



SUPPLEMENTARY BUDGET APRIL 7th 2009

INCOME LEVY

The Minister increased the rates and reduced the income levels applicable to the income levy effective from 1st May.

<u>INCOME LEVEL</u>	<u>RATE OF LEVY</u>
€0 - €75,036	2%
€75,037 - €174,980	4%
Over €174,981	6%

Note:

1. Where income does not exceed €15,028 no income levy is applicable.
2. The levy applies before deductions such as capital allowances and pension contributions, as such it represents a significantly more effective means of collecting taxes than say increasing the standard or marginal rate of tax.

PRSI & HEALTH LEVIES

The employee PRSI ceiling is being increased to €75,036, the rates of PRSI remain unchanged.

Health Levies are however being doubled to 4% and 5% with the higher rate being applied to incomes over €75,036.

MORTGAGE INTEREST RELIEF

Mortgage interest relief will no longer be available in respect of mortgages that have been in existence for over 7 tax years. This restriction is effective from 1st May 2009.

DEPOSIT INTEREST

DIRT (Deposit Interest Retention Tax) is being increased with immediate effect to 25% (29% in certain circumstances).

RENTAL INCOME

The deductibility of interest on residential property will be restricted by 25%.

The Minister also announced that allowances in respect of certain health care facilities including private hospitals will be terminated subject to certain transitional arrangements to be introduced in the Finance Bill.

RESIDENTIAL LAND DEALING PROFITS

The special 20% tax rate applicable to profits from dealing in residential land is being abolished. This abolition is effective for the 2009 tax year. Any profits from such transactions will be liable to tax at an individuals marginal tax rate and at 25% in the case of a company.



CHILDCARE

The Minister announced that Child Benefits would be either taxable or means tested, but with details to be provided in future subsequent budgets.

The early child supplement will be reduced by 50% effective 1st May 2009 and will be abolished at the end of the year. The Minister announced replacement measures re the provision of a 1-year free pre-school programme.

CAPITAL GAINS TAX

The rate of Capital Gains Tax on disposals made on or after 8th April 2009 will be taxed at 25%, up from 22%. The rate was increased from 20% to 22% in October 2008.

CAPITAL ACQUISITIONS TAX

The rate of Capital Acquisitions Tax on a gift or inheritance has been increased from 22% to 25%. The rate was increased from 20% to 22% in October 2008.

In addition to the increase in the rate the tax-free thresholds below which no Capital Acquisitions Tax is payable have been reduced by 20%. For gifts or inheritances occurring on or after 8th April 2009 the following thresholds apply;

<u>CLASS</u>	<u>RELATIONSHIP</u>	<u>THRESHOLD</u>
A	From parent to child	€134,000 (previously €162,544)
B	From grandparent, child, uncle, Aunt, brother, sister	€43,400 (previously €54,254)
C	From other person	€1,700 (previously €2,127)

This is the first time there has been a reduction in the tax-free threshold since the introduction of Capital Acquisitions Tax.

STAMP DUTY

Property

The Minister introduced a new stamp duty regime referred to as the 'trade-in' scheme. Under this relief no stamp duty is payable by a person who accepts a traded-in property in exchange, or part exchange for a new house or apartment. The stamp duty on the traded-in property will only be payable when the person who accepted the property as part of the trade in subsequently sells the property.

Is hard to envisage this regime having any impact on a stagnant property market and whether any vendor (developer or otherwise) will be willing to accept a second hand property as consideration.

Life Assurance PremiumsA levy of 1% on life assurance premiums is to be introduced in respect of premiums received by an insurance company after 1st June 2009.

Non-Life Assurance Premiums

The levy on non life assurance premiums will be increased from 2% to 3%.



CORPORATION TAX

The standard rate of Corporation Tax is to remain unchanged at 12.5%

CAPITAL ALLOWANCE

The Capital Allowances scheme for private hospitals, nursing homes, convalescent homes and associated residential units is to be terminated. Transitional arrangements will be put in place for projects that are at an advanced stage.

Capital Allowance schemes for childcare facilities will remain in place.

EXCISE DUTIES

Excise duty on a packet of 20 cigarettes has been increased by 25 cent with effect from midnight 7th April.

Auto diesel will increase by 5 cent per litre with effect from midnight 7th April.

INTELLECTUAL PROPERTY INCENTIVES

Tax relief on capital expenditure incurred on the acquisition of intellectual property will be introduced. Further details will be provided in the Finance Bill.

VAT - NEW SCHEME FOR SALES OF SECOND HAND CARS

From 1st July 2009 a new margin scheme will apply to sales of second hand cars sold by car dealers where the car was acquired after 1st July 2009. Under the current scheme for the sale of second hand cars, the dealer can recover residual VAT included in the purchase price but has to account for VAT on the full sales price. If the car is sold at a loss part of the VAT recovered on purchase must be repaid to Revenue. Details of the proposed new scheme are not available yet.



PERSONAL TAX

Rate Bands	Post Budget	Pre Budget
Standard Tax Rate	20%	20%
Single/Widowed	€6,400	€6,400
Married	€45,400	€45,400
Two Incomes	€72,800	€72,800
One Parent	€40,400	€40,400
Higher Tax Rate	41%	41%
In All Cases	Balance	Balance
Income Levy	Post Budget	Pre Budget
€1 - €75,036	2%	
€75,037 - €174,980	4%	
Balance over €174,980	6%	
€1 - €100,100		1%
€100,011 - €250,120		2%
Balance over €250,120		3%
Income Tax Credits	Post Budget	Pre Budget
Personal Credit	€	€
Single	1,830	1,830
Married	3,660	3,660
Widowed	1,830	1,830
PAYE Credit	1,830	1,830
Widowed without dependent child	600	600
Widowed with dependent child		
1 st year following bereavement	4,000	4,000
2 nd year following bereavement	3,500	3,500
3 rd year following bereavement	3,000	3,000
4 th year following bereavement	2,500	2,500
5 th year following bereavement	2,000	2,000
One parent family	1,830	1,830
Dependant relative	80	80
Incapacitated child	3,660	3,660
Blind Person		
Single	1,830	1,830
Married (both blind)	3,660	3,660
Age credit		
Single	325	325
Married (both blind)	650	650
Carers credit	900	900
Income Tax Allowances	Post Budget	Pre Budget
Employed carer re incapacitated individual	€ 50,000	€ 50,000
Exemption Limits	Post Budget	Pre Budget
Age exemption limits (65 yrs & older)	€	€
Single/Widowed	20,000	20,000
Married	40,000	40,000



PRSI & Levies	Post Budget		Pre Budget	
	Rate	Ceiling	Rate	Ceiling
Employer	%	€	%	€
PRSI	7.80	18,512	7.80	18,512
PRSI	10.05	No limit	10.05	No limit
Training Fund Levy	0.70	No limit	0.70	No limit
Employee	4.00	75,000	4.00	52,000
Self Employed & Prop Directors	3.00	No limit	3.00	No limit
Health Levy –				
Lower Rate	4.00	75,000	2.00	100,100
Higher Rate	5.00	Over 75,000	2.50	Over 100,100