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Budget 2020

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BUDGET 2020 – GENERAL COMMENT

The Minister for Finance, Mr Paschal Donohoe, announced the fourth Budget of this sitting of Dáil Éireann today, 8th October 2019. Mr Donohoe emphasised two key themes to this Budget, being Brexit and Climate Change. These themes were referenced as the Government's justification for making very few significant changes to taxation or expenditure policies for 2020.

Despite devoting almost one quarter of his speech to discussion of Brexit related issues, the Minister did not announce any specific new measures that we expect will assist taxpayers and businesses with the particular challenges that it is anticipated Brexit will bring. The most significant commitment announced in relation to Brexit is an intention to spend €1.2bn in the event of a No Deal Brexit taking place, of which €200m is committed expenditure next year, and the balance of €1bn will be money that would only be borrowed & spent if a no deal Brexit comes to pass. Although it would appear the Minister had no choice other than to adopt the prudent approach of compiling his 2020 Budget under a "No-Deal" scenario, it is noted that the largest commitment made in this regard is an intention to borrow funds that will only be triggered if necessary. The Budget announcements do not include any corresponding commitment to reduce taxes or increase expenditures in the event that the "No-Deal Brexit" scenario becomes irrelevant for any reason.

From a macroeconomic perspective, the Minister noted a number of positive statistics, including;

- A Balanced Budget was achieved in 2018, and a 0.2% surplus is projected for 2019. This compares favourably with a deficit of 2% of GDP that was reported for 2015
- GDP growth of 5.5% is now forecast for 2019, and growth of 0.7% is projected for 2020 in a no-deal Brexit scenario.
- The unemployment rate has dropped to 5.3% from the peak level reported in 2012, (16%).

Overall, Ireland's economy appears to be growing strongly, to the extent that one of the two risks to the economy mentioned as primary concerns of the Minister was the economy "overheating", (with the other risk he mentioned being Brexit uncertainties).

Only very modest changes to the tax code were announced, and individuals' net after tax income will not show any material change in 2020 as a result of the Budget measures. For the self-employed, their tax credit was increased by €150 to €1,500, with the result that, in 2020, it will be only €150 less than the credit available to employees. No change from 2019 levels will apply to USC rates or bands, with the result that the marginal tax rate for sole traders remains 3% higher than the marginal tax rate for employees and Company Directors earning in excess of €100,000 per annum.

Businesses are likely to welcome a number of relatively minor amendments to reliefs that are intended to expand the scope, or the level of benefit, provided by the reliefs in question. Many of the amendments are limited so that they will be available only to smaller Irish businesses – these include modest enhancements to the following reliefs, expected to cost the exchequer €80m in a full year;

- The KEEP Share Option Scheme for employees,
- The EII relief scheme for investment into micro and small Irish businesses,
- The Special Assignee Relief Programme for foreign based employees assigned to Ireland,
- The Foreign Earnings Deduction targeted at Irish based employees travelling abroad
- The Research & Development Tax Credit available to companies carrying out R&D activities,
- The Diesel Rebate Scheme granting relief to hauliers, (an industry very exposed to Brexit issues)

Conversely, with respect to income raising measures, a Stamp Duty increase, Excise Duty on tobacco products, and compliance measures associated with a withholding tax increase on dividends are anticipated to raise a combined total of €277m in a full year. In addition, changes announced to the Carbon Tax regime are projected to raise €130m of additional tax revenues in a full year.

The Minister stated an intention to increase Carbon Tax by 400% in the period from 2019 to 2030 – a commitment that he indicated has cross-party support in the Dáil.

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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

Effective Date

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 will remain the same with no increases upcoming for 2020. The Standard Rate will remain at €35,300 for single individuals and €44,300 for married one earner couples.

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 €150 from €1,350 to €1,500 per annum. 01/01/2020

The Home Carer Tax Credit has been increased from €1,500 to €1,600 per annum. 01/01/2020

UNIVERSAL SOCIAL CHARGE, (USC):

There has been no change announced in Budget 2020 to USC rates. The figures for 2020 will be as follows;

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

2020 Band	2019 Band	2020 rate	2019 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	€19,875 - €70,044	4.5%	4.5%
€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

- The government has extended the exemption of a reduced rate of USC for medical card holders for a further year to the end of December 2020.

