

# FKQ

ACCOUNTANTS

21 Chelmsford, Celbridge, Co. Kildare, W23 D662  
Telephone: 01 627 3715 . E-Mail: info@fkq.ie

Visit our website: [www.fkq.ie](http://www.fkq.ie)



## BUDGET SUMMARY 2022

These are the key tax measures in the Budget Statement of 12 October 2021, as made by the Minister for Finance.

### Income Tax

#### Tax Credits

Changes are in **bold**.

Tax Credit	2021 €	2022 €
Single Person	1,650	<b>1,700</b>
Married or in a Civil Partnership	3,300	<b>3,400</b>
Employee Tax Credit	1,650	<b>1,700</b>
Earned Income Tax Credit (max)	1,650	<b>1,700</b>
Widowed Person or Surviving Civil Partner (without qualifying child)	2,190	<b>2,240</b>
Single Person Child Carer Tax Credit	1,650	1,650
Incapacitated Child Credit (max)	3,300	3,300
<b>Blind Tax Credit</b>		
Single person	1,650	1,650
Married or in a civil partnership:		
• one spouse or civil partner blind	1,650	1,650
• both spouses or civil partners blind	3,300	3,300
<b>Widowed Parent</b>		
• Bereaved in 2021	-	3,600
• Bereaved in 2020	3,600	3,150
• Bereaved in 2019	3,150	2,700
• Bereaved in 2018	2,700	2,250
• Bereaved in 2017	2,250	-
• Bereaved in 2016		
<b>Age Tax Credit</b>		
• Single or widowed or surviving civil partner	245	245
• Married or in a civil partnership	490	490
Dependent Relative	245	245
Home Carer Tax Credit	1,600	1,600

#### Sea-going Naval Personnel Tax Credit

The Sea-going Naval Personnel Tax Credit of €1,500 has been extended to 31 December 2022.

#### Tax Rates and Tax Bands

Changes are in **bold**.

Personal Circumstances	2021 €	2022 €
Single or widowed or surviving civil partner, without qualifying child	35,300 @ 20% Balance @ 40%	<b>36,800 @ 20%</b> Balance @ 40%
Single or widowed or surviving civil partner, qualifying for single person child carer credit	39,300 @ 20% Balance @ 40%	<b>40,800 @ 20%</b> Balance @ 40%

Married or in a civil partnership, one spouse or civil partner with income	44,300 @ 20% Balance @ 40%	<b>45,800 @ 20%</b> 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%	<b>45,800 @ 20% with increase of 27,800 max.</b> Balance @ 40%

#### Exemption limits

The exemption limits for persons aged 65 years and over remain unchanged.

Personal Circumstances	2020 €	2021 €
Single or widowed or surviving civil partner, 65 years of age and over	18,000	18,000
Married or in a civil partnership, 65 years of age and over	36,000	36,000

These exemption limits increase by €575 for each of the first two dependent children and by €830 for the third and subsequent children.

#### Deduction in respect of certain expenses of remote working

The current tax arrangements for working from home will be enhanced and formalised from 2022 onwards. An Income Tax deduction amounting to 30% of the cost of vouched expenses for electricity, heating and internet services for those days spent working from home can be claimed by remote workers. Revenue's online system will enable individuals to claim tax relief in real time throughout the year.

#### Taxation of international flight crew

Currently, all individuals who are employed aboard an aircraft which operates in international traffic are subject to Income Tax under Schedule E where the aircraft is operated by an enterprise which is managed in the State. The Finance Act will amend this position to exclude non-resident flight crew, subject to certain conditions.

#### Certain income from micro-generated electricity

Micro-generation of electricity is the small-scale production of electricity by consumers who generate electricity at their own homes for their own consumption and sell the excess electricity produced.

An exemption of up to €200 is available to individuals who earn income from the micro-generation of electricity using renewable, sustainable or alternative sources at their home.



### Agri-Taxation

General stock relief for farmers of 25% is being extended for a further three years to 31 December 2024.

The enhanced stock reliefs are being extended by one year. These include:

- 50% stock relief for members of Registered Farm Partnerships
- 100% stock relief for certain Young Trained Farmers.

### Pre-letting expenses of vacant residential premises

The deduction for pre-letting expenses of a revenue nature incurred on a property that has been vacant for a period of 12 months or more has been extended by three years. The expenditure must be incurred within the 12-month period before it is let as a rented residential premises.

A cap on allowable expenses of €5,000 per property will apply, and the relief will be subject to clawback if the property is withdrawn from the rental market within four years. The relief will be available for qualifying expenses incurred up to the end of 2024.

