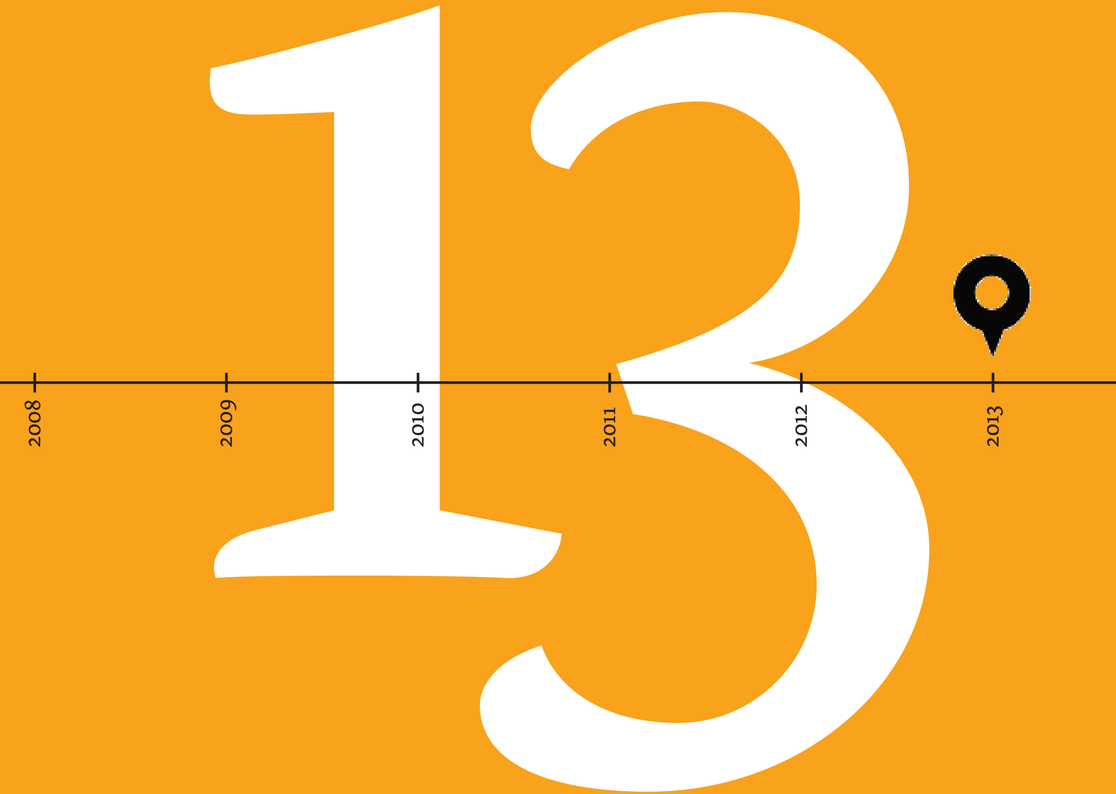
BUDGET

TAX FACTS & FIGURES



Mc Feely & Mc Kiernan

ACCOUNTANTS AND REGISTERED AUDITORS

Unit 65/66, Western Parkway Business Park, Ballymount Road, Dublin 12.

Telephone:(01) 456 5649. Fax:(01) 456 5829

Email: info@mcfmck.ie

RATES/CREDITS 2013

Personal Tax Credits	2012 €	2013 €
Single persons	1,650	1,650
Married or in civil partnership	3,300	3,300
Additional one-parent family	1,650	1,650
PAYE	1,650	1,650
Age credit – Single	245	245
Age credit – Married	490	490
Home carer	810	810
Dependent relative tax credit	70	70
Rent relief		
Under age 55 single persons	240	200
Under age 55 married or in civil partnership	480	400
Over age 55 single persons	480	400
Over age 55 married or in civil partnership	960	800
Service charges (max)	N/A	N/A
Incapacitated child	3,300	3,300
Blind persons:		
Single	1,650	1,650
Married or in civil partnership (both blind)	3,300	3,300
Widowed additional credit	540	540
Widowed person bereaved in year of assessment	3,300	3,300
Widowed parent:		
1st year after year of bereavement	3,600	3,600
2nd year after year of bereavement	3,150	3,150
3rd year after year of bereavement	2,700	2,700
4th year after year of bereavement	2,250	2,250
5th year after year of bereavement	1,800	1,800
Exemption limits – 65 – years and over		
Single/widowed/surviving civil partner	18,000	18,000
Married or in civil partnerships	36,000	36,000
Standard rate bands		
Single/widowed persons/surviving partner	32,800	32,800
Married couples, one income	41,800	41,800
Married couples, two incomes	65,600	65,600
One parent/widowed parent	36,800	36,800
Tax rates		
Standard rate	20%	20%
Top rate	41%	41%
PRSI		
Employee ceiling	No limit	No limit
Employee PRSI exemption	€127 per week	No Exemption
Employee PRSI rate	4%	4%
Employer PRSI (higher rate)	10.75%	10.75%
Employer PRSI (lower rate) 01/01/11-01/07/11	N/A	N/A
Employer PRSI (lower rate) 02/07/11-31/12/11	4.25%	4.25%
Self-employed ceiling	No limit	No limit
Self-employed - minimum contribution	€253	€500
Self-employed PRSI rate	4%	4%
Universal Social Charge (USC)		
Exemption limit	€10,036	€10,036
€0 - €10,036	2%	2%
€10,037 - €16,016	4%	4%
> €16,016	7%	7%
Self-employed income > €100,000	10%	10%
Aged 70 and over/medical card holders > €60,000	4%/7%	7%/10%