MORTGAGE INTEREST RELIEF

As announced in Budget 2018, there is to be tapered extension of this relief for remaining recipients with 25% of the relevant 2018 relief available in 2020. The relief will cease entirely from 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 to 2022. Further details are expected in the Finance Bill. The Original Market Value (OMV) of the vehicle will be capped at €50,000.

DIVIDEND WITHHOLDING TAX (DWT)

The Minister announced targeted changes to the Dividend Withholding Tax regime aimed at increasing tax compliance and as a result tax yields.

In order to rectify this, targeted changes will be made to the Dividend Withholding Tax regime which will take place in two steps.

- Step 1 - DWT will increase from 20% to 25% which will come into effect on 1st January 2020,

- Step 2 - from the 1st January 2021 Revenue will be introducing a modified Dividend Withholding Tax regime. This will utilise real-time data collected under the newly modernised PAYE system and allow a personalised rate of Dividend Withholding Tax to be applied to each individual taxpayer, based on the actual rates of tax that they pay.

EMPLOYMENT INVESTMENT INCENTIVE (EII)

The Minister announced some amendments as follows:

- An amendment to allow for full income tax relief of up to 40% to be provided in the year of investment. The current scheme allows for 30% relief in the year of investment and a further 10% after year 3 subject to certain conditions.
- The annual investment limit will be increased from €150,000 to €250,000 per annum with a further increase up to €500,000 in the case of those who invest for a minimum period of 10 years.

SPECIAL ASSIGNEE RELIEF PROGRAMME (SARP) AND THE FOREIGN EARNINGS DEDUCTION (FED)

The Minister announced that SARP and FED will be extended to the end of 2022.

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Business Tax Changes

Effective Date

Corporation Tax

The Minister confirmed that there would be no changes to the headline Corporation Tax rates.

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)

01/01/2020

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

1. Definitions relating to a "qualifying company" and a "holding company" are to be amended to allow companies who operate through a group structure to qualify for KEEP
2. Definitions relating to the conditions of a "qualifying employee" are to be amended to allow for part time / flexible working and to allow for employee movement within group structures
3. The legislation is to be amended to allow existing shares to qualify for KEEP.

No changes to the taxation treatment of the KEEP scheme Share Options 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.

These changes are subject to State Aid approval and further detail is expected in the Finance Bill.

Three Year Start Up Relief

01/01/2020

There is no change to the exemption from Corporation Tax up to €40,000 for new companies, subject to the Employer PRSI paid, in their first three years of trading. This exemption is set to expire at the end of 2021.

Employment and Investment Incentive (EII)

08/10/2019

EII is a tax relief incentive scheme which provides for tax relief of up to 40% in respect of investments made in certain corporate trades. The Minister announced some amendments intended to enhance the scheme, the main changes are as follows;

1. An amendment to allow for full income tax relief of up to 40% to be provided in the year of investment. The current scheme allows for 30% relief in the year of investment and a further 10% after year 3 subject to certain conditions.
2. The annual investment limit will be increased from €150,000 to €250,000 per annum with a further increase up to €500,000 in the case of those who invest for a minimum period of 10 years.

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RESEARCH & DEVELOPMENT TAX CREDIT The Minister announced a number of amendments to the R&D Tax Credit system with a particular focus on supporting claims to the credit made by smaller companies.	01/01/2020

Firstly, the Minister announced an increase of 5% to the R&D Tax Credit rate, up from 25% to 30% for micro and small companies.

Secondly, a new provision is also being introduced which will allow micro and small companies who conduct pre-trading R&D to claim the credit before trading commences. This credit will be limited to offset against VAT and payroll tax liabilities only.

These measures for micro and small companies are both subject to State Aid approval.

In respect of all R&D Tax Credit claimants, the current limit on outsourcing to third level institutes of education will be increased from 5% to 15%.

DIVIDEND WITHHOLDING TAX (DWT)
The Minister announced targeted changes to the Dividend Withholding Tax regime aimed at increasing tax compliance and, as a result, tax yields.

