

# Finance Bill 2014

Marie Bradley



# USC

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- “ Exemption for incomes up to ” 12,012
- “ Reduced to 1.5% (from 2%) - ” 0 to ” 12,012
- “ Reduced to 3.5% (from 4%) - ” 12,012 to ” 17,576
- “ Rate of 7% on aggregate income up to ” 70,044
- “ Increased to 8% on aggregate income > ” 70,044 **but**
- “ Increased to 11% on self employed > ” 100K
- “ ***(higher rate was due to expire 31/12/14 but now no end date)***

# Income Tax Rates

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## Standard rate bands increased

	Tax Year 2014	Tax Year 2015 And Subsequent Years
<b>Single person</b>	” 32,800	” 33,800
<b>Single person child carer credit</b>	36,800	37,800
<b>Married couple</b>		
One earner	41,800	42,800
Two earners (where second spouse has income of ” 23,800 (2015 - ” 24,800)	65,600	67,600

# Income Tax Rates

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- “ Income tax rate reduced from 41% to 40%
- “ Reduction in rate to 40% for tax on chargeable excess

w.e.f. 1 January 2015

# USC/Income Tax Rates Overview

Finance Bill 2014

USC rates for 2015	Individual A (self-employed)	Individual B (proprietary director) – salary only	Individual C – ≥ 70 (proprietary director) – mixed income	Individual D (employee)	Individual E – Seasonal worker (< 70 and no medical card)
Income (assumed no disregarded income for USC)	150,000	300,000	60,000	70,000	12,000
USC (top rate)	11%*	8%	3.5%	7%	0%
PRSI/ IT (top)	44%	44%	40%	44%	0%
Marginal rate	55%*	52%	<b>43.5%</b>	<b>51%</b>	<b>0%</b>

\* Marginal rate reached at €100K level of 'Relevant Income'

# LPT/Water Charges

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- “ Oireachtas members of constituencies outside Dublin can claim expenses for cost of maintaining a second residenceq
- “ Amendment excludes ability to claim expense for LPT/ water charges

w.e.f. 1 January 2015

## Domicile Levy

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- “ Power to Revenue to issue notices requesting returns within 30 days
- “ Tax geared penalty provisions of 1077E expanded to include domicile levy
- “ Applies from date of passing of FA 2014

# Exemption for Certain Benefits

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- “ S82 CATCA exempted certain benefits for support, education and maintenance (that were part of the normal expenditure of a parent and reasonable having regard to his or her means) where taken:
  - “ By a child/spouse or civil partner during his or her lifetime while the parent or other person in loco parentis was alive;
  - “ By a minor child where the parent was deceased

# Exemption for Certain Benefits

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Exemption will now only apply where:

- “ Taken by a minor child or child aged not more than 25 (where in receipt of full-time education) or a person in relation to whom the disponent stands in loco parentis when the parent or other person is alive or is dead;
- “ Impact is that an age limit has been placed on benefits taken by children while the disponent is alive . **practical issues?**
- “ **CS amendment – permanently incapacitated children**
- “ w.e.f. date of passing of the FA 2014

# Mortgage Interest Relief

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Relief extended to include qualifying residences in EEA (previously extended to State, NI and GB)

w.e.f. from 1 January 2015?

## Rent a Room Relief

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- “ Relief permitted up to ” 10K pa to be taken tax free for the letting of room(s) in sole or main residence in State
- “ No impact on PPR/MIR claims
- “ Relief increased to ” 12K pa

w.e.f. from 1 January 2015

# HRI Scheme

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- “ HRI introduced in F(No.2)A 2013 - applied only to PPRs
- “ Rental Sector Study - focus on standards of accommodation
- “ HRI scheme now extended to premises in State let to, or to be refurbished and then let to, tenants under leases registered with PRTB
- “ Special provision for conversion of one premises into two rental units - increases level of potential relief

# HRI Scheme

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- “ Qualifying period for work on rental premises . 15/10/14 to 31/12/15 . work in 2014 deemed to be done in 2015
- “ Increased information requirements introduced to address rental premises
- “ Issues:
  - “ Capital allowances/ rental deduction . real benefit?
  - “ Difficulty in claiming relief . take-up?  
w.e.f. for work from 15/10/2014

## DIRT Refund for First-time Purchasers

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- “ Budget 2015 announcement
- “ New s266A TCA97
- “ DIRT refund for ~~£~~relevant savings interest
- “ DIRT deducted in 48 months prior to relevant purchase - timing?
- “ First time purchasers only (CS amendments for self-builds)

# DIRT Refund for First-time Purchasers

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- “ Example: Mr and Mrs Thrifty - ” 50,000 savings
- “ Date of conveyance?

Date of payment	Gross interest received	DIRT deducted
30 November 2010	200	50
30 November 2011	400	108
30 November 2012	600	180
30 November 2013	800	264
30 November 2014	1000	410

# Farm Taxation

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- “ Agri-Taxation Review - October 2014
- “ Changes to income averaging rules
- “ Improvements to exempt income from leased farm land regime - s664 TCA97
- “ Stock relief for registered farm partnerships increased
- “ New approved course for 100% stock relief for young trained farmers

# Windfall Tax on Land Rezoning

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- “ S644AB and S649B TCA97: 80% rate of tax on windfall gains
- “ Abolished for disposals made after 2014 year of assessment or accounting periods beginning after 31 December 2014

# Living City Initiative

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## Introduction

- “ Initiative introduced in FA 2013
- “ Conversion or refurbishment of dilapidated houses in city centre locations
- “ Applies to houses originally constructed prior to 1915 . previous application to Georgian houses only is relaxed
- “ Areas of Cork, Galway, Kilkenny, Dublin, Limerick and Waterford only
- “ Subject to EU approval

# Living City Initiative

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## Residential property:

- “ Relevant house now a building constructed before 1915 and used as a dwelling (single storey now qualifies)
- “ Reporting requirements introduced and information to be filed electronically on Revenue platform yet to be developed.

