

Budget 2024

Our analysis of Budget 2024:
The Budget Surplus....Budget!



Budget Overview

The huge surge of tax in recent years has allowed for some really big budgets and we now have another.

The €14 billion Budget 2024 package involves another big spending package that offers payouts to households not far off those of last year and in the case of some mortgage holders, a good deal more.

Such is the current strength of the public finances that the two budget Ministers have been able to face both ways at once, spending lavishly while also playing the prudence card by announcing the establishment of two new funds to support future investment and general spending.

How long the health of the public finances will allow budgets on this scale, meeting perceived political needs while also salting cash away, very much remains to be seen.

The minister said inflation and interest rate increases have had a major bearing on the budget measures.

Noel's Analysis

Budget Day 2024 is certainly a day of no surprises. That's the nature of the day now, with all matters well flagged in the Summer Economic Statement. Financial management craves certainty, and that's what we got.

A giveaway budget it was not--but for this day at least everyone will feel a little better off, which is unusual.

Further widening of the tax bands and increased tax credits together with various amendments to the social welfare packages are acknowledgements of the cost of living pressures.

From a business perspective, the 'a little for everyone' theme is repeated. The most interesting element being the Increased Cost of Business Scheme, which will offer one-off grants to up to 130,000 SMEs in the form of tiered grants equivalent to up to 50% of the commercial rates paid this year, with grants to be paid in early 2024.

The new targeted Capital Gains Tax relief for angel investors in innovative start-up SMEs allows angel investors to benefit from a reduced rate of CGT. The amendments to the Employment Investment Incentive Scheme (EIS) in standardising the investment period to four years for all investments and doubling the amount investors can claim relief on for four-year investments to €500,000 are welcome for smaller, early-stage businesses which are typically most in need of funding.

But as Michael McGrath said Budget 2024 was formed against a "backdrop of global uncertainty – both economic and geopolitical" so in reality every day seems like a Budget Day.

Noel Winters

**CHIEF OPERATIONS
OFFICER**



Cost of Living Package

- ▶ Extension of 9% VAT on gas and electricity
- ▶ Mortgage interest relief on loans between €80k and €500k capped at €1,250
- ▶ Energy tax credits of €150 in 3 installments

Pensions & Social Welfare

- ▶ Welfare and pension payments increase by €12 p.w. across the board
- ▶ Fuel allowance recipients to receive lump sum of €300
- ▶ Living alone recipients to receive lump sum of €200
- ▶ Child benefit double payment of €280 per child

before Christmas

- ▶ Home carer and single person child carer credits to rise by €100
- ▶ Foster carers weekly rate increase by €75 for children up to 12 years of age, and €73 for children over 12.
- ▶ Jobseekers pay related benefit which links the rate of benefit to a person's previous earnings from December 2024
- ▶ Carers Support Grant, Blind Pension, Invalidation Pension and Domiciliary Care Allowance once-off payment of €400 before Christmas
- ▶ Parents' benefit will be increased to nine weeks from August next year.

Tax Credits for year 2024

Personal Tax Credits	2024	2023
Single	1875	1775
Married	3750	3550
Widowed Person	2190	2190
Single Child Carer	1750	1650
Home Carer Credit	1800	1700
Earned Income Credit	1875	1775
PAYE	1875	1775
Widowed Parent Bereavement	2024	2023
In Year of Assessment	3600	3600
Incapacitated Child	3500	3300
Dependent Relative	245	245
Blind Person	2024	2023
Single / Married	1650	1650
Both Blind	3300	3300
Age Credit	2024	2023
Single / Married	245	245
Married	490	490

Income Tax Rates for year 2024

Single	Married (Dual Income)
20% of 1st €42,000	20% of 1st €84,000**
40% Balance	40% Balance **Transferable between spouse up to a max of €33,000 for any one spouse
Single Parents	Married (One Income)
20% of 1st €46,000	20% of 1st €51,000
40% Balance	40% Balance

Income Exemption Limits

Single / Widowed	2024	2023
65 Years and over	18000	18000
Married Couples	2024	2023
65 Years and over	36000	36000

Universal Social Charge

EMPLOYEE & SELF-EMPLOYED

2024	2023
0% on total earnings <€13,000 per annum	0% on total earnings <€13,000 per annum
0.5% on €0 to €12,012 per annum	0.5% on €0 to €12,012 per annum
2% on €12,013 to €25,760 per annum	2% on €12,013 to €22,920 per annum
4% on €25,760 to €70,044	4.5% on €22,920 to €70,044
8% on €70,045 to €100,000	8% on €70,045 to €100,000
PAYE INCOME 8% on excess over €100,000	PAYE INCOME 8% on excess over €100,000
SELF EMPLOYED INCOME 11% on excess over €100,000	SELF EMPLOYED INCOME 11% on excess over €100,000