The changes are to be introduced as a two-step process. The first step is to increase the rate of Dividend Withholding Tax up to 25%, which is an increase of 5% from the current rate of 20%. This will be effective from 1 January 2020.	01/01/2020
The second step is to introduce a modified Dividend Withholding Tax regime from 1 January 2021. This system is intended to use real-time data collected under the modernised PAYE system to apply a personalised rate of DWT for each individual taxpayer.	01/01/2021
MICROBREWERY RELIEF It was announced that the production ceiling for qualification will be raised from 40,000 hectolitres to 50,000 hectolitres. The cap of 30,000 hectolitres as the volume of relief upon which claims can be made is unchanged.	01/01/2020
DIESEL REBATE SCHEME Additional relief is to be provided to hauliers to compensate that sector for the increased cost of fuel.	01/01/2020
BETTING TAX The Minister announced the introduction of relief from betting duty up to a limit of €50,000 per annum for small independent bookmakers.	01/01/2020
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 to 31 December 2022. The Original Market Value (OMV) of the vehicle will be capped at €50,000.	
EMPLOYERS' PRSI / NATIONAL TRAINING FUND LEVY 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 11.05%, up from the current rate of 10.95% as previously announced.	01/01/2020

Anti-Avoidance measures

Irish Real Estate Funds (IREFs)

Revenue have identified aggressive tax planning activities by some Irish Real Estate Funds (IREFs) including the use of excessive interest charges to avoid the payment of tax in respect of profits from Irish property. A number of anti-avoidance measures are being introduced to address these issues, including the introduction of limitations on interest expenses based on debt to property cost and on an income to interest ratio.

Real Estate Investment Trust companies (REITs)

A number of amendments are being made to the REIT framework to ensure that the appropriate level of tax is being collected from the regime, particularly in the area of capital gains. The distribution of proceeds from the disposal of a rental property will be subject to dividend withholding tax upon distribution. An existing provision whereby a deemed disposal and re-basing of property values occurs should a company cease to be a REIT is being limited to apply only where the REIT has been in operation for a minimum of 15 years, in line with the original policy intention of encouraging stable long-term investment in the rental property market.

Corporation Tax – BEPS Implementation

As part of Ireland's commitment to implementing the Anti-Tax Avoidance Directive (ATAD), the Bill will provide for new ATAD compliant anti-hybrid rules to apply to all corporate taxpayers from 1 January 2020. The purpose of anti-hybrid rules is to prevent arrangements that exploit differences in the tax treatment of an instrument or entity under the tax laws of two or more jurisdictions to generate a tax advantage.

Other Anti-Avoidance Measures

Consequential provisions are also being introduced to ensure that the existing treatment of Stocklending and Repo transactions, and of Investment Limited Partnerships, is clear in legislation.

Transfer pricing rules are being modernised in line with the Recommendations in the Coffey Review of the Irish Corporation Tax Code. These changes include the incorporation the OECD 2017 Transfer Pricing Guidelines into Irish legislation and the extension of rules to cover cross-border non-trading, and material capital transactions. It is expected that these rules will be extended to apply to SMEs in addition to larger companies.

Brexit Preparation

The Minister for Finance has acknowledged that he was obliged to prepare the 2020 Budget on the basis of a No Deal Brexit as the central assumption. The Minister accepted that this Budget is framed in an environment of unprecedented uncertainty surrounding the potential of a disorderly Brexit.

The Minister referred to the Contingency Action Plans which have been published together with the additional staffing and training provided by the Government to deal with the changes which will result from Brexit. He also referred to €600m already provided under the Future Growth Loan Scheme and the Brexit Loan Schemes.