PERSONAL TAX

Personal tax credits and bands

There have been no increases in the income tax rates, no reductions in income tax credits and no adjustments to the income tax bands.

Maternity benefit

This will be taxable for all claimants with effect from 1 July 2013.

Top slicing relief

This will no longer be available from 1 January 2013 on ex-gratia lump sums in respect of termination and severance payments where the non-statutory payment is €200,000 or over.

Foreign earnings deduction

The foreign earnings deduction has been extended to include employment related travel to certain African countries.

Charitable donations

From 1 January 2013, charitable donations from all individual donors will be treated in the same manner, with the tax relief in all cases being repaid to the charity at a new blended rate of 31%. Charitable donations will no longer be included in the calculation of the high earners' restriction. There will be an annual donation limit of €1 million per individual.

BIK on preferential loans

The specified interest used in calculating the taxable benefit from preferential loans, other than home loans, has increased from 12.5% to 13.5%. The specified rate used to calculate the taxable benefit from home loans has decreased from 5.0% to 4.0%.

Universal Social Charge

With effect from 1 January 2013 the standard rate of USC will apply to those aged 70 years of age and over, earning €60,000 and above. This change also applies to medical card holders earning over €60,000.

PRSI

The €127 weekly PRSI allowance has been abolished. The minimum annual PRSI contribution for self-employed earners will increase from €253 to €500. Both changes take effect from 1 January 2013.

With effect from 1 January 2013 modified PRSI rate contributors will no longer be exempt from PRSI on trading, professional and unearned income. Employees who earn €352 or less per week continue to have no liability to PRSI. With effect from 1 January 2014, PAYE employees will be subject to PRSI on their unearned income including rental, investment, dividends and bank deposit interest income.

Employment and Investment Incentive (EIIS)

The EIIS has been extended from 2014 to 2020 subject to State Aid clearance.

Film relief

The Film Tax Relief Scheme has been extended to 2020. Operation of the scheme will be reformed by moving to a tax credit model in 2016, with relief ceasing for individuals from that point.

Deposit Interest Retention Tax and exit taxes on life assurance policies and investment funds

From 1 January 2013, the rate of retention tax that applies to deposit interest, together with the rates of exit tax that apply to life assurance policies and investment funds, are being increased to 33% for payments made annually or more frequently and 36% for all other payments.

Farmer taxation

Stock relief - The general rate of stock relief of 25% has been extended for a further three years to 2015.

Young Trained Farmers (YTF) stock relief - The YTF rate of stock relief of 100% has been extended for a further three years to 2015. This is subject to EU State Aid clearance.

Stock relief for registered farm partnerships - The definition of registered farm partnership has been extended to include other registered partnerships such as beef production partnerships for the purposes of the 50% rate of stock relief. This is subject to EU State Aid clearance.

BUSINESS TAX

While the budget hit individuals hard, most of the provisions introduced for business will be broadly welcomed.

The Minister announced a 10 point tax reform plan to help small businesses. All the features of this 10 point plan will be outlined in the Finance Bill. The main changes of note are set out below:

Corporation tax relief for start-ups

The 3 year exemption for start-up companies is being reformed to allow any unused credits be carried forward beyond the first 3 years of trading. This is subject to the maximum amount of relief in any one year not exceeding the eligible amount of employers' PRSI in that year.

Close company surcharge

The de-minimis level at which the charge applies has been increased to €2,000 from €635. The aim is to reduce the administrative burden and assist in cash flow for SMEs.

