



Budget 2024

Report

mazars



Contents

04	About Mazars
05	Our view on Budget 2024
06	Personal tax and social welfare
08	Employment tax
09	Corporation tax
12	Capital taxes
13	Agriculture
14	Indirect taxes and customs
15	Participation exemption on foreign dividends
16	Enhanced Reporting Requirement (ERR)
18	Example scenarios
19	Summary of personal tax rates and bands

Mazars in Ireland

Who we are

At Mazars, we are dedicated to delivering tailored solutions that meet the unique needs of our clients. We offer a comprehensive suite of tax services to both national and international clients, with a strong focus on helping them optimize the tax efficiency of their business operations and financial affairs.

With one of the largest teams of tax specialists in Ireland, Mazars is well-equipped to provide a wide range of tax services to a diverse clientele, including small and medium-sized enterprises, privately held companies, publicly quoted corporations, and individuals. Our approach is rooted in our ability to propose innovative ideas and practical solutions that add substantial value to our clients. This approach is built upon a deep understanding of each client's specific business circumstances.

We are part of the International Mazars organisation, Europe's largest independent firm of accountants and advisors, and as such are ideally placed to provide advice on cross border transactions and international tax issues.

3

offices in Dublin, Galway and Limerick

700+

staff

36

partners



Our view

Budget 2024

Budget 2024 was delivered on the 10 October 2023 to the Dail by Ministers Donohoe and McGrath and the main focus was on supporting individuals and businesses through the current challenging cost of living and inflationary environment.

The Irish economy is in financially good health due to the windfall receipts from corporation tax and increases in the income tax take linked to higher employment. The headroom available in the economy has left the Government in a position to introduce a vast array of supports and increase spending with a combination of once-off and recurring amounts.

Inflation for 2023 is estimated to come in at just over 5.25% and to drop further in 2024 to 2.9%. Interest rates are one of the other main challenges being faced by individuals and businesses, and indicators now are that rates may stay high for longer than initially projected. Minister McGrath also flagged that, while Ireland's national debt is mostly fixed for a number of years, certain debt which will mature in three to four years plus will need to be re-financed at higher rates compared to the current cost.

A major plus for the Irish economy is that the one-off spending is being funded from this year's tax surplus and does not require borrowings. In addition, the number of people in employment is at a record high of 2.6m, with the unemployment rate at 4.1%.

The availability of a €250m business support grant fund linked to rate payments by SMEs and the increase in the R&D tax credit will be welcomed by all businesses. The increase in the minimum wage by 11% will negatively impact certain types of business and likewise the proposed increase in employer PRSI.

Personal tax credits are due to increase by €200 and, allied to the widening of the standard rate tax band, will see take-home pay increase for most people. These changes to the tax legislation and the other supports will act as a buffer against inflation and higher interest rates.

In relation to housing, the Government is continuing certain supports that had end dates and increasing overall expenditure with a view to an increased supply of houses and making houses more affordable.

Significant one-off measures have been announced in relation to individuals and these will provide a benefit to those who have suffered real decreases in their income and increased costs for energy, mortgage interest and other outgoings. The measures are in the main targeted and will be in place to support people until inflation decreases in 2024 and when interest rates are expected to decline in two to three years' time.

With the significant surplus available, the Government announced the establishment of two new investment funds. The Future Ireland fund will start out with seed capital of €4bn and it is estimated to grow to €100bn by 2035 and will be used to cover future known costs in terms of pension and other costs. The Infrastructure, Climate and Nature fund will be set up with initial funding of €2bn and will grow incrementally by €2bn annually to reach €14bn plus interest accrued.

It is also positive to see a recognition by Minister McGrath of the need to simplify our tax system and have a more integrated structure within Revenue in terms of administering the relevant tax-based business supports.

It is unusual for the Finance Ministers to have had such fiscal space, however their indicated use of the windfall tax receipts is likely to be seen as balanced and proportionate in addressing both the short-term and long-term requirements of the country and the economy, with the majority receiving reasonable benefits. With an election on the near-term horizon, most people are likely to look at Budget 2024 in a positive light.



Frank Greene
Head of Tax

Personal tax and social welfare

Budget 2024

Income tax standard rate band

There will be an increase of €2,000 in the income tax standard rate band cut-off point for all earners from 1 January 2024. This increases the band for single individuals from €40,000 to €42,000. The tax band for married couples/civil partners will increase from €49,000 to €51,000. The band for a single individual qualifying for the single parent child credit carer tax credit will increase from €44,000 to €46,000.

