



Personal Taxes

The Act contains few significant personal taxation measures that were not already flagged in Budget 2014.

- There is no change in the current rates of income tax or rate bands.
- Exemption from PRSI for employed contributors and occupational pensioners under State Pensionable age abolished wef 1/1/2014. PAYE taxpayers with insignificant amounts (generally <€3,174 other income) remain exempt.
- Reduced rate of Employers PRSI to revert to 8.5% from 4.25% wef 1.1.2014.
- There have been various amendments introduced in the Social Welfare and Pensions Act 2013.
- Interest relief for investing in partnerships is to be tapered off on existing loans from 2014. No interest relief will be available for loans taken out after 15 October 2013.
- The Act confirms that top slicing relief will no longer be available to anyone who receives an ex gratia payment after 1 January 2014.
- Budget 2014 announced exemption for the first two years from income tax for individuals starting new unincorporated businesses. The Act brings this new relief into legislation.
- A Single Person Child Carer Credit has been introduced, the One Parent Family Credit will be abolished wef 2014. The main difference is that credit will now only be available to the parent with whom the child spends the whole or greater part of the year of assessment.
- New limits for Tax Relief at source for Health Insurance have been introduced with effect from 16 October 2013.
- The Tax legislation is to be amended to confirm that Old Age Contributory Pension, Retirement pension and Old Age Non-Contributory Pension are chargeable to tax.
- Revenue must be notified if any element of third level fees in respect of which tax relief has been claimed are refunded.



- There have been a number of amendments to the pension rules including :-
 - Deemed amendment of rules to permit early access to 30% of fund in AVC arrangements
 - Tax relief extended to certain pension contributions made by public sector retirees under early retirement scheme
 - Reduction in SFT Threshold to €2m from €2.3m wef 1/1/2014
 - Amendment in valuation rules for valuing defined benefit pension arrangements for retirements post 1/1/2014
 - New pension levy of .15% for 2014 and 2015 which will bring the total pension levy for 2014 to .75% and .15% for 2015.
- A technical amendment to the R&D tax credit available to certain “key employees” aims to ensure that any clawback of excess relief is imposed on the company that incurred the R&D rather than the key employee.
- DIRT increases to 41% wef 1/1/2014.
- A Home renovation incentive is being introduced with effect from 25th October 2013. A tax credit equal to 13.5% of the qualifying expenditure can be claimed over two years. The minimum qualifying expenditure is €5,000 and maximum is €30,000.
- Temporary removal of the Employment and Investment Incentive (“EII”) from the high earners restriction for subscriptions to eligible shares between 16th October 2013 and 31st December 2013.
- Capital Gains Tax retirement relief extended to cover disposals to other persons where land was leased for the purposes of farming and each letting period is for a consecutive period of at least five years.
- From 1 January 2014 a €3 million consideration cap will apply for individuals aged 66 years and over for certain disposals to family members.



Business Taxes

- Changes to Irish tax residence rules will eliminate mismatches between Treaty partners that can allow a company to be “Stateless”. An Irish incorporated company be resident somewhere – otherwise tax residence reverts to Ireland.
- Amendments are being introduced in relation to double tax relief in respect of royalty or interest income.
- A tax deferral mechanism is being introduced in relation to the corporation tax exit charge where a company migrates Irish tax residence.
- Further to the changes in Finance Act 2013 to legislate for the UK FCE Bank case on loss relief, there is a further technical amendment to the definition of a 75% group for group relief purposes.
- The Finance Act modifies some aspects of the professional services withholding tax regime that applies to certain payments made by public bodies. It extends the application of PSWT to bodies controlled by more than one accountable person, for example to joint venture arrangements.
- There have been some minor tweaks to Research and Development tax credits.
- The Employment and Investment Incentive scheme will apply to share subscriptions from 15 October 2013 to 1 January 2017.

Indirect Taxes

- The 9% rate of VAT is now confirmed indefinitely.
- There will be a clawback of VAT where an input deduction was claimed in respect of an invoice but that invoice has remained unpaid for 6-8 months.
- The Cash receipts limit will be increased to €2m wef 1/5/2014.
- The flat rate addition will be 5% wef 1/1/2014.

Please do not hesitate to contact GKS by phone 01-2842544 or email info@gks.ie if you would like to discuss any of the above in greater detail.