

Principal Income Tax Credits		2010	
	2010	2009	
	€	€	
Single Persons	1,830	1,830	
Married Persons	3,660	3,660	
Widow(er) No Dependent Children	2,430	2,430	
One Parent Family	1,830	1,830	
Widow(er) - Year of Bereavement	3,660	3,660	
Widow(er) - With Dependents			
- relief over 5 years	15,000	15,000	
P.A.Y.E. Credits	1,830	1,830	
Carer's Credits #	900	900	
Age Credits:			
Single/Widowed Persons	325	325	
Married Persons	650	650	

# The carer's allowance is only available to married persons taking care of a child, an elderly person or handicapped person. The allowance will not apply where the carer's income exceeds €5,080. Marginal relief applies for income between €5,080 and €6,880.

Rates of Income Tax		2010	
2010	2009		
<b>Single/Widowed Persons:</b>			
(without dependent children)			
€36,400 @ 20%	€7,280	€36,400 @ 20%	€7,280
Balance @ 41%		Balance @ 41%	
<b>Married Couples (one earner):</b>			
€45,400 @ 20%	€9,080	€45,400 @ 20%	€9,080
Balance @ 41%		Balance @ 41%	
<b>Married Couples (two earners):</b>			
€72,800 @ 20%	€14,560	€72,800 @ 20%	€14,560
Balance @ 41%		Balance @ 41%	
<b>One Parent Families</b>			
€40,400 @ 20%	€8,080	€40,400 @ 20%	€8,080
Balance @ 41%		Balance @ 41%	

The increase in the standard rate band is restricted to the lower of €27,400 in 2010 (€27,400 in 2009) or the amount of the income of the spouse with the lower income. The increase is not transferable between spouses.

Mortgage Interest Relief		2010	
<b>First Time Buyers</b>			
Married Person	Up to 25% interest paid.	Max credit €5,000	
Single Person	Up to 25% interest paid.	Max credit €2,500	

The 25% relief applies in year 1 and 2, reduces to 22.5% in years 3, 4 and 5. The 20% rate applies for years 6 and 7.

<b>Others</b>			
Married Person	Up to 15% interest paid.	Max credit €900	
Single Person	Up to 15% interest paid.	Max credit €450	

Mortgage interest relief will be abolished completely by the end of 2017. However, qualifying loans taken out before 1 July 2011 will continue to get relief for 7 years. Transitional measures will be provided for qualifying loans taken out between 1 July 2011 and the end of 2012.

Rent Relief		2010	
Relief is available to tenants living in private rented accommodation. The relief gives the following credits:			
	2010	2009	
	€	€	
Single – under 55	400	400	
Married / widowed – under 55	800	800	
Single 55 & over	800	800	
Married / widowed 55 & over	1,600	1,600	

Income Exemption Limits		2010	
No income tax is chargeable if total income is under the following limits:-			
	2010	2009	
	€	€	
<b>Single/Widowed Persons:</b>			
65 years and over	20,000	20,000	
<b>Married Couples:</b>			
65 years and over	40,000	40,000	

P.R.S.I. & Levies		2010	
<b>Class A1 (Employees)</b>			
Employer	*10.75%	without limit	
Employee: P.R.S.I.	**4.00%	on first €75,036	
# Health Levy	***4.00%	on first €75,036	
	5.00%	€75,036 onwards	
*	8.5% if income is €356 p.w. or less.		
**	Employees earning less than €352 p.w. exempt.		
***	Employees earning €500 p.w. or less and medical card holders exempt.		

# All medical card holders and persons over 70 are exempt from health levy.

The first €127 earned per week by full rate P.R.S.I. contributors will be disregarded in calculating their P.R.S.I. contributions.

Self Employed (including farmers)		2010	
P.R.S.I.	3.00%	without limit	
Health Levy	*4.00%	on first €75,036	
	5.00%	€75,036 onwards	

\*Taxpayers whose income falls below €26,000 per annum will be exempt. Full medical card holders and people aged 70 and over are exempt from the health levy.

Minimum annual P.R.S.I contribution is €253.

Income Levy		2010	
Income levy	2.00%	income up to €75,036	
Income levy	4.00%	between €75,037 - €174,980	
Income levy	6.00%	in excess of €174,980	

The levy will apply to gross income before capital allowances or pension contributions. However the levy will not apply to income subject to D.I.R.T., social welfare payments, contributory and non-contributory pensions. Individuals whose income is less than €15,028, full medical card holders and persons over 65 who are exempt from income tax because their income is below the exemption limits will also be exempt.

