Summary of

2016 Budget Measures

Policy Changes

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Taxation Measures for Introduction in 2016

Measure	Yield/Cost 2016	Yield/Cost Full Year
USC • Incomes of €13,000 or less are exempt. Otherwise, • €0 to €12,012 @ 1% • €12,013 to €18,668 @ 3% • €18,669 to €70,044 @ 5.5% • €70,045 to €100,000 @ 8% • PAYE income in excess of €100,000 @ 8% • Self-employed income in excess of €100,000 @ 11% • Medical card holders and individuals aged 70 years and over whose aggregate income does not exceed €60,000 will now pay a maximum rate of 3% USC.	-€561m	-€772m
Income Tax An increase in the Home Carer Tax Credit from €810 to €1,000, and increase in the home carer's income threshold from €5,080 to €7,200. Introduction of an Earned Income Credit of €550 to be available to taxpayers earning self-employed trading or professional income under Cases I, II and III of Schedule D and to business owner/managers who are ineligible for a PAYE credit on their salary income.	-€10m -€18m	-€14m -€61m
PRSI **Employee's PRSI** Introduction of a PRSI relief of a maximum of €12 per week. Relief commences at income of €352.01 per week, and tapers out at a rate of one-sixth of income in excess of this threshold. Relief fully tapers out as income reaches €424 per week. **Employer's PRSI** Increase from €356.01 to €376.01 in the weekly threshold at which liability to employer's PRSI increases from 8.5% to 10.75% on all earnings.	-€15m -€6m	-€17m -€7m

Excise Duties		
Tobacco Products Tax The excise duty on a packet of 20 cigarettes is being increased by 50 cents (including VAT) with a pro-rata increase on the other tobacco products, with effect from midnight on 13 October 2015.	€61.4m	€61.4m
Excise Duty Relief for Microbreweries The special relief reducing the standard rate of Alcohol Products Tax by 50% on beer produced in microbreweries will now be available upfront as well as through a rebate.	-	-
Motor Tax The rate of Motor Tax is being reduced for all vehicles above 4,000kgs, with a new annual rate of €500 for vehicle between 4,000kgs and 12,000kgs and €900 for vehicles over 12,000kgs.	-€43m	-€43m
Other Income Tax		
Employment and Investment Incentive The changes announced to the EII in Budget 2015 are being commenced and the scheme is being amended to include expansion works on existing nursing homes.	-	-€3m
Incentives for Certain Aviation Services Facilities The scheme of capital allowances for the construction of facilities used in the maintenance, repair, overhaul and dismantling of aircraft is being commenced.	-	-€0.3m
Home Renovation Incentive The HRI is being extended until 31 December 2016.	-	-€19m
Agri-Taxation General Stock Relief, Stock Relief for Young Trained Farmers, Stock Relief for Registered Farm Partnerships and the Stamp Duty Exemption for Young Trained Farmers are being extended until 31 December 2018.	-€10m	-€13m
Farm Succession A new farm succession transfer partnership model is being introduced, subject to EU State Aid approval.	-	-€10m
High Earners' Restriction Profits or gains from the occupation of woodlands are being removed from the high earners' restriction.	-	-€1m

Capital Acquisitions Tax The current Group A tax free threshold which applies primarily to gifts and inheritances from parents to their children is being increased by about one quarter from €225,000 to €280,000. This increase applies in respect of gifts or inheritances received on or after the 14th of October.	-€28m	-€33m
Capital Gains Tax **CGT Entrepreneur Relief** A revised Capital Gains Tax relief for entrepreneurs is being introduced from 1 January 2016 which will apply a reduced capital gains tax rate of 20% to the disposal in whole or in part of a business up to an overall limit of €1 million in chargeable gains.	-€25m	-€27m
CORPORATION TAX **Knowledge Development Box** This measure will provide a 6.25% rate of corporation tax to apply to the profits arising to certain patents and copyrighted software which are the result of qualifying R&D carried out in Ireland. Full details of this measure will be contained in the Finance Bill. **3 Year Relief for Start-up Companies** This measure provides relief from corporation tax on trading income (and certain capital gains) of new start-up companies in the first 3 years of trading. This relief is being extended for new start-ups commencing to trade over the next 3 years. **Film Relief** The cap on eligible expenditure under the relief is being increased to €70 million, subject to EU State Aid approval.	-€31m -€2m -	-€50m -€6m -€10m

Stamp Duty **Stamp Duty on combined debit / ATM cards** • Abolish the current €2.50/€5 per annum charge on ATM cards and combined (ATM & debit) cards from 1st January 2016 • Introduce a new 12c ATM withdrawal fee from 1st January 2016, which would be capped at €2.50/€5 per annum per card	-	-
Miscellaneous Taxes **Marine Taxation Measures**	-	€15m
Compliance measures The office of the Revenue Commissioners have received new funding for increased audit and investigation activities, which will lead to improved compliance. This is supplemented by a new debt analysis tool, which will reduce tax arrears.	€75m	€75m