Budget 2019

BUDGET 2019 – GENERAL COMMENT

The Minister for Finance, Mr Paschal Donohoe, announced the 2019 Budget today, 9th October 2018. Mr Donohoe indicated he has a central focus on supporting and strengthening the resilience of the Irish economy in the face of a number of challenges, including the provision of secure and affordable housing, the uncertainty posed by the ongoing Brexit negotiations, and the increasing prominence of international protectionism and trade barriers. One of the principal measures he announced to achieve this resilience is a €2bn "Rainy Day Fund" that was initially announced in Budget 2018.

The Minister indicated that uncertainty as to what final form Brexit will take and concerns as to what effect Brexit will have on Ireland has shaped much of his Department's Budgetary strategy for 2019. The importance of this issue was emphasised, and he referred to Brexit as the challenge of our generation. Amid a number of factors set out as being part of the preparations for Brexit, the Minister emphasised that the Government would protect our hard won peace.

In reviewing the country's macroeconomic position, the Minister noted that;

- GDP growth of 7.5% is now forecast for 2018, and growth of 4.2% is projected for 2019.
- Employment is at record levels - over 380,000 more people are now at work than were in 2011.
- The national accounts are forecast to show a deficit of 0.1% in 2018, with a balanced budget projected in 2019 for the first time since 2007.

This position contrasts starkly with the significant Budget deficits, and the budgeted annual fiscal consolidations of up to €6bn, that were experienced within the last 10 years.

Taxation changes announced were relatively modest and most individuals' net after tax income will show only a minor change in 2019 as a result. However, the restoration of full interest deductibility for owners of rented residential accommodation is welcomed. One figure that continues to be ignored is the marginal overall tax rate of 52% that applies to higher incomes, (inclusive of tax, USC and PRSI). This rate increases to a 55% overall rate for non-PAYE incomes. These rates compare unfavourably internationally, and there remains no justification for the 3% discrepancy.

The most significant measure budgeted to raise additional taxation revenues in 2019 is an increase to the VAT rate applicable to tourist businesses from 9% up to 13.5%. Some form of revenue generating measures were necessary in order for the Minster to fund other expenditure and taxation measures that he wished to prioritise, however, targeting the tourism sector with a VAT rate increase would appear to come with significant risk as this industry generates a lot of indigenous employment, and, with 47% of all tourists coming from the UK, it is a sector very exposed to an adverse shock as a result of Brexit and/or weakness in the Sterling Pound.

As the Confidence and Supply Agreement requires that two thirds of all expansionary Budgetary measures be allocated to increased spending, (rather than reductions in taxation), it is not surprising to find that increases in public expenditures were announced for most Government Departments. Government funding for housing in 2019 will amount to €2.3bn, which is €470 million more than in this current year. No new housing schemes or projects were announced, with the Government placing reliance on the existing Social and Affordable Housing Scheme, the Housing Assistance Payment, (HAP), the Rental Accommodation Scheme, (RAS), and the initiative of the Land Development Agency, (LDA), to resolve the current housing crisis. Increased allocation of national expenditures to the Department of Health will see a total budget in that Department of €17bn. The annual budget increases in Health spending will now amount to €1.2bn in 2018 and €1.05bn in 2019. The combined €2.25bn increase over 2 years represents a 15.25% uplift in spending over that period in the Department of Health alone.

This is the second Budget proposed solely by Minister Donohoe, and evidences a consistency with his public pronouncements and policy priorities. Minister Donohoe has sought to introduce a balanced and fair Budget. He stressed at every opportunity that he is seeking to counteract significant risks and challenges with a responsible, sensible, stable Budget that fosters strength and resilience in the Irish economy.

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N.B. This summary is intended for client information only. The contents are of a general nature and should not be used as a basis for making decisions. Specific advice in relation to any aspect of interest should be sought directly from Tynan Dillon.