Tax credits

Personal and employee tax credit

Both the personal and employee tax credit will increase from €1,775 to €1,875 with effect from 1 January 2024.

Earned income tax credit

The earned income tax credit will be increased from €1,775 to €1,875 with effect from 1 January 2024. This credit applies to individuals with self-employed income (including farmers) and business owners/managers, who are ineligible for a PAYE tax credit on their salary.

Home carer tax credit

The home carer tax credit will be increased from €1,700 to €1,800 with effect from 1 January 2024.

Single person child carer tax credit

The single person child carer tax credit will be increased from €1,650 to €1,750 with effect from 1 January 2024.

Incapacitated child tax credit

The incapacitated child tax credit will increase from €3,300 to €3,500 with effect from 1 January 2024.

Rent tax credit

The rent tax credit announced in Budget 2023 is being amended to increase the amount that can be claimed from €500 to €750.

Additionally, parents who pay for their student children residing in 'Rent a Room' or digs accommodation may now be eligible to apply for the rent tax credit. Claims may be retrospectively submitted for both the 2022 and 2023 tax years.

Sea-going naval personnel tax credit

The sea-going naval personnel tax credit is being extended to 31 December 2024. It applies where a permanent member of the Irish Naval Service spends

at least 80 days at sea on board a naval vessel in the previous tax year. The tax credit amounts to €1,500.

Universal Social Charge (USC)

With effect from 1 January 2024, the ceiling of the 2% rate of USC will be increased from €22,920 to €25,760. This increase in band will ensure that full-time adult workers who benefit from the increase in the hourly minimum wage rate will remain outside the scope of the top rates of USC. The reduced rates of USC applicable to holders of current valid medical cards have been extended for a further two years to 31 December 2025. The reduced rates apply to those medical card holders whose income is €60,000 or less annually. The reduced rates are 0.5% on the first €12,012 and 2% on the balance.

In addition, the 4.5% rate of USC is being reduced by 0.5% to 4%. This applies to the income band between €25,761 and €70,044.

Incomes of less than €13,000 will remain exempt from USC.

Increased threshold for donations of heritage items

This tax relief applies to taxpayers who donate heritage items to Irish national collections and operates by setting a credit equal to 80% of the market value of the item donated against donors' liabilities for income tax, corporation tax, capital gains tax or gift and inheritance tax. The aggregate value of items that can be donated under the scheme in any one year is to be increased from €6m to €8m.

Microgeneration of 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 that is produced. The existing exemption from income tax, USC and PRSI applying to certain profits arising to a qualifying individual who generates energy from renewable, sustainable or alternative energy sources for their own consumption is to increase from €200 to €400 annually. The exemption applies to profits arising from the domestic generation of electricity which is supplied to the grid.

Mortgage interest relief

Mortgage interest tax relief has been announced to benefit homeowners holding outstanding mortgage balances on their principal private residence ranging

Personal tax and social welfare continued

Budget 2024

between €80,000 to €500,000 as at 31 December 2022. This relief will give eligible homeowners a tax break on the additional interest they pay on their mortgage throughout the year 2023, in comparison to their 2022 payments. The tax reduction will be applied at the standard income tax rate of 20% and the relief will be capped at €1,250 per property. To claim the relief, the taxpayer must file a tax return with Revenue and the taxpayer must be compliant with Local Property Tax requirements.

Rented residential relief

A new tax relief for landlords is being introduced. This initiative will grant tax relief at the standard rate for residential rental income. The relief is structured as follows:

- €3,000 in 2024
- €4,000 in 2025
- €5,000 in 2026
- €5,000 in 2027

It's important to note that if, within four years, the landlord decides to withdraw any of the rental properties initially held when claiming the benefit in year one, a complete claw-back of the relief will be enforced.

The relief relates only to tenancies registered with the Residential Tenancies Board, or where a landlord lets a residential property to a public authority (including a Local Authority).

In the case of joint ownership of a property, the relief will be divided in proportion to the percentage of the rental income to which each owner is entitled.