R&D tax credit

The first €200,000 of qualifying expenditure will benefit from the 25% R&D tax credit on a volume basis, with no requirement to refer to the 2003 base year spend. This is an increase of €100,000. For R&D expenditure in excess of €200,000 the relief continues to be based on incremental costs in excess of the 2003 spend. A full review of the R&D Tax Credit regime will be carried out in 2013.

Employment and Investment Incentive Scheme (EIIS)

This scheme (the old BES scheme) will continue to run until 2020. While uptake to date has been slow, there is expected to be additional interest in 2013 and future years.

Carried interest

Carried interest is the return received by venture capital managers for managing investments in certain venture capital funds. Under relieving provisions introduced in 2008, these returns are treated as a capital gain rather than income and are taxed at a lower rate of 15% for individuals holding interest through a partnership or 12.5% for corporates. The relief is to be reviewed to ensure that it operates as intended, in particular to assist small business in accessing funding.

Taxation of Micro Enterprises: reduction in compliance costs

There is to be a joint consultation between Revenue and the Department of Finance to identify measures to ease the administrative burden of tax compliance costs for Micro Enterprises. Micro Enterprises are businesses with a turnover of less than €75,000 per annum.

Rebate of statutory redundancy payments

With effect from January 2013, the existing 15% rebate of statutory redundancy payments that a company can claim is being removed.

12.5% rate

The Minister reaffirmed the governments commitment to maintaining the corporate tax rate at 12.5%.

FATCA

In a welcome development, Ireland today reached agreement with the US in respect of compliance with FATCA, (Foreign Account Tax Compliance Act) which broadly seeks to facilitate the reporting of Irish accounts held by US persons, and the reciprocal exchange of information regarding US financial accounts held by Irish residents. This will be of particular interest to the financial services community.

Aviation sector

An accelerated capital allowances scheme, over seven years, will be introduced for aviation specific facilities. This will be in place for a five year period and will serve to further bolster Ireland's status as a leading player in the aviation sector.

CAPITAL TAXES

Capital Acquisitions Tax (CAT)

The current rate of CAT of 30% is being increased to 33% and will apply in respect of gifts or inheritances taken on or after 6 December 2012. The current tax-free thresholds are being reduced by 10% for any gifts/ inheritances received on or after 6 December 2012. The current Group A tax-free threshold is being reduced from €250,000 to €225,000, the Group B tax-free threshold is being reduced from €33,500 to €30,150 and the Group C tax-free threshold is being reduced from €16,750 to €15,075.

Capital Gains Tax (CGT)
The current rate of CGT of 30% is being increased to 33% and will apply in respect of disposals made on or after 6 December 2012.

Measures to incentivise investment in property
The exemption from CGT on real property bought between now and the end of 2013 if held for at least seven years was reaffirmed.

Disposals of Farm Land for Farm Restructuring Purposes
To enable farm restructuring, relief from CGT will be available where the proceeds of a sale of farm land are reinvested for the same purpose. The sale and purchase of the farm land must occur within 24 months of each other and the initial sale or purchase transaction must occur within the period commencing 1 January 2013 and ending on 31 December 2015. The relief will also apply to farm land swaps subject to certification by Teagasc for all transactions seeking relief. The commencement of the relief is subject to receipt of EU State Aid approval.

PROPERTY TAXES

Local property tax
The Local Property Tax (LPT) will come into effect from 1 July 2013 with a half year charge applying for 2013. The Revenue Commissioners will administer the LPT. Aside from some exemptions, owners of residential properties, including rental properties, will be liable to pay the LPT which will apply on a self-assessed basis.

Individuals can self-assess the value of their property or follow Revenue's guidance on this process. The initial valuation (which must be carried out on 1 May 2013) is valid up to 31 December 2016. For the first 18 months (up to 31 December 2014), the national central rate of LPT will be 0.18% of the first €1 million of value with 0.25% applying to the excess. From 1 January 2015, local authorities will have the discretion to vary the rates by +/- 15%.

The market value of the property will be divided into bands with the initial band covering €0 - €100,000. Thereafter bands of €50,000 width will apply up to €1 million. The tax liability will be calculated by applying the tax rate to the mid-point of the band. No band will apply where houses are valued at over €1 million (0.18% on the first €1 million and 0.25% thereafter).

Newly constructed but unsold residential property, mobile homes, vessels, houses in certain unfinished estates and unoccupied principal residences by reason of long term mental illness or infirmity will be exempt from the LPT.

There will also be an exemption until the end of 2016 for new and previously unused properties that are purchased between 1 January 2013 and 31 December 2016. The exemption will also apply for second hand property purchased by a first time buyer in 2013. The LPT is expected to yield €250 million in 2013 and €500 million for a full year charge.