Income Tax & Levies

Tax Credits, Rates, Bands and Exemptions:

The Standard Income Tax rate will remain at 20%, and the Marginal Income Tax rate will remain at 40%.

The cut-off point at which a taxpayers' Income Tax rate increases from the Standard Rate to the Higher Rate has been increased by €750 for all earners, with the bands increasing to €35,300 for single individuals and €44,300 for married one earner couples. The Taoiseach has stated that he wishes to see these bands increase to €37,500 for a single person and €46,500 for married one earner couples by 2020.

The Earned Income Credit, introduced in 2016 for self-employed individuals and business owners who do not qualify for the existing PAYE tax credit, has been increased by €200 from €1,150 to €1,350 per annum.

The Home Carer Tax Credit has been increased from €1,200 to €1,500 per annum.

Universal Social Charge, (USC):

Continuing a trend from recent years, Budget 2019 introduces changes to the USC. The 4.75% rate applied to incomes between €19,373 and €70,040 in 2018 will be reduced to 4.5% in 2019, while the upper limit on the second income band (chargeable at 2%) has been increased from €19,372 to €19,874. No other changes have been made to the various income bands and rates. The revised figures for 2019 will be as follows;

- Incomes of €13,000 or less will be exempt from the USC, otherwise;

2019 Band	2018 Band	2019 rate	2018 rate
Up to €12,012	Up to €12,012	0.5%	0.5%
€12,013 - €19,874	€12,013 - €19,372	2%	2%
€19,875 - €70,044	€19,373 - €70,044	4.5%	4.75%
€70,045 and above	€70,045 and above	8%	8%

- Non-PAYE Income in excess of €100,000 will remain subject to a 3% USC surcharge

Mortgage Interest Relief

As announced in Budget 2018, there is to be tapered extension of this relief for remaining recipients with 50% of the existing 2018 relief available in 2019. This will be reduced to 25% in 2020. The relief will cease entirely from 2021. There was no amendment to this measure mentioned in the Minister's 2019 speech.

Loan Interest Relief for Rented Residential Property

The Minister announced that 100% of qualifying interest payments would be deductible against rental income from a rented residential property in 2019. This marks a change in policy as previously it had been expected that the allowable deduction would increase by 5% each year until reaching 100% in 2021.

Benefit-In-Kind on Electric Vehicles

The 0% benefit-in-kind (BIK) rate on electric vehicles which was introduced by Budget 2018 has been extended for a further three years. However, the Original Market Value (OMV) of the vehicle will be capped at €50,000. It is not yet clear whether the 0% rate will apply proportionately to vehicles which have an OMV greater than €50,000. Further details are expected in the Finance Bill.

Business Tax Changes

	Effective Date
Corporation Tax The Minister confirmed that there would be no changes to the headline Corporation Tax rates.	01/01/2019

The rates of Corporation Tax, therefore, will remain as follows;

- 12.5% for trading income, applying to income arising from an active trade, &
- 25% for passive income, applying to investment income such as deposit interest, foreign income, rents, royalties etc, as well as for certain land dealing profits.

Key Employee Engagement Programme (KEEP) — 01/01/2019

The Minister announced amendments to the qualifying conditions for the share-based remuneration scheme known as KEEP which was first introduced in Budget 2018 and which is designed to assist unquoted SMEs in attracting and retaining key employees. The amended conditions are as follows:

1. The ceiling on the maximum annual market value of shares awarded is increased to 100% of the employee's salary, up from 50%,
2. The maximum cumulative value of shares which can be awarded to an employee is increased from €250,000 to €300,000.

No changes to the taxation treatment of the scheme are proposed. Employees will not be liable to Income Tax, USC, and PRSI on improvements in the value of shares between the date of granting the option and the date of exercising it. Capital Gains Tax will apply to a gain arising on disposal of the shares.

The scheme will apply to qualifying share options granted up to 31 December 2023.

Further detail is expected in the Finance Bill.

