



BUDGET 2019:

LOOKING TO THE FUTURE





BUDGET OVERVIEW

The impact of the budget on people's income will generally be modest.

Middle-income earners and two-income families were the main, albeit modest, beneficiaries of Budget 2019 with a combination of USC cuts and a widening of the top income tax. Increased numbers will qualify for schemes and payments such as the affordable childcare schemes, which will make a significant increase to some families.

In his second Budget, Minister for Finance Paschal Donohoe also announced a raft of measures to tackle the housing crisis, including €1.25 billion allocated to build 10,000 social homes in 2019. He also introduced a Rainy Day Fund of €1.5 billion to increase the State's resilience to larger economic shocks.

The biggest revenue-raising measure and the one that drew the ire of the tourism and hospitality sector was an increase in the VAT rate from 9% to 13.5%, which is expected to net the exchequer nearly €466 million a year.

He also increased the earned income credit for the self-employed by €200 to €1,350, still falling short of PAYE parity of €1,650.

There aren't too many losers, apart from the beleaguered smoker, those buying diesel cars and the likelihood that the VAT increase will lead to higher prices for a meal out or a night in a hotel.

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HEALTH

- Prescription charges >70's reduced from €2 to €1.50
- Drug payment scheme threshold lowered by €10, to €124
- National Treatment Purchase Fund 36% increase in allocation
- €150m more for disability services next year
- €20m in extra allowances for nurses in March 2019
- €75m to reduce waiting lists

EDUCATION

- €10.8 billion for Department of Education and Skills, increase of 6.7%
- 1,300 extra posts in schools next year
- 950 Special Needs Assistants added in 2019
- Capitation rate per pupil increases by 5% in 2019

GARDAI & DEFENCE

- Garda Budget increases by 3.5% / €60m
- 800 new Gardai recruited in 2019
- €29m for investment in Defence Forces announced

EXCISE & VAT

- 20 cigarettes increase by 50 cent
- All cigarettes sold < €11 will have the same excise as those above
- Electronic newspapers VAT reduction from 23% to 9%
- Printed newspapers VAT will stay at 9%

SOCIAL WELFARE

- All social welfare payments will increase by €5 from March 2019.
- Christmas bonus restored to 100%
- Home carer credit increase by €300 to €1,500

FAMILIES & CHILDREN

- A new paid parental leave scheme is to provide two extra weeks leave in first year
- Weekly qualified child allowance goes up by €2.20 for children under 12, €5.20 for those over 12
- Affordable childcare scheme base income threshold raised from €22,700 to €26,000
- Childcare funding up €90m

SMES & SELF EMPLOYED

- €950m to the Department of Business, Enterprise and Innovation, increase of 9%
- National Training Fund levy to go up by 0.1% in both 2019 and 2020
- Future growth loan scheme for SME, to be worth €300m
- KEEP scheme ceiling on value of share options increases up to 100% of salary
- 3 year limit increases to life time limit
- 3 year tax relief for certain start-up companies to be extended until the end of 2021

BREXIT

- €110m for Brexit measures across a number of departments, including customs
- €57m extra funding will go to the Department of Agriculture in 2019

CORPORATION TAX

- 12.5% corporation tax unchanged
- Growth this year mainly due to changes in international accounting standards
- One-off and is not included in 2019 projections

SOCIAL HOUSING

- €1.25 billion allocated to build 10,000 social homes in 2019.
- €121m for Housing Assistance Payment to support 16,760 tenants
- €60m extra in capital funding for new emergency accommodation
- €30m extra for homelessness services
- €89m for 6,000 affordable homes

FARMING & RURAL

- Introduction of the Beef Environmental Efficiency Pilot (BEEP) to further improve the carbon efficiency of beef production
- €103.5 million for improvements in grant and premium rates for planting forests

JUSTICE

- €60 million current expenditure to the broader Justice sector
- Widen the Magdalen scheme
- Provide additional asylum accommodation

INCOME TAX, RATE BANDS, PRSI & USC

- Single income lower tax band increases by €750 from €34,550 to €35,300
- 3rd USC band reduction from 4.75% to 4.5%
- Self employed tax credit rises from €1,150 to €1,350
- 2nd USC ceiling rises from €19,372 to €19,874

INFRASTRUCTURE

- €286m for investment in new transport infrastructure next year
- €40m extra for pavement repair and works on regional and local roads

TOURISM & HOSPITALITY

- 9.5% rate will be raised to 13.5% from January raising €466m
- €35m extra for more Targeted support for tourism sector

