



## Supplementary Budget 2009



## Headlines

- Increase in the Income Levies
- Increase in Employee's PRSI Ceiling
- Doubling of Health Levy
- Abolition of most Mortgage Interest Reliefs
- Reduction in interest for Case V
- Termination of capital allowance schemes
- Increase in CGT and CAT Rates
- Reduction in CAT Thresholds
- Abolition of 20% rate for development land
- New IP deduction regime



## Income levies

Current:

- Exemption on Income up to €18,304
- 1% on income up to €100,100
- 2% on income between €100,101 and €250,120
- 3% on income in excess of €250,120



## Income Tax and Levies

- Levy doubled to 2%, 4% and 6% .
- Exemption Threshold is reduced from €18,304 to €15,028.

Rates

- 2% on income up to €75,036
- 4% on income from €75,037 to €174,980
- 6% on income in excess of €174,980
- Applies from 1 May 2009



## Health Levy

- The levy is doubled.
- 4% on income up to €75,035
- 5% on income from €75,036
- Applies from 1 May 2009



## Main Changes - PRSI

PRSI	Existing	Proposed
	€	€
PRSI Ceiling	52,000	75,036



## Changes introduced by April Budget

Single Person, No children	
Income	Gain (Loss)
€20,000	€(200)
€30,000	€(900)
€50,000	€(1,500)
€75,000	€(3,092)
€100,000	€(4,611)



## Changes introduced by Budget

Married Couple, Single Income, Two children	
Income	Gain (Loss)
€30,000	€(1,900)
€50,000	€(2,500)
€100,000	€(5,611)
€200,000	€(10,642)



## Changes introduced by April Budget

Married Couple, Double Income, Two children	
Income	Gain (Loss)
€30,000	€(1,195)
€50,000	€(2,325)
€100,000	€(4,469)
€200,000	€(9,729)



## Mortgage Interest Relief

- Mortgage Interest Relief is discontinued for any mortgage over 7 years from 1 May 2009
- Possible complete abolition in future years



## Interest relief

- Interest deduction in arriving at Case V profits will be reduced from 100% to 75%.
- This applies only to residential lettings.
- In speech Minister stated that it has immediate effect though this is not mentioned in the Summary of Measures.



## DIRT and exit tax from funds

- DIRT is increased to 25%
- Exit tax from funds and life assurance policies is increased from 26% to 28%.
- Applies to payments from 8 April 2009.



## Stamp Duty

### Trade in scheme

- Incentive for purchase of new houses
- Where a house/ apartment is traded for a new property no SD will apply.
- SD will apply when the traded property is subsequently sold.



## Life Assurance Policies

- New 1% levy on life assurance policies from 1 June 2009
- Increase from 1% to 3% on non life policies from the same date



## Capital Gains Tax

- Rate is increased from 22% to 25% on disposals made from 8 April 2009.



## Capital Acquisitions Tax

- The rate is increased from 22% to 25% in respect of gifts/inheritances from 8 April 2009
- 20% reduction in thresholds:
- Group 1 €542,544 to €434,000
- Group 2 €54,254 to €43,400
- Group 3 €27,127 to €21,700



## Residential land

- 20% special rate is being abolished
- Marginal rate (in most cases 41% plus levies!!) for individuals and 25% for companies will apply.
- Applies for 2009 and Accounting periods ending on or after 1 January 2009
- Appears to have retrospective effect
- Value basis applies to losses from 8 April 2009; terminal losses ringfenced



## Capital Allowances

- New regime for allowing capital allowances on acquisition of Intellectual Property such as goodwill, know how and patents (possible enhanced from 1/17<sup>th</sup> relief). Details to follow in the Bill
- Termination of allowances for investments in private hospitals and nursing homes.
- Some transitional measures
- No change to palliative care units and crèches.



## Excise

- Diesel increased by 5c per litre
- No change for petrol
- Cigarettes increased by 25c on package of 20
- No change for alcohol
- Effective from 8 April



## VAT

- New margin scheme for 2<sup>nd</sup> hand cars acquired and sold after 1 July 2009.
- Intended to provide some measure of relief to dealer when cars traded in are sold at a loss.