Three Year Start Up Relief — 01/01/2019

The exemption from Corporation Tax up to €40,000 for new companies, subject to Employer PRSI paid, in their first three years of trading has been extended for a further three years until the end of 2021.

Film Relief — 01/01/2019

The Corporation Tax credit which is available in relation to investments made in certain films will be available until the end of 2024, having previously been scheduled to expire at the end of 2020. The credit is granted at a rate of 32% of qualifying expenditure, up to a limit of €70m.

The Minister also announced details of a new, short-term, tapered regional uplift in the existing credit which will commence at 5% before reducing over a four year period. This additional element is subject to approval under EU State Aid Regulations. — 01/01/2019

Exit Tax on Assets Transferred Offshore 10/10/2018

The Minister announced that unrealised capital gains on company-owned assets which are transferred offshore such that they leave the scope of Irish tax will be subject to an exit tax charge of 12.5%. This measure is effective immediately.

Controlled Foreign Company (CFC) Rules 01/01/2019

It was announced that the Finance Bill will include details of new rules designed to prevent the diversion of profits to offshore subsidiaries of Irish companies.

Accelerated Capital Allowances for Gas-Propelled Vehicles 01/01/2019

The Minister announced an acceleration of existing allowances available on the acquisition of gas-propelled vehicles and refuelling equipment, as an incentive for businesses to switch to more environmentally friendly solutions for large vehicles such as HGVs and buses.

Accelerated Capital Allowances for Employer-Provided Facilities 01/01/2019

The Minister announced an acceleration of allowances available on investment in employer-provided childcare and/or fitness facilities for use by employees.

Benefit-In-Kind on Electric Vehicles 01/01/2019

The 0% benefit-in-kind (BIK) rate on electric vehicles which was introduced by Budget 2018 has been extended for a further three years. However, the Original Market Value (OMV) of the vehicle will be capped at €50,000. It is not yet clear whether the 0% rate will apply proportionately to vehicles which have an OMV greater than €50,000. Further details are expected in the Finance Bill.

Employers' PRSI / National Training Fund Levy 01/01/2019

The weekly income threshold for the higher rate of Employers' PRSI will increase from €376 to €386 as of 1 January 2019 in order to take account of changes in the National Minimum Wage, which increases to €9.80/hour with effect from 1 January 2019.

The Minister announced an increase of 0.1% in the employer contribution to the National Training Fund Levy payable in respect of employees charged to PRSI under Class A and Class H (public sector employments). This will increase the top rate of Employers' PRSI to 10.95%, up from the current rate of 10.85%. There will be a further 0.1% increase imposed in 2020, bringing the overall Employers' PRSI rate to 11.05%.

HOUSING INITIATIVES

The Minister identified the challenge of providing shelter and homes as a key policy priority. It is accepted that there is much work to be done to reduce the level of homelessness, find permanent solutions for those in temporary and emergency accommodation and to improve affordability for those on low and middle incomes. This follows the acknowledgement at the start of October by the Minister for Housing that there is a serious housing crisis.

The Minister for Finance has allocated €2.3 billion to the housing programme for 2019 – representing a total increase of €470 million on the 2018 expenditure.

The Rebuilding Ireland Programme, implemented in 2016 supported in Budget 2019 by the Minister for Finance, committed to the provision of 50,000 Social Housing Units by 2021 as follows

	Committed By End of 2021	Provided from 2016 to End of 2018	Percentage Complete
	Units	Units	%
Built Housing Units	33,500	12,000	35.8%
Acquired by Local Authority or Approved Housing Bodies	6,500	5,000	76.9%
Leased by Local Authority or Approved Housing Bodies	10,000	3,600	36%
Total	50,000	20,600	41.2%