The Minister announced a Brexit package of €1.2 billion (not including EU Funding) as follows

	€ million	*€ million*	*€ million*
Committed Brexit Expenditure 2020			
Increases in Staffing Levels and Upgrading of Infrastructure in the country's Ports and Airports			200
Additional Funding in the Event of No Deal Brexit. This funding will be borrowed money. It will only be borrowed in the event of a No Deal Brexit.			
First wave of Expenditure Identified for vulnerable but viable businesses, by way of Grants, Loans and Equity Investment			
Transition Fund	45		
Rescue and Restructuring Fund	42		
Transformation Fund for Food and Non-Food businesses	8		
Micro Finance Ireland	5		
Local Enterprise Offices Emergency Brexit Fund	5		
Intertrade Ireland	2		
Regulatory Bodies	3	110	
Department of Agriculture, Food and the Marine			
Beef Farmers	85		
Fisheries	14		
Other Livestock and Mushrooms	6		
Food and Drinks Processing Industry	5	110	
Contingent Agriculture, Enterprise and Transport Support			
Tourism Sector focussed on using Tourism Ireland and Fáilte Ireland to target the British, European and North Amercian markets to support the regions at greatest risk from Brexit	40		
Funding to assist our Farms, our businesses and our citizens should No Deal occur. This is contingency funding without specific deployment.	390	430	650
Contingent Social Expenditure Support			
Provision for Additional Social Expenditure on the Live Register and Related Schemes			365
Additional Funding to assist transitioning to new employment opportunities			45
			1,260

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Climate Change Measures

Effective Date

The Minister stated that climate change is the defining challenge of our generation, before proceeding to announce a number of tax and spending measures to combat it. The primary measures announced are as follows:

Carbon Tax

The Minister announced an increase of €6 per tonne of emissions, bringing the rate to €26. The rate is due to further increase year-on-year into the future until reaching the targeted rate of €80 per tonne in 2030. The new €26 rate applies immediately to auto fuels, and will result in an increased charge of 2c per litre.

09/10/2019

However, the old €20 rate will continue to apply to all other fuels until May 2020.

31/05/2020

Other Tax Measures

The Minister also announced a number of other climate-related tax measures, as follows:

- Introduction of a new nitrogen oxide emissions-based charge applicable to all cars registering in the State for the first time from 1st January 2020. This charge replaces the 1% VRT surcharge on diesel engine cars introduced in Budget 2019. The Minister did not provide any detail on the monetary impact of the new charge.
  01/01/2020
- Extension to 2022 of the zero rate of Benefit in Kind applied to electric vehicles where the Original Market Value is capped at €50,000.
  01/01/2020
- VRT reliefs for conventional and plug-in hybrid vehicles extended to 2020.
  01/01/2020
- A reduction in qualifying CO_2 thresholds for reliefs in respect of Capital Allowances and VAT reclaim on commercial vehicles. Details of the exact reduction will be published in the Finance Act.
  01/01/2020
- Additional relief to compensate for the increased cost of fuel to be provided for through the Diesel Rebate Scheme. Further details are expected in the Finance Act.
  01/01/2020
- Equalisation of electricity tax rates for business and non-business.
  01/01/2020

Spending Measures

The Minister announced that the €90m raised by the increase in the rate of Carbon Tax in 2020 will be ring-fenced to fund climate-related measures. Little detail was provided on what the bulk of these measures would actually be, other than €31m allocated to projects focused on the Midlands area, as follows:

- A new energy efficiency scheme to assist with revamping social housing stock in the Midlands region, at the cost of €20m.
- €5m provided for peatland rehabilitation schemes.
- A new Just Transition Fund, which will work with local communities, and which will have a budget of €6m in 2020

The Minister noted that the above spending measures will be supported by investment of €8.1 billion from the National Development Plan and a further €13.7 billion in investment from state companies, as part of the Project 2040 / Climate Action Plan announced recently by the Department of Communications, Climate Action and the Environment.

FARMING

EFFECTIVE DATE

FLAT-RATE ADDITION

01/01/2020

There is no change to the farmers' VAT flat rate addition which remains at 5.4%.

FARM RESTRUCTURING RELIEF

01/01/2020

Farm restructuring relief provides a relief for Capital Gains Tax for farmers selling land in order to purchase other land for the purposes of restructuring their farm. The Minister announced an extension to the scheme to the end of 2022, subject to State Aid approval, with no changes to the conditions of the relief.

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. However, the Minister did commit to consider the conclusions of a recent external review of the relief carried out by consultancy firm Indecon to identify any changes that might be made to it in future years. A public consultation process was also carried out in May 2019.

