

Budget 2018

Tuesday 10 October 2017

We have now digested the detail of Minister Donohue's Budget speech today. These are the key changes for our clients.

Tax Rates

USC down by 0.25% on income to EUR70,044

but...

Top rate for employees remains at 52%

Top rate for self-employed remains at 55%

Deposit interest tax reduces to 37% (+ PRSI) in 2018

(and a 2% yearly reduction until rate reaches 33%)

Exit tax on investment funds remains at 41%

Stamp duty increase

Stamp duty has a big increase from 2% to 6% on commercial property

Residential property remains at 1%/2%

No change (yet) on shares

Property owners – good news

A positive change was announced for certain property owners

For those owners who qualify for the 7 year capital gains tax exemption the 7 year ownership period is reducing to 4 years

New employee share option scheme – good news

A new tax scheme is to be introduced for employees who receive share options

The scheme is called KEEP (“Key Employee Engagement Programme”) and is for small and medium enterprises

Under KEEP, employees will pay capital gains tax rather than income tax on share options gains

No change to tax rates for:

Capital gains tax
Gift and inheritance tax
VAT
Corporation tax

It's all in the detail

With some exceptions, the Budget statement is a general statement of tax changes. The important detail will be in the Finance Bill, which will be published on 19 October.

Rates of tax in 2018

Our ever changing system of tax rates is a minefield. We hope our table attached will help you understand the ***maximum*** rate of tax applying in 2018 to your income and gains.

We are here to help...

Please call any of us at Twomey Moran to clarify or explain any of today's changes.

And finally the disclaimer.....This Briefing Note is not a substitute for formal tax advice. If you take, or do not take, action as a result of this Briefing Note without formal advice from us, Twomey Moran & Partners Limited can accept no responsibility for any loss, damage or distress.

What is the rate of tax on my income and gains in 2018?

The answer to this question is complex. This guide sets out the **maximum** tax rates that apply from 1 January 2018 based on Budget 2018 published on 10 October 2017.

Income	Max Tax rate 2018	Max Income tax	Max PRSI	Max Universal Social Charge (USC)	Max Tax rate 2017
Self employed income	55%	40%	4%	11%	55%
Employment income	52%	40%	4%	8%	52%
Irish/EU deposit interest	41%	37%	4%	–	43%
Non Irish/Non EU deposit interest	41%	37%	4%	–	43%
Interest on Irish/foreign Govt gilts	55%	40%	4%	11%	55%
Dividend and rental income	55%	40%	4%	11%	55%
Gains on Irish and EU funds	41%	41%	-	-	41%
Gains on non EU etc funds	55%	40%	4%	11%	55%
Annual payments from Irish/EU funds	41%	41%	-	-	41%
Payments from non EU funds	55%	40%	4%	11%	55%
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Capital	Tax rate 2018				Tax Rate 2017
Gains on assets	33%				33%
Gains for entrepreneurs (company shares, farmers, business)*	10%				10%
Gains on Irish Government gilts	Exempt				Exempt
Gains on foreign Government gilts	33%				33%
Gift/inheritances	33%				33%
Stamp duty on residential property	1%/2%				1%/2%
Stamp duty on commercial property/land	6%				2%

* Subject to lifetime limit of EUR1m of gains