The following measures are set out in Budget 2019 in relation to Housing

- Social and Affordable Housing – The Minister allocated a further €1.25 billion for the delivery of 10,000 new social homes in 2019 delivered through a combination of construction, acquisition and leasing as outlined above.
- To support a continued increase in the supply, the Land Development Agency (LDA) has been established to better coordinate State lands for regeneration and development. The Government has already identified a number of sites through which the LDA can deliver approximately 3,000 homes and are in discussions with various State bodies in relation to land that could deliver another 7,000 homes.
- There is a further allocation of an extra €121 million for the Housing Assistance Payment (HAP Scheme) in 2019 to provide an additional 16,760 new tenancies in 2019.
- The Minister allocated €60 million extra in capital funding in 2019 together with a further €30 million in current spending next year for homelessness services
- The Government has established a €100 million Serviced Sites Fund to support local authorities in bringing forward lands for subsidised, more affordable housing. The Minister intends to increase the level of this fund to €310 million over 3 years. In 2019, funding will be increased from €20 million to €89 million which will facilitate the delivery of around 6,000 affordable homes over the lifetime of the fund.
- The infrastructural funding available per subsidised home is also being increased from €40,000 up to a maximum of €50,000, supporting the delivery of homes at up to 40% below market prices.
- In the rental sector, the full removal of the restriction on the amount of interest that may be deducted by landlords in respect of loans used to purchase, improve or repair their residential property will now be effective from 1 January 2019.

FARMING

EFFECTIVE DATE

FLAT-RATE ADDITION There is no change to the farmers' VAT flat rate addition which remains at 5.4%.	01/01/2019
INCOME AVERAGING Income averaging allows eligible farmers to calculate their taxable income as the average of their income over a 5-year period, to smooth out their tax liability. The Minister announced an extension to the scheme to remove restrictions for farmers with off farm income.	01/01/2019
FARM RESTRUCTURING RELIEF There was no change to the existing farm restructuring relief, a relief for Capital Gains Tax for farmers selling land in order to purchase other land for the purposes of restructuring their farm. This relief is due to run until 31st December 2019.	01/01/2019
STOCK RELIEF The existing stock relief is to be extended for a further 3 years until to 31st December 2021. There is no change to the existing measures within the relief.	01/01/2019
STAMP DUTY The exemption from Stamp Duty for young trained farmers, which was due to expire at the end of this year, is to be extended for a further three years to 31st December 2021.	01/01/2019

Capital Gains Tax

Effective Date

Capital Gains Tax Rates

No change was made to the standard rate of Capital Gains Tax, which remains at 33%.

Capital Gains Tax payment dates remain unchanged: 15th December for disposals during the period 1st January to 30th November, and 31st January for disposals in the preceding December.

Retirement Relief from Capital Gains Tax

No changes were announced to Retirement Relief.

Entrepreneurial Relief from Capital Gains Tax

No changes were announced to Entrepreneurial Relief.

Capital Acquisitions Tax

Effective Date

No changes were made to the rate of Capital Acquisitions Tax, which remains at 33%.

There is an increase of €10,000 in the Group A CAT Exemption threshold, which primarily applies to gifts or inheritances from a parent to a child. This increase applies to gifts or inheritances received on or after 10th October 2018. 10/10/2018

Relationship to Disponer	New	Previous
Child/minor child of deceased child/ favoured nephew/niece/parent	320,000	310,000
Lineal ancestor/descendant/brother /sister/nephew/niece parent	32,500	32,500
Others	16,250	16,250

INDIRECT TAXATION

EFFECTIVE DATE

VALUE ADDED TAX

VAT RATES

There are no changes proposed to the standard VAT rate which remains at 23%, the reduced rate which remains at 13.5% or to goods or services which are zero rated. 01/01/2019

The Minister announced changes to the second reduced VAT rate of 9% applicable to certain goods and services. The VAT rate on tourism and hospitality services is to increase to 13.5% effective from 1st January 2019. 01/01/2019

The 9% rate is to be retained for newspapers and sports facilities and is also to be extended to electronically supplied publications such as e-books and electronically supplied newspapers from 1st January 2019. 01/01/2019

EXCISE DUTIES

TOBACCO PRODUCTS

The Excise Duty on a packet of 20 cigarettes is being increased by 50 cents (including VAT), with a pro-rata increase on other tobacco products. These increases will be effective from midnight on 9th October 2018 10/10/2018

There will be an increase to the Minimum Excise Duty on tobacco products to ensure that all cigarettes sold below €11 will have the same excise applied as cigarettes sold at €11. 10/10/2018

ALCOHOL, PETROL AND DIESEL

There is no change to duties on alcohol, petrol or diesel.

