

Taxation Measures for Introduction in 2017

Measure	Yield/Cost 2017
<p>USC</p> <p>Incomes of €13,000 or less are exempt. Otherwise,</p> <ul style="list-style-type: none"> • €0 to €12,012 @ 0.5% • €12,013 to €18,772 @ 2.5% • €18,773 to €70,044 @ 5% • €70,045 to €100,000 @ 8% • PAYE income in excess of €100,000 @ 8% • Self-employed income in excess of €100,000 @ 11% <p>Medical card holders and individuals aged 70 years and over whose aggregate income does not exceed €60,000 will now pay a maximum USC rate of 2.5%.</p>	-€335m
<p>Income Tax</p> <p>An increase in the Home Carer Tax Credit from €1,000 to €1,100</p> <p>An increase in the Earned Income Credit from €550 to €950</p> <p>Interest Relief – Rented Residential Property</p> <p>The deduction available for qualifying interest payments on monies borrowed to purchase, improve or repair residential rental property is being increased from 75% to 80%. This measure will apply to both new and existing mortgages.</p>	<p>-€7m</p> <p>-€33m</p> <p>-€8m</p>
<p>Excise Duties</p> <p>Tobacco Products Tax</p> <p>The excise duty on a packet of 20 cigarettes is being increased by 50 cents (including VAT) with a pro-rata increase on the other tobacco products, with effect from midnight on 11 October 2016.</p>	€65m

<p>Extension of qualifying limit for excise duty relief for microbreweries</p> <p>The special relief reducing the standard rate of Alcohol Products Tax by 50% on beers produced in microbreweries which produce not more than 30,000 hectolitres per annum is being extended to apply to microbreweries which produce not more than 40,000 hectolitres per annum. Relief is still available on the first 30,000 hectolitres of beer produced.</p> <p>Vehicle Registration Tax (VRT)</p> <p>The VRT reliefs available for the purchase of hybrid electric vehicles and plug-in hybrid electric vehicles, are being extended to 31 December 2018. Electric vehicles, and electric motorcycles are being extended to 31 December 2021.</p> <p>Carbon Tax</p> <p>The fuel inputs used to create high efficiency electricity in combined heat and power are being fully exempted from carbon tax.</p>	<p>-</p> <p>-</p> <p>-€1m</p>
<p>Other Income Tax</p> <p>Help to Buy</p> <p>An income tax rebate incentive is being introduced to assist first time buyers of new homes to fund the deposit required under the Central Bank macro-prudential rules. It will consist of a rebate of income tax paid over the previous four years up to 5% of the purchase price of up to €400,000. Where new homes are valued between €400,000 and €600,000 the maximum relief (i.e. €20,000) will continue to be available. The house must be a new build and applicants must take out a mortgage of at least 80% of the purchase price. This scheme will run until the end of 2019.</p> <p>Rent a Room</p> <p>The ceiling for exemption from income tax for income received from the letting of a room or rooms in a person's</p>	<p>-€50m</p> <p>-€1m</p>

principal private residence is being increased from €12,000 to €14,000 for 2017 and subsequent years.	
Living City Initiative The Living City Initiative is being amended to encourage an increase in the take-up of the scheme. This involves extending the availability of the scheme to landlords, while for residential applicants it removes the restriction on the maximum floor size of the property, removes the requirement that the property must have been previously used as a dwelling, and reduces the minimum amount of expenditure needed to qualify.	-€1m
Home Renovation Incentive The HRI is being extended until 31 December 2018.	-
Foreign Earnings Deduction FED is being extended until the end of 2020 and qualifying countries are being extended to include Colombia and Pakistan. The minimum number of days for travel is being reduced to 30 per annum.	-
Special Assignee Relief Programme SARP is being extended for a further 3 years until the end of 2020.	-
Start Your Own Business Relief The Start Your Own Business tax relief is being extended for 2 years until the end of 2018.	-€4m
Fishers Tax Credit A new tax credit is being announced for fishers to assist the viability of the fishing sector. Fishers who have fished for wild fish or wild shellfish for at least 80 days in a tax year can claim an income tax credit of €1,270 per annum.	-€4m
Decommissioning of Fishing Vessels	-€2m

<p>Capital Gains Tax</p> <p>Revised CGT entrepreneur relief:</p> <p>A reduced CGT rate of 10% will apply to the disposal in whole or in part of a business up to an overall limit of €1 million in qualifying chargeable gains.</p> <p>CGT Relief for Raised Bogs</p>	<p>-€13m</p> <p>-€2m</p>
<p>Capital Acquisitions Tax</p> <p>Changes to tax-free thresholds:</p> <p>A. The Group A lifetime tax-free threshold applying to gifts and inheritances from parents to children is being raised from €280,000 to €310,000,</p> <p>B. The Group B lifetime tax-free threshold applying to gifts and inheritances made to parents, siblings, nieces, nephews or grandchildren is being raised from €30,150 to €32,500.</p> <p>C. The Group C lifetime tax-free threshold applying to gifts and inheritances made to all others (except spouses and civil partners who are exempt) is being raised from €15,075 to €16,250.</p>	<p>-€22m</p>
<p>Agri Measures¹</p> <p>Increase in the Farmer's Flat-Rate Addition from 5.2% to 5.4%</p> <p>The farmer's flat-rate addition will be increased from 5.2% to 5.4% with effect from 1 January 2017. The flat-rate scheme compensates unregistered farmers for VAT incurred on their farming inputs. The flat-rate addition is reviewed annually in accordance with the EU VAT Directive and the increase to 5.4% in 2017 continues to achieve full compensation for farmers.</p> <p>Accelerated Capital Allowances for energy efficient equipment</p> <p>The scheme of accelerated capital allowances for energy efficient equipment is being made available to sole traders and non-corporates.</p>	<p>-€9m</p> <p>-€3m</p>

¹ €13m already provided in tax base

<p>Income Averaging Step Out</p> <p>The Income Averaging regime allows a farmer's taxable profit to be averaged out over a 5-year period. This is being amended to allow an "opt out" in a single year of unexpectedly poor income, which may be availed of for the 2016 tax year.</p>	-
<p>DIRT</p> <p>Reduced rate of Deposit Interest Retention Tax (DIRT):</p> <p>The rate of DIRT will be decreased by 2% each year for the next 4 years until it reaches 33%. The costs shown are in relation to the first 2% reduction. Each subsequent reduction is currently costed at the same amount.</p>	-€9m
<p>Compliance Measures</p> <p>Section 110 and Funds Changes</p> <p>Draft amendments to section 110 will be included in the Finance Bill to address these unintended uses of the section. Further amendments will address other issues arising in relation to Funds and property.</p> <p>Tackling offshore tax evasion</p> <p>A comprehensive programme of targeted compliance interventions against those engaged in offshore tax evasion. This programme will be underpinned by applying advanced analytics techniques to the range of new data sources available through FATCA, EU and OECD exchange of information initiatives and supported by new legislation designed to encourage early disclosures of liabilities in relation to offshore accounts or assets by i) Denying the opportunity to make a qualifying disclosure in this area after 1/5/2017 and ii) Introducing a new strict liability offence for failure to return details of offshore accounts or other assets.</p> <p>Increase resource to confront non-compliance</p> <p>Increasing Revenue staff resources by 50 (full time equivalent) on audit and investigation activities as well as enhancing ICT systems capacity for data matching and data analytics will lead to a direct increase in tax and duty yield from compliance interventions.</p>	<p>€50m</p> <p>€30m</p> <p>€50m</p>