One-off cost of living supports (Social Welfare)

The following is a list of the one-off cost of living supports as announced by the Minister in Budget 2024:

- €450 Electricity credits (3 x €150)
- €300 Fuel allowance lump sum
- €200 Living alone allowance lump sum
- Double month child benefit
- €400 Working family payment lump sum
- €100 Qualified child increment lump sum
- Double week for all weekly welfare schemes
- €400 Lump sum to those in receipt of Carer's Support Grant, Disability Allowance, Blind Pension, Invalidity Pension and Domiciliary Care Allowance
- Double payment of foster care allowance

Gift and inheritance tax

Tax-free thresholds

Foster children should see their position on inheritances and gifts improve by being able to avail of the Group B Capital Acquisitions Tax threshold based on their relationship to their foster parents. This should increase the lifetime tax-free threshold for foster children from €16,250 to €32,500.



Employment tax

Budget 2024

Pay Related Social Insurance (PRSI)

From 1 October 2024, contribution rates will increase by 0.1%. This will apply to all contribution classes – employer and employee. The Minister also signalled that further increases are likely in future years to fund retirement costs.

Benefit-in-kind (BIK) – Employer provided vehicles

The temporary universal relief of €10,000, applied to the Original Market Value (OMV) of a vehicle in calculating BIK for vehicles in Category A-D and the amendment to the lower limit of the highest mileage band, is being extended to 31 December 2024.

The tapering mechanism applied to BIK relief for Electric Vehicles (EV) is being enhanced by extending the current OMV deduction of €35,000 until 31 December 2025, followed by a reduction to

€20,000 in 2026 and €10,000 in 2027. Taken together, with the extension of the OMV relief of €10,000 above, an employee with a company-provided EV will see an overall BIK OMV relief of €45,000 in 2024.

Key Employee Engagement Programme (KEEP)

The KEEP is extended to 31 December 2025. The KEEP scheme limit on the total market value of issued but unexercised qualifying share options is doubled from €3m to €6m.

Information campaign

Corporation tax receipts for the year are currently It is estimated that there are refunds of €180m due to taxpayers in respect of 2022 alone. The intention is for Revenue to launch an extensive public information campaign to raise awareness of tax credits and reliefs available to PAYE taxpayers.



Corporation tax

Budget 2024

Introduction of 15% tax rate – Pillar Two

While the 12.5% corporation tax rate will remain the norm for most Irish companies, the 15% corporation tax rate for Multinational Enterprises (MNEs) will be introduced in 2024. This is part of the OECD Pillar 2 agreement. It will apply to MNEs with worldwide revenues in excess of €750m. Draft legislation on the operation of this new effective tax rate will be included in the Finance Bill to be published next week. The Minister presented this as a once-in-a-generation reform to the Irish corporation tax system, and the culmination of a 10-year, global project to reform the taxation of multi-national enterprises.

Dividends

The Minister recently announced that a participation exemption for foreign-sourced dividends will be legislated for as part of Finance Bill 2024. The participation exemption will likely simplify administrative matters for corporates. The changes are expected to apply from 2025 onwards.

Interest deductibility

As part of the global tax reform work being undertaken by Ireland, the Minister also announced his commitment to review Ireland's current regime for interest deductibility. As this is a complex area, there will need to be stakeholder engagement to grasp the intricacies.

Windfall corporate tax

Corporation tax receipts for the year are currently €10-12bn above expectations. This excess is being treated by the Minister as "Windfall" corporation tax receipts, once these receipts are removed, an underlying deficit of €2bn would be recorded for 2023. The Minister is to invest some of these receipts into two new funds – The Future Ireland Fund and the Infrastructure, Climate and Nature Fund.

The Future Ireland Fund may reach €100bn by 2035 and will be used to meet the cost of running the State in the future by funding costs such as healthcare and pensions.

The Infrastructure, Climate and Nature Fund will reach €14bn, plus interest, over the next seven years. The fund will be used to invest in infrastructure and will also use €3bn to ensure that Ireland meets its climate targets by using capital projects to achieve its carbon budgets.

Film tax credit

Section 481 Film Relief is a corporation tax credit that provides relief related to the cost of production of certain audio-visual material, thereby incentivising film and TV, animation and creative documentary production in Ireland. This relief promotes the attractiveness of Ireland as a location to produce high-quality content. This also participates in the dynamism of the country's local economy and the promotion of Irish culture to audiences at home and abroad.