BETTING DUTY

01/01/2019

Betting Duty on bets placed by customers in the State is to be increased from 1% to 2% for all bookmakers. There will also be an increase from 15% to 25% on the commission earned by betting intermediaries.

VEHICLE REGISTRATION TAX

A 1% VRT surcharge is to be introduced for all diesel engine passenger vehicles registering in the State from 1st January 2019. 01/01/2019

The VRT relief available for conventional hybrids and plug-in electric hybrids is being extended for one year until the end of 2019

Social Welfare Benefits

Social Welfare Benefits

From March 2019, all weekly social welfare payments, including the state pension, carer's allowance, disability allowance, and job seekers benefit and allowance, will be increased by €5 per week. There were no changes to the rate of child benefit allowance.

People of Pensionable Age	New Rate Per Week	Old Rate Per Week
	€	€
Contributory pension & Transition pension:		
Under 80		
- Personal rate	248.30	243.30
- With adult dependant <66	413.70	405.40
- With adult dependant 66 and over	470.80	461.30
Age 80 or over		
- Personal rate	258.30	253.30
- With adult dependant <66	423.70	415.40
- With adult dependant 66 and over	480.80	471.30
State Pension (Non-Contributory):		
Under 80		
- Personal rate	237.00	232.00
- with a qualifying adult	393.60	385.30
Age 80 or over		
- Personal rate	247.00	242.00
- with a qualifying Adult	403.60	395.30
Widow(er) Contributory Pension: -		
- under 66	208.50	203.50
- 66 and under 80	248.30	243.30
- 80 or over	258.30	253.30
Widow(er)s Non-Contributory Pension: -	203.00	198.00
Invalidity Pension		
- Personal rate	208.50	203.50
- With qualified adult	357.40	348.80

Child Benefit	New Rate Per Month	Old Rate Per Month
	€	€
Rate per child	140.00	140.00

People of Working Age	New Rate Per Week €	Old Rate Per Week €
Job Seekers Allowance & Supplementary Welfare Allowance:		
Personal Rate aged 18 to 24	112.70	107.70
Claimants age 18 to 24 years with qualified adult	225.40	215.40
Personal Rate at 25 years of age	157.80	152.80
Claimants aged 25 years with qualified adult	292.50	284.20
Personal Rate aged over 26	203.00	198.00
Job Seekers Allowance Claimants aged over 26 with qualified adult	337.70	329.40
Supplementary Welfare Allowance Claimants aged over 26 with qualified adult	335.70	327.40
Disability Allowance		
Personal Rate	203.00	198.00
Person with qualified adult	337.70	329.40
Other benefits:-		
Maternity Benefit	245.00	240.00
Carers Allowance Under 66	219.00	214.00
Carers Allowance 66 and Over	257.00	252.00

Other Allowances

A €25 increase in both back to school clothing and footwear allowance rates. Families in receipt of social welfare will see a weekly increase for a qualified child of €2.20 per week for children under the age of 12 and €5.20 for children over the age of 12. There will be an increase next March in the earnings disregard for the One Parent Family Payment and there will also be the introduction of Maintenance disregard for working family payment.

Prescription charges are to remain the same for everyone with a medical card under the age of 70 and a €0.50 reduction in prescription charges from €2 to €1.50 for all medical card holders over the age of 70. The threshold for the drugs payment scheme will fall from €134 to €124. There will be a €25 increase in the weekly GP visit cards.

