

# **BUDGET 2024**

Taxation and Expenditure –  
The Key Takeaways

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## Taxation and Expenditure – The Key Takeaways

Minister for Finance, Michael McGrath, and Minister for Public Expenditure and Reform, Paschal Donohoe, today announced the eagerly awaited Budget for 2024. Last year's budget included an array of measures aiming to assist businesses and households with widespread inflationary pressures. Since the announcement of last year's budget inflation trends have continued in the same direction despite a number of interest rate hikes introduced by the ECB. This year's Budget will again focus on addressing the cost of living crisis with a number of once-off payments and various tax cuts.

One of the key highlights, from a tax perspective, is the increases to the entry point for the higher rate of income tax at 40% and the personal, Employee PAYE and earned income tax credits. An individual can now earn €42,000 before the higher rate of income tax applies and the above-mentioned tax credits will each increase from €1,775 to €1,875.

Minister McGrath said he believed today's budgetary measures will give something to everyone.

**Below is a summary of the key budget measures:**

### Taxation

#### Income Tax

- An increase of €2,000 in the income tax standard rate cut-off point for all earners, from €40,000 to €42,000 for single individuals and from €49,000 to €51,000 for married couples / civil partners with one earner
- An increase of €100 in the Personal Tax Credit from €1,775 to €1,875
- An increase of €100 in the Employee Tax Credit from €1,775 to €1,875
- An increase of €100 in the Earned Income Credit from €1,775 to €1,875
- An increase of €100 in the Home Carer Tax Credit from €1,700 to €1,800

#### USC

- An increase of €2,840 to the 2% rate band ceiling from €22,920 to €25,760. The higher

4.5% of USC will be reduced to 4% for earnings between 25,760 and €70,044.

- The reduced rate of USC concession for medical card holders is being extended for a further two years to 2025.

#### PRSI

All PRSI rates will increase by 0.1% effective 1 October 2024.

#### Sea-going Naval Personnel Tax Credit

Extension of the Sea-going Naval Personnel Tax Credit to 31 December 2024.

### Support for Enterprise/SMEs/Agri-sector

#### Angel Investors Relief

A new capital gains tax relief for angel investment in innovative start-ups is being introduced.

#### Retirement Relief

From 1 January 2025, the higher level of relief, which applies on disposals to children and to others, will be available for disposals occurring from the age of 55 until the age of 70. There will also there will be a new limit of €10 million on the relief available for disposals to a child up until the age of 70.

#### Employment Investment Incentive

From 1 January 2024, the minimum holding period required to obtain relief is being standardised to four years for all investments, and the limit on the amount that an investor can claim relief on for such investments is being increased to €500,000. Further updates to the scheme are expect on foot of recent developments in GBER.

#### Accelerated Capital Allowances – Energy Efficient Equipment

Extension of accelerated capital allowances for energy efficient equipment to 31 December 2025.

#### Section 481 Film Relief

The maximum qualifying expenditure in respect of which the 32% credit can be granted will be increased from €70 million to €125 million.



#### Research and Development Tax Credit

The R&D credit will now be at a rate of 30% of qualifying expenditure, up from 25%. The first year threshold will increase from €25,000 to €50,000.

#### Consanguinity (Stamp Duty) Relief

Stamp Duty relief is being extended to 31 December 2028. This relief reduces the rate of stamp duty applicable to intra-familial transfers of farmland from 7.5% to 1%.

#### Reduced VAT Rate

The VAT rate for ebooks and audio book will be reduced from 9% to 0% effective 1 January 2024.

#### Increase in VAT Thresholds

From 1 January 2024, the existing VAT registration thresholds are being increased from €37,500 for services and €75,000 for goods to €40,000 for services and €80,000 for goods.

#### Flat-Rate Compensation – Farmers:

From 1 January 2024 the flat-rate compensation measure for farmers will decrease from 5% to 4.8%.

#### Tax Relief – Donation of Heritage items

The threshold for tax relief on the donation of heritage items has increased from €6 million to €8 million.

### Housing

#### Help to Buy

Extension of Help to Buy to 31 December 2025.

#### Rented Residential Relief

A new tax relief for landlords is being introduced where they commit to stay in the market until 2027. In the first year, €3,000 of income will be taxed at the standard 20 per cent rate rather than the higher rate, increasing to €4,000 in 2025 and €5,000 for the subsequent two years.

