

BUDGET '08

Tax, facts & figures



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BUDGET '08



INCOME TAX 2008

	€ Existing	€ Change	€ New
PERSONAL TAX CREDITS			
Single persons	1,760	70	1,830
Married persons	3,520	140	3,660
Additional one-parent family	1,760	70	1,830
PAYE	1,760	70	1,830
Age Credit - Single	275	50	325
Age Credit - Married	550	100	650
Home Carer	770	130	900
Rent relief:			
Under age 55 single persons	360	40	400
Under age 55 married persons	720	80	800
Over age 55 single persons	720	80	800
Over age 55 married persons	1,440	160	1,600
Incapacitated child	3,000	660	3,660
Blind persons: Single	1,760	70	1,830
Married (both blind)	3,520	140	3,660
Widowed additional credit	550	50	600
Widowed parent:			
1st year after year of bereavement	3,750	250	4,000
2nd year after year of bereavement	3,250	250	3,500
3rd year after year of bereavement	2,750	250	3,000
4th year after year of bereavement	2,250	250	2,500
5th year after year of bereavement	1,750	250	2,000
EXEMPTION LIMITS - 65 YEARS AND OVER			
Single/widowed	19,000	1,000	20,000
Married	38,000	2,000	40,000
STANDARD RATE BANDS			
Single/widowed persons	34,000	1,400	35,400
Married couples, one income	43,000	1,400	44,400
Married couples, two incomes	68,000	2,800	70,800
One parent/widowed parent	38,000	1,400	39,400
TAX RATES			
Standard rate	20%	-	20%
Top rate	41%	-	41%
PRSI			
Employee ceiling	48,800	1,900	50,700
Weekly Threshold	339	13	352
Health levies			
Threshold (annual)	24,960	1,040	26,000
Health Levy higher rate (income over €1,925 per week (€100,100 per annum))	2.5%	-	2.5%



TAX, FACTS & FIGURES

PERSONAL TAX

MORTGAGE INTEREST RELIEF

The annual ceiling on which mortgage interest relief can be claimed has increased for first time buyers to €10,000 for single individuals and €20,000 for a married couple. A first time buyer for this purpose is someone who is in the first seven years of their first mortgage.

RENT-A-ROOM SCHEME

The annual exemption limit will be increased from €7,620 to €10,000 with effect from 1 January 2008.

INCREASE IN SPECIFIED RATES FOR PREFERENTIAL HOME LOANS AND OTHER LOANS

Where an employee is in receipt of a preferential loan, the specified rate used to calculate BIK is being increased to 5.5% for home loans and to 13% for all other loans ,from 1 January 2008.

TAX RELIEF ON TRADE UNION SUBSCRIPTIONS

The tax credit allowable will be increased by €10 to €70 per annum from 1 January 2008.

EU TAX ISSUES

With effect from 1 January 2008 the tax treatment of investment income and income attributable to the exercise of foreign employments will be extended to UK income.

EXTENSION OF FILM RELIEF

The scheme of relief for investment in films will be extended to 31 December 2012.

BUSINESS TAXATION

TAX CREDIT SCHEME FOR RESEARCH AND DEVELOPMENT EXPENDITURE

Companies can claim a tax credit of 20% on qualifying incremental Research and Development (R & D) expenditure over a specified base year 2003.

PAYMENT OF PRELIMINARY CORPORATION TAX

“Small Companies” have the option of paying preliminary tax at the lower of 90% of the final liability of the current period or 100% of the liability of the previous period. The corporation tax liability threshold defining a small company is increased from €150,000 to €200,000 from 5 December 2007.

New or start up companies with a first year liability of €200,000 or less are not required to pay preliminary tax in respect of their first accounting period.

Transitional arrangements will be made permanent which relax the interest charge on underpaid preliminary corporation tax in very specific circumstances for companies which prepare their accounts under IFRS.



BUDGET '08



CAPITAL ALLOWANCES AND EXPENSES FOR BUSINESS CARS

A revised scheme for claiming capital allowances and leasing charges for new cars used for business purposes is to be introduced. The allowances and expenses will be linked to the CO₂ emission levels of the vehicles. Cars with low emission levels will benefit from capital allowances at the current car value threshold of €24,000, regardless of the cost of the car. Cars at medium CO₂ emission levels will receive allowances at 50% of the threshold, with cars at the highest level not qualifying for capital allowances. This scheme will apply to expenditure incurred on or after 1 July 2008.

BUSINESS EXPANSION SCHEME (BES)

Recycling companies have a requirement that their business proposals must be certified by an industrial development agency or County Enterprise Board before they avail of the scheme.

STAMP DUTY

RESIDENTIAL PROPERTY

A new simplified Stamp Duty system for the purchase of residential property is being introduced. The new system incorporates an exemption of €125,000 with the next €875,000 at 7% and the balance at 9%.