In order to support the continuing development of the film sector in Ireland, the current project cap on qualifying expenditure provided by Section 481 Film Tax Credit will increase from €70m to €125m. This is subject to State aid approval from the European Union. The tax credit will continue to operate at a rate of 32% of qualifying expenditure.

The Minister also announced that the Department of Finance will shortly begin engagement with the European Commission with a view to developing an incentive for the unscripted production sector.



Corporation tax continued

Budget 2024

Accelerated capital allowances

An extension of the accelerated capital allowances scheme for energy-efficient equipment has been announced. The scheme will be available to companies for a further two years. This scheme allows companies to claim 100% of capital allowance the first year that an energy-efficient asset is put into use.

Bank levy

From 2024, a revised bank levy will apply to those financial institutions that received financial assistance from the Government during the banking crisis. The measure is expected to raise approximately €200m. The levy will be reviewed again in Budget 2025.

The banks affected by the revised levy are AIB, EBS, Bank of Ireland and PTSB.

Review of funds sector

A review of the funds sector is to be undertaken. The review will consider the general taxation of funds for Irish Investors, to include Exchange Traded Funds (ETFs).

The review will also consider a Life Assurance Exit Tax (LAET), which taxes the gain made on a life assurance policy if the amount returned by

the investment is greater than the amount invested.

The report on these taxes is due to be returned to the Minister by summer 2024.

Business support review

Revenue will establish in the next number of weeks a Tax Administration Liaison Committee (TALC) subgroup in order to ensure that businesses can avail of support schemes which it administers on behalf of the State.

The subgroup will seek to simplify and modernise the administration of business supports. Recommendations are due to be delivered in 2024.

Research and development tax credit

The Research and Development (R&D) tax credit currently provides a 25% tax credit for all qualifying R&D expenditure. The credit is to increase to 30% for qualifying expenditure incurred in 2024.

In order to provide a cashflow benefit for smaller research & development projects and to encourage more companies to engage with the regime, the Minister announced that the first-year payment threshold allows for a claim up to the threshold amount to be paid in Year 1 rather than over three years. The current threshold of €25,000 is being increased to €50,000.



Corporation tax continued

Budget 2024

Help-to-Buy (HTB)

The HTB scheme provides support for first-time buyers of new homes, subject to certain criteria. The Minister announced that the HTB scheme is being extended to 31 December 2025 and will be reviewed during 2024 for any changes that may be required.

In Budget 2024, it was also announced that the scheme is being amended to reflect its interaction with the Local Authority Affordable Purchase Scheme (LAAP), as it was noted that some people who were availing of LAAP did not qualify for the HTB scheme under the current rules. The amendment, which will come into effect from 11 October 2023, will enable the use of the affordable dwelling contribution received through the LAAP scheme for the purposes of calculating the 70% loan-to-value requirement, which will facilitate access to all LAAP purchasers to the HTB scheme.

Vacant Homes Tax

Vacant Homes Tax (VHT) was introduced in Finance Act 2022 to tackle property vacancy and incentivise the use of existing housing stock nationally.

The VHT applies to residential properties which are occupied for less than 30 days in a chargeable period (1 November to 31 October annually). The rate is to increase from three to five times the property's Local Property Tax liability. The increase will take effect from the next chargeable period, commencing 1 November 2023.

Residential zoned land tax

The Residential Zoned Land Tax (RZLT), introduced by Finance Act 2021, is an annual tax calculated at 3% of the market value of land that is zoned as suitable for residential development and that is serviced. Affected landowners must have sufficient opportunity to engage with the mapping process and for a fair and transparent process to be applied when local authorities consider what land should be placed on the RZLT maps.

Tax was to be charged on land that is within the scope of the tax on 1 January 2022 from 1 February 2024 onwards, with the tax payable by 23 May 2024. The liability date is being extended by one year to allow for the planned 2024 review of maps to take place and to afford affected people with a further opportunity to engage with the process.



Capital taxes

Budget 2024

Angel investors

The Minister announced a new capital gains tax relief for angel investors in innovative start-up SMEs. This will allow angel investors to benefit from a reduced rate of CGT when they dispose of a qualifying investment for gains up to twice the value of their investment.

The relief will be available to an individual who invests in an innovative start-up small and medium enterprise (SME) for a period of at least three years. The investment by the individual must be in the form of fully paid-up newly issued shares costing at least €10,000 and constituting between 5% and 49% of the ordinary issued share capital of the company.