Parental Leave

A new paid parental leave scheme will be introduced in November 2019 which will provide two extra weeks' leave to every parent of a child in their first year in addition to existing maternity and paternity schemes.

Christmas Bonus

The Christmas bonus for social welfare recipients will be fully restored to 100% of the recipient's weekly payment for Christmas 2018.

OTHER PRINCIPAL MEASURES

THE RAINY DAY FUND

Minister Donohoe announced a proposal in Budget 2018 to establish a 'Rainy Day Fund'. €1.5 billion will be transferred from the Ireland Strategic Investment Fund into the Rainy Day Fund with additional annual contributions from the Exchequer of €500 million commencing in 2019. The aim of the fund is to help strengthen the national finances and increase the country's resilience to international economic shocks.

HEALTH SERVICE

An increase of €1.05 billion in the allocation to the Department of Health was announced. This brings total funding to €17 billion for 2019. €174 million has been provided for capital expenditure.

Minister Donohoe announced that additional funding is being provided for provided for Mental Health Services in 2019, bringing the total funding available in this area to €1 billion.

An additional €150 million is also being provided for disability services bringing this funding to €2 billion.

Provision was also made for a new €20m Sláintecare Integration Fund. This fund will support innovative local approaches to delivering more care in community settings and better integration of care across the system.

The Minister announced a reduction in prescription charges for all medical card holders over 70 from €2.00 per item to €1.50 per item and a reduction in the monthly threshold for the Drug Payment Scheme of €10 to €124. In addition, the weekly income threshold for the GP visit card will increase by €25.

CHILDREN AND YOUTH

The Minister announced a range of funding increases in the area of children and youth such as;

- Increase in funding to Tusla to bring the funding level to €786 million.
- Early learning and childcare funding will increase by almost €90 million bringing the funding level to €574 million.
- Changes to income thresholds and multiple child deductions will increase support given by the Affordable Childcare Scheme.
- Additional funding for the Adoption Authority of Ireland to enable it meet its responsibilities under the forthcoming Adoption (Information and Tracing) Bill; and to meet costs associated with the running of the Commission of Investigation into Mother and Baby Homes.
- Provision of an additional €1.5 million to youth services and to implement LGBTI and National Youth Strategy Actions.
- Continued support to the area-based approach to child poverty (ABC programme) by investing a further €1 million.
- Provision of an additional €1 million for innovative projects under the Intervention Programmes for Children and Young People, such as the QCBI and youth employment initiatives.

Brexit

The Minister previously announced a Brexit Loan Scheme to assist SMEs that will need to grow and look to expand to new European and International markets post-Brexit. This scheme will make available up to €300m at competitive rates to SMEs, with a particular focus on food businesses given their unique exposure to the UK market, to help them with their short-term working capital needs.

An additional scheme for SMEs has now been announced called the Future Growth Loan Scheme. This scheme will offer loans over 7-10 years to allow businesses to strategically invest in a post-Brexit environment.

Alongside this, other measures being implemented to prepare for Brexit include a Human Capital Initiative worth €300 million (to run from 2020 to 2024), increased funding for the PEACE Programme in the form of cross-border supports, and the provision of more than €110 million for Brexit measures across a number of departments.

Education

The Minister announced a 2019 allocation of €10.8 billion to the Department of Education and Skills. The main expenditure items will be as follows:

- 1,300 new teaching posts for 2019.
- 5% increase in the standard capitation per pupil.
- €1.8 billion for special education needs – an additional 950 Special Needs Assistants (SNAs) can be recruited in 2019, bringing the total number of SNAs to almost 16,000.
- The National Training Fund levy was increased in 2018 from 0.7 per cent to 0.8 per cent to provide €47.5m of additional investment in the Higher and Further Education Sectors. The levy will rise to 0.9 per cent in 2019 and to 1.0 per cent in 2020. In 2019 the priorities for the NTF include training, upskilling and reskilling opportunities for those sectors and regions most vulnerable to Brexit and automation.
- 15,000 new places in higher education, including, 1,200 new craft and earn as you learn places, 1,100 Traineeships, 8,000 places through Skillnet Ireland and Springboard, 5,000 new lifelong and flexible learning opportunities.
- The establishment of a multi-annual Human Capital Initiative of €300 million over the period 2020 to 2024 (€60 million per year). This will increase investment in higher education courses across the country.
- €196 million capital investment in Education in 2019 to support the creation of 18,000 additional school places and facilitate the upgrade of ICT infrastructure.

An Garda Síochána

The Minister announced an increase in funding for An Garda Síochána of €60 million in 2019 which will provide for the costs associated with:

- Commencing the implementation of the reform recommendations in the Report of the Commission on the Future of Policing in Ireland.
- Policing reform and civilianisation to provide professional support to front-line policing. This includes proceeding with the recruitment of additional civilian staff. This will also support the programme of redeployment of Gardaí to frontline policing – a priority for police transformation.
- Increasing the number of Sergeants by 110 and Inspectors by 81 in order to provide appropriate supervision of Gardaí throughout the country.
- Recruitment of up to 800 trainee Gardaí.
- Training programmes to support the major investment in technology and implementation of the reform programme recommended by the Commission on the Future of Policing in Ireland.
- Advancing the digital policing mobility project.

€220 million capital expenditure is also allocated to include the construction of the Forensic Science Laboratory, investment in Garda ICT and the purchase of Garda Vehicles and works on Limerick Prison.

CLIMATE CHANGE

€164 million has been allocated to achieve energy efficiency objectives in line with the Government's National Mitigation Plan.

Under the programme for energy the government will;

- Provide grant funding for improvements to energy efficiency, including new and innovative technologies and deep retrofit works in a further 28,000 homes, as a key measure to tackle climate change;
- Continue to assist communities, the SME sector and large energy users to deliver significant energy savings and reductions in CO2 emissions, including support for public sector bodies to achieve the 33% energy efficiency target;
- Continue to invest in applied energy research, development and demonstration projects, including ocean energy to enable diversification away from fossil fuels; and
- Increase the growth in electric vehicles, further supporting the transition to a low carbon economy.

Additional climate related measures across other departments include;

- The introduction of the Beef Environmental Efficiency Pilot, a new pilot scheme targeted at suckler farmers, aimed at further improving the carbon efficiency of Irish beef production
- Implement a suite of agri-environmental schemes involving approximately 55,000 farmers: Green Low Carbon Agri-environmental Schemes (GLAS), the Organic Farming 51 Scheme and the Locally Led Agri-Environmental schemes – (Hen harrier, Pearl Mussel and Burren farming).

The Minister also announced that a new accelerated capital allowances scheme for gas propelled vehicles will be introduced. This is to promote gas propelled commercial vehicles as an economic and environmentally friendly alternative to Diesel.

Minister Donohoe also confirmed Ireland's commitment to joining the Paris Collaborative on Green Budgeting. Under this programme the government will commit to embedding climate change in the budgetary process.

The Minister also announced that the National Treasury Management Agency will be issuing a new Green Bond which may in the future allow the financing of climate related expenditure at a lower rate of interest.

CROWDFUNDING

The Minister announced a review on the regulation of crowdfunding and the withholding tax obligations for peer-to-peer lending activities.

Appendix A – Changes in Net Income

The examples below demonstrate the effect of the changes to Income Tax and Universal Social Charge rules in 2019.

