



Budget 2016



13 October 2015

Budget 2016 - a summary

Today, the Minister for Finance, Michael Noonan delivered the Budget for 2016 to the Dáil.

On the Government's fifth and final budget before the general election, Mr Noonan said that every measure would be aimed at growing the economy and creating jobs.

We welcome confirmation of the ending of the Pensions Levy and the increase in the Group A Threshold for Capital Acquisition Tax from €225,000 to €280,000.

Unfortunately the Minister did not make any changes to DIRT and Exit Taxes on Life Assurance Policies and Investment Funds. Furthermore the 1% Insurance Levy remains unaltered.

Pensions - changes

The main announcement for Pensions related to the Pensions Levy, as follows:

Pensions Levy

The Pensions Levy of 0.6% p.a. was introduced in 2011 for 4 years to fund the Jobs Initiative. Last year the Minister confirmed that the additional levy of 0.15% p.a (for 2014 and 2015) would expire at the end of 2015.

This year, we welcome confirmation from the Minister that the Pensions Levy for 2016 and thereafter is now Zero.

Social Welfare Pensions

The Minister for Public Expenditure and Reform, Brendan Howlin, announced a €3 per week increase in all pension payments.

This means that the weekly rate of State Pension (Contributory) – Personal Rate will increase from €230.30 per week to €233.30 per week from 1 January 2016.

Pensions - no changes

In summary, there were **no changes** to the following:

Tax Relief - Employer Pension Contributions - Corporation Tax relief will continue to be available on employer pension contributions - subject to the overall maximum pension limit.

Tax Relief - Employee Pension Contributions - This will continue at the marginal rate of tax but subject to:

- Age Related Contribution Limits and Earnings Cap, if applicable
- Overall maximum pension limit

Employer Corporation Tax - rate to remain at 12.5%.

Earnings Cap - amount to remain at €115,000.

Retirement Lump Sum - up to €200,000 remains tax-free and amounts from €200,000 to €500,000 will be taxed at 20%.

AMRF Specified Income & AMRF Specified Amount

These amounts are due to increase automatically to their previous levels (of €119,800 and €18,000p.a. respectively) in March 2016 unless there is further legislation to keep the limits at the lower levels.

We await further details in the Finance Bill as to whether these will be kept at their current levels (€12,700 p.a. and €63,500 respectively) or indeed whether there are any further changes to the AMRF requirements (or whether the AMRF is to be abolished altogether).

[Read more »](#)

Life & Taxation - Changes

The following changes to Life Products & Taxation were announced:

Income Tax Rate

No increase in the standard rate bands or change to the income tax rates.

Tax credit for the Self-employed

A €550 per year tax credit has been introduced for the self-employed. This is to be increased in 2017 and 2018 if the government is returned to power.

[Read more »](#)

Taxation Annex

Please [click here](#) to view the Taxation Annex to the Summary of 2016 Budget Measures.

Need Further Information?

If you have a query on any of the above points, please feel free to contact our **Technical Services Team** on **01 209 2020** or **techsupport@zurich.com** or your Zurich Life Broker Consultant.

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