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 €15,000 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 9th October 2019. 09/10/2019

No changes to Group B or C CAT exemption thresholds were announced. (See table below).

RELATIONSHIP TO DISPONER	NEW	PREVIOUS
Child/minor child of deceased child/ favoured nephew/niece/parent	335,000	320,000
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

01/01/2020

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.

There were also no changes announced to the designation of various goods and services which are subject to the reduced (13.5% and 9%), zero, and exempt rates of VAT.

Stamp Duty

09/10/2019

The Minister announced an increase of 1.5% in the rate of Stamp Duty applicable to non-residential property assets, bringing it to 7.5%. The change is effective from midnight on 8th October 2019. However, the Minister announced that transitional measures would apply so that binding contracts agreed on or before 8th October 2019 will continue to attract the old rate of 6% provided the relevant transactions are completed before 31st December 2019.

The Minister also announced an anti-avoidance measure targeted at particular schemes of acquisition which sought to artificially circumvent a charge of 1% Stamp Duty on share transfers. This change is effective immediately.

There is no change to the rate of Stamp Duty applicable to residential property, i.e. 1% on values up to €1m, and 2% on all value above that.

Excise Duties

09/10/2019

Tobacco Products

The Excise Duty on a packet of 20 cigarettes is being increased by 50 cent (including VAT), with a pro-rata increase on other tobacco products. These increases will be effective from midnight on 8th October 2019.

Alcohol, Petrol and Diesel

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

Vehicle Registration Tax

The 1% VRT surcharge on all newly-registered diesel engine passenger vehicles introduced as part of Budget 2019 is to be removed and replaced with a nitrogen oxide emissions-based charge. No details were provided as to the exact impact of the charge, though the Minister did state that it will apply on a euro per milligram/kilometre basis, with the rate increasing in line with the level of nitrogen oxide emitted. The new surcharge will apply to all passenger cars registering for the first time in the State from 1st January 2020.

The VRT relief available for conventional hybrids and plug-in electric hybrids is being extended for one year until the end of 2020.

SOCIAL WELFARE BENEFITS

SOCIAL WELFARE BENEFITS

From March 2020, the living alone allowance will increase by €5 per week. There was no change to state pension, carer's allowance, disability allowance, job seekers benefit or 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	248.30
- With adult dependant <66	413.70	413.70
- With adult dependant 66 and over	470.80	470.80
Age 80 or over		
- Personal rate	258.30	258.30
- With adult dependant <66	423.70	423.70
- With adult dependant 66 and over	480.80	480.80
State Pension (Non-Contributory):		
Under 80		
- Personal rate	237.00	237.00
- with a qualifying adult	393.60	393.60
Age 80 or over		
- Personal rate	247.00	247.00
- with a qualifying Adult	403.60	403.60
Widow(er) Contributory Pension: -		
- under 66	208.50	208.50
- 66 and under 80	248.30	248.30
- 80 or over	258.30	258.30
Widow(er)s Non-Contributory Pension: -	203.00	203.00
Invalidity Pension		
- Personal rate	208.50	208.50
- With qualified adult	357.40	357.40

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	112.70
Claimants age 18 to 24 years with qualified adult	225.40	225.40
Personal Rate at 25 years of age	157.80	157.80
Claimants aged 25 years with qualified adult	292.50	292.50
Personal Rate aged over 26	203.00	203.00
Job Seekers Allowance		
Claimants aged over 26 with qualified adult	337.70	337.70
Supplementary Welfare Allowance		
Claimants aged over 26 with qualified adult	335.70	335.70
Disability Allowance		
Personal Rate	203.00	203.00
Person with qualified adult	337.70	337.70
Other benefits:-		
Maternity Benefit	245.00	245.00
Carers Allowance Under 66	219.00	219.00
Carers Allowance 66 and Over	257.00	257.00

Other Allowances

Families in receipt of social welfare will see a weekly increase for a qualified child of €2 per week for children under the age of 12 and €3 for children over the age of 12. There will be an increase of €15 in the earnings disregard for the One Parent Family Payment and €10 in the working family payment.

There will be an increase of €2 per week for people receiving the fuel allowance.