The new system will be effective for all instruments which are required to be presented to the Revenue Commissioners by 5 December 2007.

CLAW-BACK OF RELIEF FOR FIRST-TIME PURCHASERS AND OTHER OWNER-OCCUPIERS

The claw-back period in respect of relief from Stamp Duty for first-time purchasers and other owner-occupiers in receipt of rent has been reduced from 5 to 2 years. The change is applicable for all deeds of transfer executed on or after 5 December 2007 with transitional provisions that provide the same effect to deeds of transfer executed prior to 5 December 2007 when rented out after this date.

SITE TO CHILD RELIEF

The threshold limit for relief from Stamp Duty on the transfer of a site to a child has been increased from €254,000 to €500,000, this increase also applies for capital gains tax.

FINANCIAL CARDS

Stamp Duty applicable to ATM/Debit cards, charge cards and credit card accounts is reduced.

CHEQUES/BILLS OF EXCHANGE

The rate of Stamp Duty on cheques and bills of exchange has been increased from 15 cents to 30 cents in respect of all cheques and bills of exchange drawn on or after 6 December 2007.

TAX, FACTS & FIGURES

VALUE ADDED TAX (VAT)

REGISTRATION THRESHOLDS

The VAT registration thresholds are being increased from €35,000 to €37,500 in the case of services, and from €70,000 to €75,000 in the case of goods from 1 May 2008.

BIO-FUELS

The VAT rate on the supply of certain items used for the agricultural production of bio-fuels will be reduced from 21% to 13.5% from 1 March 2008.

PROPERTY TRANSACTIONS

A new system for applying VAT to property transactions will be introduced from 1 July 2008. Details will be included in the Finance Bill.

CONSTRUCTION SECTOR

A reverse charge mechanism for VAT on supplies made by a 'subcontractor' to a 'principal contractor' in the construction sector is being introduced from 1 September 2008.

FARMERS

The farmer's flat rate addition is being maintained at 5.2% for 2008.

VEHICLE REGISTRATION TAX (VRT)

CO2 EMISSION LEVELS

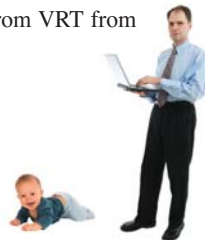
The CO2 emissions of a car will determine the VRT rate payable. Lower emission cars will attract reduced VRT rates. The revised VRT system will apply from 1 July 2008. The following Table sets out the CO2 Emission Bands and the relevant VRT rates under the revised VRT system.

Band	g CO2/km	VRT Rates	Band	g CO2/km	VRT Rates
A	0 - 120g	14%	E	171 - 190 g	28%
B	121 - 140g	16%	F	191 - 225g	32%
C	141 - 155g	20%	G	226g and over	36%
D	156 - 170g	24%			

HYBRID ELECTRIC, FLEXIBLE FUEL & ELECTRIC VEHICLES

The existing 50% VRT relief scheme for series production hybrid electric vehicles and flexible fuel vehicles is being extended until 30 June 2008, at which point the revised VRT scheme will be implemented. This will provide a relief of up to €2,500 on the VRT payable, in addition to the benefit of the new VRT CO2 emission related system. This relief will apply until 31 December 2010.

Series production electric cars and electric/battery-assisted bicycles are exempted from VRT from 1 January 2008.



BUDGET '08



EXCISE DUTY

CIGARETTES

The Excise Duty on a packet of 20 cigarettes is being increased by 30 cents (including VAT) with a pro-rata increase on other tobacco products, from midnight on 5 December 2007.

OFF-LICENCES

Licensing fees for off-licences are being increased from €250 to €300 from 1 October 2008.

ELECTRICITY

From 1 October 2008 the following EU minimum rates will apply; 50 cents per megawatt hour (MWh or 1,000 units) for business use and €1 per megawatt hour for non-business use. Electricity used by households will be exempt from the new charge.

FARMING TAXATION

SUGAR BEET DIVERSIFICATION

Provisions will be introduced to enable payments under this scheme to be spread over 6 years for the purpose of calculating taxable income.

MILK PRODUCTION PARTNERSHIP

Relief will be provided to avoid a claw-back of income tax arising from the special income tax averaging arrangements upon entering a milk production partnership.

DISSOLUTION OF FARMING PARTNERSHIPS

The Finance Bill will introduce a new relief from Capital Gains Tax on the dissolution of farm partnerships. The relief will apply for a period of 5 years and full details will be contained in the Finance Bill 2008

THE FISHING INDUSTRY

The tax code will be amended to assist in maximising the take-up of the decommissioning payments arising from the recommendations of the Cawley report, full details will be provided in the Finance Bill.

This leaflet is only a summary of the Budget Speech and is not intended to be a comprehensive guide.

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