The scheme will include a certification process, which will be carried out by Enterprise Ireland, to ensure the relief is targeted at innovative SMEs that can demonstrate financial viability and compliance with the requirements of the EU General Block Exemption Regulation.

Qualifying investors may avail of an effective reduced rate of CGT of 16%, or 18% if through a partnership, on a gain up to twice the value of their initial investment. There is a lifetime limit of €3 million on gains to which the reduced rate of CGT will apply.

Further detail will be contained in the Finance Bill.

Retirement relief

Retirement relief is a relief from capital gains tax (CGT) available to individuals who dispose of all or part of the 'qualifying assets' of their business. The qualifying assets could, for example, include business assets used in a trade (such as premises, goodwill or farming land) or shares in a family company.

In Budget 2024, it was announced that from 1 January 2025, the upper age limit for the relief will be extended from 65 to the age of 70. The reduced relief, which was available on disposals from 66 years of age onwards, will now apply from age 70.

It was also announced that from 1 January 2025, there will be a new limit of €10m on the relief available for disposals to a child up until the age of 70.



Agriculture

Budget 2024

Agricultural relief

The Minister noted that a number of important agricultural tax reliefs, which provide vital supports to our young farmers and the farming sector generally, are due to expire at the end of 2023.

Extension of consanguinity (stamp duty) relief

Consanguinity relief is a vital measure which supports the transfer of farms from one generation to the next. The relief reduces the rate of stamp duty applicable to intra-familial transfers of farmland from 7.5% to 1%. In Budget 2024, this stamp duty relief is being extended for a period of five years, to 31 December 2028, which will benefit farming families when planning for the future.

Accelerated capital allowances – farm safety equipment

This scheme allows for accelerated capital allowances of 50% per annum for eligible equipment. Budget 2024 is extending this scheme to 31 December 2026.

In Budget 2024, it was announced that the maximum aggregate lifetime limit of a number of farm-related reliefs is being increased from €70,000 to €100,000, which is the maximum allowable under the new EU Agricultural Block Exemption Regulation (ABER), which came into effect on 1 January 2023.

Young trained farmers and succession farm partnerships

Stock relief for young trained farmers, relief for succession farm partnerships and young trained farmers stamp duty relief are being amended to increase the aggregate lifetime amount of relief available to a person under these reliefs from €70,000 to €100,000 from 1 January 2024.

Stock relief (registered farm partnerships)

The maximum amount of enhanced stock relief for farmers who are partners in a registered farm partnership will be increased from €15,000 to €20,000 in line with EU regulations, in the case of qualifying periods commencing on or after 1 January 2024.

Leasing farmland

The Land Leasing Income Tax Relief is to be amended so that it only becomes available when the land has been owned for seven years so that it is better targeted to active farmers.



Indirect taxes and customs

Budget 2024

VAT rates

As part of continued cost of living subvention measures, the reduced 9% VAT rate for gas and electricity is extended for an additional 12 months, until 31 October 2024.

The VAT rate on audiobooks and e-books will be reduced from 9% to zero with effect from 1 January 2024.

Farmers' flat-rate addition is to be reduced from 5.0% to 4.8% with effect from 1 January 2024.

From 1 January 2024, the zero VAT rate on the supply and installation of solar panels is being extended to installations in schools.

VAT thresholds

The existing VAT registration thresholds are being increased

- from €37,500 to €40,000 for services; and
- from €75,000 to €80,000 for goods for goods with effect from 1 January 2024.

Charities VAT compensation scheme

From 1 January 2024, the total annual capped fund available for payment under the scheme is being increased from €5m to €10m.

Excise duty

The cost of a standard 20-pack of cigarettes will be increased from midnight tonight (10 October 2023)

by an extra 75 cent (including VAT), with pro-rata increases to the price of related tobacco products.

Fuel excise duty increases, which equate to

- 8 cent on a litre of petrol,
- 6 cent on a litre of diesel and 3.4 cent on a litre of marked gas oil

and which were due to happen on 31 October 2023, have been deferred until 31 March 2024. The increases will now occur in two equal instalments on 1 April 2024 and 1 August 2024.

