



Comerford Foley

# **BUDGET 2019:**

LOOKING TO THE FUTURE





# BUDGET OVERVIEW

The impact of the budget on people's income will generally be modest.

Middle-income earners and two-income families were the main, albeit modest, beneficiaries of Budget 2019 with a combination of USC cuts and a widening of the top income tax. Increased numbers will qualify for schemes and payments such as the affordable childcare schemes, which will make a significant increase to some families.

In his second Budget, Minister for Finance Paschal Donohoe also announced a raft of measures to tackle the housing crisis, including €1.25 billion allocated to build 10,000 social homes in 2019. He also introduced a Rainy Day Fund of €1.5 billion to increase the State's resilience to larger economic shocks.

The biggest revenue-raising measure and the one that drew the ire of the tourism and hospitality sector was an increase in the VAT rate from 9% to 13.5%, which is expected to net the exchequer nearly €466 million a year.

He also increased the earned income credit for the self-employed by €200 to €1,350, still falling short of PAYE parity of €1,650.

There aren't too many losers, apart from the beleaguered smoker, those buying diesel cars and the likelihood that the VAT increase will lead to higher prices for a meal out or a night in a hotel.



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ACCOUNTANTS  
IRELAND**

## HEALTH

- Prescription charges >70's reduced from €2 to €1.50
- Drug payment scheme threshold lowered by €10, to €124
- National Treatment Purchase Fund 36% increase in allocation
- €150m more for disability services next year
- €20m in extra allowances for nurses in March 2019
- €75m to reduce waiting lists

## EDUCATION

- €10.8 billion for Department of Education and Skills, increase of 6.7%
- 1,300 extra posts in schools next year
- 950 Special Needs Assistants added in 2019
- Capitation rate per pupil increases by 5% in 2019

## GARDAI & DEFENCE

- Garda Budget increases by 3.5% / €60m
- 800 new Gardai recruited in 2019
- €29m for investment in Defence Forces announced

## EXCISE & VAT

- 20 cigarettes increase by 50 cent
- All cigarettes sold < €11 will have the same excise as those above
- Electronic newspapers VAT reduction from 23% to 9%
- Printed newspapers VAT will stay at 9%

## SOCIAL WELFARE

- All social welfare payments will increase by €5 from March 2019.
- Christmas bonus restored to 100%
- Home carer credit increase by €300 to €1,500

## FAMILIES & CHILDREN

- A new paid parental leave scheme is to provide two extra weeks leave in first year
- Weekly qualified child allowance goes up by €2.20 for children under 12, €5.20 for those over 12
- Affordable childcare scheme base income threshold raised from €22,700 to €26,000
- Childcare funding up €90m

## SMES & SELF EMPLOYED

- €950m to the Department of Business, Enterprise and Innovation, increase of 9%
- National Training Fund levy to go up by 0.1% in both 2019 and 2020
- Future growth loan scheme for SME, to be worth €300m
- KEEP scheme ceiling on value of share options increases up to 100% of salary
- 3 year limit increases to life time limit
- 3 year tax relief for certain start-up companies to be extended until the end of 2021

## BREXIT

- €110m for Brexit measures across a number of departments, including customs
- €57m extra funding will go to the Department of Agriculture in 2019

## CORPORATION TAX

- 12.5% corporation tax unchanged
- Growth this year mainly due to changes in international accounting standards
- One-off and is not included in 2019 projections

## SOCIAL HOUSING

- €1.25 billion allocated to build 10,000 social homes in 2019.
- €121m for Housing Assistance Payment to support 16,760 tenants
- €60m extra in capital funding for new emergency accommodation
- €30m extra for homelessness services
- €89m for 6,000 affordable homes

## FARMING & RURAL

- Introduction of the Beef Environmental Efficiency Pilot (BEEP) to further improve the carbon efficiency of beef production
- €103.5 million for improvements in grant and premium rates for planting forests

## JUSTICE

- €60 million current expenditure to the broader Justice sector
- Widen the Magdalen scheme
- Provide additional asylum accommodation

