BUDGET SUMMARY 2013

INCOME TAX

The following are details of the Budget Statement of 5 December 2012, as made by the Minister for Finance.

Tax Credits

There are no changes to tax credits.

Tax Credit	2012 €	2013 €
Single Person	1,650	1,650
Married or in a Civil Partnership	3,300	3,300
PAYE Credit	1,650	1,650
Widowed Person or Surviving Civil Partner (without dependant children)	2,190	2,190
One Parent Family Credit	1,650	1,650
Incapacitated Child Credit Max	3,300	3,300
Blind Tax Credit:		
Single Person	1,650	1,650
Married or in a Civil Partnership - One Spouse or Civil Partner Blind	1,650	1,650
Married or in a Civil Partnership - Both Spouses or Civil Partners Blind	3,300	3,300
Widowed Parent		
Bereaved in 2012	-	3,600
2011	3,600	3,150
2010	3,150	2,700
2009	2,700	2,250
2008	2,250	1,800
2007	1,800	-
Age Tax Credit:		
Single or Widowed or Surviving Civil Partner	245	245
Married or in a Civil Partnership	490	490
Dependent Relative	70	70
Home Carer	810	810

Marginal Rate Reliefs

Relief (Allowed at the taxpayer's top rate of tax)	2012 € Max	2013 € Max
Employing a Carer	50,000	50,000

Standard Rated Reliefs

(Allowed at 20% rate band)

Rent Tax Relief

The measures announced in Budget 2011 are unchanged: Relief for rent credit will be withdrawn on a phased basis over 7 years by reducing the amount of rent that can be relieved at the standard rate of income tax as indicated in the following table.

Tax Year	Single Under 55	Single Over 55	Widowed or a Surviving Civil Partner / Married or in a Civil Partnership, under 55	Widowed or a Surviving Civil Partner / Married or in a Civil Partnership, over 55
2010	2,000	4,000	4,000	8,000
2011	1,600	3,200	3,200	6,400
2012	1,200	2,400	2,400	4,800
2013	1,000	2,000	2,000	4,000
2014	800	1,600	1,600	3,200
2015	600	1,200	1,200	2,400
2016	400	800	800	1,600
2017	200	400	400	800
2018	0	0	0	0

Claimants who were not renting at 7 December 2010 and who subsequently enter into a rental agreement will not be able to claim relief.

Tax Rates and Tax Bands.

The tax rates and bands remain unchanged at 20% (standard rate) and 41% (higher rate).

The table below sets out the tax rates and bands.

Personal Circumstances	2012 €	2013 €
Single or Widowed or Surviving Civil Partner, without dependant children	32,800 @ 20% Balance @ 41%	32,800 @ 20% Balance @ 41%
Single or Widowed or Surviving Civil Partner, qualifying for One Parent Family Tax Credit	36,800 @ 20% Balance @ 41%	36,800 @ 20% Balance @ 41%
Married or in a Civil Partnership, one Spouse or Civil Partner with Income	41,800 @ 20% Balance @ 41%	41,800 @ 20% Balance @ 41%
Married or in a Civil Partnership, both Spouses or Civil Partners with Income	41,800 @ 20% with increase of 23,800 max. Balance @ 41%	41,800 @ 20% with increase of 23,800 max. Balance @ 41%

Exemption Limits

The exemption limits for persons aged 65 years and over remain unchanged:

Personal Circumstances	2012 €	2013 €
Single or Widowed or a Surviving Civil Partner, 65 years of age & over	18,000	18,000
Married or in a Civil Partnership, 65 years of age & over	36,000	36,000

Marginal Relief may apply, subject to an income limit of twice the relevant exemption limit.

The above exemption limits are increased by €575 for each of the first two dependent children and by €830 for the third and subsequent children.

Tax Relief at Source – Mortgage Interest Relief

The measures announced in Budget 2012 are unchanged:

Interest paid on qualifying home loans taken out on or after 1 January 2004 and on or before 31 December 2012 will (subject to the exception below) qualify for tax relief up to the end of 2017 at the following general rates and thresholds -

First time buyers - The tax relief on interest paid on qualifying home loans is 25% for years 1 and 2; 22.5% for years 3,4 & 5 and 20% for years 6 and 7. The upper thresholds in respect of the amount of interest paid qualifying for tax relief are €20,000 for individuals who are married, in a civil partnership or widowed and €10,000 for individuals who are unmarried and not in a civil partnership. After years 7, the rates and thresholds for relief are as for non-first time buyers.

