

2016 BUDGET SUMMARY



Minister Michael Noonan announced the 2016 Budget provisions today. Some of the headline tax changes in Budget 2016 are as follows;

Income Tax

The introduction of an Earned Income Tax Credit to the value of €550 for those with earned income & no access to the PAYE credit, e.g. income from Schedule D I, II & III and business owner/managers not eligible for the PAYE tax credit.

Universal Social Charge

Entry threshold to USC moves from €12,012 to €13,000

1.50% rate cut to 1.00%

3.50% rate cut to 3.00%

7.00% rate cut to 5.50%

PRSI

Employees

The introduction of a tapered PRSI credit with a maximum level of €12 per week or €624 annualised

Employers

Entry point to the top rate of 10.75% is being increased by €20 per week to €376 per week.

Annual Pension Levy

The annual pension levy is being abolished.

Capital Gains Tax

Reduced rate of 20% for disposal, in part or in whole, of a business up to an overall limit of €1M in chargeable gains.

Capital Acquisitions Tax

The Group A tax-free threshold, which broadly applies to transfers between parents and their children is being increased from €225,000 to €280,000.

Home Carer Tax Credit

There will be an increase of €190 in the Home Carer Tax Credit to bring it up to €1,000.

Increase in home carer's income threshold from €5,080 to €7,200.

3 Year relief for Start-Up Companies

This is being extended for new start-ups commencing to trade over the next 3 years.

Film Tax Credit

Increase in the cap on eligible expenditure to €70M.

Research & Development

There are plans for a Knowledge Development Box incentive for conducting research & development in Ireland. Income that qualifies for the KDC will be subject to a reduced rate of corporation tax of 6.25%.

Financial Institutions Levy

This is being extended to 2021.

Local Property Tax

It is proposed to postpone the revaluation date for LPT from 2016 to 2019.

NAMA

NAMA to deliver 20,000 residential units before the end of 2020.

Road Tax

Commercial motor tax rates are to be simplified, the 20 existing rates to be replaced by 5 new rates ranging from €92 to €900. The maximum rate had been €5,195.

Stamp Duty

Abolish current €2.50/€5 p.a. charge on ATM cards & combined (ATM & Debit) cards from 1st January 2016 & introduce a new 12c ATM withdrawal fee capped at €2.50/€5 p.a.

Employment & Investment Incentive

Scheme being amended to include expansion works on existing nursing homes.

Home Renovation Scheme

Extended to 31 December 2016.

The 'old Reliables'

A pack of 20 cigarettes is to rise by 50c

Petrol and diesel – no change

Alcohol – no change

Full budget details are available at www.budget.gov.ie

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