CLIMATE CHANGE

- VRT relief for hybrid vehicles until 2019
- 1% surcharge for diesel vehicles across all VRT bands.
- Ireland will no longer purchase diesel only busses after July of next year
- Ireland will join Paris agreement initiative on 'green budgeting'
- €164m investment in measures to achieve objectives
- Capital allowances scheme introduced for gas-propelled vehicles and refuelling equipment
- €70m for the Environment and Waste Management Programme
- No increase in the carbon tax applied to fossil fuels including diesel

ARTS & SPORTS

- €126m for sporting initiatives
- €41m for investment in clubs and facilities
- 9% Vat rate for sporting facilities to be retained

LANDLORDS

- Mortgage interest relief will rise to 100% from January 1st

INHERITANCE TAX

- Threshold for Group A category increases by €10,000 to €320,000

BETTING TAX

- Increases from 1% to 2%
- Commission to increase from 15% to 25%

GLOBAL AID

- Overseas aid set to increase by almost €110m

FILM RELIEF

- Extended by four years to December 2024
- A short-term tax incentive introduced for productions based in certain regions

RAINY DAY FUND

- €1.5 billion to increase the State's resilience to larger economic shocks
- Funded from the Ireland Strategic Investment Fund
- €500m added annually from the Exchequer beginning in 2019

DISRUPTIVE TECHNOLOGIES INNOVATION FUND

- €500m available for co-funded projects involving enterprise and research partners over the period to 2027

TAX CREDITS FOR YEAR 2019

| PERSONAL | 2019 | 2018 |
|-------------------------------|-------|-------|
| | € | € |
| Single | 1,650 | 1,650 |
| Married | 3,300 | 3,300 |
| Widowed Person | 2,190 | 2,190 |
| Single Child Carer | 1,650 | 1,650 |
| Home Carer Credit | 1,500 | 1,200 |
| Earned Income Credit | 1,350 | 1,150 |
| PAYE | 1,650 | 1,650 |
| WIDOWED PARENT BEREAVEMENT | 2019 | 2018 |
| In Year of Assessment | 3,600 | 3,600 |
| Incapacitated Child | 3,300 | 3,300 |
| Dependent Relative | 70 | 70 |
| BLIND PERSON | 2019 | 2018 |
| Single/Married | 1,650 | 1,650 |
| Both Blind | 3,300 | 3,300 |
| AGE CREDIT | 2019 | 2018 |
| Single/Widowed | 245 | 245 |
| Married | 490 | 490 |

INCOME TAX RATES 2019

| SINGLE PERSON | MARRIED PERSON |
|--------------------|--|
| 2019 | 2019 (two incomes) |
| 20% of 1st €35,300 | 20% of first €70,600* |
| 40% Balance | 40% balance <i>*Transferable between spouse up to a max of €44,300 for any one spouse</i> |
| Single Parents | (One Income) |
| 20% of 1st €39,300 | 20% of 1st €44,300 |
| 40% Balance | 40% Balance |

INCOME EXEMPTION LIMITS

| SINGLE/WIDOWED | 2019 | 2018 |
|------------------|--------|--------|
| | € | € |
| 65 years or over | 18,000 | 18,000 |
| MARRIED COUPLES | 2019 | 2018 |
| | € | € |
| 65 years or over | 36,000 | 36,000 |

UNIVERSAL SOCIAL CHARGE

| 2019 | EMPLOYEE & SELF-EMPLOYED | 2018 |
|--|--------------------------|--|
| 0% on total earnings <€13,000 per annum | | 0% on total earnings <€13,000 per annum |
| 0.5% on €0 to €12,012 per annum | | 0.5% on €0 to €12,012 per annum |
| 2% on €12,013 to €19,874 per annum | | 2% on €12,013 to €19,372 per annum |
| 4.5% on €19,373 to €70,044 | | 4.75% on €19,373 to €70,044 |
| 8% on €70,045 to €100,000 | | 8% on €70,045 to €100,000 |
| PAYE INCOME - 8% on excess over €100,000 | | PAYE INCOME 8% on excess over €100,000 |
| SELF EMPLOYED INCOME 11% on excess over €100,000 | | SELF EMPLOYED INCOME 11% on excess over €100,000 |

PRSI

| EMPLOYER | 2019 | 2018 |
|----------------------------|---------------------------------|---------------------------------|
| Contribution for Class A | | |
| PRSI | 10.05% | 10.05% |
| TRAINING LEVY | 0.90% | 0.80% |
| TOTAL FOR EMPLOYERS | 10.95% on all income | 10.85% on all income |

| EMPLOYEE | 2019 | 2018 |
|---|--------------------|--------------------|
| PRSI | *4% on all income | *4% on all income |
| SELF EMPLOYED/ DIRECTORS CONTRIBUTION | 2019 | 2018 |
| PRSI | **4% on all income | **4% on all income |

** Not applicable if earnings less than €18,300 p.a. (€352 p.w.)*
***4.00% subject to a minimum payment of €500*

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