Non-first time buyers - The tax relief on interest paid on qualifying home loans is 15%. The upper thresholds in respect of the amount of interest paid qualifying for tax relief are €6,000 for individuals who are married, in a civil partnership or widowed and €3,000 for individuals who are unmarried and not in a civil partnership.

Exception
However, notwithstanding the rates of tax relief mentioned above, for individuals who purchased their first principal private residence on or after 1 January 2004 and on or before 31 December 2008, the rate of tax relief on the interest paid on the loan to purchase that property will, for the tax years 2012 to 2017, be 30%.

Taxation of Maternity Benefit
With effect from 1 July 2013, Maternity Benefit will be taxed in full. In line with all Dept of Social Protection (DSP) payments, USC will not apply.

Preferential loan rates
The specified rate in respect of home loans provided by an employer is being reduced from 5% to 4% with effect from 1 January 2013.

The specified rate in respect of non-home loans provided by an employer is being increased from 12.5% to 13.5% with effect from 1 January 2013.

Top Slicing Relief
Top Slicing Relief will no longer be available for persons who receive an ex-gratia payment, excluding statutory redundancy, where the amount is €200,000 or more. This provision has effect for payments made on or after 1 January 2013.

Revenue Job Assist and Employer Job (PRSI) Incentive Scheme
A scheme called the 'Plus One Initiative' will replace both the Revenue Job Assist and Employer Job (PRSI) Incentive Scheme. Full details of this change will be announced at a later date.

DIRT

Deposit Interest Retention Tax and Exit Taxes on Life Assurance Policies and Investment Funds
The rate of retention tax that applies to deposit interest, together with the rates of exit tax that apply to life assurance policies and investment funds, are being increased by 3 percentage points in each case and will now be 33% for payments made annually or more frequently and 36% for payments made less frequently than annually. The increased rates will apply to payments, including deemed payments, made on or after 1 January 2013.

UNIVERSAL SOCIAL CHARGE (USC)

The Standard Rates of USC are unchanged for 2013:

USC Thresholds			
2012		**2013**	
	Rate		**Rate**
Income up to €10,036.00	2%	Income up to €10,036.00	2%
Income from €10,036.01 to €16,016.00	4%	Income from €10,036.01 to €16,016.00	4%
Income above €16,016.00	7%	Income above €16,016.00	7%

The Reduced Rates of USC are changed as follows:

USC Thresholds			
2012		**2013**	
Individual aged 70 years or over. Individuals who hold a full medical card (regardless of age).		Individuals aged 70 years or over whose aggregate income for the year is €60,000 or less. Individuals (aged under 70) who hold a full medical card whose aggregate income for the year is €60,000 or less.	
	Rate		**Rate**
Income up to €10,036.00	2%	Income up to €10,036.00	2%
Income above €10,036.00	4%	Income above €10,036.00	4%

Note 1. 'Aggregate' income for USC purposes does not include payments from the Dept of Social Protection.

Note 2. A 'GP only' card is not considered a full medical card for USC purposes.

The Exempt Categories remain unchanged:

2012	2013
Where an individual's total income for a year does not exceed €10,036	Where an individual's total income for a year does not exceed €10,036
All Dept of Social Protection payments	All Dept of Social Protection payments
Income already subjected to DIRT	Income already subjected to DIRT

3% Surcharge (non-PAYE income)
The surcharge of 3% on individuals who have non-PAYE income that exceeds €100,000 in a year, regardless of age, remains unchanged.

LOCAL PROPERTY TAX (LPT)

From 1 July 2013, residential property owners will be liable for an LPT based on the self-assessed market value of their property on 1 May 2013. Revenue will make it as easy as possible for residential property owners to file their LPT return and will offer a range of methods for paying the tax, including phased payment arrangements. Revenue will write to residential property owners in March 2013 and will include detailed information on LPT at that time.

Property values are grouped into value bands. A rate of 0.18% will apply to the midpoint of the value band up to €1m. To calculate how much you will have to pay for 2013 select the value band appropriate to the market value of your property and read across in the table below. For properties valued at over €1m the LPT liability will be calculated as follows: 0.18% on the first €1m and 0.25% on the portion above €1m.