# Living City Initiative

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## **Commercial property:**

- “ Expenditure limit of ” 400,000 for individuals and ” 1.6m for companies
- “ Max aggregate relief is ” 200,000 for individuals and companies  
(” 400,000 @ 50% and ” 1.6m @ 12.5%)
- “ Qualifying premises: In use by owner occupier or let on bona fide terms for rental of goods or provision of services within Ireland (excluding part used as dwelling)
- “ No requirement for rest of house to be used as a dwelling
- “ Reporting requirements to Revenue introduced in FB
- “ Effective date: By order of the Minister for Finance

# Relief for Farm Restructuring

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- “ S604B TCA97: Relief from CGT for farm restructuring
- “ Period extended to 31 December 2016
- “ New definition of agricultural land ie land used for the purposes of farming but does not include buildings on the land.

# Retirement Relief

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- “ Extension of retirement relief to disposals of leased farmland (prior to lease, was used for the purposes of farming for more than 10 years) where land is leased in the period of 25 years ending with the disposal.
- “ Disposals to person other than child: additional requirement that each lease is for minimum period of 5 years.
- “ Land let under conacre arrangements - retirement relief available in certain circumstances.

# Retirement Relief

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- “ Farmer ceases farming on a full time basis and enters into a lease arrangement and subsequently disposes of land to a third party . Retirement relief only available if land sold on/before 31.12.2016
- “ Farmer ceases farming on a full time basis and enters into a lease arrangement and thereafter leases land on a longer term basis before finally selling land to a third party. Lease must be entered into on/before 31/12/2016 for min 5 years for retirement relief to be available

# Capital Gains Tax

## Exemption on Disposal of Entitlements

- “ Disposals by farmers of payment entitlements in period 16/05/2013 - 15/05/2014 exempt from CGT where entitlements were fully leased and transferred to an active farmer

# Agricultural Relief

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- “ Amendment of the meaning of farmer
- “ From 1 January 2015 agricultural relief only available for agricultural property gifted/inherited by a person who meets the criteria set out in one of three tests
- “ 80% asset test still applies

# Agricultural Relief

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## Test 1:

- “ Individual is the holder of any of the qualifications required to be a young trained farmer for Stamp Duty purposes, or who achieves such a qualification within a period of 4 years commencing on the date of the gift or inheritance, and
- “ who for a period of not less than 6 years commencing on the valuation date of the gift or inheritance farms agricultural property (including the agricultural property comprised in the gift or inheritance) **on a commercial basis and with a view to the realisation of profits** from that agricultural property,

# Agricultural Relief

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Test 2:

Individual who for a period of not less than 6 years commencing on the valuation date of the gift or inheritance spends **not less than 50 per cent of that individual's normal working time** farming agricultural property (including the agricultural property comprised in the gift or inheritance) on a **commercial basis and with a view to the realisation of profits** from that agricultural property, or

# Agricultural Relief

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## Test 3

- “ Individual who leases the whole or substantially the whole of the agricultural property, comprised in the gift or inheritance for a period of not less than 6 years commencing on the valuation date of the gift or inheritance, to an individual who satisfies the conditions in Test 1 and 2

# Agricultural Relief

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- “ Clawback of agricultural relief if within 6 years of the date of the gift/inheritance definition of a farmer set out in test 1 to 3 are breached
- “ No clawback if this test is not met by reason of death of farmer

# Business Relief

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- “ Land, buildings, plant or machinery owned by individual and used by a company that individual controls
- “ Meaning of control amended so that shareholding interests of spouses/civil partners added together for purposes of this test
- “ w.e.f. 23 October 2014

# Tax Clearance Certificates

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- “ Introduction of electronic tax clearance system
- “ Applications to be made online
- “ Review tax compliance status of applicants on a continuing basis and certificates may be issued, refused or rescinded depending on compliance status of applicants
- “ Verify tax clearance certificate by providing tax reference number and tax clearance access number
- “ Effective date: By order of the Minister for Finance)

# Consanguinity Relief

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- “ Consanguinity relief gone from 31 December 2014
- “ New consanguinity relief for transfers of farm land only . conditions?
  - “ Must be farm land farmed on a commercial basis
  - “ Transfer executed between 1/1/2015 and 31/12/2015 . no age requirement for transferor
  - “ Transfer executed between 1/1/2016 and 31/12/2017 . Transferor must be aged less than 67
  - “ Transferee must for a min of 6 years farm land or lease it for a min period of 6 years to person who farms land
  - “ Transferee/lessee must hold or within a period of 4 years hold green cert or spend 50% normal working time farming
  - “ Clawback of relief

# Young Trained Farmer Relief

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- “ Continues to apply to end 2015 . no extension in FB 2014
- “ New qualification added . BSc (Hons) in Sustainable Agriculture

# VAT

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## “ Exemption

- “ Defined contribution pension schemes w.e.f. 1 March 2015

## Betting shop opening hours

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- “ S21 Betting Act 1931 amended so that registered premises shall not be opened on
  - “ Christmas Day,
  - “ Good Friday or
  - “ before 7am and after 10pm on any other day
- “ Guilty of an offence and liable to a fine or imprisonment on summary conviction