Taxation

- ▶ Standard Rate tax band of 20%, to increase by €2,000 from €40,000 to €42,000.
- ▶ Personal tax credit, Employee tax credit and the Earned Income Tax Credit will rise by €100 to €1,875
- ▶ USC 2% rate increases by €2,840 on earnings up to €25,760
- ▶ USC on earnings between €25,760 to €70,044 decreases by .5% to 4%

PRSI

Employer CONTRIBUTION FOR CLASS A	2024	2023
PRSI	10.15%	10.05%
Training Levy	1%	1%
Total for Employers	11.15%***	11.05%***

Employee	2024	2023
PRSI	4.1%*	4%*

Self Employed / Directors Contribution	2024	2023
PRSI	4.1%*	4%**

* NOT APPLICABLE IF EARNINGS LESS THAN €18,300 P.A. (€352 P.W.)
 **4.1% SUBJECT TO A MINIMUM PAYMENT OF €500
 *** €410 EARNINGS PER WEEK

Housing

- ▶ Rental tax credit to increase from €500 to €750, incl parents who pay for child's student accommodation
- ▶ Landlords tax break on rental income worth between €600 and €1,000, rising every year they stay in the market up to 2027
- ▶ The Help-to-buy scheme has been extended until 2025
- ▶ Vacant property tax increase from 3 to 5 times the LPT rate



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COO - CHIEF OPERATIONS OFFICER

Transport & Climate

- ▶ The rate per tonne of carbon dioxide emitted for petrol and diesel increasing from €48.50 to €56 from 12 October
- ▶ Young Adult Card eligibility for 24/25 year olds which allows for half-price fares
- ▶ Reduction of VAT rate on supply and installation of solar panels for private dwellings to zero will be extended to schools
- ▶ VRT relief for battery electric vehicles has been extended for a further two years to the end of 2025 up to value of €50k
- ▶ A new low interest loan scheme for energy efficient homes in conjunction with SEAI
- ▶ €380m to residential and community energy schemes
- ▶ The planned increase in fuel excise charges at the end of this month have been pushed back to two equal instalments on April 1st and August 1st, 2024.

Agriculture

- ▶ Lifetime threshold for young farmer reliefs under the EU Agricultural Block Exemption increase from €75,000 to €100,000
- ▶ Increasing land leasing tax reliefs to a minimum of seven years up from five years
- ▶ Increasing stock relief from €15,000 to €20,000 in line with EU Regulations
- ▶ Extending the upper age limit of Retirement Relief from 65 to 70 to support the intergenerational transfer of businesses and farms.

Childcare & Education

- ▶ Hot School Meals Programme will be extended to an additional 900 primary schools in April 2024
- ▶ Free School Books Scheme extended to all junior cycle pupils in post-primary schools within the Free Education Scheme
- ▶ Childcare costs decrease further by 25% from September 2024.

Healthcare

- ▶ €800 million in core funding smallest increase for some time
- ▶ A new health resilience fund is being established to

meet the pressures caused by rising demand and inflation

- ▶ Free contraception is being made available to women aged 31 next year.

Long-term investment

- ▶ Future Ireland Fund established to grow to €100 billion by the middle of the 2030s funded by contributions of 0.8 per cent of GDP
- ▶ €14 billion infrastructure, climate and nature fund

Business

- ▶ Business to avail of once off grant up to 50% of their rates
- ▶ Section 481 tax credit for qualifying expenditure increase from €70 million to €125 million
- ▶ The Employment Investment Incentive scheme (EII) will be enhanced
- ▶ Retirement relief will be extended from 65 until the age of 70.
- ▶ R&D tax credit increase from 25% to 30%
- ▶ VAT Registration threshold to increase for services from €37,500 to €40,000 and for goods from €75,000 to €80,000
- ▶ Corporation tax rate introduction of 15% minimum effective tax rate for large companies
- ▶ Angel investors tax break allowing a reduced rate of Capital Gains Tax.

Garda & Justice

- ▶ Between 800 and 1,000 new Gardaí next year
- ▶ €25 million increase in the garda budget to meet overtime demands
- ▶ Garda recruits increase in training allowance from €184 to €305.
- ▶ €12m more to tackle domestic, sexual and gender based violence

Others

- ▶ Audio books zero rated for VAT from 1st of Jan 2024
- ▶ Minimum wage increase to €12.70 per hour
- ▶ Cigarettes will cost an extra 75c from tonight, but there will be no increase in price of alcohol
- ▶ Student grants will increase by €300 from January.

Fitzgerald Power is a leading financial advisor to the Irish SME sector.

We provide accountancy, corporate finance and taxation advice to businesses across the country.

If you need any support on implementing any of these changes or you have any questions regarding Budget 2024 please get in touch.

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