

# 2024 RoI Budget

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An Update on the Statement from the  
Minister of Finance



# INTRODUCTION

On 10 October 2023 the Minister of Finance, Michael McGrath, and the Minister of Public Expenditure and Reform, Paschal Donohoe, delivered Budget 2024.

This budget, set against the backdrop of a looming election and easing the burden for individuals during a continued cost of living crisis, is comprised of a multimillion package of spending increases, tax cuts and one-off payments.

The focus appears to be on helping individuals with the cost of living crisis by reducing personal taxes and helping with the cost of energy bills and increased mortgage interest.

## KEY CONTACTS



**Des Kelly**  
Managing Partner



**Catherine Martin**  
Partner



**Michael Drumm**  
Partner



**Ryan Falls**  
Partner



**John McCamley**  
Partner



**Anita Doris**  
Partner



**Steven Lindsay**  
Partner



**Leona Leonard**  
Director



**Kathy Blair**  
Director

# PERSONAL TAX

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- Personal, PAYE and earned income tax credits will increase by €100 from €1,775 to €1,875.
- An increase in the Income Tax standard rate band for all earners was announced. It will increase by €2,000 from €40,000 to €42,000 for single individuals and from €49,000 to €51,000 for married couples / civil partners with one earner.
- The 4.5% rate of USC will decrease by 0.5% to 4%. This is the first reduction in 5 years. The ceiling for the 2% rate is also to increase by €2,840 to €25,760.
- The reduced rate of USC for medical card holders and those earning less than €60,000 is being extended for a further two years to 31 December 2025.
- The rate of PRSI contributions will increase from 1 October 2024 by 0.1%

These will be welcome announcements for all taxpayers to ease the tax burden and put some money back into individuals' pockets.





# PROPERTY TAX

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- A new one-off one-year tax relief is being introduced. This relief will give homeowners with an outstanding mortgage balance of between €80,000 and €500,000 on 31 December 2022, 20% tax relief on the increased amount of mortgage interest paid in 2023 compared to 2022, capped at €1,250 per property. It will only apply to homeowners in respect of their principal private residence. It will not apply to rental properties.
- The rental tax credit has been increased by €250 from €500 to €750 for 2024. The credit has also been extended to allow parents who pay for accommodation for their student children who live in rent a room or digs accommodation to be able to claim it. This will also be backdated to allow for claims to be made for the 2022 and 2023 tax years.
- It was announced that the Help To Buy scheme which was due to end in December 2024 will be extended to the end of 2025. It will also be amended to allow for applicants of the Local Authority Affordable Purchase Scheme to avail of it with effect from 11 October 2023 until the end of the scheme in 2025.
- The vacant property tax which was introduced in 2023 to encourage an increase in the supply of homes for rent or purchase will increase from 3 times to 5 times the property's existing basic property tax rate. The increase will apply from the next chargeable period commencing in November.
- A new temporary tax break is being introduced for small landlords in relation to residential rental income. This will allow for rental income of €3,000 in year one to be disregarded at the standard rate (20%). This will increase to €4,000 in 2025 and €5,000 for the years 2026 and 2027. The tax break is worth €600 in year 1 rising to €1,000 in 2026. To avail of the tax break the landlord must remain in the rental market for 4 years otherwise the relief will be clawed back.
- The liability date for the Residential Zoned Land Tax is being extended by one year to allow for the planned 2024 review of maps to take place.
- In the prior year, a new Defective Concrete Products Levy was introduced to assist with the MICA redress scheme. The scheme is being amended to exclude precast concrete products.