### Help to Buy (HTB)

In 2020, the July Stimulus plan introduced a temporary enhanced HTB relief from 23 July 2020. Under the enhanced scheme, increased Income Tax (IT) relief is available, to the lesser of:

- €30,000 (up from €20,000)  
or
- 10% (up from 5%) of the purchase price of the new home or of the completion value of the property in the case of self-builds  
or
- the amount of IT and DIRT paid over the four years prior to making the application.

This enhanced relief will be extended to 31 December 2022.

### Employment Wage Subsidy Scheme (EWSS)

The EWSS provides a wage subsidy to eligible employers in respect of qualifying employees. EWSS will close to new employer registrations from 1 January 2022 and will conclude on 30 April 2022.

Eligibility for the scheme will continue to require a 30% reduction in turnover/customer orders in the full year 2021 as compared to the full year 2019. Businesses that qualify for entry to the scheme as at the last day of December 2021 may continue to avail of the EWSS until 30 April 2022.

The following rates will apply:

Weekly pay	Rate from 20 Oct 2020 - 30 November 2021	Rate from 01 December 2021 - 28 February 2022	Rate from 01 March 2022 - 30 April 2022
Less than €151.50	Nil	Nil	Nil
€151.50 - €202.99	€203	€151.50	€100
€203 - €299.99	€250	€203	€100
€300 - €399.99	€300	€203	€100
€400 - €1,462	€350	€203	€100
Over €1,462	Nil	Nil	Nil

Normal rates of employer's PRSI will be reintroduced from 1 March 2022.

### Residential Zoned Land Tax (RZLT)

The RZLT will replace the vacant sites levy and is designed to encourage the activation of zoned and serviced residential development land for housing. A rate of 3% per annum of the market value of the relevant site will operate on a self-assessment basis. The tax will apply to serviced zoned land suitable for the development of residential housing. Maps identifying suitable sites for RZLT will be prepared by Local Authorities.

This tax will come into effect in 2024.

### Corporation Tax (CT)

#### Accelerated capital allowances for gas vehicles and refuelling equipment

The accelerated capital allowances scheme for gas vehicles and refuelling equipment is being extended for a further three years until 31 December 2024. The scheme is also being expanded to include hydrogen fuelled vehicles and related refuelling equipment.

#### Accelerated capital allowances for energy efficient equipment

The accelerated capital allowances scheme for energy-efficient equipment is being amended to exclude capital expenditure incurred on equipment which operates on fossil fuels.

#### Digital Games Corporation Tax Credit

Subject to EU State Aid approval, this measure will provide an incentive to developers of digital games. A credit, amounting to 32% of eligible expenditure, will be available on the basis of individual projects which meet certain conditions. Eligible expenditure will be capped at the lower of €25 million or 80% of total qualifying expenditure per project. There is also a minimum spend per project of €100,000. Full



details and conditions will be set out in the Finance Bill.

### **Amendment to tax relief for new start-up companies (Section 486C tax relief)**

This measure provides relief from CT on trading income (and certain capital gains) for new start-up companies in the first three years of trading.

This relief was due to expire at the end of 2021. It is now being extended to companies commencing a qualifying trade over the next five years. The period for which the relief may be claimed is also being extended from three to five years.

### **Anti-Tax Avoidance Directive (ATAD) – interest limitation**

As part of Ireland’s commitment to implementing ATAD, the Finance Bill will provide for new interest limitation rules. These rules are intended to limit base erosion through the use of excessive interest deductions. The rules will take effect for accounting periods of companies beginning on or after 1 January 2022.

### **Anti-Reverse Hybrid rule**

To complete Ireland’s transposition of Anti-Tax Avoidance Directive 2 (ATAD2), the anti-reverse hybrid rule will take effect from 1 January 2022. This will address tax mismatches that arise in certain circumstances where an entity is a reverse hybrid entity.

### **Relief for Investment in Corporate Trades (RICT)**

The Employment Investment Incentive (EII) will be amended so that investments made in companies by individuals through Limited Partnerships and Investment Limited Partnerships may qualify for relief.

The relief will be extended for a further three years, until 31 December 2024.

Further changes to RICT reliefs will be set out in the Finance Bill.

## **Stamp Duty**

### **Bank levy**

The levy is being extended for an additional year, on the same basis as in 2021, for those banks that remain in the Irish market.

### **Young Trained Farmer Relief**

The Stamp Duty relief available for young trained farmers is extended for an additional year to 31 December 2022.

## **Value Added Tax (VAT)**

### **Hospitality sector VAT Rate**

The reduced VAT rate of 9% for the hospitality sector will remain in place until the end of August 2022.

### **Flat-Rate Addition for Farmers**

This flat rate is reduced from 1 January 2022, from 5.6% to 5.5%.

