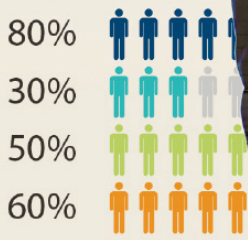




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BUDGET HIGHLIGHTS

2017

PERSONAL TAX

INCOME TAX

- There were no changes to the Income Tax rates.
- The exemption limits, tax credits and standard rate bands applicable for the tax year 2017 are set out in detail under the **Personal Tax Facts** section.
- A number of changes have been made to the rates and bands for USC which are set out in detail under the **Personal Tax Facts** section.
- Medical card holders and individuals aged 70 years and over whose aggregate net income is less than €60,000 will pay a maximum USC rate of 2.5 %.

EARNED INCOME CREDIT

- The Minister has increased by €400 the Earned Income Credit to €950 which is available to taxpayers earning self-employed, trading or professional income and for business owners/managers who are ineligible for a PAYE credit on their salary income.

HELP- TO- BUY SCHEME

- A new Help-to-Buy scheme is introduced for first time buyers. This will provide a rebate of Income Tax paid over the previous 4 tax years to a maximum of 5% of the purchase price of a new built home up to the value of €400,000. Pro rata rates will apply to lower priced houses. A full rebate calculated on €400,000 will also apply to houses between €400,000 and €600,000. No rebate will be paid on new house purchases in excess of €600,000.
- To qualify the property must be a new build and applicants must take out a mortgage of a least 80% of the purchase price. The scheme will run until the end of 2019.

HOME RENOVATION INCENTIVE

- The Home Renovation Incentive is being extended to 31 December 2018.

RENT-A-ROOM RELIEF

- The threshold for exempt income under the Rent-a-Room relief is being increased to €14,000 per annum from 1 January 2017.

INTEREST RELIEF – LANDLORDS

- The interest deductibility available for qualifying interest payments on monies borrowed to purchase, improve, repair residential rented property is being increased from 75% to 80%. This measure will apply to both new and existing mortgages. It is the Minister's intention to increase this by 5% per annum until the full 100% deductibility is restored.

LIVING CITY INITIATIVE

- The scope of the initiative is expanded as follows;
 - to include landlords,
 - to remove the cap on the maximum floor size,
 - to remove the requirement that the property had been previously used as a dwelling,
 - to reduce the minimum amount of expenditure needed to qualify.

DIRT

- The rate of DIRT will be decreased by 2% each year for the next 4 years until it reaches 33%. The rate for 2017 will be 39%.

SPECIAL ASSIGNEE RELIEF PROGRAMME

- SARP has been extended for a further 3 years until the end of 2020.

BUSINESS TAX

CORPORATION TAX RATE

- The Minister reiterated in his Budget speech that the 12.5% Corporation Tax rate will remain in place.

VAT

- The 9% VAT rate on tourism related activities is retained.

FISHING SECTOR

- A new Income Tax credit of €1,270 is being introduced for fishers. This credit will shelter income of €6,350 which is the equivalent value of the seafarers exemption. To qualify fishers must have fished for a least 80 days in a tax year for wild fish or wild shellfish.

ENERGY EFFICIENT EQUIPMENT

- This scheme of accelerated capital allowances for energy efficient equipment is being extended and made available to sole traders and non-corporates.

FOREIGN EARNINGS DEDUCTION

- The Foreign Earnings Deduction is being extended to the end of 2020. Qualifying countries extended to include Columbia and Pakistan. The minimum number of days required to be spent abroad is also being reduced from 40 to 30.

HIGH EARNERS RESTRICTION

- The Minister in his speech did not extend the exclusion from the High Earners Restriction for investments in the Employment Investment Incentive Scheme. The exclusion is due to cease on 31 December 2016.

START YOUR OWN BUSINESS RELIEF

- The Start Your Own Business relief has been extended for a further 2 years until the end of 2018.

FARMER TAXATION

INCOME AVERAGING STEP OUT

- The income averaging regime allows farmers taxable profits to be averaged over a 5 year period. This is being amended to allow an "opt-out" in a single year of unexpectedly poor income. This may be availed of for the 2016 tax year.

FARMERS FLAT RATE

- The farmers flat rate addition will be increased from 5.2% to 5.4% with effect from 1 January 2017.

FARMERS RESTRUCTURING RELIEF

- The farmers restructuring relief has been extended to 31 December 2019. The terms of the relief are unchanged.

CAPITAL TAXES

CAPITAL GAINS TAX

- No change to the standard rate of 33% was announced in the Budget speech.

ENTREPRENEUR RELIEF

- The reduced rate of 20% Capital Gains Tax is being further reduced to 10%. This will apply to disposals in whole or part of a business up to an overall limit of €1 million.

