



FDC
TAX DEPARTMENT
LIMITED

FDC TAX DEPARTMENT GUIDE

Budget 2021

SUMMARY



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Income Tax

- No changes to tax bands or tax rates
- Increase in Earned Income Credit of €150.
Rise from €1,500 to €1,650
- Dependent relative credit increase by €175.
Rise from €70 to €245
- Higher rate of Employer PRSI charged on weekly income of €398 or more
- Second USC band increased from €20,484 to €20,687
- Employees working from home can claim for utility expenses including broadband at a rate of €3.20 per day.

Corporation Tax

- Film relief extended to 31 December 2023
- Intellectual Property (intangible assets) acquired from 14 October 2020, a balancing charge may arise on subsequent disposals under Capital Allowances rules
- Knowledge Development Box is extended by 2 years to 2022
- A tax credit is due to be introduced from January 2022 for the digital gaming sector. Details will be announced in due course.
- Date of implementation of new interest limitation rules, as required by the EU Anti-Tax Avoidance Directive, has been deferred until Finance Bill 2021, along with anti-reverse-hybrid rules.

Housing

- Temporary enhancements to the Help to Buy incentives provided for in the July Stimulus have been extended to December 2021. These enhancements increase relief from 5% of the property value with a maximum cap of €20,000 to 10% with a cap of €30,000.

Stamp Duty

- Consanguinity relief which provides a reduced 1% stamp duty rate on transfers of agricultural land between relatives is to be extended to December 2023.
- Farm consolidation relief extended to December 2022.
- Stamp duty refund scheme on land purchases has extended the commencement date to 31 December 2022 and extends the period of housing to be completed from 24 to 30 months.

Capital Gains Tax

- No change to Capital Gains Tax rate.
- Entrepreneur Relief – no substantial changes. To qualify for relief the shareholder must hold 5% of the ordinary share capital of a qualifying company for a continuous period of any 3 years.

Environmental Issues

- Carbon tax increase. Petrol and diesel increase from midnight 13 October 2020. Increase for household fuels delayed to 1 May 2021.
- New VRT and motor tax rates from 1 January 2021 to align with international standards.
- Lower VRT rates applying to lower emission vehicles and the existing reliefs for hybrids and plug in hybrids will expire.
- €5,000 relief for battery electric vehicles is tapered where the OMSP exceeds €40,000, with no relief where the value is over €50,000
- Accelerated capital allowances (100% claim in year 1) for SEAI approved energy efficient equipment is extended for 3 years to 31 December 2023.

VAT

- Reduced VAT rate for hospitality and accommodation sector of 9% from 1 November 2020 to 31 December 2021.
- Flat rate farmer increase from 5.4% to 5.6%

Miscellaneous

- Debt Warehousing Scheme is extended to include income tax liabilities. Payment of income tax can be deferred for 1 year without interest and 3% interest after that time.
- The debt warehousing scheme will also be expanded to include taxpayers who self-assess for IT. The scheme is available if, because of the impact of Covid-19, they are unable to pay their IT liabilities 2019 and Preliminary Tax 2020. If filing through ROS, the normal due dates that would apply to these taxes are 31 October 2020 or by 10 December 2020, respectively. If income for 2021 is also at least 25% lower than income for 2019, the balance of 2020 IT and Preliminary Tax for 2021 can also be warehoused.
- Employee Wage Subsidy Scheme will not end on 31 March 2021. A similar scheme may be required until the end of 2021. Decisions will be made at a later date.
- No change to COVID-PUP rates.
- Self employed person on Covid-PUP can earn up to €480 per month without losing the payment.
- 100% “Christmas Bonus” for people on Covid-PUP or Jobseeker’s Payment if they have been on the payments for 4 months or more.
- Covid Restriction Support Scheme (CRSS) is for business which have either been prohibited from trading or are only able to trade at a significantly reduced level as a result of Government restrictions. The scheme will generally operate when Level 3 restrictions or higher are in place and cease when restrictions are lifted. The support will take the form of a cash rebate to businesses based on their average VAT exclusive turnover for 2019 and will represent an Advance Credit for Trading Expenses that are deductible for Income Tax or Corporation Tax for the period of the restrictions in activity from 13 October 2020.
- Assessment of EII scheme to review if it can be enhanced in light of the impact of the current crisis, with a focus on improved support for start ups, the potential to attract capital from a broader range of investors and potential to include energy efficient products within the remit of the scheme.