Travel Passes		2010	
The provision of bus, train, Luas and commuter ferry passes by employers to their employees are not taxed as a benefit-in-kind. The passes must be valid for one month or more.			

D.I.R.T.		2010	
Interest paid to residents on money deposited with Banks and Building Societies in Ireland is subject to Deposit Interest Retention Tax at the rate of 25%.			

D.I.R.T. rate applied to life assurance policies and investment funds is 28%. D.I.R.T. satisfies an individual's income tax liability in full. PRSI and levies may apply depending on individual circumstances.

Preferential Loans		2010	
Where an employee receives a preferential loan from his employer he is subject to income tax on the interest benefit as determined by the excess of the specified rate over the preferential rate.			

The specified rates are:

(i)	5%	Qualifying home loans
(ii)	12.5%	All other loans

Benefit-in-kind for use of company car		2010	
The annual cash benefit for the use of a company car is calculated as 30% of the original market value of the car. Tapering rates apply to a maximum reduction to 6% where business mileage exceeds 48,000 kilometres.			

Where a new car is provided for the first time in 2010, the benefit in kind charge will be based on the vehicle category applicable to the car. The category is dependent on the emission levels of the car. These new rules will come into effect when the Minister for Finance makes a regulation on the matter.

Annual Business Kilometres	Vehicle Category		
	A, B and C	D and E	F and G
24,000 or less	30%	35%	40%
24,000 to 32,000	24%	28%	32%
32,000 to 40,000	18%	21%	24%
40,000 to 48,000	12%	14%	16%
48,000 and over	6%	7%	8%

A special 20% relief from benefit-in-kind on company cars will apply where an individual spends 70% or more of their time away from their place of work. The 20% relief will only apply where business kilometres exceed 8,047 and the individual is currently unable to avail of high mileage relief.

Parking Levy		2010	
A levy of €200 per annum will be charged on employees whose employer provides them with parking facilities. The levy will apply to parking in the five urban centres of Dublin, Cork, Limerick, Galway and Waterford. Pro rata reduction where car space is shared subject to a minimum charge of €100.			

Commencement of levy is subject to ministerial order.

Educational Fees		2010	
Tax relief at the standard rate will be allowed for fees paid to private colleges for approved courses.			

Property Levy / Tax		2010	
The local authority levy of €200 per non principal private residence applies to property owned on the liability date which is 31 March 2010. The levy must be paid by 31 May 2010 and a late payment fee of €20 per month will apply to payments made after 30 June 2010. Applies to owners of private rented accommodation and holiday homes and is not restricted to individuals.			

Pensions		2010	
Tax relief is available on all types of pension contributions made by individuals. There is an earnings cap of €150,000 (2009 - €150,000). The sliding scale is as follows:			

Under 30	15%	€22,500
30 – 39	20%	€30,000
40 – 49	25%	€37,500
50 – 54	30%	€45,000
55 – 59	35%	€52,500
60 +	40%	€60,000

The earnings cap of €150,000 for 2009 applies to contributions made on or before the tax return filing deadline for the 2009 tax return which is 31 October 2010.

Corporation Tax Rates		2010	
<b>Non Manufacturing Income</b>			
The standard rate of corporation tax is 12.5%. This rate only applies to a companies trading income.			

Non Trading Income		2010	
A 25% rate of corporation tax applies to non-trading income. Non-trading income is principally interest income, rental income and foreign income.			

Capital Allowances		2010	
The rate of wear and tear allowance on plant and machinery will be 12.5% p.a. on a straight line basis.			

A rate of 100% in the first year applies to expenditure on childcare facilities whether provided by employers or commercial childcare operators. This comes into effect in relation to expenditure incurred on and from 1 December 1999.

Car purchased before 1 July 2008		2010	
The rate of wear and tear allowance on motor vehicles (other than taxi's) will be 12.5% on a straight line basis. The threshold for capital allowances on both new and second hand cars is €24,000 with effect from 1 January 2007.			

Car purchased on or after 1 July 2008		2010	
The threshold amount for new cars purchased on or after 1 July 2008 will depend on the CO2 emissions category that the car falls into. For cars in category A/B/C, the cost of the car for capital allowances purposes will be an amount equal to the specified amount, i.e. €24,000, regardless of the cost of the car.			
For cars in the categories D/E the cost of the car for capital allowances purposes will be:			
50% of the retail price of the car where the retail price is less than or equal to €24,000, or			
50% of €24,000 where the retail price of the car is greater than €24,000.			
No capital allowances are available for cars in categories F/G. Similar restrictions apply to leased cars.			