CAPITAL ACQUISITIONS TAX

- No change to the rate of Capital Acquisitions Tax was announced in the Budget speech.
- The current group A tax free threshold which applies primarily to gifts and inheritances from parents to their children is being increased from €280,000 to €310,000.
- The group B and C thresholds are being increased. The revised thresholds are set out in the table;

GROUP	2017	2016
A - Parent to Child	€310,000	€280,000
B - Between Related Persons	€32,500	€30,150
C - Between Non-Related Persons	€16,250	€15,075

RAISED BOG RESTORATION INCENTIVE SCHEME

- Payments under the above scheme to relevant owners and rights holders will be exempt from Capital Gains Tax.

MISCELLANEOUS

EXCISE DUTIES

- The excise duty on a packet of 20 cigarettes is increasing by 50c. with a pro rata increase on other tobacco products. This will come into effect from midnight on 11 October 2016.
- There were no other excise changes to the old reliables, e.g. alcohol, diesel, petrol, motor tax etc.

VEHICLE REGISTRATION TAX

- VRT reliefs available on the purchase of hybrid electric vehicles and plug-in hybrid electric vehicles are being extended to 31 December 2018.
- VRT reliefs on electric vehicles and electric motorcycles are being extended to 31 December 2021.

MICROBREWERIES

- The special relief reducing the standard rate of Alcohol Products Tax by 50% on beers produced in microbreweries is being extended to breweries that produce up to 40,000 hectolitres per annum.

ANTI-AVOIDANCE MEASURES

- The Minister indicated in his Budget speech that he will publish anti-avoidance measures in the Finance Bill in relation to financial services property funds and tax defaulters who have availed of offshore structures.

SBCI FARMERS FUND

- A new loan fund in conjunction with the Strategic Banking Corporation of Ireland providing low cost loans at below 3% per annum is to be introduced. These loans will be highly flexible to enable farmers to improve the management of their cash flow and reduce the cost of their short term borrowings.

TAX CREDITS FOR TAX YEAR 2017

	2017 €	2016 €		2017 €	2016 €
PERSONAL					
Single	1,650	1,650	INCAPACITATED CHILD	3,300	3,300
Married	3,300	3,300	DEPENDANT RELATIVE	70	70
Widowed Person	2,190	2,190	BLIND PERSON		
Single Person Child Carer	1,650	1,650	Single / Married	1,650	1,650
Home Carer Credit	1,100	1,000	Married (both blind)	3,300	3,300
Earned Income Credit*	950	550	AGE CREDIT		
 			Single / Widowed	245	245
PAYE	1,650	1,650	Married	490	490
WIDOWED PARENT BEREAVEMENT					
Tax Credit year 1	3,600	3,600			
- Tapering to year 5	1,800	1,800			

* No Earned Income Credit where individual entitled to a PAYE credit.

INCOME TAX RATES

SINGLE PERSONS 2017	MARRIED PERSONS 2017 (Two Incomes)
20% First €33,800	20% First €67,600**
40% Balance	40% Balance
LONE PARENT	(One Income)
20% First €37,800	20% First €42,800
40% Balance	40% Balance

INCOME EXEMPTION LIMITS

	2017 €	2016 €
Single or Widowed 65 years or over	18,000	18,000
Married Couples 65 years or over	36,000	36,000

** Transferable between spouses up to a maximum of €42,800 for any one spouse.

UNIVERSAL SOCIAL CHARGE

EMPLOYEES & SELF-EMPLOYED

2017

0.00% on total earnings < €13,000
 0.50% on €0 to €12,012
 2.50% on €12,013 to €18,772
 5.00% on €18,773 to €70,044
 8.00% on €70,045 to €100,000

2016

0.00% on total earnings < €13,000
 1.00% on €0 to €12,012
 3.00% on €12,013 to €18,668
 5.50% on €18,669 to €70,044
 8.00% on €70,045 to €100,000

PAYE INCOME 8.00% on excess over €100,000

8.00% on excess over €100,000

SELF-EMPLOYED 11.00% on excess over €100,000

11.00% on excess over €100,000

PRSI

EMPLOYER

2017

2016

Contribution for Class A

PRSI 10.05%

10.05%

Training Levy 0.70%

0.70%

Total for Employer 10.75% on all income
 8.5% on earnings less than €376 p.w.

10.75% on all income
 8.5% on earnings less than €376 p.w.

EMPLOYEE

PRSI *4.00% on all income

*4.00% on all income

SELF-EMPLOYED / DIRECTORS CONTRIBUTIONS

PRSI **4.00% on all income

**4.00% 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

As this release is intended as a general guide to the subject matter, it should not be used as a basis for decisions.

For this purpose advice should be obtained which takes into account all the client's circumstances.

Every effort has been made to ensure the accuracy of the information in the release.

In view of its purpose the reader will appreciate that we are unable to accept liability for any errors or omissions which may arise.