Other issues
The household charge will cease with effect from 1 January 2013. The NPPR charge will cease with effect from 1 January 2014. However, any unpaid arrears along with any interest and penalties on NPPR and the household charge that have accrued will remain a charge on the related property.

Real Estate Investment Trusts (REITs)
Real Estate Investment Trusts (REITs) are to be introduced. A REIT is an established, internationally recognised model for property investment. REITs are listed companies, used to hold rental property, which provide a return for investors similar to that of direct investment in property. Qualifying income and gains of a REIT will be exempt from corporation tax at the level of the REIT company. Instead, the REIT is required to distribute profits annually, for taxation at investor level.

Full details of the measure will be contained in the Finance Bill and will include features to maintain taxing rights in the State over Irish immoveable property.

INDIRECT TAXES

Value Added Tax (VAT)
There is no change to the various VAT rates. The Minister confirmed that the temporary 9% rate applying mainly in the tourism sector will apply until 31 December 2013. However, the farmer's flat

rate addition, which compensates unregistered farmers for VAT incurred, is being reduced from 5.2% to 4.8% with effect from 1 January 2013.

Cash receipts basis

Most traders account for VAT on sales on the basis of the invoices issued during a VAT period. This means that in many cases, VAT is payable to Revenue before the trader has received payment from its customer. Certain traders, whose turnover is below €1m per annum, are entitled to account for VAT on sales calculated on the payments received in the VAT period. This can assist cash flow for SME businesses. The threshold for the use of the cash receipts basis will be increased from €1m to €1.25m with effect from 1 May 2013.

Alcohol products tax

Excise duty on alcohol and tobacco products increases from midnight tonight (5 December). The increase applicable to a pint of beer or cider or a measure of spirits will be 10 cents (including VAT) while the duty on wine increases by €1 (including VAT) for a 75cl bottle.

Tobacco products tax

The price of a packet of 20 cigarettes will increase by 10 cents (including VAT) while roll-your-own tobacco will increase by 50 cents (per 25 grams).

Auto diesel and petrol taxes

There is no increase in the rate of excise duty applying to petrol or diesel. A system to provide for rebates of auto-diesel duty will be introduced on 1 July 2013, for tax compliant licenced road hauliers.

Carbon tax

A €10 per tonne carbon tax will be applied to solid fuel with effect from 1 May 2013. It will increase to €20 per tonne with effect from 1 May 2014.

Vehicle Registration Tax (VRT)

Due to the drop in VRT revenue in the last number of years (following the introduction of the emissions based method of calculating VRT), it was announced in last year's budget that a consultation process would take place with a view to revising the system. Following that process, a general increase in VRT rates and a restructuring of VRT Bands A and B will be introduced from 1 January 2013. Bands A and B have been subdivided into four and two sub-bands respectively, based on different levels of emissions. For example, the VRT rate applying to Band A has increased from 14% to a variety of rates (15% - 18%) within the new bands A1-A4. The rate for the top band (G) remains unchanged at 36%. VRT reliefs currently in place for electric vehicles, hybrids etc are being retained until 31 December 2013.

MOTOR TAX

Increases will apply to motor tax rates from 1 January 2013. For example, the emissions based rate applying to the new Band A4 (emissions between 110g/km and 120g/km) will increase by €40 from €160 to €200 while the highest Band (G) will increase by €92 from €2,258 to €2,350. Increases will also apply to the older rates based on engine size with increases ranging from €14 for a 1,000cc car to €126 for a 3,001cc car. Motor tax on electric cars is being reduced (by €37) to €120.

PENSIONS

Change to the maximum allowable pension fund

With effect from 1 January 2014, tax relief for pension contributions will be capped in respect of pension schemes that deliver an annual pension in excess of €60,000 per annum. There will be a consultation process as to how the changes will be implemented.

Tax relief

Relief for pension deductions continues at the marginal rate of tax. There was speculation that relief would be restricted to a lower rate of tax.

Pre-retirement access to funded Additional Voluntary Contributions

Individuals will be allowed a once-off option to withdraw up to 30% of the value of funded Additional Voluntary Contributions made to supplement retirement benefits. Withdrawals will be liable to tax at the individual's marginal rate. This option will be available for 3 years from the passing of the Finance Act 2013.

Pension levy

The Pension Levy announced as part of the Jobs Initiative will not be renewed after 2014.

This leaflet is only a summary of the Budget Speech and is not intended to be a comprehensive guide. 05/12/12. Printed by Unique Publishing (01) 860 3477