Valuation band €	LPT in 2013 (half year charge) €	LPT in 2014 (full year charge) €
0 to 100,000	45	90
100,001 to 150,000	112	225
150,001 to 200,000	157	315
200,001 to 250,000	202	405
250,001 to 300,000	247	495
300,001 to 350,000	292	585
350,001 to 400,000	337	675
400,001 to 450,000	382	765
450,001 to 500,000	427	855
500,001 to 550,000	472	945
550,001 to 600,000	517	1,035
600,001 to 650,000	562	1,125
650,001 to 700,000	607	1,215
700,001 to 750,000	652	1,305
750,001 to 800,000	697	1,395
800,001 to 850,000	742	1,485
850,001 to 900,000	787	1,575
900,001 to 950,000	832	1,665
950,001 to 1,000,000	877	1,755
>€1m – assessed on the actual value at 0.18% on the first €1m and 0.25% on the portion above €1m		

Exemptions
Certain properties will be exempt from LPT. These exemptions largely correspond to exemptions from the Household Charge. Exemptions will also apply to new and previously unused properties purchased from a builder or developer between 2013 and 2016, and to second-hand properties purchased in 2013 by a first time buyer.

Deferrals
A system of deferral arrangements for owner-occupiers will be implemented to address cases where there is an inability to pay the LPT under specified conditions (e.g. where the gross income does not exceed €15,000 - single and €25,000 - couple). Some owner-occupiers may be eligible to apply for marginal relief**,** which will allow them to defer up to 50% of their LPT liability. It should be noted that interest will be charged on deferred amounts at a rate of 4% per annum.

Further information, including Frequently Asked Questions on LPT and an online LPT calculator, is available on www.revenue.ie

Please note that the information provided is based on details announced in the Budget on 5 December 2012 and is subject to enactment of the Finance (Local Property Tax) Bill 2012.

PENSIONS

Maximum allowable pension funds for tax purposes
Changes will be put in place in 2014 to the maximum allowable pension fund at retirement for tax purposes (the Standard Fund Threshold). Other possible changes will also be made to give effect to the commitment in the Programme for Government to cap taxpayers' subsidies for pension schemes which deliver pension income of more than €60,000.

Withdrawals from AVCs
Individuals will be allowed a once-off option to withdraw up to 30% of the value of funded Additional Voluntary Contributions made to supplement retirement benefits. Withdrawals will be liable to tax at an individual's marginal rate. The option to withdraw will be available for 3 years from the passing of Finance Bill 2013.

Foreign Earnings Deduction

The FED was introduced in 2012 in respect of income earned whilst working in Brazil, Russia, India, China or South Africa. With effect from 1 January 2013, the number of states has been extended to include Algeria, Democratic Republic of Congo, Egypt, Ghana, Kenya, Nigeria, Senegal and Tanzania.

Charitable Donations
Simplification of the scheme of tax relief available for donations to charitable and other approved bodies, including the introduction of a blended rate of relief of 31% and an annual donation limit of €1 million per individual, which could be tax relieved under the scheme.

Donations from all individual donors under the scheme would be treated in the same manner, with the tax relief at the blended rate in all cases being repaid to the charity. This would mean that self-assessed individuals would no longer be able to claim a deduction on their tax returns for donations made under the scheme.

Legislation providing for the changes will be set out in the forthcoming Finance Bill.

Employment and Investment Incentive (EII)
The EII scheme will be extended from 2014 to 2020, subject to State Aid clearance.

Film Relief
The Film Tax Relief Scheme is extended to 2020. The scheme will be reformed by moving to a tax credit model in 2016.

Aviation Sector
An accelerated capital allowance scheme over seven years in relation to construction of certain aviation-specific facilities to be introduced which will operate for a period of

5 years from commencement of the scheme. Details to be included in the Finance Bill.

PROPERTY BASED ‘LEGACY’ RELIEFS

No changes to the existing provisions were announced in the Budget.

RELEVANT CONTRACTS TAX (RCT)

There were no changes announced in the Budget.

VAT

Increase in threshold for the cash receipts basis

The annual turnover threshold for eligibility for the cash receipt basis of accounting for VAT will be increased from €1 million to €1.25 million with effect from 1 May 2013.

