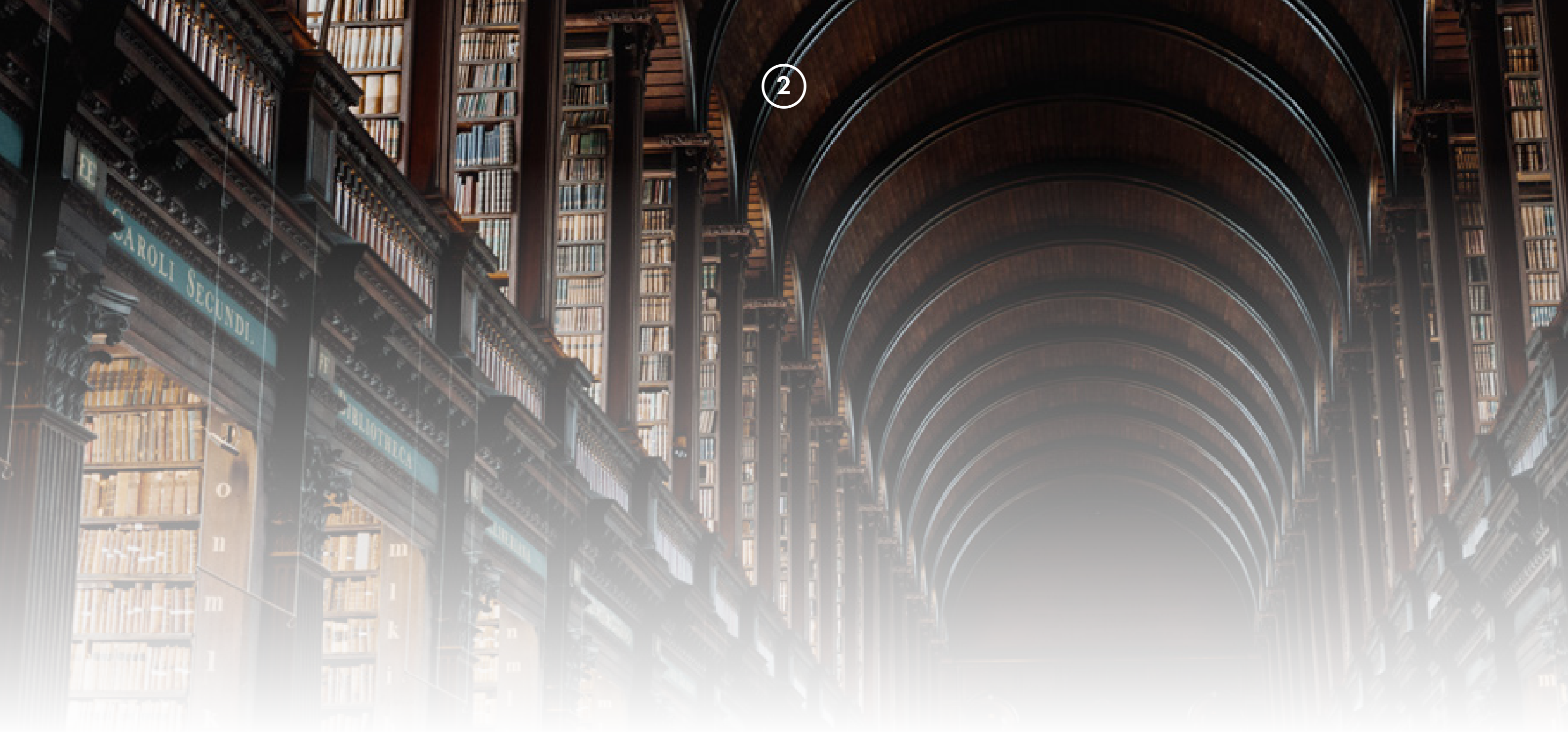
Ireland: 2018 Budget Announced

On 10 October, the minister for Finance, Public Expenditure and Reform announced the Budget 2018. Capital GES have listed the tax changes for Ireland in 2018.



USC Rate & Band Reduction

Incomes of €13,000 or less will continue to be exempt from USC in 2018 and the USC rates were cut with the 2.5% rate of USC reduced to 2% and the 5% USC rate reduced to 4.75%. The threshold for the 2% USC was increased by €600 going from €18772 to €19,372. This increase was made to tie in with the new minimum wage (€9.50) that was announced in July 2017. The 5% USC rate was reduced to 4.75%

Income	Rate
€0 – €12,012	0.5%
€12,012 – €19,372	2%
€19,372 – €70,044	4.75%
€70,044+	8%

The higher rate of USC of 11% on income in excess of €100,000 for the self-employed remains.

The USC relief for medical card holders is being extended for a further two years. Medical care holders and individuals aged over 70 years and whose aggregate income does not exceed €60,000 will now pay a maximum USC rate of 2 percent in 2018.

PRSI

Employees earning between €352.01 and €424 in a week will be entitled to a new weekly PRSI credit which will reduce the amount of PRSI deducted from their earnings in that week.

Income Tax Credits

The standard rate income tax band for all earners increased by EUR 750.

The Home Carer Tax Credit increased again in Budget 2018 with the announcement of a €100 increase to bring the credit to €1,200.

The Earned Income Credit for the self-employed increases by EUR 200 going from €950 to €1,150.

DIRT reduction

The rate of DIRT is set to reduce to 37% in 2018 and then by 2 percent each year until it reduces to 33% in 2020.

Corporation tax rate

As expected, the Minister reaffirmed Ireland's commitment to retaining the 12.5% corporation tax rate stating that the 12.5% rate was one of the reasons that Ireland is an attractive destination for foreign investment.

The Seamus Coffey report was published in September 2017 and sets out a roadmap for Ireland to implement a range of reforms over the coming years up to the end of 2020. From advice on the report the Capital Allowances for Intangible Assets and any related interest expense, will be limited to 80% of the relevant income arising from the intangible asset in an accounting period.