## **Excise**

### **Tobacco Products Tax (TPT)**

TPT rates are increased with effect from 13 October 2021. The increase amounts to 50 cent, inclusive of VAT, on a packet of 20 cigarettes, with pro rata increases on other tobacco products.

## **Carbon taxes on energy products**

### **Rates of Mineral Oil Tax (MOT)**

MOT rate increases apply from 13 October 2021 to:

- petrol (increases to €636.71 per 1,000 litres)
- auto-diesel (increases to €535.46 per 1,000 litres)
- aviation gasoline (increases to €636.71 per 1,000 litres)
- heavy oil used for air navigation and for private pleasure navigation (increases to €535.46 per 1,000 litres).

Other MOT rates will remain the same until 1 May 2022 when new rates will apply to:

- non-propellant kerosene (increases to €103.83 per 1,000 litres)
- fuel oil (increases to €141.12 per 1,000 litres)
- other heavy oil including MGO (increases to €158.50 per 1,000 litres)
- propellant liquefied petroleum gas (increases to €130.52 per 1,000 litres)
- non-propellant liquefied petroleum gas (increases to €66.93 per 1,000 litres).

### **Rate of Natural Gas Carbon Tax (NGCT)**

The new rate of NGCT will be €7.41 per megawatt hour at gross calorific value and will apply from 1 May 2022.

### **Rates of Solid Fuel Carbon Tax (SFCT)**

SFCT rate increases will apply from 1 May 2022 to:

- coal (increases to €107.98 per tonne)
- peat briquettes (increases to €75.17 per tonne)
- milled peat (increases to €37.25 per tonne)
- other peat (increases to €55.87 per tonne).

## **Vehicle Registration Tax (VRT)**

### **Rates of VRT for Category A vehicles**

Since 1 January 2021, VRT on Category A vehicles (passenger cars including SUVs) is calculated based



on CO2 emissions produced, under the Worldwide Harmonised Light Vehicle Testing Procedure (WLTP) measuring system.

The VRT rates will remain unchanged in 2022 for low emissions bands (1 to 8). There will be an increase in the rates for the middle and higher emissions bands, with effect from 1 January 2022:

- bands 9 to 12 will increase by 1%
- bands 13 to 15 will increase by 2%
- bands 16 to 20 will increase by 4%.

Changes to the rates for Category A vehicles are shown in **bold** in the table.

Band	CO2 Emissions (CO2 g/km)	2021	2022
<b>1</b>	0g/km to 50g/km	7%	7%
<b>2</b>	> 50g/km to 80g/km	9%	9%
<b>3</b>	> 80g/km to 85g/km	9.75%	9.75%
<b>4</b>	> 85g/km to 90g/km	10.5%	10.5%
<b>5</b>	> 90g/km to 95g/km	11.25%	11.25%
<b>6</b>	> 95g/km to 100g/km	12%	12%
<b>7</b>	> 100g/km to 105g/km	12.75%	12.75%
<b>8</b>	> 105g/km to 110g/km	13.5%	13.5%
<b>9</b>	> 110g/km to 115g/km	14.25%	<b>15.25%</b>
<b>10</b>	> 115g/km to 120g/km	15%	<b>16%</b>
<b>11</b>	> 120g/km to 125g/km	15.75%	<b>16.75%</b>
<b>12</b>	> 125g/km to 130g/km	16.5%	<b>17.5%</b>
<b>13</b>	> 130g/km to 135g/km	17.25%	<b>19.25%</b>
<b>14</b>	> 135g/km to 140g/km	18%	<b>20%</b>
<b>15</b>	> 140g/km to 145g/km	19.5%	<b>21.5%</b>
<b>16</b>	> 145g/km to 150g/km	21%	<b>25%</b>
<b>17</b>	> 150g/km to 155g/km	23.5%	<b>27.5%</b>
<b>18</b>	> 155g/km to 170g/km	26%	<b>30%</b>
<b>19</b>	> 170g/km to 190g/km	31%	<b>35%</b>
<b>20</b>	> 190g/km	37%	<b>41%</b>

### Nitrogen Oxide (NOx) Levy

There is no change to the rate of the NOx levy that is applied to all VRT category A vehicles (passenger cars, including SUVs).

### Relief for Electric Vehicles (EVs)

Remission or repayment in respect of VRT for electric vehicles including electric motorcycles is being extended until 31 December 2023.

### Legal Disclaimer

This leaflet is intended to describe the subject in general terms. As such, it does not attempt to cover every issue which may arise in relation to the subject. It does not purport to be a legal interpretation of the statutory provisions and consequently, responsibility cannot be accepted for any liability incurred or loss suffered as a result of relying on any matter published herein.