## INCOME TAX, RATE BANDS, PRSI & USC

- Single income lower tax band increases by €750 from €34,550 to €35,300
- 3rd USC band reduction from 4.75% to 4.5%
- Self employed tax credit rises from €1,150 to €1,350
- 2nd USC ceiling rises from €19,372 to €19,874

## INFRASTRUCTURE

- €286m for investment in new transport infrastructure next year
- €40m extra for pavement repair and works on regional and local roads

## TOURISM & HOSPITALITY

- 9% rate will be raised to 13.5% from January raising €466m
- €35m extra for more Targeted support for tourism sector

## CLIMATE CHANGE

- VRT relief for hybrid vehicles until 2019
- 1% surcharge for diesel vehicles across all VRT bands.
- Ireland will no longer purchase diesel only busses after July of next year
- Ireland will join Paris agreement initiative on 'green budgeting'
- €164m investment in measures to achieve objectives
- Capital allowances scheme introduced for gas-propelled vehicles and refuelling equipment
- €70m for the Environment and Waste Management Programme
- No increase in the carbon tax applied to fossil fuels including diesel

## ARTS & SPORTS

- €126m for sporting initiatives
- €41m for investment in clubs and facilities
- 9% Vat rate for sporting facilities to be retained

## LANDLORDS

- Mortgage interest relief will rise to 100% from January 1st

## INHERITANCE TAX

- Threshold for Group A category increases by €10,000 to €320,000

## BETTING TAX

- Increases from 1% to 2%
- Commission to increase from 15% to 25%

## GLOBAL AID

- Overseas aid set to increase by almost €110m

## FILM RELIEF

- Extended by four years to December 2024
- A short-term tax incentive introduced for productions based in certain regions

## RAINY DAY FUND

- €1.5 billion to increase the State's resilience to larger economic shocks
- Funded from the Ireland Strategic Investment Fund
- €500m added annually from the Exchequer beginning in 2019

## DISRUPTIVE TECHNOLOGIES INNOVATION FUND

- €500m available for co-funded projects involving enterprise and research partners over the period to 2027

# TAX CREDITS FOR YEAR 2019

PERSONAL	2019	2018
	€	€
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	1,500	1,200
Earned Income Credit	1,350	1,150
PAYE	1,650	1,650
WIDOWED PARENT BEREAVEMENT	2019	2018
In Year of Assessment	3,600	3,600
Incapacitated Child	3,300	3,300
Dependent Relative	70	70
BLIND PERSON	2019	2018
Single/Married	1,650	1,650
Both Blind	3,300	3,300
AGE CREDIT	2019	2018
Single/Widowed	245	245
Married	490	490

# INCOME TAX RATES 2019

SINGLE PERSON	MARRIED PERSON
2019	2019 (two incomes)
20% of 1st €35,300	20% of first €70,600*
40% Balance	40% balance <i>*Transferable between spouse up to a max of €44,300 for any one spouse</i>
Single Parents	(One Income)
20% of 1st €39,300	20% of 1st €44,300
40% Balance	40% Balance

# INCOME EXEMPTION LIMITS

SINGLE/WIDOWED	2019	2018
	€	€
65 years or over	18,000	18,000
MARRIED COUPLES	2019	2018
	€	€
65 years or over	36,000	36,000

# UNIVERSAL SOCIAL CHARGE

2019	EMPLOYEE & SELF-EMPLOYED	2018
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 €19,372 per annum
4.5% on €19,373 to €70,044		4.75% on €19,373 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	2019	2018
Contribution for Class A		
PRSI	10.05%	10.05%
TRAINING LEVY	0.90%	0.80%
<b>TOTAL FOR EMPLOYERS</b>	<b>10.95% on all income</b>	<b>10.85% on all income</b>

EMPLOYEE	2019	2018
PRSI	*4% on all income	*4% on all income
SELF EMPLOYED/ DIRECTORS CONTRIBUTION	2019	2018
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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