



JFW ACCOUNTANCY WATERFORD LIMITED

BUDGET 2024 SUMMARY

10TH OCTOBER 2024





These notes provide a summary of the key measures in the Budget Statement by the Minister for Finance on 10 October 2023.

INCOME TAX

Tax Credits and Standard Rate Cut-off Point Changes

- The income tax standard rate cut-off point will increase by €2,000 as follows:

	<u>2023</u>	<u>2024</u>
Single / Widowed Person	€40,000	€42,000
Single / Widowed Parent	€44,000	€46,000
Married Person – One Income	€49,000	€51,000
Married Person – Two Incomes	€80,000	€84,000
Max Available to one Spouse	€49,000	€51,000

- The personal tax credit increases from €1,775 to €1,875.
- The employee tax credit and earned income tax credit will all increase from €1,775 to €1,875.
- The home carer tax credit will increase from €1,700 to €1,800,
- The single person child carer credit will increase from €1,650 to €1,750.
- The incapacitated child tax credit will increase by €200 from €3,300 to €3,500.
- The Sea-going Naval Personnel Tax Credit of €1,500 has been extended to 31 December 2024.
- The Rent Tax Credit is increasing to €750 per individual and €1,500 per jointly assessed couple for 2024 and 2025.
- The Rent Tax Credit will also be available to parents who pay for rent a room accommodation for their children in college and this can be back dated to 2022.
- A one-year tax credit will be introduced for taxpayers in 2023 for individuals who have made payments in respect of a qualifying loan for a principal private residence. The relief will be available to homeowners with an outstanding mortgage balance of between €80,000 and €500,000 as of 31 December 2022. The credit will be available on the increase in interest paid in 2023 over interest paid in 2022. The amount qualifying for relief at the standard rate of tax will be capped at €6,250 per residence, equivalent to a maximum tax credit of €1,250.





INCOME TAX

Rented Residential Relief

A new tax relief for landlords will be available against rental income from residential property for tax years 2024 to 2027 inclusive. The relief is available to individual landlords only for tenancies registered with the Residential Tenancies Board or for lettings of a residential property to a public authority. Landlords are also required to have tax clearance and to comply with their Local Property Tax.

The relief will reduce the tax due on residential rental income by up to €600 in 2024, €800 in 2025, and €1,000 in 2026 and 2027. The relief is capped at the tax liability on the rental income and will be apportioned in the case of joint ownership of a property.

Benefit-in-Kind on Motor Vehicles

The following amendments will continue to apply for BIK on employer-provided vehicles for 2024:

- A reduction of €10,000 will apply to the original market value (OMV), to reduce the amount of BIK payable, for all cars in Category A, B, C and D (not E) and all vans.
- The current reduction of €35,000 in OMV will continue to apply for all electric vehicles.
- The lower mileage limit in the highest mileage band which applies to employer-provided cars will remain at 48,000.





USC

The ceiling of the 2% USC rate band will increase by €2,840 from €22,920 to €25,760. The 4.5% rate will reduce to 4%.

As a result, the USC rates and bands from 1 January 2024 will be:

USC Thresholds	Rate
€0 – €12,012	0.5%
€12,013 – €25,760	2%
€25,761 – €70,044	4%
€70,045+	8%
Self-employed income over €100,000	3%

Incomes of less than €13,000 are exempt from USC.

Medical Card Holders remain exempt from USC.

PRSI

From 1 October next year all PRSI contribution rates will increase by 0.1 %. This would mean an increase in Employees PRSI from 4% to 4.1% and an increase in Employers PRSI from 8.8%/11.05% to 8.9%/11.15%.

MINIMUM WAGE

The national minimum wage has been increased by €1.40 an hour to €12.70 an hour, with effect from 1st January 2024. This is a significant increase in the minimum wage rate, which has the potential to pose challenges to Employers across all sectors as this increase could necessitate the current hourly rates of pay within a business to grow in line with this 12.4% increase.





CORPORATION TAX

There have been no changes to the standard 12.5% tax rate on trading income or to the 25% rate on other income.

Pillar Two Minimum Effective Tax Rate

Under the transposition of the EU Minimum Tax Directive, a summary of the Pillar Two rules that will come into effect from 31 December 2023 is as follows:

- In-scope businesses will pay a minimum effective tax rate of 15% on their profits in respect of each country in which they operate.
- This will apply to both multinational and domestic businesses with a global annual turnover of €750 million and above in at least two of the preceding four years.

A number of consequential amendments to existing provisions have also been introduced.

Section 481 Film Relief

The maximum expenditure which can be used to calculate the credit will be increased to €125 million, from the date of commencement order.