# BUSINESS TAX

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- There has been no change to the rate of Corporation Tax. The current rate of 12.5% will remain in place.
- Legislation to implement the 15% minimum effective corporation tax rate for large companies will be published in the next Finance Bill
- R&D tax credit will increase from 25% to 30%. This will maintain the net value of the credit for companies which will be subject to the new 15% minimum effective tax rate and will be a real increase to smaller companies.
- The first year R&D payment threshold which allows for a claim up to the threshold amount to be paid in full in year 1 will be increased from €25,000 to €50,000.
- The Accelerated Capital Allowances scheme for energy efficient equipment will be extended for a further two years to 31 December 2025.
- Changes were announced to the Employment Investment Incentive (EII) Scheme by standardising the investment period to four years for all investments and doubling the amount an investor can claim relief on for four year investments from €250,000 to €500,000.
- The project cap on qualifying expenditure for the Film Tax credit will increase from €70m to €125m subject to State Aid approval.
- The temporary universal relief of €10,000 to the Original Market Value in relation to the Benefit In Kind (BIK) regime for company cars will be extended for a further year to 31 December 2024.
- The tapering of preferential BIK relief for electric vehicles is being amended temporarily. The existing €35,000 Original Market Value reduction will be maintained for 2024 and 2025 followed by a reduction to €20,000 in 2026 and €10,000 in 2027.

This is a positive announcement for companies to stimulate further investment.

- From January 2024 the income disregard applying to profits arising to qualifying persons from the sale of residual electricity from microgeneration back to the grid is being increased from €200 to €400. This will provide relief from Income Tax, PRSI and USC.

# CAPITAL GAINS TAX

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- A new CGT relief was introduced for Angel investors. They will now be able to benefit from a reduced Capital Gains Tax rate of 16%, or 18% if through a partnership, for qualifying investments up to twice the amount of their original investment, subject to a €3m lifetime limit.
- Changes are being made to Retirement Relief. The upper age limit for claiming the relief will be extended from 65 to 70 years and the reduced relief, which was previously available in respect of disposals from age 66 onwards, will apply from age 70 from January 2025. A limit of €10m on the relief available on disposals to a child up to the age of 70 is being introduced.

## AGRICULTURE

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- Consanguinity relief, which was due to end in 2023, will be extended for a further 5 years to 31 December 2028.
- Accelerated Capital Allowances for farm safety equipment will be extended to 31 December 2026.
- The maximum aggregate lifetime limit will increase to €100,000 from January 2024 for Young Trained Farmer Stamp Duty Relief, Stock Relief for Young Trained Farmers and relief for succession farm partnerships.

- Stock relief for partners in a Registered Farm Partnership will increase from €15,000 to €20,000.
- Land leasing Income Tax Relief is being amended. It will now only be available when the land has been owned for 7 years.

## VAT & EXCISE DUTIES

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- The VAT threshold increase for goods and services will increase. The threshold for services will increase from €37,500 to €40,000 and from €75,000 to €80,000 for goods.
- A VAT measure previously announced last year to apply a zero rate of VAT on the supply and installation of solar panels for private dwellings will be extended to schools from 1 January 2024.
- VAT on ebooks and audio books will be reduced to 0% from 1 January 2024 to bring them into line with printed books.
- The flat-rate compensation for farmers will be reduced from 5% to 4.8%.
- In the prior year the 9% VAT rate for gas and electricity was extended to February 2023. It is now being extended for a further year.

This will be a welcome announcement for households struggling with increasing home heating costs. It is estimated that consumers will save an additional €90 for electricity and €62 for those who use gas.

- Excise on cigarettes is to increase by 75 cents per packet of 20, with a pro-rata increase on other tobacco related products.
- A new domestic tax will be introduced in next year's Budget on e-cigarettes and vaping products.
- Carbon Tax for petrol and diesel is increasing by €7.50 from €48.50 per tonne of CO<sub>2</sub> to €56. This will take effect for vehicle fuel from 11 October 2023 and all other fuels from May 2024.
- The final tranche of fuel excise increases which were due to happen at the end of October will be deferred until 2024. The outstanding amounts of 8c on petrol, 6c on diesel and 3.4c on marked gas oil will be restored in two equal instalments on 1 April and 1 August 2024.
- VRT relief for battery electric vehicles with a value of up to €50,000 will be extended for a further two years to the end of 2025.
- The Bank Levy is due to end at the end of 2023. A new revised bank levy is to be put in place in 2024 with the intention of raising €200m.
- If you have any queries in relation to any of the above please do not hesitate to contact a member of the tax department.



We have made every effort to ensure the information provided in this document is accurate, but we cannot accept responsibility for the consequences of any action you take in reliance on its contents. If you have any matters which you would like to discuss further, one of our staff will be pleased to help you.

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