	SINGLE	MARRIED SPOUSE NOT EARNING	MARRIED SPOUSE EARNING *
	NET INCOME INCREASE €	NET INCOME INCREASE €	NET INCOME INCREASE €
PAYE INCOME			
€12,000	0	0	0
€14,000	0	0	0
€18,000	0	0	0
€20,000	14	14	28
€25,000	27	27	53
€30,000	39	39	78
€35,000	142	52	283
€45,000	227	227	453
€55,000	252	252	503
€70,000	289	289	578
€100,000	289	289	578
€150,000	289	289	578
€175,000	289	289	578
SELF EMPLOYED			
€12,000	0	0	0
€14,000	0	0	0
€18,000	200	0	200
€20,000	214	14	228
€25,000	227	227	253
€30,000	239	239	278
€35,000	342	252	454
€45,000	427	427	653
€55,000	452	452	703
€70,000	489	489	778
€100,000	489	489	778
€150,000	489	489	778
€175,000	489	489	778

* Assumes incomes of both spouses are equal and combine to total the income levels shown.

APPENDIX B – INCOME TAX CREDITS

	2019 €	2018 €	CHANGE €
Single Person	1,650	1,650	0
Married Couple	3,300	3,300	0
Home Carer	1,500	1,200	300
Widow or Widower – additional	540	540	0
Widow/Parent - Bereavement Year	3,300	3,300	0
Widow/Parent – years 1-5 after Bereavement	1,800 to 3,600	1,800 to 3,600	0
Single Person Child Carer	1,650	1,650	0
Incapacitated Child	3,300	3,300	0
Dependent Relative	70	70	0
Blind Person	1,650	1,650	0
Both Spouses Blind	3,300	3,300	0
Age Allowance - Single/Widowed	245	245	0
- Married Couple	490	490	0
Employee PAYE Allowance	1,650	1,650	0
Self-Employed Income Credit	1,350	1,150	200
Fishers Tax Credit	1,270	1,270	0

APPENDIX C – UNIVERSAL SOCIAL CHARGE & PRSI

UNIVERSAL SOCIAL CHARGE			
PROPOSED 2019		EXISTING 2018	
Exemption Threshold	€13,000	Exemption Threshold	€13,000
€0 to €12,012	0.5%	€0 - €12,012	0.5%
€12,013 to €19,874	2%	€12,013 to €19,372	2%
€19,875 to €70,044	4.5%	€19,873 to €70,044	4.75%
€70,045 to €100,000	8%	€70,045 to €100,000	8%
PAYE Income over €100,000	8%	PAYE Income over €100,000	8%
Self Employed Income over €100,000	11%	Self Employed Income over €100,000	11%
PRSI		PRSI	
Class A (Employee) PRSI Rate	4%	Class A (Employee) PRSI Rate	4%
Class S (Self Employed) PRSI Rate	4%	Class S (Self Employed) PRSI Rate	4%
Maximum Weekly Tapered PRSI Credit	€12	Maximum Weekly Tapered PRSI Credit	€12

Appendix D – Income Tax Rates and Bands

There was an increase of €750 to the Standard Rate Band for all earners, while there was no change to the Income Tax Rates. Current rates and bands are set out below.

Income Tax Exemption Limits

Age Exemption Limits	2019 €	2018 €	Change €
- Single or Widowed	18,000	18,000	0
- Married Couples	36,000	36,000	0

Income Tax Rate Bands

Single or Widowed Persons	
2019	2018
First €35,300 @ 20% = €7,060	First €34,550 @ 20% = €6,910
Balance Over €35,300 @ 40%	Balance Over €34,550 @ 40%

Single or Widowed Lone Parent	
2019	2018
First €39,300 @ 20% = €7,860	First €38,550 @ 20% = €7,710
Balance over €39,300 @ 40%	Balance over €38,550 @ 40%

Single Income Married Couple	
2019	2018
First €44,300 @ 20% = €8,860	First €43,550 @ 20% = €8,710
Balance over €44,300 @ 40%	Balance over €43,550 @ 40%

Two Income Married Couple	
2019	2018
First €70,600 @ 20% = €14,120	First €69,100 @ 20% = €13,820
Balance over €70,600 @ 40%	Balance over €69,100 @ 40%