienced team is made up of lawyers, chartered accountants and tax advisors.

Focused on offering pragmatic and realistic solutions, we advise a broad range of clients including private and public sector organisations, international corporations, financial institutions as well as private clients. As part of our multi-disciplinary approach, we regularly work alongside lawyers from our other practice areas, advising on the taxation aspects of client transactions.

Our team has developed specialist expertise advising clients on structured finance transactions, capital market issues, investment funds and cross border financing. We have significant experience in the area of intellectual property planning, mergers and acquisitions, inward investment, group re-organisations, property acquisition and holding structures. We also provide advices on all personal taxation matters including employment related issues, pensions, retirement, succession planning and other matters affecting high net worth individuals.

The ByrneWallace Tax Team can assist you and your business in navigating through the changes proposed by Budget 2024.

Please contact any member of our [Tax team](#) or your usual ByrneWallace contact for more information or advice.

Disclaimer

This publication is provided for general information purposes only. It is not intended to be an exhaustive list of the changes introduced by Budget 2024 and does not purport to deal with all aspects of its subject matter. This publication does not constitute legal, financial, tax, regulatory, company secretarial or any other advice on any matter addressed. Readers should take legal advice before applying the information contained in this publication to specific issues or transactions.

MEET THE TEAM



Anthony Smyth
Head of Tax
Direct: +353 1 691 5281
Email: asmith@byrnewallace.com



Julie Herlihy
Head of Corporate Advisory Services
Direct: +353 1 691 5279
Email: jherlihy@byrnewallace.com



Lee Squires
Partner, Head of Indirect Taxes
Direct: +353 1 691 5887
Email: lsquires@byrnewallace.com



Fergal McConnon
Associate, Tax
Direct: +353 1 691 5270
Email: fmccnonn@byrnewallace.com

BYRNE
WALLACE
TAX ADVISORS

BYRNE
WALLACE

LAW FIRM

ByrneWallace Tax Advisors
88 Harcourt Street, Dublin 2, D02 DK18, Ireland
Tel: +353 1 691 5000 Fax: +353 1 424 4016
Email: tax@byrnewallace.com

www.byrnewallace.com

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