

**LAW SOCIETY OF IRELAND
TAX GUIDE 2020**

CAPITAL GAINS TAX

Annual exemption €1,270 per individual. Non-transferable between spouses or civil partners.

For disposals made on or after 7th December 2007, land transfer of site for house plus no more than 1 acre from parent to a child (or in specified circumstances a foster child), valued not more than €500,000, for purposes of building principal private residence, is exempt. Tax charged at 33% on gains arising on disposals on/after 6th December 2012*. Certain profits from dealing in or developing residential property will be charged at the taxpayer's marginal rate of tax**.

*Note: Other rates apply to certain foreign life policies and certain off-shore funds.

**Note: Development rules apply regarding indexation.

***Note: In limited circumstances relief under section 597AA TCA 1997 can reduce the rate to 10% up to a lifetime limit of €1million in chargeable gains.

Retirement relief on disposals of qualifying assets by individuals aged 66 or more reduced/ restricted for disposals on or after 1 January 2014.

In relation to the disposal of an asset made on or after 1st January 2003, the multiplier is the figure mentioned in column (2) of the Table opposite the mention in column (1) of the Table of the year of assessment in which the deductible expenditure was incurred.

Year of assessment in which deductible expenditure incurred (1)	Multiplier (2)
1974-75	7.528
1975-76	6.080
1976-77	5.238
1977-78	4.490
1978-79	4.148
1979-80	3.742
1980-81	3.240
1981-82	2.678
1982-83	2.253
1983-84	2.003
1984-85	1.819
1985-86	1.713
1986-87	1.637
1987-88	1.583
1988-89	1.553
1989-90	1.503
1990-91	1.442
1991-92	1.406
1992-93	1.356
1993-94	1.331
1994-95	1.309
1995-96	1.277
1996-97	1.251
1997-98	1.232
1998-99	1.212
1999-00	1.193
2000-01	1.144
2001	1.087
2002	1.049
2003 and subsequent years	1.000

Indexation relief only applies for the period of ownership up to 31.12.02 for disposals on or after 1.1.03. In the case of disposals made between 1 January – 30 November, the tax must be paid by 15 December the same year. For disposals 1 December – 31 December the tax must be paid by 31 January in the following year.

WITHHOLDING TAX: Purchasers of specified assets exceeding €500,000 (or €1,000,000 if the asset disposed of is a “house” within the meaning of section 372AK TCA 1997) in value must withhold tax @15% if CGT clearance certificate is not furnished prior to closing. Tax withheld becomes payable 30 days after net consideration is paid to seller and will be allowed as credit against vendor’s CGT liability.

CAPITAL ACQUISITIONS TAX (Inheritance and Gift Tax)

*In the case of an absolute inheritance, a parent falls into Group A

Group	Relationship to disponer	2016 from 14.10.15	2017/18 from 12.10.16	2018/19 from 10.10.18	2019/2020 from 9.10.19
A €335,000	Child/foster child/minor child of a deceased child		€280,000	€310,000	€320,000
B* €32,500	Lineal ancestor or lineal descendant: brother, sister, child of brother or sister		€30,150	€32,500	€32,500
C	Others		€15,075	€16,250	€16,250

Base date for aggregation of gifts/inheritances taken after 5 Dec. 2001: 5.12.91
From 01.12.99, aggregation is limited to aggregation within each group
From 26.3.84 to 30.11.99, aggregation arises between all group thresholds

Rate of Tax	Inheritance/Gift
Threshold amount	Nil
Balance	33% on gifts/inheritances taken on or after 6 December 2012 30% on gifts/inheritances taken on or after 7 December 2011 and prior to 5 December 2012

Small Gifts Exemption = €3,000 per individual

STAMP DUTIES

Note 1: Consanguinity relief for stamp duty at a 1% rate applies to inter-family transfers of farms before 31 December 2020.

Residential Property Transactions (for instruments executed on/after 7 December 2011)

Consideration	Rate of Duty
First €1,000,000	1%
Excess over €1,000,000	2%

These rates are progressive, not cumulative

Non-Residential Property (excluding shares)

7.5% on full amount of consideration from 9 October 2019 subject to transitional measures. 2% applies where land is subsequently used for residential development (stamp duty refund scheme), and certain conditions are fulfilled.

VAT: 0%; 4.8% (livestock rate, including horses for use in agricultural production or preparation of foodstuffs – otherwise does not include horses and greyhounds); 5.4% (farmers’ flat rate); 9% (including (e-)newspapers/e-books, sports facilities, horses, other than those chargeable at the 4.8% rate, and greyhounds); 13.5% (to include hotel accommodation, hairdressing and stud nomination fees); 23%

PROFESSIONAL SERVICES WITHHOLDING TAX: 20% (ie, standard rate of tax)

CORPORATION TAX

Non-trading rate: 25%
 Trading rate: 12.5% (subject to certain exceptions where rate of 25% applies)
 Profits on trading in residential development land (other than ‘qualifying land’): 25%
 Chargeable Gains: 33%
 Certain foreign dividends: 12.5 %

LOCAL PROPERTY TAX (payable from 1 July 2013)

Market value at 1 May 2013 up to €1 million: 0.18% (tax calculated on midpoint of €50,000 value bands)
 Market value at 1 May 2013 exceeding €1 million: 0.25% of excess. Liability (ownership) date for 2020: 1 Nov 2019
 N.B certain local authorities have reduced rates of LPT by up to 15%. Revaluation date extended to November 2020.

