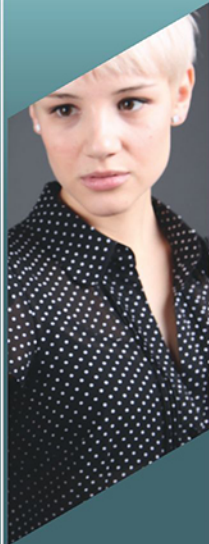
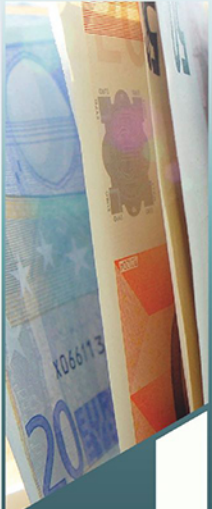




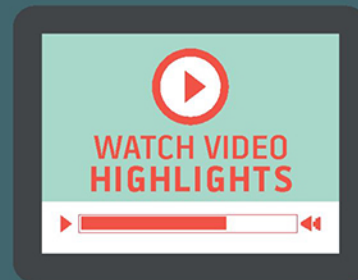
WESTBORO PARTNERS

Business & Financial Advisers

Westboro House, Montenotte, Cork, Ireland. T +353 21 4500568 W www.westboro.ie



BUDGET HIGHLIGHTS 2016



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 2016 are set out in detail under the Personal Tax Facts section.
- A number of significant changes have been made to the rates, bands and thresholds for USC which are set out in detail under the Personal Tax Facts section.
- The Minister indicated that it is his wish to progressively abolish USC, to reward work and reduce the marginal rate to no more than 50%.
- The rate of USC for medical card holders and individuals aged 70 years and over whose aggregate net income is less than €60,000 will pay a maximum rate of 3%.

HOME RENOVATION INCENTIVE

- The Home Renovation Incentive is being extended to 31 December 2016.

EARNED INCOME CREDIT

- The Minister has introduced an Earned Income Credit of €550 to be 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.

LOCAL PROPERTY TAX

- The Minister is proposing to postpone the revaluation date for the Local Property Tax from 2016 to 2019 which should mean that homeowners will not be faced with significant increases in their LPT in 2017 as a result of increasing property values.

PRSI CHANGES

- A new tapered PRSI credit is being introduced with a maximum level of €12 per week or €624 in annualised terms. This is being introduced to remove an anomaly whereby in certain instances a pay rise could actually result in a reduction in take home pay.

HIGH EARNERS RESTRICTION

- Profits or gains from the occupation of woodlands are being removed from the High Earner Restriction.

FARMER TAXATION

EXTENSION OF RELIEFS

- The Minister announced the extension of general stock relief, stock relief for young trained farmers, stock relief for registered farm partnerships and stamp duty exemptions for young trained farmers for a further three years to the end of 2018.
- A new Farm Succession Transfer Partnership Model is being introduced to allow two people to enter into a partnership with an appropriate profit sharing agreement, which makes provision for the transfer of a farm to the younger farmer at the end of a specified period not exceeding 10 years.
- An Income Tax Credit worth up to €5,000 per annum for 5 years will be allocated to the partnership and split according to the profit sharing agreement. This is subject to EU State Aid approval.

BUSINESS TAX

CORPORATION TAX RATE

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

KNOWLEDGE DEVELOPMENT BOX

- A new rate of Corporation Tax of 6.25% will apply to profits arising to certain patents and copyrighted software which are the result of qualifying research and development carried out in Ireland.

RELIEF FOR START-UP COMPANIES

- The 3 year relief for start-up companies is being extended to new start-ups commencing to trade over the next three years.

FILM RELIEF

- The cap on eligible expenditure under the relief is being increased to €70 million, subject to EU State Aid approval.

EMPLOYMENT AND INVESTMENT INCENTIVE SCHEME

- All eligible small and medium sized enterprises that qualify can now avail of the scheme irrespective of their geographical location.