Christmas Bonus

The Christmas bonus for social welfare recipients will remain at 100% of the recipient's weekly payment for Christmas 2019.

OTHER PRINCIPAL MEASURES

THE RAINY DAY FUND

Minister Donohoe previously established a 'Rainy Day Fund' with €1.5 billion to be transferred from the Ireland Strategic Investment Fund. The aim of the fund is to help strengthen the national finances and increase the country's resilience to international economic shocks. Additional annual contributions from the Exchequer of €500 million were due to commence in 2019. However, with a no deal Brexit possible, this annual contribution will not be made this year.

HOUSING

The Minister has allocated €2.5 billion to the housing programme for 2020 and announced the following measures in this area;

- The Minister allocated a further €1.1 billion for the delivery of 11,000 new social homes in 2020. A further 12,000 units will be delivered in 2021.
- To support a continued increase in the supply of homes, the Land Development Agency (LDA) has been allocated an additional €17.5 million.
- There is a further allocation of an extra €80 million for the Housing Assistance Payment (HAP Scheme) in 2020 to help provide an additional 15,750 new tenancies in 2020.
- The Minister allocated €166 million of funding in 2020 for homelessness services.
- The Government previously established a €100 million Serviced Site Fund to support local authorities in bringing forward lands for subsidised, more affordable housing. In 2020 €186 million is being allocated for the Serviced Site Fund and Local Infrastructure Housing Activation Fund in 2020.
- The Government is making €130 million in Urban Regeneration and Development funding available in 2020, to contribute towards the rejuvenation of Ireland's 5 main cities and other large towns.
- The Minister is allocating almost €2 million in additional funding to the Residential Tenancies Board to support their increased powers to investigate and sanction non-compliance with Rent Pressure Zone measures,
- The Help to Buy Scheme is being extended to the end of 2021.
- The Living City Initiative is being extended to the end of 2022.

As a result of these additional resources being made available in Budget 2020, along with the delivery achieved to date, over 54,500 new social housing homes are now expected to be delivered through build, acquisition and leasing programmes over the period 2016-2021. In addition, over 94,500 households will be supported over this period under the Housing Assistance Payment (HAP) and the Rental Accommodation Scheme (RAS). As a result, by the end of the Rebuilding Ireland programme in 2021, it is expected that over 149,000 households will have had their social housing needs met.

HEALTH & SOCIAL PROTECTION

The Minister announced that 2020 will see a full transition to a new, sound and stable model of financial governance in the health sector. Total funding for the Health Sector will increase to €17.4 billion for 2020. There will be a separate allocation of €21.1 billion for the Department of Employment Affairs and Social Protection.

Provision was previously announced for a new €20 million Sláintecare Integration Fund. Further funding will also be given to a €12 million Care Redesign Fund along with additional investment in community healthcare services. These measures are intended to support older people to be cared for in their own homes instead of hospital or residential homes and one million additional home care hours will be provided.

The Minister announced a reduction in prescription charges universally by 50 cent per item (GMS prescription charges for over 70s will be reduced to €1 per item and to €1.50 per item for persons under 70) and the monthly threshold of €124 for the Drug Payment Scheme will be reduced by €10 to €114. In addition, Medical card income limits for over 70s will be increased from €500 to €550 per week for a single person and from €900 to €1,050 per week for a couple.

The HSE will also review and extend arrangements for the provision of discretionary medical cards to those with a terminal illness.

The Minister also announced an expansion in the free GP Scheme for children under 6 years, with the effect that from September the scheme will cover all children under 8 years of age. A free dental care scheme will also be introduced from September to cover children under 6 years.

Children and Youth

The Minister announced increased funding for Tusla to bring the funding level to €814 million and additional funding of €54 million for early learning and childcare. These increases will;

- Continue work to reduce the number of children awaiting allocation of a social worker.
- Address cost pressures in private residential and foster care.
- Support the continued provision of two years ECCE for all children.
- Ensure full participation of children with disabilities under the Access & Inclusion Model.
- Support the introduction of the National Childcare Scheme.
- Support Tusla's Early Years Inspectorate to enable it to perform its statutory function.
- Support Youth Services, with the Targeted Youth Funding Scheme, Youth Information Centres and the Youth Service Grant Scheme, along with commitments under the LGBT+ National Youth Strategy Actions.

