



Earlier today Minister Chambers delivered his first Budget speech, and the last Budget for the current Government.

As expected, this pre-election Budget contained a number of positive taxation measures. This Budget edition of Tax News sets out the main tax changes that will impact private clients.

The Finance Bill is expected to be published on 10 October 2024. The Bill will contain the finer detail of the tax changes announced today.

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Something for everyone

- Personal tax credits, employee tax credit and earned income credit all increased
- Increase of EUR2,000 bringing the income tax standard rate (20%) band to EUR44,000
- Increase of 2% USC band ceiling up to EUR27,382. USC rate of 4% reduced to 3%
- EII investments ceiling doubled from EUR500,000 to EUR1m (until end of 2026)
- Donations to sports bodies: individuals can choose to claim the tax relief rather than passing it to the organisation.

Gift and inheritance tax

- Parent/child Group A threshold to increase from EUR335,000 to EUR400,000 with effect from 2 October 2024
- Increases in thresholds for Group B (certain relatives) and Group C (others) to EUR40,000 and EUR20,000 respectively
- No change to 33% rate
- Agricultural relief: new test introduced - land must be actively farmed by donor for at least 6 years prior to the gift/inheritance.

Pensions

- Standard fund threshold to rise from EUR2m to EUR2.8m by 2029 (EUR200,000 per year from 2026)
- Tax efficient pension lump sum to remain at EUR500,000
- No change announced to PRSAs but may be contained in next week's Finance Bill.

Property related tax measures

- Rent tax credit to be increased from EUR750 to EUR1,000 (EUR2,000 per couple)
- New 6% residential property stamp duty rate on purchase price in excess of EUR1.5m with effect from tonight. The rate is still 1% on the first EUR1m and 2% on the next EUR500,000
- Stamp duty rate for bulk purchases of residential property increased from 10% to 15% where 10 or more units purchased in a 12-month period
- Vacant Homes Tax – annual charge increased from 5 times to 7 times the LPT charge for the property from November 2024.

Employee benefits

- Employee annual small benefit exemption extended from EUR1,000 to EUR1,500 per year and to include up to 5 benefits per year (previously 2)
- BIK exemption on provision of home EV chargers for directors/employees
- Company car tax break for first EUR10,000 of low emissions vehicles (EUR45,000 for EVs) extended a further year into 2025.

Retirement relief

- Last year's announcement to introduce a cap of EUR10m for CGT retirement relief on transfers of businesses to children has been softened
- It appears that transfers by parents aged between 55 and 70 will still qualify for relief in excess of EUR10m but subject to a 12-year potential clawback if the business is sold (details to follow in the Finance Bill)
- From 1 January 2025 the EUR3m cap will apply to transfers after reaching age 70.

No changes announced to:

- Taxation of investment funds/ETFs (for now), but still under review
- Capital gains tax entrepreneur relief
- Tax residence rules
- Remittance basis for non-domiciled individuals
- 7.5% stamp duty on commercial property.

And finally the disclaimer.....

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