

**2009 SUPPLEMENTARY
BUDGET**

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PERSONAL TAX

Income Levy

The income tax levies have been revised to the following:

- Up to €15,028 Exempt
- 2% rate applies to €15,029 to €75,035
- 4% rate applied from €75,036 to €174,979
- 6% rate applies to income in excess of €174,980

Single and Married Standard Rate Bands remain unchanged.

The standard and marginal rates of income tax also remain unchanged.

PRSI

	Existing	Change	New
Employee Ceiling	52,000	23,026	75,306

Health Levy

	Existing	Change	New
Threshold (Annual)	26,000	-	26,000
Income up to €100,100 (up to €1,925 per week)	2%	2%	4%
Excess over €100,100 (over €1,925 per week)	2.5%	2.5%	5%

Mortgage Interest Relief

Mortgage Interest Relief will be discontinued for any mortgage over 7 years from 1st May 2009.

Restriction in Interest Relied for Rented Residential Property. The amount of relief on interest on repayments on rented residential properties is restricted to half. This measure will apply to both new and existing mortgages. Commercial Properties are not affected.



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Deposit Interest Retention Tax

The rates of DIRT tax that applies to deposit interest, together with the rates of tax that apply to life assurance policies and investment funds are being increased by 2% to 25% and 28% respectively. The increased rates will apply to payments, including deemed payments, made from midnight on 7th April 2009.

Stamp Duty

Life Assurance Policies

A new Levy on life assurance is being introduced at the rate of 1% on premiums. This new levy will apply to premiums received by an insurer on or after 1st June 2009.

Non-Life Insurance Policies

The current non-life insurance levy of 2% is being increased by 1% to 3%. The new rate of 3% will apply to renewals and offers of insurance issued by an insurer on or from midnight on 7th April 2009 where premiums are received by the insurer on or after 1st June 2009.

Stamp Duty “Trade-In Scheme”

Establishment of a Stamp Duty “trade-in” scheme under which no stamp duty is payable by a person who accepts a traded in property in exchange for a new house/apartment. Stamp Duty will apply when the person subsequently sells on the ‘swapped’/traded in house.

Capital Gains Tax

Increase in the CGT rate from 22% to 25% made from midnight on 7th April 2009.

2009 Supplementary Budget

Capital Acquisitions Tax

Increase in the CAT rate from 22% to 25% made from midnight on 7th April 2009.

Threshold changes are as follows:

	Existing	New
Group A (Parent to Child)	€542,544	€434,000
Group B (Between related persons)	€54,254	€43,400
Group C (Between non-related persons)	€27,127	€21,700

The change in thresholds applies to gifts or inheritances taken from midnight on 7th April 2009

Corporation Tax

The current rate of Corporation Tax of 12.5 % is to remain unchanged.

Income and losses from dealing in residential development land

A special 20% rate applied to the trading profits from dealing in residential development land is being abolished. The income will be charged at the person's relevant marginal rate of income tax or the 25% rate of corporation tax. This change applies to the Income Tax for the year of assessment 2009 and subsequent years and as regards Corporation Tax for accounting periods ended on or after 1st January 2009.

Where trading losses have been incurred from dealing in or developing residential development land in circumstances where, if trading profits had been made, they would have been eligible to be taxed at 20%, and a claim to use those losses had not been made to and received by the Revenue Commissioners before 7th April 2009, the losses from this date will generally only be relievable (on a value basis) up to a maximum of 20%. Where any such losses are a terminal loss, the restriction will be implemented by "ring-fencing" the loss.

Capital Allowances

There will be a new tax relief on capital expenditure incurred in the acquisition of Intellectual Property.

Termination of Capital Allowance Scheme for Private Hospitals and Nursing homes has been put in place. There are to be transitional arrangements put in place for projects that are at an advanced stage of development.

Excise Duty

Rate Increases

Excise Duty on a packet of 20 cigarettes will be increased by 25 cent (including vat) from midnight on 7th April 2009 with pro rata increases on other tobacco products.

The mineral oil tax on diesel is to be increased by 5 cent per litre (including vat) with effect from midnight on 7th April 2009.

There are to be no changes on alcohol excises.

Value Added Tax (VAT)

Introduction of VAT Margin Scheme for second-hand cars A Margin Scheme is being introduced whereby, with effect from 1 July 2009, dealers will be taxed on their margin in regard to second-hand cars they acquire and resell after that date. Second-hand cars acquired before 1 July 2009 and resold after that date will be taxed on their resale price. However, where such a second-hand car is resold before 31 December 2009 the payment of the VAT due on the resale price of the car may be spread in equal amounts over the following three VAT periods. It is not possible to write off the VAT input credit dealers have already received when they purchased the second-hand cars.

Expenditure Measures

Jobseekers Allowance

The personal rate of Jobseeker's Allowance and basic Supplementary Allowance will be reduced for new claimants under 20 years of age to €100 per week from the first week of May 2009. The Qualified Adult rate payable to a Jobseeker's Allowance/ basic Supplementary Welfare Allowance claimant aged under 20 years will also be €100 per week. These reduced personal and Qualified Adult rates of payment will not apply where a claimant is entitled to an increase for a Qualified Child.

Social Welfare Payments

The Christmas bonus payment for 2009 is to be abolished.

There are to be changes to rent supplement eligibility and payment regime.

A more control environment is to be put in place to prevent social welfare fraud.

Health and Children

The Early Childcare Supplement monthly payment is to be halved to €41.50 per child with effect from 1 May 2009 and abolished at the end of 2009. It will be replaced in January 2010 with a pre-school Early Childhood and Education Scheme (ECCE) for all children between the ages of 3 years 3 months and 4 years 6 months. A capitation grant will be payable to service providers who provide free pre-school services.



This leaflet is a summary of the Budget Speech and is not intended as a comprehensive guide. 6th April 2009