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MINI
BUDGET 2009

PERSONAL TAX

PERSONAL TAX CREDIT

- The exemption limits, tax credits and standard rate bands applicable for the tax year 2009 are set out in detail on the back page. There were no changes to these announced in the Mini Budget on 7 April 2009.

MORTGAGE INTEREST RELIEF

- Mortgage interest relief will only be available now for the first 7 tax years from the date on which a mortgage is taken out. This means that any taxpayer who has received mortgage interest relief for more than 7 tax periods will no longer be eligible for such relief from 1 May 2009. Interest relief will be allowed on a pro-rata basis for the first 4 months of 2009.

INTEREST ON RENTED RESIDENTIAL PROPERTY

- A restriction in interest relief on rented residential property has been introduced whereby the interest allowable has been reduced from the existing 100% to 75%. This measure will apply to both new and existing mortgages.

INCOME LEVY

- Further changes have been announced to the new Income Levy which was originally introduced in the October Budget. The rates will now be 2%, 4% and 6%. The new entry points will be €15,028, €75,036 and €174,980 per annum respectively. The above changes take effect from 1 May 2009.

HEALTH LEVY

- The Health Levy rates have doubled to 4% and 5% with the entry point to the higher rate at €75,036.

DEPOSIT INTEREST RETENTION TAX (DIRT)

- The rate of retention tax that applies to deposit interest is being increased from 23% to 25%. The increased rate will apply to payments made on or after 7 April 2009.
- The rate of tax that applies to life assurance policies and investment funds is also being increased by 2% from 26% to 28%.

CAPITAL TAXES

CAPITAL ACQUISITIONS TAX

- The capital acquisitions tax rate is being increased from 22% to 25% in respect of gifts or inheritances made from midnight on 7 April 2009.
- The new CAT class thresholds are set out hereunder:

GROUP	UP TO 7 APRIL 2009	POST 7 APRIL 2009
A - Parents to child	€542,544	€434,000
B - Between related persons	€54,254	€43,400
C - Between non related persons	€27,127	€21,700

CAPITAL GAINS TAX

- The rate of capital gains tax is being increased to 25% from 22% in respect of disposals made on or after midnight on 7 April 2009.

STAMP DUTY

PROPERTY TRADE-IN SCHEME

- A new stamp duty trade-in scheme is to be established under which no stamp duty is payable by persons who accept traded-in property in exchange or part exchange for a new house/apartment.

Stamp duty will apply when the person subsequently sells on the swapped/traded-in house. Further details are to be announced in the Finance Bill.

LIFE ASSURANCE POLICY

- A new levy is being introduced at a rate of 1% on premiums. This new levy will apply to premiums received by an insurer on or after 1 June 2009.

NON LIFE INSURANCE POLICY

- The current non life insurance levy of 2% is being increased by 1%. The new rate of 3% will apply to renewals and offers of insurance issued from midnight on 7 April 2009 where premiums are received on or after 1 June 2009.

BUSINESS TAX**RESIDENTIAL DEVELOPMENT LAND**

- The special 20% rate which applied to trading profits from dealing in or developing residential development land is being abolished.

The income will now be charged at the person's relevant marginal rate of Income Tax. The 25% rate of Corporation Tax will be applicable.

For Income Tax this change will apply as regards the year of assessment 2009 and subsequent years. For Corporation Tax it will apply to accounting periods ending on or after 1 January 2009.

Accounting periods that straddle the date will be regarded as separate accounting periods for this purpose.

Any losses incurred up to 7 April 2009 arising from dealing in or developing residential development land will be relieved at the 20% rate on a value basis only.

Where any such loss is a terminal loss, the restriction will be implemented by ring-fencing the loss.

CAPITAL ALLOWANCES

- There will be a new tax relief on capital expenditure incurred in the acquisition of intellectual property. Further details are to be announced in the Finance Bill.
- The Minister announced the termination of capital allowance schemes for private hospitals and nursing homes. Transitional arrangements will be put in place for projects that are at an advanced stage of development.

Schemes for palliative care units and child care facilities will remain in place.

VAT CHANGE FOR THE MOTOR TRADE

- A new VAT margin scheme for second-hand cars is being introduced with effect from 1 July 2009. Car dealers will be taxed on their margin in regard to second-hand cars acquired and resold after that date.
- Second-hand cars acquired before 1 July 2009 and resold after that date will be taxed at their resale price.