Non-principal Private Residence (NPPR) ceased to apply from 1 January 2014 and Household Charge ceased to apply from 1 January 2013.

INCOME TAX

<u>Exemption Limits</u>	2020
Single/Widowed/Surviving Civil Partner	
65 and over	€18,000
Married/Civil Partnership 65 and over	€36,000
Additional for Dependant Children	
1 st and 2 nd child (each)	€575
Each subsequent child	€830

Personal Tax Credits

Single Person	€1,650
Married Person/Civil Partnership	€3,300
Employee Tax Credit (formerly PAYE Tax Credit)	€1,650
Earned Income tax credit	€1,500
Widowed Person/Surviving Civil Partner qualifying for Single Person Child Carer Tax Credit	€1,650
Widowed Person/Surviving Civil Partner without dependant children	€2,190
Widowed Person/Surviving Civil Partner in year of bereavement	€3,300
Single Person Child Carer Tax Credit, Widowed/Surviving Civil Partner, Deserted, Separated or Unmarried (with qualifying dependant children)	€1,650
Widowed Parent/ Surviving Civil Partner in year of bereavement	€3,600
Home Carer (max.)	€1,600
Age Tax Credit if Single/Widowed/ Surviving Civil Partner	€245
Age Tax Credit if Married/Civil Partnership	€490

Incapacitated Child Credit	€3,300
Dependant Relative	€70
Incapacitated Person – Allowance	
For Employing a Carer	€75,000*max
Fishermen’s credit	€1,270
Sea-going naval personnel credit	€1,270

*Relief is allowable at the individual’s highest rate of tax, i.e. 20% or 40%

Tax relief, which is given at source, on health insurance premium is limited to €1,000 per adult policy and €500 per child policy.

<u>Personal Income Tax Rates/Tax Bands</u>	2020
Single/Widowed/Surviving Civil Partner without dependant children	€35,300 @ 20% Balance @ 40%
Single/Widowed/Surviving Civil Partner Qualifying for One-Parent family tax credit	€39,300 @ 20% Balance @ 40%
Married Couple or Civil Partnership (one spouse with income)	€44,300 @ 20% Balance @ 40%
Married Couple/Civil Partnership (both spouses/civil partners with income) (with an increase of €25,550 max)	€44,300 @ 20% Balance @ 40%

Child minder’s exemption:

Full exemption on income up to €15,000: if income exceeds €15,000, entire amount is taxable.

Universal Social Charge: Payable on ‘aggregate income’ which is the aggregate of ‘relevant emoluments’ and ‘relevant income’. This is generally all gross income before certain reliefs but excludes social welfare payments and income that has suffered DIRT. Where ‘aggregate income’ does not exceed €13,000 per annum, the income is exempt from the USC. Where the ‘aggregate income’ exceeds the exemption limit, the following rates apply:

- Up to €12,012: 0.5%
- €12,013 to €19,874: 2%
- €19,875 to €70,044: 4.5%
- PAYE** income in excess of €70,044: 8%
- Self-employed** €70,045 to €100,000: 8%
- income in excess of €100,000: 11%

Individual aged 70 Years or over
or Individuals who hold full medical cards and who
have aggregate income of less than €60,000: maximum rate of 2%

Domicile Levy

Irish domiciled individuals whose worldwide income exceeds €1m, whose Irish-located property is greater than €5m and whose liability to Irish income tax is less than €200,000 will be subject to a levy of €200,000. Irish income tax paid will be credited against the levy.

Rent a room scheme:

Gross annual rental income up to €14,000 is exempt: if income exceeds €14,000, entire amount is taxable.

Mortgage Interest Relief: Maximum levels of interest relieved

	Single	Married//Civil Partnership/ WidowedPartner
First time buyer: ceiling (2020)	€2,500	€5,000
Non-first time buyer (2020)	€750	€1,500

Amount of Relief Available

First-time buyers (from 1.1.09 and up to 31.12.12): 25% in years 1 and 2; 22.5% in years 3-5; 20% in years 6 & 7. Relief ends after year 7.

Relief for residential property owners who took out qualifying loans between 2004 and 2012 will continue until 2020 on a tapered basis: 75% in 2018, 50% in 2019 and 25% in 2020.

Help To Buy Scheme

Rebate of previous 4 years' income tax and DIRT for First Time Buyers of newly-built houses of up to 5% of purchase price (or the completion value in the case of a self-build) up to value of €500,000, and provided the house is valued at less than €500,000. Relief is capped at a maximum rebate of €20,000. To be eligible for the scheme, the first time buyer must have signed the contract on or after 19 July 2016 and on or before 31 December 2021. Alternatively, in the case of a self-build, the first tranche of the mortgage loan must be drawn down between those dates.

PRSI

Employee rates	Employee	Employer
Annual earnings (and unearned income from 2019) not exceeding €20,072	4%	8.8%
Annual earnings (and unearned income from 2019) exceeding €20,072 – entire amount	4%	11.05%

Employees earning €352 or less per week are exempt from PRSI.

Employer rates include a 0.1% rise of the National Training Fund Levy, (collected in conjunction with Employer PRSI) from 0.9% to 1%.

Self-Employed person

	Total
PRSI on all income	4%

The minimum contribution for a self employed person is €500

D.I.R.T. (certain accounts / investments)

From 01.01.2020: 33% for deposit accounts (including Credit Union savings accounts) and 41% on exit in relation to certain life assurance policies and investments funds.

Note: This guide is produced on the basis of figures current at 1 January 2020

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