Energy Efficient Equipment		2010	
100% capital allowances can now be claimed by companies on expenditure incurred on new energy efficient equipment. The relief can be claimed on expenditure incurred from 31 January 2008, but can only be claimed by companies. Minimum expenditure limits apply depending on the category of equipment purchased.			

<b>Capital Gains Tax</b>		<b>2010</b>	
<b>Annual Exemptions</b>		<b>2010</b>	<b>2009</b>
		€	€
Married Persons	Gains up to	1,270 p.a.	1,270 p.a.
Single/Widowed Persons	Gains up to	1,270 p.a.	1,270 p.a.
<b>Tax Rate</b>		25%	25%

The 25% rate applies with effect from 7 April 2009. Disposals prior to this date attract a 22% rate. The annual exemption is not transferable between spouses. Indexation relief will only apply to periods of ownership up to and including 31 December 2002.

Retirement relief threshold is €750,000.

<b>Capital Acquisitions Tax</b>		<b>2010</b>	
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The existing system of calculating Capital Acquisitions Tax applies to gifts and inheritances taken on or after 26 March 1984. All benefits taken since 5 December 1991 are aggregated. Transfers between spouses are exempt. The annual gift exemption is €3,000 p.a.

#### Property Affected

The entire property comprised in the gift or inheritance is taxable where, at the time of the gift or inheritance, the property is situated in the State.

Where the property comprised in the gift or inheritance is situated outside the State, then the gift or inheritance is taxable where either the donor or beneficiary is resident or ordinarily resident in the State.

CAT will no longer apply to the transfer of the family home on or after 1 December 1999 where certain conditions are met:

- The home is the principal private residence of the donor and/or the recipient and the recipient has been living in the home for the three years prior to the transfer.
- The recipient does not have an interest in any other residential property.
- The recipient must retain ownership and reside in the home for 6 years after the transfer.

#### Class Thresholds

The following class thresholds apply where the donee or successor is, on the day the gift or inheritance is taken:

- The spouse, child or minor child of a deceased child of the donor:  
€414,799
- A lineal ancestor, a lineal descendant (other than a child or a minor child of a deceased child) a brother, sister or a child of a brother/sister of the donor:  
€41,481
- Not entitled to either of the above class thresholds:  
€20,740

Only previous gifts or inheritances received under the same class threshold since 5 December 1991 will aggregate with a current gift/inheritance in determining the tax on the current gift/inheritance.

<b>Agricultural Property Relief</b>		<b>2010</b>	
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Agricultural relief applies to reduce the taxable value of gifts or inheritances of agricultural assets received by farmers.

The market value of all agricultural property is reduced by 90% where the donee or successor qualifies as a farmer under the Act. A farmer is defined as a person whose total assets consists of not less than 80% agricultural assets after taking into account the gift or inheritance.

There is a clawback of the relief where there is a subsequent sale or compulsory purchase within six years.

Unincorporated farmers now have the option to choose between the agricultural property relief or business property relief whichever is the more beneficial.

<b>Business Property Relief</b>		<b>2010</b>	
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This relief applies to qualifying assets used in or deriving their value from trading activities where the beneficiary, after taking the gift or inheritance, owns 25% or more interest in the business. The relief is a 90% reduction in the market value of qualifying assets.

Payment of C.A.T. liabilities on business and agricultural property will be allowed on an instalment basis over 5 years at a reduced interest rate of 9% per annum.

<b>Capital Acquisitions Tax Rates</b>		<b>2010</b>	
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A single 20% rate will apply to gifts or inheritances taken on or after 1 December 1999. This rate was increased to 22% with effect from 20 November 2008 and to 25% with effect from 7 April 2009. The discretionary trust initial charge continues at 6%.

Transfers of certain property between spouses and inheritances from a deceased spouse are exempt from Capital Acquisitions Tax.

<b>Dividends</b>		<b>2010</b>	
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Withholding tax at a standard rate of 20% will apply to all dividends paid. Withholding tax must be paid by the 14<sup>th</sup> of the month following the month in which the dividend is paid. Exclusions for dividends paid to the following shareholders:

- Irish resident company.
- Irish resident pension fund or charity.
- Person resident for tax purposes in another EU or treaty country.
- Company resident elsewhere ultimately controlled by shareholders in another EU or treaty country.