MOTOR TAX – COMMERCIAL VEHICLES

- To maintain Ireland's competitiveness the Minister has decided to significantly reduce the commercial motor tax rates. He will do so by replacing the 20 existing rates with just 5 rates of commercial motor tax, ranging from €92 to €900 with effect from 1 January 2016. The new maximum rate of commercial motor tax will now be €900 per annum down from €5,195.

EMPLOYER PRSI

- There is an increase from €356 to €376 in weekly threshold on which liability to Employer PRSI increases from 8.5% to 10.75% on all earnings.

MINIMUM WAGE

- With effect from 1 January 2016 the minimum wage is increasing from €8.65 per hour to €9.15 per hour.

VAT

- There were no changes to VAT rates announced in the Budget speech.



CAPITAL TAXES

CAPITAL GAINS TAX

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

ENTREPRENEUR RELIEF

- A revised Capital Gains Tax Relief for entrepreneurs is being introduced from 1 January 2016. This will apply a reduced Capital Gains Tax rate of 20% to a disposal in whole or in part of a business up to an overall limit of €1,000,000 in chargeable gains.

CAPITAL ACQUISITIONS TAX

- No changes to the rate of CAT were announced in the Budget speech.
- The current Group A tax free threshold which applies primarily to gifts and inheritance from parents to their children is being increased from €225,000 to €280,000. This applies to gifts or inheritances on or after 14 October 2015.

GROUP	€
A - Parent to Child	€280,000
B - Between Related Persons	€30,150
C - Between Non-Related Persons	€15,075

MISCELLANEOUS

EXCISE DUTIES

- The excise duty on a packet of cigarettes is increasing by 50c from midnight on 13 October 2015.
- There were no other excise changes to the old reliables, e.g. alcohol, diesel, petrol.

PENSION FUND LEVY

- The remaining Pension Fund Levy of 0.15% will end this year and will not apply in 2016.

MICRO-BREWERIES

- The special relief reducing the standard rate of alcohol products tax by 50% on beer produced in Micro-breweries will now be available upfront as well as through a rebate.

STAMP DUTY ON COMBINED DEBIT/ATM CARDS

- The current €2.50 / €5.00 per annum charge on ATM Cards and combined (ATM & Debit) Cards is being abolished from 1 January 2016.
- A new 12c ATM withdrawal fee is being introduced from 1 January 2016 which will be capped at €2.50 / €5.00 per annum per card.

TAX CREDITS FOR TAX YEAR 2016

	2016	2015		2016	2015
	€	€		€	€
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	1,000	810	Married (both blind)	3,300	3,300
Earned Income Credit*	550	0			
PAYE	1,650	1,650			
WIDOWED PARENT BEREAVEMENT			AGE CREDIT		
Tax Credit year 1	3,600	3,600	Single / Widowed	245	245
- Tapering to year 5	1,800	1,800	Married	490	490

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

INCOME TAX RATES

SINGLE PERSONS 2016

20% First €33,800
40% Balance

MARRIED PERSONS 2016

(Two Incomes)
20% First €67,600**
40% Balance

LONE PARENT

20% First €37,800
40% Balance

(One Income)

20% First €42,800
40% Balance

INCOME EXEMPTION LIMITS

	2016	2015
	€	€
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

	2016	2015
	0.00% on total earnings < €13,000	0.00 % on total on total earnings < €12,012
	1.00% on €0 to €12,012	1.50% on €0 to €12,012
	3.00% on €12,013 to €18,668	3.50% on €12,013 to €17,576
	5.50% on €18,669 to €70,044	7.00% on €17,577 to €70,044
	8.00% on €70,045 to €100,000	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	2016	2015
Contribution for Class A		
PRSI	10.05%	10.05%
Training Levy	<u>0.70%</u>	<u>0.70%</u>
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 €356 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.