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IRISH BUDGET 2021



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INCOME TAX

There is no changes announced in the tax credits or tax bands. The tax credits and tax bands are remain unchanged other than the increase of dependent relative credit from 70 to €245.

The exemption limits, tax credits and standard rate bands applicable for the tax year 2021 are set out in detail on the last page.

EARNED INCOME CREDIT

An increase in the Earned Income Credit for self-employed from €1,500 to €1,650

UNIVERSAL SOCIAL CHARGE

Ceiling of the second USC rate band will be increased from €20,484 to €20,687. There is no other changes to USC rates. The current reduced rate of USC for eligible medical card holders will continue to apply for further period.

On the first €12,012	0.5%
On the next €8,675	2%
On the next €50,170	4.5%
Balance	8%

EMPLOYERS WAGES SUBSIDY SCHEME (EWSS)

EWSS is an economy-wide enterprise support that focuses primarily on business eligibility. The scheme provides a flat-rate subsidy to qualifying employers based on the numbers of eligible employees on the employer's payroll and gross pay to employees. It is expected to continue until 31 March 2021.

MINIMUM WAGE

The minimum wage to increase to €10.20 from January.

PRSI CONTRIBUTION

The weekly threshold for the higher rate of employer's PRSI will be changed from €394 to €398. No further changes to the PRSI contribution.

HELP TO BUY SCHEME

The help-to-buy scheme for first time buyers, the lower of 10% of the value of the property or €30,000, has been extended to the end of 2021.

EXCISE DUTIES

Tobacco Products Tax: The excise duty on a packet of 20 cigarettes is being increased by 50 cents (including VAT) with a pro-rata increase on the other tobacco products. This will take effect from midnight on 13 October 2020.

CARBON TAX

The carbon tax will be increased by €7.50 from €26 to €33.50 per tonne/Co2 to auto fuels from tonight and all other fuels from 1 May 2021.

ELECTRIC VEHICLES

VRT reliefs for Plug-in Hybrid Electric Vehicles and hybrids will be allowed to expire and relief for Battery Electric Vehicles to be tapered. The Nitrogen Oxide surcharge bands are being adjusted so that higher NOx emitting vehicles will pay more. On Motor Tax, rates will remain unchanged for all cars in the engine sized regime and all but the most pollutant cars in the post-2008 regime. A third Motor Tax table for cars registered from 1 January 2021 is being opened to take account of the introduction of the WLTP emissions test.

CRSS PROGRAMME

The new CRSS programme will provide closed or effectively closed business a payment based on their turnover up to €5,000 per week. This will make a really big difference and will be paid in addition to the Employment Wage Subsidy Scheme (EWSS)

COMMERCIAL RATES

Commercial rates waiver is also confirmed for the final quarter of 2020.

VAT

VAT for the hospitality sector is being cut from 13.5% to 9% with effect from 1 November 2020 to 31 December 2021. Standard rate should remain unchanged to 21%. Farmers flat rate Vat rate

CAPITAL GAINS TAX

Rate (unchanged)@33 %

Annual Exemption €1,270

CAPITAL ACQUISITIONS TAX

No changes, thresholds are remain unchanged.

CORPORATION TAX

The Minister reiterated in his Budget speech that the 12.5% Corporation Tax rate will remain in place indefinitely.

STAMP DUTY

A number of stamp duty reliefs targeting the agriculture sector, that were due to expire this year, have been extended in Budget 2021. The Consanguinity Relief, has been extended until the end of 2023. The scheme reduces stamp duty in land transferred between family members, from 6% to 1%. It is widely used by family members transferring land to young farmers. A stamp duty relief on farms being consolidated is also to be continued, until 2022.

PERSONAL TAX CREDITS

Tax Credit	2020 €	2021 €
Single Person	1,650	1,650
Married or in a Civil Partnership	3,300	3,300
Employee Tax Credit	1,650	1,650
Earned Income Tax Credit Max	1,500	1,650
Widowed Person or Surviving Civil Partner (without qualifying child)	2,190	2,190
Single Person Child Carer Tax 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 Both Spouses or Civil Partners Blind.	1,650	1,650
Married or in a Civil Partnership One Spouse or Civil Partner Blind	3,300	3,300
Widowed Parent: Bereaved in 2017		
Bereaved in 2016	3,600	3,600
Bereaved in 2015	3,150	3,150
Bereaved in 2014	2,700	2,700
Bereaved in 2013	2,250	2,250
Bereaved in 2012	1,800	1,800
Age Tax Credit:	245	245
Single or Widowed or Surviving Civil Partner Married or in a Civil Partnership	490	490
Dependent Relative	70	245
Home Carer Tax Credit	1,600	1,600

TAX RATES AND TAX BANDS

The tax rates and bands remain unchanged:

Personal Circumstances	2020 €	2021 €
Single or Widowed or Surviving Civil Partner, without qualifying child	35,300 @ 20% Balance @ 40%	35,300 @ 20% Balance @ 40%
Single or Widowed or Surviving Civil Partner, qualifying for Single Person Child Carer Credit	39,300 @ 20% Balance @ 40%	39,300 @ 20% Balance @ 40%
Married or in a Civil Partnership, one Spouse or Civil Partner with income	44,300 @ 20% Balance @ 40%	44,300 @ 20% Balance @ 40%
Married or in a Civil Partnership, both Spouses or Civil Partners with Income	44,300 @ 20% with increase of 26,300 max. Balance @ 40%	44,300 @ 20% with increase of 26,300 max. Balance @ 40%

UNIVERSAL SOCIAL CHARGE

The Standard Rates of USC

USC Thresholds			
2020		2021	
	Rate		Rate
Income up to €12,012.00	0.50%	Income up to €12,012.00	0.5%
Income from €12,012.01 to €18,772.00	2.5%	Income from €12,012.01 to €20,687	2%
Income from € 18,668.01 to € 70,044.00	5%	Income from € 20,687.01 to 70,044.00	4.75%
Above € 70,044.00	8%	Above €70,044.00	8%

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