#### Mortgage Interest Relief

A temporary one-year mortgage interest tax relief scheme is being introduced for homeowners with an outstanding mortgage balance on their principal private residence of between €80,000 and €500,000 on 31 December 2022. This will be capped at €1,250.

#### Rent Tax Credit

Rental credit will be increased to €750 going forward. Eligibility for the credit will be extended to parents who pay for their student children's rental accommodation in the case of Rent a Room accommodation or "digs". This change will apply retrospectively to the years 2022 and 2023.

#### Vacant Homes Tax

The vacant homes tax will increase from three times the LPT charge to five times the LPT charge.



### Carbon Tax

The Carbon Tax rate will increase from the current rate of €48.50 to €56.00 per tonne of CO<sub>2</sub>. This will apply to auto fuels with effect from 11 October 2023 and all other fuels from 1 May 2024.

### Additional Taxation Measures

#### Excise Duty

- €0.75 increase on pack of 20 cigarettes with pro- rata increase on other tobacco products
- Small Cider Producers Excise Relief Scheme
- Special Exemption Order excise fee reduction

#### VRT Relief

The VRT Relief for battery electric vehicles has been extended to 31 December 2025.

#### BIK Reliefs

An extension to the BIK relief of €10,000 applied to Original Market Value Deduction for certain categories of vehicles to 31/12/2024. In addition to this a tapering mechanism applied to BIK relief for Electric Vehicles of €35,000 to 31/12/2025, €20,000 in 2026 and €10,000 in 2027.

#### Temporary Measures

- The temporary excise rate deductions for auto diesel, petrol and marked gas oil are being extended until 31 March 2024. Half of the outstanding amounts of 8 cent on petrol, 6 cent on diesel and 3.4 cent on Marked Gas Oil will be restored on 1 April 2024, with the balance restored on 1 August 2024.
- Extension of 9% VAT rate for gas and electricity until October 2024.

### Expenditure Items

At a time where inflation continues to provide a challenge to households across the country, today's budget announced a total expenditure ceiling for 2024 of €96.6 billion. The total expenditure figure comprises of core expenditure to the amount of €91.2 billion, an increase of €5.2 billion, and non-core expenditure of €4.5 billion aimed at combating numerous temporary challenges. In addition to these regular packages, an additional €2.3 billion temporary package has been introduced in an attempt to combat the ongoing Cost of Living crisis.

### Social Protection

Budget 2024 provides an allocation of €25.2 billion in core current expenditure for the Department of Social Protection with an aim to assist the most vulnerable in our Society. This represents an increase of over €1.4 billion which will be utilised to introduce measures such as:

- increase in the income disregard for Carer's Allowance to €450 for a single person and €900 for a couple
- an increase in the weekly rate of the qualified child increase for children aged 12 and over by €4 per week
- extension of Parent's Benefit from 7 to 9 weeks;

### Health

The overall allocation for Health in this budget is €22.5 billion, representing a continuation of the high level of investment in the public health system. An €808 million increase has been provided for to address demographic and service pressures in addition to an extra €1 billion package for further COVID-19 responses, including continued investment into testing and vaccinations.

### Housing, Local Government and Heritage

An increase in funding of €174 million has been provided to facilitate supports for social and affordable housing and homelessness services to include further investment into :

- Social Housing Current Expenditure Programme,
- Housing Assistance Payment (HAP)
- Rental Accommodation Scheme (RAS) tenancies.

### Children, Equality, Disability, Integration and Youth

A €7.4 billion package has been allocated with a primary focus on assisting with people fleeing the war in Ukraine, Mother and Baby Institution Payments and improving Disability services. Some of the key measures include:

- 25% reduction in childcare costs through the National Childcare Scheme
- €10 million towards increasing the foster care allowance
- €64 million investment into disability services.

### Education

Almost €10.5 billion is being provided to the Department of Education in 2024 to invest in our schools sector. This includes an increase in core current expenditure of €421million. This will provide supports to primary and post primary schools, while investing significant resources in special education.

### Further and Higher Education, Research, Innovation and Science

A core current expenditure allocation of €3.5 billion is being provided to the Department of Further and Higher Education, Research, Innovation and Science, with an increase in core current expenditure of over €164 million. The benefits from this additional investment will include additional student supports, funding to facilitate the growth of the craft apprenticeship system and an increase to maintenance grants rates.

### Justice

A €172 million package for Justice has been allocated to support community safety across the State. Measures will ensure additional Garda are available across the island.