<b>Residential Investment Property</b>		<b>2010</b>	
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The interest deduction in calculating rental profits or losses will be restricted to 75% of interest paid regardless of the date the loan is taken out. These interest restrictions do not apply to commercial property. No interest deduction can be claimed unless the tenancy is registered with the Private Residential Tenancies Board.

No interest deduction can be claimed for any interest incurred prior to the first letting of the property.

<b>V.A.T. Rates</b>		<b>2010</b>	
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<b>MAIN GOODS &amp; SERVICES</b>			
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Most services, televisions, records, white goods, CDs, household furniture, jewellery, motor cars and alcoholic drink, commercially organised sports and leisure facilities, adult clothing and footwear, auto LPG and professional services relating to farming.

Immovable goods, non - domestic electricity, telecommunications, clothing and footwear unless suitable for children under 11 years of age, works of art, cinema, theatre, eyeglasses and contact lenses, photographic services, driving instruction and non - domestic heating, fuels.

Domestic energy products, meals in restaurants, certain categories of entertainment. Veterinary services and some agricultural services.

Construction work, hotel accommodation, short term car hire, boat and caravan hire, tour guide services and newspapers.

Garage services, repair and maintenance services, hairdressing, flour, confectionery and their products and non - chocolate biscuits.

Food and drink of a kind used for human consumption, most exports of goods and services relating to export of goods, oral medicines, clothing and footwear suitable for children under 11 years of age and certain books.

Medical, dental and optical services, banking and insurance services, transport of passengers and their baggage and betting.

The cash basis of accounting for V.A.T. is extended to all businesses whose annual turnover is less than €1,000,000 with effect from 1 March 2007.

#### Persons who must register for V.A.T.

- Traders where turnover exceeds or is likely to exceed €75,000 per annum and not less than 90% of their turnover is from the sale of goods.
- Other traders including traders supplying services where turnover exceeds €37,500 per annum.

<b>Farmers</b>		<b>2010</b>	
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Unregistered farmers rebate 5.2%

<b>Business Expansion Scheme</b>		<b>2010</b>	
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The scheme allows an investor to obtain income tax relief on investments up to a maximum of €150,000 per annum in each year up to 2013.

The investment must be made in certain manufacturing, service, tourism, R+D, plant cultivation activities, advance factories or in certain music recording companies.

The maximum investment in any one company is €2,000,000 and the company must commence trading within two years of the share issue. The shares must be held for a period of five years and there must be no condition that would eliminate the investors risk.

<b>Stamp Duty</b>		<b>2010</b>	
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Stamp duty is a compulsory tax chargeable on all documents wheresoever executed provided the documents relate to Irish property and activities in the State. Stamp duty on the transfer of property and shares between qualifying associated companies is abolished. The main rates are:

- Shares or Marketable Securities: 1% of consideration passing.
- Companies Capital Duty: Abolished in respect of shares issued on or after 7 December 2005.
- Commercial property: Where consideration is:

Below	€10,000	0%
€10,000 to €20,000		1%
€20,001 to €30,000		2%
€30,001 to €40,000		3%
€40,001 to €70,000		4%
€70,001 to €80,000		5%
Over	€80,000	6%

- The rate of stamp duty applicable to transfers of residential property, executed on or after 05 November 2007 is as follows:

#### First time buyers

First	€125,000	0%
Next	€875,000	0%
Excess over	€1,000,000	0%

#### Others

First	€125,000	0%
Next	€875,000	7%
Excess over	€1,000,000	9%

<b>Revenue Powers</b>		<b>2010</b>	
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The Revenue can now write to a third party, without advising the taxpayer and seek detailed explanations of their dealings with that taxpayer. The third party can be fined up to €1,500 for failure to cooperate. The Revenue can also go directly to a financial institution and examine the financial records, correspondence, etc. of an individual taxpayer.

<b>Important Deadlines</b>		<b>2010</b>	
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*	Preliminary Tax Payments - Individuals	<b>31 October</b>
*	Personal Tax Returns	<b>31 October</b>
*	Capital Gains Tax - Individuals	<b>31 October</b>
*	Annual Gift Exemption €3,000	<b>31 December</b>

<b>Tax Planning Ideas</b>		<b>2010</b>	
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- \* Business Expansion Scheme Investment
- \* Pension Contributions
- \* Section 35 Film Investment
- \* Donations

<b>General</b>		<b>2010</b>	
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The above information has been prepared following the publication of the Finance Bill in February 2010 and is intended as a general guide. Professional advice should be sought in dealing with specific problems.