

Capital Allowances for energy efficient equipment

Companies can claim a 100% write off for expenditure on certain energy efficient equipment. The categories of equipment have been expanded and include refrigeration and cooling systems, electro mechanical systems and catering and hospitality equipment.

Research & Development and Intangible Assets

In 2009 capital allowances for specified intangible assets were introduced for companies. A tax deduction is available based on accounting policy or over 15 years. The tax relief available under these schemes have been amended to increase their usefulness.

Stamp Duty

No change to the current rates of stamp duty.

VAT

- The standard rate of VAT is to change back to 21% with effect from 01/01/10.
- VAT will apply to state and public bodies where treating the body as not subject to VAT is likely to create a significant distortion of competition.
- A new margin scheme for sales of second hand means of transport is introduced from 01/01/10.

Revenue Powers

The minister is to introduce mandatory reporting systems, similar to the UK system, for certain transactions. Responsibilities for reporting may be spread among a number of different parties involved.

Excise Duties

Carbon Tax of €15 per tonne introduced on petrol and diesel for 09/12/09 and on other fuels from 01/05/10.

Vehicle Registration Tax

A car scrappage scheme is to be introduced from 01/01/10. VRT relief of up to €1500 is given on the new car purchased.

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IRISH BUDGET 2010

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Irish Budget 2010

Main Highlights

- No changes to the personal tax rates, tax bands or tax credits.
- No changes to PRSI rates or bands.
- Reduction of the entry level thresholds for restrictions on the use of tax reliefs for high earners.
- Reduction in VAT rate back to 21% from 21.5%.
- Domicile levy introduced for high net worth and high income Irish Citizens and Irish domiciled individuals.
- Carbon tax of €15 per tonne introduced on fossil fuels.
- Introduction of relief from VRT – “car scrappage scheme”.
- Employers PRSI job incentive scheme to be introduced.

Income Tax

- There are no changes to the personal tax rates, bands, credits and exemption limits (see tax tables).
- There is also no change in the PRSI rates and bands (see tax tables).

Capital Gains Tax

- No change in the CGT 25% rate.
- An 80% windfall tax arising from uplifts in value due to rezoning of land has been introduced for CGT and chargeable gains in a company.

Capital Acquisitions Tax

- No change in the 25% CAT rate.
- The thresholds have been reduced

	From 01/01/10 €	From 08/04/09 €
Group A	414,799	434,000
Group B	41,481	43,400
Group C	20,740	21,700

High Income Earners

The high income earners restrictions have been changed. The entry level for the restriction is reduced to adjusted income levels of €125,000 (reduced from €250,000) with full restriction applying at €400,000.

€200,000 domicile levy

Irish citizens and Irish domiciled individuals (including Irish resident individuals) whose worldwide income is more than €1m, whose Irish property has a market value in excess of €5m and whose income tax liability is less than €200,000, may be subject to a new domicile levy.

Mortgage Interest Relief

Mortgage interest relief has been extended to 2017 for those whose entitlement was due to end in 2010. The relief will be abolished by 2017. Relief will be available for loans taken out between 1 January 2010 and 31 December 2011. Reduced relief will be available in 2012 with no relief available for new loans from 01/01/13.

Service Charges

Service charge relief will be terminated from 2011.

Donation Relief

The definition of an “eligible charity” is amended to include foreign charities that apply to the Revenue Commissioners and qualify for charitable status.

Remittance Basis

Irish citizens will no longer qualify for the remittance basis by virtue of being non-ordinarily resident. This will effect the tax treatment of returning Irish citizens foreign income.

Pensions

The relief available on contributions and the tax treatment of lump sums will be reviewed by the Department of Social and Family Affairs which will report in 2010.

Corporation Tax

The 12.5% rate on trading income is unchanged.

Start Up Company Exemption

Qualifying start up companies may be exempt from corporation tax in the first 3 years provided the liability does not exceed €40,000. This applies to 2009 and also 2010. Certain trades are excluded.