Reduction in the Farmer’s Flat-Rate Addition from 5.2% to 4.8%

The farmer’s flat-rate addition will be reduced from 5.2% to 4.8% with effect from 1 January 2013.

The flat-rate addition is reviewed annually in accordance with the EU VAT Directive. The new 4.8% rate continues to achieve full compensation for farmers.

The flat-rate scheme compensates unregistered farmers for VAT incurred on their farming inputs.

CORPORATION TAX

3 Year Relief for Start-up Companies

This scheme provides relief from corporation tax on trading income (and certain capital gains) for new start-up companies in the first 3 years of trading.

This scheme is being enhanced to allow any unused relief arising in the first 3 years of trading due to insufficiency of profits to be carried forward for use in subsequent years. This is subject to the maximum amount of relief in any one year not exceeding the eligible amount of Employers’ PRSI in that year.

Further details will follow in the Finance Bill.

R&D Tax Credit

The R&D Tax Credit regime provides for a 25% tax credit for incremental expenditure on certain research and development (R&D) activities over such expenditure in a base year (2003). Finance Act 2012 provided that the first €100,000 of qualifying R&D expenditure would benefit from the tax credit without reference to the 2003 threshold. The amount of expenditure so allowed on a volume basis is being increased to €200,000. The R&D Tax Credit regime will be reviewed in 2013.

Further details will follow in the Finance Bill.

Amend the Close Company Surcharge

The *de minimis* amount of undistributed investment and rental income which may be retained by a close company without giving rise to a surcharge on such income is being increased from €635 to €2,000. A similar increase is being made in respect of the surcharge on undistributed trading or professional income of certain service companies.

REAL ESTATE INVESTMENT TRUSTS (REITs)

An established, internationally recognised model for property investment – Real Estate Investment Trust (REIT) - is to be introduced.

REITs are listed companies, used to hold rental property, which provide a return for investors similar to that of direct investment in property.

Qualifying income and gains of a REIT will be exempt from corporation tax at the level of the REIT company. Instead, the REIT is required to distribute profits annually, for taxation at investor level. Full details of the measure will be contained in the Finance Bill.

CAPITAL GAINS TAX

The current rate of 30% is being increased to 33%. This increase applies in respect of disposals made after 5 December 2012.

Relief for Farm Restructuring

To enable farm restructuring, relief will be available where the proceeds of a sale of farm land are reinvested for the same purpose.

This relief will apply for the period from 1 January 2013 to 31 December 2015. This will be a once-off relief and will be subject to EU State Aid approval.

Full details will be provided in the 2013 Finance Bill.

CAPITAL ACQUISITIONS TAX

Rate of tax

The rate of tax has been increased from 30% to 33%. The new rate of tax applies to gifts and inheritances taken after 5 December 2012.

Tax-free thresholds

The Capital Acquisitions Tax tax-free thresholds have been reduced as follows:

- Group A from €250,000 to €225,000
- Group B from €33,500 to €30,150
- Group C from €16,750 to €15,075.

The reduced tax-free thresholds apply to gifts and inheritances taken after 5 December 2012.

The tax-free thresholds that apply to gifts and inheritances taken after 5 December 2012 are therefore as follows:

Group A €225,000	Applies where the beneficiary is a child (including adopted child, step-child and certain foster children) or minor child of a deceased child of the disponer. Parents also fall within this threshold where they take an inheritance of an absolute interest from a child.
Group B €30,150	Applies where the beneficiary is a brother, sister, niece, nephew or lineal ancestor or lineal descendant of the disponer.
Group C €15,075	Applies in all other cases.

EXCISES

Alcohol Products Tax (APT)

APT rates on all alcohol products are increased with effect from 6 December 2012. The increases, when VAT is included, amount to

- 10 cent on a pint of standard beer and cider
- €1 on a standard 75 cl bottle of wine
- 10 cent on a standard measure of spirits, and
- €1.97 on a standard 70 cl bottle of whiskey (40% alcohol content).

Pro-rata increases are also being applied to other alcohol products.

Tobacco Products Tax (TPT)

TPT rates are increased with effect from 6 December. The increase amounts to 10 cent, inclusive of VAT, on a packet of 20 cigarettes, with pro rata increases on other tobacco products. An additional 50 cent, inclusive of VAT, is being added to the price of 25g of roll-your-own tobacco, giving an overall tax increase, inclusive of VAT, of approximately 60 cent on this product.