Carbon tax

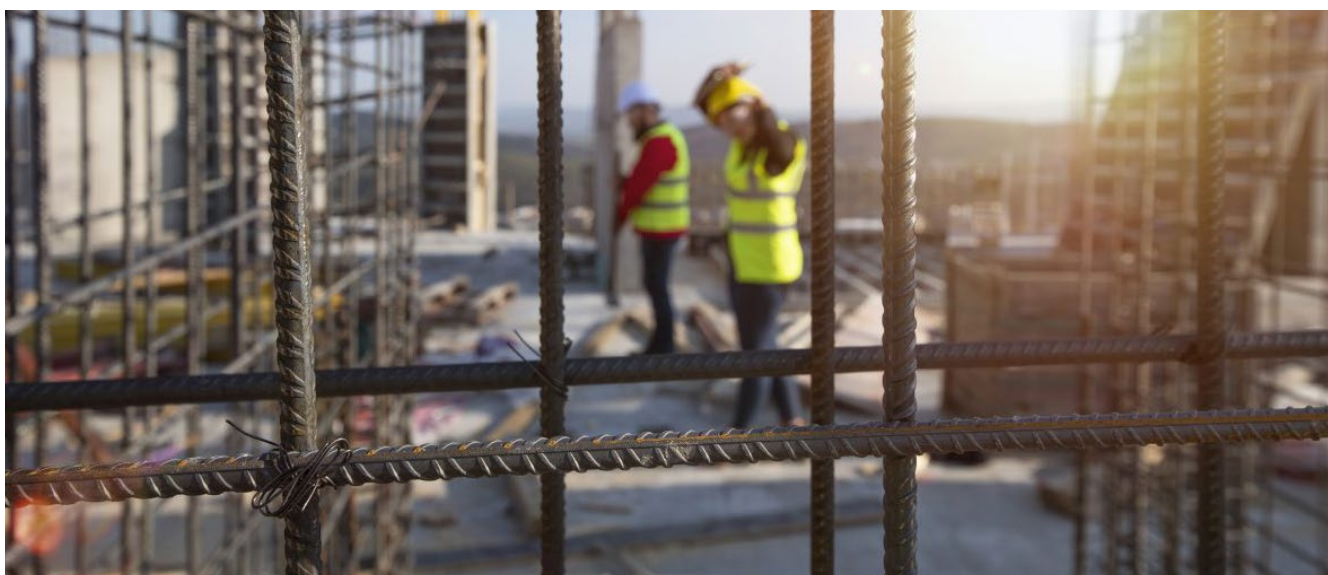
Carbon tax will be increased from €48.50 to €56.00 per tonne of CO₂. This increase will be applied to auto fuels from 11 October 2023 and all other fuels from 1 May 2024. This change is in line with the position set out in Finance Act 2020.

VRT

The VRT relief for battery electric vehicles, which was due to end on 31 December 2023, is being extended by two years to 31 December 2025. This applies to battery electric vehicles with a value of up to €50,000.

Defective concrete products levy

This levy is being amended so that it will no longer apply to the pouring concrete used in the manufacture of precast concrete products. A refund scheme is being put in place to allow those who already paid the levy on such concrete between 1 September 2023 and 31 December 2023 to reclaim it.



Participation exemption on foreign dividends

Budget 2024

Mid-September, the Department of Finance published a roadmap for the introduction of a participation exemption to Irish corporation tax on foreign-source dividends. The Minister for Finance highlighted that “the introduction of a participation exemption for foreign dividends to Ireland’s tax regime will provide much-needed administrative simplification and greater certainty for businesses, while continuing to ensure a robust and effective tax system.”

Ireland operates a “tax and credit” system, whereby foreign dividends received by Irish companies are subject to corporation tax in Ireland. As dividends would be paid out of profits already taxed in the country they were generated, a credit is available in Ireland for the tax paid in the other jurisdiction. This relief, therefore, avoids the taxation of the same profits twice.

Over the years, limitations have become apparent in respect of this system. Ireland is an outlier in the EU, as most countries already have a participation exemption in place for foreign income. Negligible incremental tax arises in Ireland on group dividends, this is because incremental tax would only arise where the corporation tax applied in the other jurisdiction is lower than 12.5%. The introduction from 2024 of a minimum 15% tax rate is expected to only increase the amounts which qualify for double

tax relief in Ireland. Overall, the current system is perceived as administratively complex for taxpayers, with very limited benefit to the Exchequer in terms of tax intake.