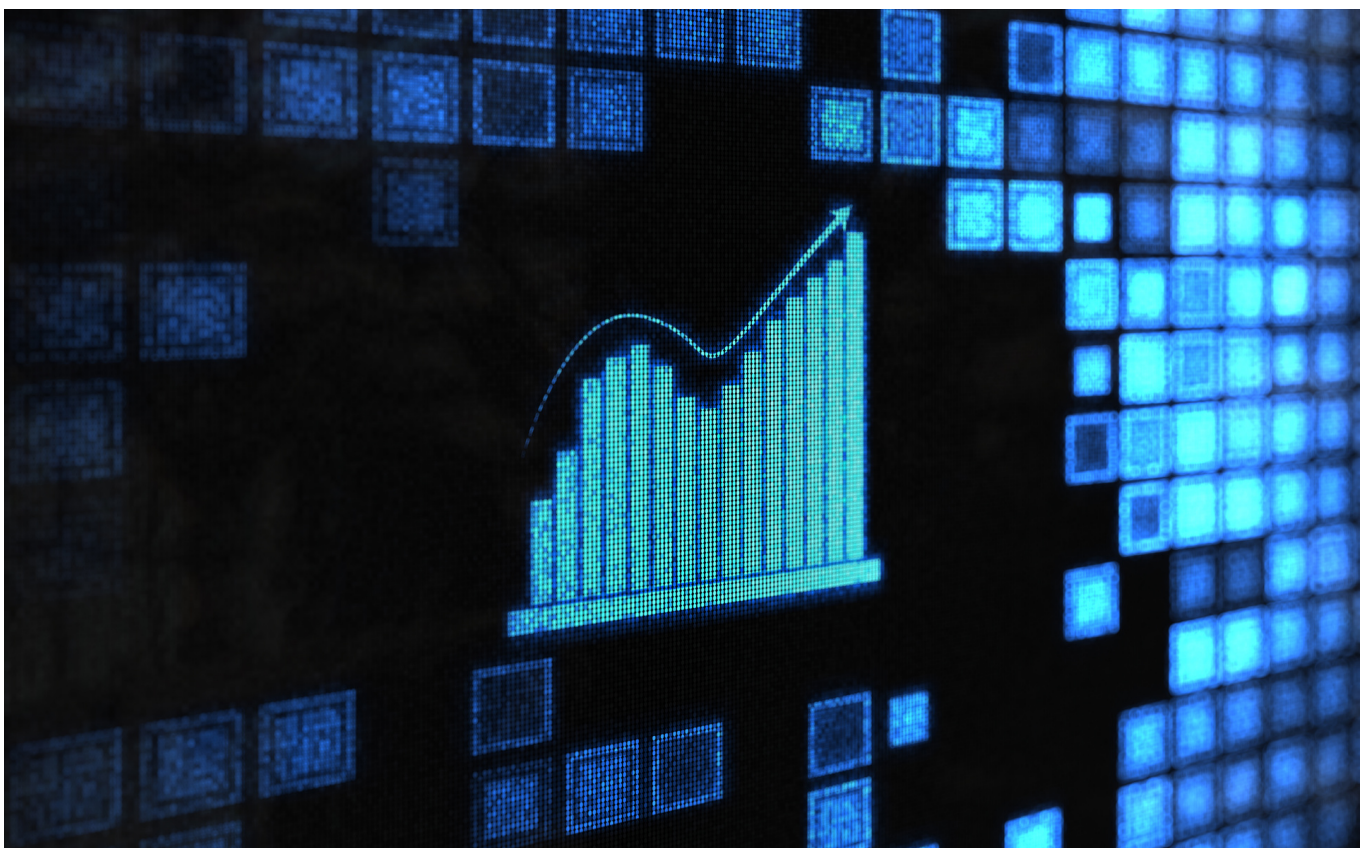
### Tourism, Culture, Arts, Gaeltacht, Sport and Media

Budget 2024 has provided for an increase of €40 million the Tourism, Culture, Arts, Gaeltacht, Sports and Media sectors. A particular focus on sport expenditure is aimed at increasing female participation in sport across all levels.

### Cost of Living

While inflation is trending downwards, growing prices are still placing a burden on households and in light of this, the Government has allocated a package of €2.3 billion with respect to one-off expenditure supports in order to combat this crisis. Included in this are energy related supports and tax credits as seen in previous years. A further €0.04 billion is being delivered via taxation supports.

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