

Budget 2023 - Tax

Tuesday 27 September 2022

We have now digested the detail of Minister Donohoe's Budget speech today. The Budget had a small number of tax changes with no surprises.

Income tax – a little less to pay

Taxpayers will pay less tax at the 40% rate.

There will be an increase in some tax credits and a small reduction in USC

→ This is a small positive change for taxpayers

For employees

Tax free vouchers for employees increases from EUR500 to EUR1,000 in 2022

No change in tax rates for:

Income tax (55%/52% top rates)

Capital gains tax (33%)

Capital gains tax - entrepreneur relief (10%)

Gift and inheritance tax (33%)

Stamp duty

Other – no change to:

Capital gains tax reliefs/exemptions

Gift/inheritance tax thresholds or reliefs

Pension fund thresholds/tax free amounts

Tax Reliefs Extended

The expiry date for a number of tax reliefs is extended.

- Residential development stamp duty refund scheme
- Help to buy scheme (for first time buyers)
- KEEP and SARP schemes
- Certain agricultural reliefs
- Film corporation tax credit

Vacant home tax

A new tax on vacant homes is to be introduced in 2023.

The tax will be charged at a rate equal to three times the LPT charge

Corporation tax

Corporation tax will remain at 12.5% until changes on OECD agreements on new 15% corporate tax are introduced

9% VAT rate

The 9% VAT rate for the Hospitality sector finish on 28 February 2023

It's all in the detail

With few 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 20 October 2022.

Rates of tax in 2023

Our system of tax rates is a minefield. We hope our table attached will help you understand the **maximum** rate of tax applying in 2023 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 2023?

The answer to this question is complex. This guide sets out the **maximum** tax rates that apply from 1 January 2023 based on Budget 2023 published on 27 September 2022.

Income	Max Tax rate 2023	Max Income tax	Max PRSI	Max Universal Social Charge (USC)	Max Tax rate 2022
Self employed income	55%	40%	4%	11%	55%
Employment income	52%	40%	4%	8%	52%
Irish/EU deposit interest	37%	33%	4%	–	37%
Non Irish/Non EU deposit interest	37%	33%	4%	–	37%
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%
Capital					
Capital	Tax rate 2023				Tax Rate 2022
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%/10%**				1%/2%/10%**
Stamp duty on commercial property/land	7.5%				7.5%

* Subject to lifetime limit of EUR1m of gains

** On 10 or more houses