Based on the double tax relief operated by other jurisdictions, certain qualifying foreign dividend incomes received by Irish companies could be exempt from corporation tax in the hands of the recipient. This would be similar to the treatment of Irish dividend income, also known as franked investment income.

Details of how this exemption will operate will be addressed in Finance Bill 2024, with detailed development work to take place over the coming months. It is expected that the new regime will be operational in 2025.



Enhanced Reporting Requirement (ERR) Budget 2024

From 1 January 2024, employers will be required to report to Revenue, on a real-time basis, three categories of non-taxable employee remuneration.

The legislative provision is subject to a Commencement Order. It is however, anticipated that reporting will commence from 1 January 2024.

Phase 1 of the Enhanced Reporting Requirement will focus on the following tax-free payments:

1. Travel and subsistence payments.
2. Small benefits falling under the Small Benefit Exemption.
3. Remote working daily allowance of €3.20.

This measure is intended to be the start of a phased introduction of additional reporting for employers in respect of the provision of other benefits or payments that have not been subject to tax by the employer through the payroll system.

How will the reporting work?

Where an employer makes a payment under one or more of the categories below, they will be required to report details of these payments to Revenue on or before the date of payment via the ROS system, which will be similar to that used currently for payroll reporting.

Under phase 1, the details to be reported will be as follows:

Travel and subsistence

The amounts and dates of payment for each of the following:

- Travel (vouched)
- Travel (unvouched)
- Subsistence (vouched)
- Subsistence (unvouched)
- “Site-based employee” allowance (including “Country Money”)
- “Emergency travel” allowance
- “Eating on-site” allowance

Small benefits falling under the Small Benefit Exemption

The values and dates of payment of vouchers or other tangible non-cash benefits (maximum two benefits in a tax year, cumulative value cannot exceed €1,000). It is the first two qualifying benefits that are exempt.

Remote working daily allowance

The number of days, amounts paid and dates of payment of this allowance.

Other points to note are:

- Where an employer has a software system to manage payroll, Revenue will provide facilities to enable the payroll software to report the required information directly to Revenue.
- If a payroll software system is not used, Revenue will provide a facility in ROS to enable employers to submit the ERR data.
- Where there are multiple expense reimbursements throughout the month, a submission will be required for each expense run.
- Revenue will provide 3rd party software providers with facilities to integrate with Revenue systems.
- Employees will be able to view the employer submissions in myAccount.

Why is Revenue doing this?

According to Revenue, the Enhanced Reporting Requirement will:

- Build on the principles of PAYE Modernisation / real-time payroll reporting.
- Allow for the provision of meaningful and effective high-level data to the Department of Finance.
- Enhance Revenue’s Compliance Intervention Framework.
- Divert Revenue’s resources and contacts away from compliant employers.
- Provide increased visibility and assurance to employees in relation to non-taxable payments.

Enhanced Reporting Requirement (ERR) continued

Budget 2024

How can employers prepare for ERR?

The ERR will have a significant impact on employers from 1 January 2024. Therefore, we set out below some actions for employers to consider taking between now and then to get ready for this change:

- Examine how these payments are currently collated, categorised and how records are maintained.
- Review the frequency of payments. For example, the requirement to report 'on or before' the payment or benefit is made could lead to significant additional administration if multiple reports must be made each month.
- Review your policies and practices to ensure they align with the legislation and applicable rules.
- Review the controls in place to track all vouchers and non-cash benefits provided to employees. For example, with regard to the Small Benefit Exemption, if more than two benefits are provided in a tax year, only the first two may qualify for exemption.
- Identify who will be responsible for reporting the information and other personnel and departments in your organisation that may need to be involved to ensure timely and accurate reporting of information.
- Employees will have visibility of benefits or expenses reported in their employer submissions via their myAccount. Therefore, employers may want to consider issuing a communication to their employees in advance of 1 January 2024 to outline the information that they will be reporting to Revenue.
- Revenue has provided technical specifications and a test facility for those software developers currently building and testing software solutions. Employers concerned about whether their payroll software supplier is engaging and developing an ERR reporting solution are advised to contact their software supplier to clarify the matter.