Research & Development (R&D) Tax Credit

There are a number of amendments to the R&D Corporation Tax credit including:

- An increase in the rate from 25% to 30%.
- An increase from €25,000 to €50,000 in the amount of the credit payable in Year One.





VAT

VAT Registration Thresholds

With effect from 1 January 2024, the turnover thresholds beyond which suppliers are obliged to register for VAT will rise:

- For a supplier of goods, the new threshold will be €80,000, up from €75,000.
- For a supplier of services (or mixed supplies), the new threshold will be €40,000, up from €37,500.

Gas and electricity

The 9% VAT rate for gas and electricity (normally 13.5%), which was originally due to end on 31 October 2023, is being extended for an additional 12 months until 31 October 2024.

eBooks and Audio Books

The VAT rate on the supply of electronic books and audio books will be reduced to 0%, with effect from 1 January 2024.

Solar Panels

The VAT rate on the supply and installation of solar panels on school buildings will be reduced to 0%, with effect from 1 January 2024.

Flat-Rate Addition for Farmers

The flat-rate addition for farmers will be reduced from 5% to 4.8%, with effect from 1 January 2024.





EXCISE

Tobacco Products Tax (TPT)

TPT rates are increased with effect from 11 October 2023. The increase amounts to 75 cents, inclusive of VAT, on a packet of 20 cigarettes, with pro rata increases on other tobacco products.

Mineral Oil Tax (MOT)

Based on charging €56.00 per tonne of CO₂, the carbon component of MOT will increase from 11 October 2023, resulting in overall MOT rate increases to:

- €606.39 per 1,000 litres on petrol and aviation gasoline.
- €526.83 per 1,000 litres on auto-diesel and heavy oil used for air and private pleasure navigation.

Increases to the carbon component and overall, MOT rates on other fuels will take effect on 1 May 2024.

The reversal of 2022 MOT rate cuts, scheduled for 31 October 2023, is postponed. MOT rate increases on petrol, auto-diesel and marked gas oil (MGO) will now take effect on 1 April and 1 August 2024.

VEHICLE REGISTRATION TAX (VRT)

Relief for Electric Vehicles (EVs)

Remission or repayment in respect of VRT for electric vehicles (EVs), including electric motorcycles, is extended until 31 December 2025.





AGRICULTURAL RELIEFS

Consanguinity Relief (Stamp Duty)

A reduced Stamp Duty rate of 1% applies to transfers of farmland between certain blood relatives. This relief is being extended by five years to 31 December 2028.

Accelerated capital allowances on farm safety equipment

This scheme, which provides for accelerated capital allowances of 50 percent per annum in respect of eligible equipment, and which was due to end on 31 December 2023, is being extended for three years to 31 December 2026. The expenditure must be certified by the Minister for Agriculture, Food and the Marine. Once certified, the expenditure can be written off at a rate of 50 percent per annum over two years rather than at the normal rate of 12.5 percent over eight years.

Reliefs for Young Trained Farmers and Succession Farm Partnerships

Stock relief for young, trained farmers, relief for succession farm partnerships and young trained farmers stamp duty relief are all being amended to increase the aggregate lifetime amount of relief available to a person under these reliefs from €70,000 to €100,000 from 1 January 2024.

Stock Relief (Registered Farm Partnerships)

Stock relief for registered farm partnerships is being amended to increase the threshold from €15,000 to €20,000 in the case of qualifying periods commencing on or after 1 January 2024.





CAPITAL TAXES

Capital Acquisitions Tax (CAT)

Foster children are to be able to avail of the Group B capital acquisitions tax lifetime tax free threshold, currently €32,500, based on their relationship to their foster parents.

Capital Gains Tax (CGT)

Retirement Relief

The following changes will come into effect for disposals made on or after 1 January 2025:

- The upper age limit which applies to the maximum level of retirement relief will be extended from 66 to 70, in respect of both a disposal to a child and a disposal to a person other than a child.
- A new threshold will limit the availability of the relief on disposals to a child by individuals from the age of 55 until the age 70 to assets with a value of €10 million or less.

A further amendment will require that retirement relief must be claimed by an individual on their tax return.

Angel Investor Relief

CGT relief will be introduced for third-party individuals who take significant minority shareholdings in innovative start-up companies for at least 3 years. These individuals can avail of an effective reduced rate of CGT of 16%, or 18% for partnerships. The relief can be applied on a gain of up to twice the value of their initial investment and is subject to a lifetime limit of €3 million.