Mineral Oil Tax (MOT)

There are no changes to MOT rates.

STAMP DUTY

There were no changes announced in the Budget.

FARMER TAXATION

Farmer Stock Relief
The existing general 25% stock relief for farmers and the special incentive stock relief of 100% for certain young trained farmers are being extended from 1 January 2013 for a further three years subject to, in the case of the young trained farmer scheme, clearance with the European Commission under State Aid rules.

Registered Farm Partnerships
The definition of registered farm partnerships, which attract stock relief at the rate of 50% rather than 25%, is being extended to include certain other farm partnerships which register with the Department of Agriculture, Food and the Marine, subject to clearance with the European Commission under state aid rules

PRSI

The weekly PRSI allowance is abolished with effect from 1 January 2013. [In 2012, the first €127 in the case of full rate contributors and €26 in the case of modified rate contributors, is disregarded in computing the employee contribution.]

In the case of self-employed contributors, the minimum contribution is increased to €500 (from €253).

Modified rate contributors who have income from a trade or profession are liable to pay a PRSI contribution on all income.

Further information can be found on www.welfare.ie

VEHICLE REGISTRATION TAX (VRT)

New VRT Rates effective from 1 January 2013

The new VRT rates for M1 Passenger vehicles are as follows, and these will come into effect from 1 January 2013.

VRT Rate on the CO_2 emissions

CO_2 Emissions ($g\ CO_2/km$)	VRT Rates	Minimum VRT
0 - 80g	**14%** of OMSP	€280
81 - 100g	**15%** of OMSP	€300
101 - 110g	**16%** of OMSP	€320
111- 120g	**17%** of OMSP	€340
121 - 130g	**18%** of OMSP	€360
131 - 140g	**19%** of OMSP	€380
141 - 155g	**23%** of OMSP	€460
156 - 170g	**27%** of OMSP	€540
171 - 190g	**30%** of OMSP	€600
191 - 225g	**34%** of OMSP	€680
226g and over	**36%** of OMSP	€720

There have been no changes to the other VRT Categories and their associated Rates.

Extension of VRT Reliefs for Electric, Plug-in Hybrid Electric, Hybrid Electric, and Flexible Fuel vehicles

The period of VRT relief for Electric, Plug-in Hybrid Electric, Hybrid Electric and Flexible Fuel vehicles has been extended until December 2013. The rates of each of the reliefs remain unchanged.

New Vehicle Registration Number Formats

The new Registration Number format (Diagrams 1 & 2) will come into effect from 1 January 2013 and will be issued to all vehicles that were first registered, on or after 1 January 2013, either in Ireland or in another state.

As part of the Year index, an additional character, either '1' or '2', has been added.

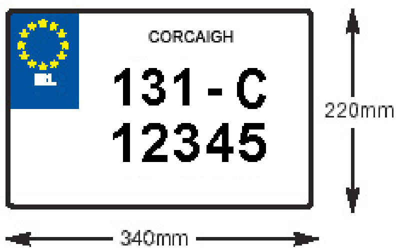
- The '1' indicates that the vehicle was first registered during the period 1 January to 30 June, in the year of registration.

- The '2' indicates that the vehicle was first registered during the period 1 July to 31 December, in the year of registration.

New Registration Number format for vehicles that were first registered, in Ireland or another state, on or after 1 January 2013

Diagram 1:

Diagram 2:



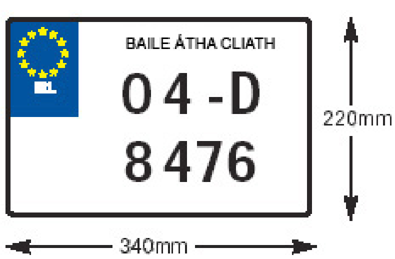
Existing Vehicle Registration Number Formats

The pre-existing Registration Number format (Diagrams 3 & 4 below) will continue to be issued to all vehicles that were first registered, on or before 31 December 2012, either in Ireland or in another state.

Existing Registration Number format for vehicles that were first registered, in Ireland or another state, on or before 31 December 2012

Diagram 3:

Diagram 4:



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5 December 2012