This liability can be spread over 3 VAT periods if resold prior to 31 December 2009.

MISCELLANEOUS**EXCISE DUTIES**

- With effect from midnight on 7 April 2009, the following excise duties will be increased:
 - Auto diesel will be increased by 5c per litre.
 - Excise duty on a packet of 20 cigarettes is being increased by 25c with a pro-rata increase on other tobacco products.
 - There has been no increase on petrol or alcohol products.

BANKING

- In order to restore confidence in the banking system a new National Asset Management Agency is to be established. This new agency will be established on a statutory basis under the aegis of the National Treasury Management Agency. Assets will be transferred from the banks to the new agency for the purpose of ensuring the banks have a clean bill of health.

SOCIAL WELFARE CHANGES

- The Early Child Care Supplement monthly payment is to be halved to €41.50 per child with effect from 1 May 2009 and abolished at the end of 2009.
- Changes to the Rent Supplement Scheme are to be introduced.
- The personal rate of job seekers' allowance and basic supplementary allowance will be reduced for new claimants under 20 years of age to €100 per week from 1 May 2009. This rate also applies to a qualified adult rate for individuals aged under 20 years but will not apply where a claimant is entitled to an increase for a qualified child.

PERSONAL TAX FACTS

TAX CREDITS FOR TAX YEAR 2009 (No changes in Mini Budget 2009)

	2009 €	2008 €		2009 €	2008 €
PERSONAL			INCAPACITATED CHILD	3,660	3,660
Single	1,830	1,830			
Married	3,660	3,660	DEPENDANT RELATIVE	80	80
Widowed Person	2,430	2,430			
Lone Parent	3,660	3,660	BLIND PERSON		
PAYE	1,830	1,830	Single / Married	1,830	1,830
			Married (both blind)	3,660	3,660
WIDOWED PARENT BEREAVEMENT			RENT RELIEF (up to max)		
Tax Credit year 1	4,000	4,000	Under 55 (Single)	400	400
- Tapering to year 5	2,000	2,000	(Married)	800	800
AGE CREDIT			Over 55 (Single)	800	800
Single / Widowed	325	325	(Married)	1,600	1,600
Married	650	650			

INCOME TAX RATES

INCOME EXEMPTION LIMITS

(No changes in Mini Budget 2009)

SINGLE PERSONS 2009	MARRIED PERSONS 2009 (Two Incomes)		2009 €	2008 €
20% First €36,400	20% First €72,800*	Single or Widowed		
41% Balance	41% Balance	65 years or over	20,000	20,000
LONE PARENT	(One Income)	Married Couples		
20% First €40,400	20% First €45,400	65 years or over	40,000	40,000
41% Balance	41% Balance			

*Transferable between spouses up to a maximum of €45,400 for any one spouse

INCOME LEVY (Changes take effect from 1st May 2009)

EMPLOYEES & SELF EMPLOYED	From 01/05/2009	Pre 01/05/2009
Income Levy	2.00% on first €75,036	1.00% on first €100,100
	4.00% on €75,036 to €174,980	2.00% on balance
	6.00% on excess over €174,980	

The exemption threshold for the income levy has been decreased from €18,304 p.a. (€352 p.w.) to €15,028 p.a. (€289 p.w.)

PRSI (Changes take effect from 1st May 2009)

EMPLOYER	From 01/05/2009	Pre 01/05/2009
Contribution for Class A		
PRSI	10.05%	10.05%
Training Levy	0.70%	0.70%
TOTAL FOR EMPLOYER	10.75% no limit 8.5% on earnings less than €357 p.w.	10.75% no limit 8.5% on earnings less than €357 p.w.
EMPLOYEE		
PRSI	*/** 4.00% on first €75,036	*/** 4.00% on first €52,000
Health	*** 4.00% on first €75,036 5.00% on balance	*** 2.00% on first €100,100 2.50% on balance
SELF-EMPLOYED / DIRECTORS CONTRIBUTIONS		
PRSI	**** 3.00% no limit	**** 3.00% no limit
Health	*** 4.00% on first €75,036 5.00% on balance	*** 2.00% on first €100,100 2.50% on balance

*First €127 p.w. exempt from PRSI

** Not applicable if earnings less than €18,300 p.a. (€352 p.w.)

*** Health Levy threshold remains at €26,000 p.a. (€500 p.w.)

**** 3% subject to minimum payment of €254