Example scenarios

Budget 2024

Single person – PAYE taxpayer	2023 €	2024 €
Gross income	43,000	43,000
Income tax liability	5,150	4,300
PRSI liability	1,720	1,720
USC liability	1,182	1,025
Total liability	8,052	7,045
Net income	34,948	35,955
Annual gain		1,007
Change as a % of net income		2.80%

Single person – Self employed	2023 €	2024 €
Gross income	60,000	60,000
Income tax liability	12,450	11,850
PRSI liability	2,400	2,400
USC liability	1,947	1,705
Total liability	16,797	15,955
Net income	43,203	44,045
Annual gain		842
Change as a % of net income		1.91%

Married couple – One self-employed income, two children	2023 €	2024 €
Gross income	45,000	45,000
Income tax liability	1,975	1,575
PRSI liability	1,800	1,800
USC liability	1,272	1,105
Total liability	5,047	4,480
Child benefit	3,360	3,360
Net income	43,313	43,880
Annual gain		567
Change as a % of net income		1.29%

Married couple – Two incomes, one child	2023 €	2024 €
Husband – employment income	60,000	60,000
Wife – self-employed income	30,000	30,000
Income tax liability	13,100	12,300
PRSI liability	3,600	3,600
USC liability	2,544	2,209
Total liability	19,244	18,109
Child benefit	1,680	1,680
Net income	72,436	73,571
Annual gain		1,134
Change as a % of net income		1.54%

Retired individual - State pension + Occupational pension	2023 €	2024 €
Contributory old age pension	13,796	14,420
Occupational pension	<u>30,000</u>	<u>30,000</u>
	43,796	44,420
Income tax liability	5,723	5,373
PRSI liability	0	0
USC liability	420	420
Total liability	6,143	5,793
Net income	37,653	38,627
Annual gain		974
Change as a % of net income		2.52%

Summary of personal tax rates and bands

Budget 2024

Income tax rates and bands

Single person				
Bands	2023		2024	
Standard	20%	€40,000	20%	€42,000
Top	40%	Balance	40%	Balance

Single parent/widowed parent/surviving civil partner parent				
Bands	2023		2024	
Standard	20%	€44,000	20%	€46,000
Top	40%	Balance	40%	Balance

Married or civil partnership (dual income*)				
Bands	2023		2024	
Standard	20%	€80,000	20%	€84,000
Top	40%	Balance	40%	Balance

*Maximum amount allowed where one individual is working is €51,000 (2023: €49,000)

Universal social charge			
2023		2024	
Exempt	€13,000	Exempt	€13,000
First €12,012	0.5%	First €12,012	0.5%
Next €10,908	2%	Next €13,747	2%
Next €47,124	4.5%	Next €44,283	4.0%
Balance	8%	Balance	8%

The reduced rates of 0.5% on the first €12,012 and 2% on the balance applies for individuals who hold full medical cards with income up to and including €60,000.

Self-employed income in excess of €100,000 regardless of age is @ 11%

Tax credits

2023

2024

Personal	€	€
Single	1,775	1,875
Married/Civil partnership	3,550	3,750
Widowed	2,315	2,315
One Parent Family Credit	1,650	1,750

PAYE	1,775	1,875
-------------	-------	-------

Earned income credit (Self-employed and business owners/managers)	1,775	1,875
---	-------	-------

Child (Incapacitated child max)	3,300	3,500
--	-------	-------

Widowed parent	€	€
Bereaved in 2023		3,600
Bereaved in 2022	3,600	3,150
Bereaved in 2021	3,150	2,700
Bereaved in 2020	2,700	2,250
Bereaved in 2019	2,250	1,800
Bereaved in 2018	1,800	

Dependent relative (max)	245	245
---------------------------------	-----	-----

Blind person	€	€
Single	1,650	1,650
Married/Civil partnership	3,300	3,300

Home carers (max)	1,700	1,800
--------------------------	-------	-------

Age credit	€	€
Single/widowed	245	245
Married/Civil partnership	490	490

Age exemption limits – over 65 years of age		
Single/widowed	18,000	18,000
Married/Civil partnership	36,000	36,000

Rent credit	€	€
Rent credit	500	750

Contact

Frank Greene, Head of Tax
fgreene@mazars.ie

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory and tax services. Operating in over 95 countries and territories around the world, we draw on the expertise of more than 47,000 professionals – 30,000+ in Mazars' integrated partnership and 17,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

© Mazars in Ireland: 10 October 2023

mazars.ie

mazars