

BUDGET 2017

What you need to know



11 October 2016

Budget 2017 - A Summary

Today, the Minister for Finance, Michael Noonan delivered the Budget for 2017 to the Dáil.

We welcome confirmation of the increase in the Group A Threshold for Capital Acquisition Tax from €280,000 to €310,000 and that the Groups B & C have also been raised to €32,500 and €16,250 respectively.

We note there was a reduction in DIRT of 2% for 2017 which is to be an ongoing reduction until 2020. There was no specific mention to Exit Tax, so we need to wait for the Finance Bill to see if the DIRT reduction is to be applied equally to Exit Tax on Life Assurance Policies and Investment Funds.

Unfortunately the Minister did not remove the 1% Insurance Levy.

Pensions - Changes

There were no significant changes in relation to pensions in Budget 2017. This was no surprise. Any structural changes are likely to be phased in over the next couple of years as the Pensions Authority starts to implement some of the pension changes agreed following their consultation process, and as Ireland begins to transpose the requirements of the EU IORPS 2 directive into Irish law.

The main announcement for Pensions related to increase to the Social Welfare Pensions, as follows:

Social Welfare Pensions

The Minister for Public Expenditure and Reform, Paschal Donohoe, announced a €5 per week increase in all social welfare pension payments.

This means that the weekly rate of State Pension (Contributory) – Personal Rate will increase from €233.30 per week to €238.30 per week from March 2017.

Other Pension Changes

We wait for the Finance Bill 2016 to see if there will be a "fine-tuning" of any monetary amounts/limits, rather than any wholesale changes to the structure and benefit options.

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 the Age Related Contribution Limits and Earnings Cap, if applicable (and overall Revenue Maximum Approvable Benefit limits).

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%.

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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.

Earned Income Tax Credit

A €550 per year tax credit was introduced in 2016 for the self employed and Proprietary Directors (where applicable). This has been increased to €950 for 2017.

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Taxation Annex

Please [click here](#) to view the Taxation Annex to the Summary of 2017 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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