



sage

**€1.3
BILLION
PACKAGE**

*of tax cuts and
public spending
was announced*

BUDGET 2017:

Let us break it down for you



Budget 2017 was delivered on 11th October by Ministers Noonan and Donohue. So what are the implications for business going into 2017 as a result of the budget announcement? Our team of experts have worked through what this means for you and your business.

Here's a brief round-up:



Payroll & Employment:

As expected there were cuts to the three lowest rates of Universal Social Charge - 1% rate cut to 0.5%; 3% rate cut to 2.5%; 5.5% rate cut to 5%. Plus the entry point to lowest band has also been marginally increased.

A new childcare scheme will be set up from September. The introduction of a new Single Affordable Childcare Scheme promises both means-tested subsidies, based on parental income, for children between six months and 15 years and universal subsidies for all children aged six months to three years. It's anticipated that this will have a positive impact of improving workplace participation and the availability of skilled labour in the market.

Reductions to the three lowest Universal Social Charge rates of

0.5%



Sole Traders & Business Owners:

From January 2017, the Capital Gains Tax for entrepreneurs will be reduced from 20% to 10% on the sale of a business of up to €1m in value.

The Earned Income Tax Credit will increase by €400 to €950, this will help to benefit more than 147,000 self-employed individuals therefore generating business activity across the country. It was confirmed that Ireland's corporate tax of 12.5% would remain unchanged.

Capital allowances will also be made available to Sole Traders to support investment in energy efficiency measures.

Earned Income Tax Credit will increase by

€400 → €950

Here's a brief round-up:



Rural Support Schemes & Initiatives:

The Rural Development Programme funding will rise by €107 million in 2017 bringing total annual investment to more than €600m, including €25 million for a new animal welfare scheme (with a specific focus on sheep).

A new income averaging 'step out' for farmers is set to commence immediately. This means farmers pay tax on an average of five years' income to balance it out. If they have a bad year, they'll be able to opt to pay tax on that year alone.

A new low-cost flexible loan fund worth €150 million, at an interest rate of 2.95%, will also be established using EU exceptional adjustment aid and distributed via the SBCI.

The Rural Development Programme funding will rise by
€107 million in 2017



Increasing Expenditure in the Economy:

There are a number of measures in the budget aimed at driving more expenditure in the wider Economy and in turn Irish businesses; some headline measures that are likely to have a positive impact are:

- The help-to-buy scheme will provide first-time buyers with a rebate of income tax paid over the previous four tax years, up to 5% of the purchase price of a new home up to a value of €400,000. As part of the measure, pro-rata rates will apply to houses in excess of €400,000, up to €600,000. In addition the Home Renovation Incentive Scheme is to be extended by two years to the end of 2018, driving expenditure in the market around home improvements, small construction projects and home related retail sectors.
- The increase of the Social Welfare Christmas Bonus to 85% should also drive incremental economic activity across a broad spectrum of industries, with a seasonal uplift aligned to the December period. There will also be a €5 per week increase on all social welfare payments and pensions from March 2017.
- The government has also committed to creating an additional 4,500 frontline public sector jobs including 2,500 teaching posts and 800 Gardai, all of which will create income tax flows.

Increase of the Social Welfare Christmas Bonus

85%

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