Education

The Minister announced a 2020 allocation of over €11 billion to the Department of Education and Skills. The main expenditure items will be as follows:

- 150 new mainstream teaching posts.
- 400 additional teaching posts and 1,000 additional SNA posts to support those with special educational needs.
- The National Training Fund levy was increased in 2019 from 0.8 per cent to 0.9 per cent to provide additional investment in the Higher and Further Education Sectors. The levy will rise to 1.0 per cent in 2020.
- The previously announced 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 and drive continued reform and innovation of our higher education system.

Justice and Policing

The Minister announced an increase in funding for An Garda Síochána of €81 million and the broader justice sector of €39 million in 2020, which will provide for the costs associated with:

- Recruitment of up to 700 new Gardaí.
- Recruitment of additional civilian staff to allow trained Gardaí to return to frontline duties.
- Dealing with greater levels of activity in the both the Courts and Prison Services.
- Dealing with increased costs in direct provision.
- The extension of the Abhaile Scheme for people in mortgage arrears.
- The establishment of the Judicial Council.

A further capital investment allocation of €265 million in 2020 will support;

- The construction of the new Forensic Science Laboratory.
- The redevelopment and modernisation of Limerick Prison.
- The procurement of new Garda Offices in Dublin to replace Harcourt Square,
- Further investment in Garda IT to allow their digital strategy to be advanced.

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	0	0	0
€25,000	0	0	0
€30,000	0	0	0
€35,000	0	0	0
€45,000	0	0	0
€55,000	0	0	0
€70,000	0	0	0
€100,000	0	0	0
€150,000	0	0	0
€175,000	0	0	0
SELF EMPLOYED			
€12,000	0	0	0
€14,000	0	0	0
€18,000	150	150	300
€20,000	150	150	300
€25,000	150	150	300
€30,000	150	150	300
€35,000	150	150	300
€45,000	150	150	300
€55,000	150	150	300
€70,000	150	150	300
€100,000	150	150	300
€150,000	150	150	300
€175,000	150	150	300

* Assumes both spouses are self-employed, and both incomes are equal and combine to total the income levels shown.

Appendix B – Income Tax Credits

	2020 €	2019 €	Change €
Single Person	1,650	1,650	0
Married Couple	3,300	3,300	0
Home Carer	1,600	1,500	100
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	1,500	1,350	150
Fishers Tax Credit	1,270	1,270	0

Appendix C – Universal Social Charge & PRSI

UNIVERSAL SOCIAL CHARGE Proposed 2020		Existing 2019	
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 €19,874	2%
€19,875 to €70,044	4.5%	€19,875 to €70,044	4.5%
€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 no change to the Standard Rate Band or to the Income Tax Rates. Current rates and bands are set out below.

INCOME TAX EXEMPTION LIMITS

AGE EXEMPTION LIMITS	2020 €	2019 €	CHANGE €
- Single or Widowed	18,000	18,000	0
- Married Couples	36,000	36,000	0

INCOME TAX RATE BANDS

SINGLE OR WIDOWED PERSONS	
2020 FIRST €35,300 @ 20% = €7,060 BALANCE OVER €35,300 @ 40%	2019 FIRST €35,300 @ 20% = €7,060 BALANCE OVER €35,300 @ 40%

SINGLE OR WIDOWED LONE PARENT	
2020 FIRST €39,300 @ 20% = €7,860 BALANCE OVER €39,300 @ 40%	2019 FIRST €39,300 @ 20% = €7,860 BALANCE OVER €39,300 @ 40%

SINGLE INCOME MARRIED COUPLE	
2020 FIRST €44,300 @ 20% = €8,860 BALANCE OVER €44,300 @ 40%	2019 FIRST €44,300 @ 20% = €8,860 BALANCE OVER €44,300 @ 40%

TWO INCOME MARRIED COUPLE	
2020 FIRST €70,600 @ 20% = €14,120 BALANCE OVER €70,600 @ 40%	2019 FIRST €70,600 @ 20% = €14,120 BALANCE OVER €70,600 @ 40%