PROPERTY

Help to Buy (HTB)

The HTB scheme is extended for a further year to 31 December 2025. The scheme has also been amended to increase its compatibility with the Local Affordable Purchase Scheme for eligible applicants, effective from 11 October 2023.

Vacant Homes Tax (VHT)

VHT is a self-assessed tax that applies to habitable residential properties that have been occupied for less than 30 days in a 12-month chargeable period, from 1 November to 31 October of the following year. The VHT rate for chargeable periods from 1 November 2023 onwards has been increased to five times a property's existing base Local Property Tax liability.

Residential Zoned Land Tax (RZLT)

The first liability date for RZLT will be deferred until 1 February 2025. Landowners will be afforded an opportunity to submit requests for a change in the zoning of their land to local authorities in respect of the mapping process being undertaken in 2024 and 2025.

Defective Concrete Products Levy

This levy is being amended so that it will no longer apply to the pouring concrete used in the manufacture of precast concrete products, with effect from 1st January 2024. A refund scheme is also being put in place to allow those who paid the levy on such concrete between 1 September 2023 and 31 December 2023 to reclaim it.





INCREASED COST OF BUSINESS SCHEME

The Increased Cost of Business Scheme will offer once-off grants to up to 130,000 small and medium sized firms. The payments will come in the form of tiered grants equivalent to up to 50% of the commercial rates paid by the firms this year. Companies will need to be paying €20,000 or less in commercial rates to qualify for the payments, which will be made early in 2024.

OTHER MATTERS FOR INDIVIDUALS

- Funding to extend the Free School Books Scheme to all junior cycle pupils in recognised post-primary schools within the Free Education Scheme from September.
- A €400 lump sum payment will be made to recipients of the Working Family Payment and an increase of the income threshold by €54 per week.
- A €100 lump sum payment will be made to each child in receipt of the Qualified Child Increase.
- An extension of the fee reduction on school transport services for a further year.
- An extension of the fee waiver for students sitting state exams.
- A once-off reduction of the student contribution fee by €1,000 for free fees' students.
- An extension of Parents Benefit to 9 weeks from August 2024.
- An extension of the Child Benefit payment to 18-year-olds in full time education.
- All domestic electricity customers will get €450 off their electricity bills. The energy credit will be paid in 3 instalments of €150. The first payment will be made in December 2023, the second will be made in January 2024 and the third will be made in March 2024.
- A €300 once-off lump sum will be paid to people getting Fuel Allowance in November 2023.





BUDGET 2024 SUMMARY

EXAMPLE 1

Single Person Earning €50k Renting

	2024	2023	Diff
Gross income	€50,000	€50,000	
	€42,000	€40,000	
	@ 20%	@ 20%	
Tax payable	€8,000	€10,000	
	@ 40%	@ 40%	
Total tax liability	€11,600	€12,000	(€400)
Personal tax credits (less)	(€4,500)	(€4,050)	(€450)
Net tax due	€7,100	€7,950	(€850)
PRSI	€2,013	€2,000	€13
Universal social charge	€1,305	€1,497	(€192)
Total deductions	€10,417	€11,447	(€1,030)
Annual disposable income	€39,583	€38,553	€1,030
Monthly disposable income	€3,299	€3,213	€86
Weekly disposable income	€761	€741	€20





BUDGET 2024 SUMMARY

EXAMPLE 2

Married Couple Earning €55k & €35K with Mortgage Interest increase of €5k

	2024	2023	Diff
Annual salary	€55,000	€55,000	
Spouse salary	€35,000	€35,000	
Gross income	€90,000	€90,000	
Tax payable	€84,000 @ 20% €6,000 @ 40%	€80,000 @ 20% €10,000 @ 40%	
Total tax liability	€19,200	€20,000	(€800)
Personal tax credits (less)	(€8,500)	(€7,100)	(€1,400)
Net tax due	€10,700	€12,900	(€2,200)
PRSI	€3,623	€3,600	€23
Universal social charge	€2,209	€2,544	(€335)
Total deductions	€16,532	€19,044	(€2,512)
Annual disposable income	€73,468	€70,956	€2,512
Monthly disposable income	€6,122	€5,913	€209
Weekly disposable income	€1,413	€1,365	€48

For further information please do not hesitate contact JFW Accountancy Waterford and our staff will be pleased to offer explanations and clarifications which may be relevant to you and your business.

JFW ACCOUNTANCY WATERFORD LIMITED



CHARTERED ACCOUNTANTS

Registered Office: 14 Gladstone Street • Waterford • X91 YNH1

Telephone: 051-877155 • Email: accountants@jfw.ie • Web: www.jfw.ie

