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# Taxation Reference Material

Republic of Ireland

**For use in First and Second Year Taxation Examinations**  
Summer & Autumn 2010



## TAXATION REFERENCE MATERIAL

### FOR THE 2009 TAX YEAR

(To be used by candidates in answering the Taxation papers)

#### INCOME TAX - RATES

<i>Single/Widow(er)</i>	Rate	<i>Married Couple</i>	Rate
		<i>One Income</i>	
First €36,400	20%	First €45,400	20%
Balance	41%	Balance	41%
 <i>One Parent Family</i>		 <i>Married Couple</i>	
		<i>Two Incomes</i>	
First €40,400	20%	First €72,800	20%
Balance	41%	Balance	41%

#### Tax Credits - INCOME TAX

	Non Refundable Tax Credits €
Single/widowed person .....	1,830
Married person .....	3,660
Widowed person who qualifies for One Parent Family	3,660
Widowed person's additional tax credit (without dependent children)	600
Widowed person (in year of bereavement).....	3,660
First year after bereavement .....	4,000
Second year after bereavement.....	3,500
Third year after bereavement.....	3,000
Fourth year after bereavement.....	2,500
Fifth year after bereavement.....	2,000
Home carer.....	900
Incapacitated child .....	3,660
One Parent Family.....	1,830
Age allowance - single or widowed .....	325
Age allowance - married .....	650
Dependent relative (dependent relative's income limit €13,837)	80
PAYE .....	1,830
Blind person .....	1,830
Both spouses blind .....	3,660
Trade Union Subscriptions (maximum €350 * 20%)	70

#### Other reliefs/allowances

Employed person taking care of incapacitated person  
(deducted from total income)..... 50,000 (max)

#### Rent allowable

Maximum allowable at the standard rate of tax (20%)

Single.....(Over 55)	4,000	(Under 55)	2,000
Married & widowed .....	8,000	(Under 55)	4,000

### Exemption limits

Single and widowed*	
65 and over .....	€20,000
Additional for dependent children	
1st and 2nd child (each) .....	€575
Each subsequent child .....	€830

\* Married couple – double

### PAYE EMERGENCY BASIS

If weekly paid:	<i>Tax Credit</i>	<i>Standard Rate cut-off point</i>
<i>Week</i>		
	€	€
First 4 weeks	36	700.00
Next 4 weeks	Nil	700.00
Each subsequent week	Nil	Nil
If monthly paid:	<i>Tax Credit</i>	<i>Standard Rate cut-off point</i>
<i>Month</i>		
First month	153	3,034.00
Second month	Nil	3,034.00
Each subsequent month	Nil	Nil

If an employee does not provide his employer with a PPS number or other relevant documentation the emergency system is applied on the following basis:

Week/Month	<i>Tax Credit</i>	<i>Standard Rate cut-off point</i>
1 et seq	Nil	Nil

### RETIREMENT ANNUITY PREMIUMS – LIMITS FOR 2009

AGE	MAXIMUM CONTRIBUTION
Less than 30 years of age.....	15%
30 years of age but less than 40 years	20%
40 years of age but less than 50 years	25%
50 years of age but less than 55 years	30%
55 years of age but less than 60 years	35%
60 years of age or more.....	40%
Relevant earnings ceiling.....	€150,000

## MORTGAGE INTEREST RELIEF 2009

The rates of relief applicable from January 2009 are set out in the table below. Relief is calculated on the qualifying interest on your loan or on your ceiling, whichever is the lesser. The higher limits for first time buyers apply for the tax year in which the mortgage is taken out plus 6 subsequent years.

### First Time Buyers

Status	Ceiling	Rate of relief	Max relief	Rate of relief	Max relief	Rate of relief	Max relief
		Year 1 & 2		Year 3,4 & 5		Year 6 & 7	
Single	€10,000	25%	€2,500	22.50%	€2,250	20%	€2,000
Married/ Widowed	€20,000	25%	€5,000	22.50%	€4,500	20%	€4,000

Non – First Time Buyers (eligible for relief for the first 7 years on a current qualifying loan)

Status	Ceiling	Rate of Relief	Max Relief Available
Single	€3,000	@15%	€450
Married/ Widowed	€6,000	@15%	€900

Tax relief is granted at source on interest paid to a 'qualifying lender'.

### RATE OF D.I.R.T

01/01/2009 to 7/04/2009	23%
08/04/2009 onwards	25%

## BENEFIT IN KIND

### Preferential Loans

2009

Loan for purpose of Principal Private Residence .....	5%
Other loans.....	12.5%

### Accommodation

Notional annual value – 8% of the market value of property.

### MOTOR BENEFIT-IN-KIND SCALE

Business Travel Lower Limit Kilometers	Business Travel Upper Limit Kilometers	Percentage of original market value
0	24,000	30%
24,001	32,000	24%
32,001	40,000	18%
40,001	48,000	12%
48,001	-	6%

### Table for cars provided for the first time in 2009

Business Travel Lower Limit	Business Travel Upper Limit	Categorisation A,B,C	Categorisation D and E	Categorisation F and G
0	24,000	30%	35%	40%
24,001	32,000	24%	28%	32%
32,001	40,000	18%	21%	24%
40,001	48,000	12%	14%	16%
48,001	-	6%	7%	8%

### The CO2 emission categories are as follows:

Vehicle Category	CO2 emissions (g/km)
A	0 to 120
B	> 120 to 140
C	> 140 to 155
D	> 155 to 170
E	> 170 to 190
F	> 190 to 225
G	> 225

## CAPITAL ALLOWANCES

*Maximum allowances*

### Plant and Machinery

Plant purchased on or after 1 <sup>st</sup> April, 1992	15%
Plant purchased on or after 1 <sup>st</sup> January, 2001	20%
Plant purchased on or after 4 <sup>th</sup> December 2002	12.5%

### Restricted Cost of Car for Capital Allowances and Lease Expenses

Chargeable periods ending	Maximum Allowed
Between 1 January 2002 and 31 December 2005	€22,000
On or after 1 January 2006	€23,000
On or after 1 January 2007	€24,000

### Emissions –Based Limits on Capital Allowances and Leasing expenses for Business cars

Effective where expenditure is incurred on the provision or hiring of a business car on or after 1 July 2008.

Vehicle Category	C02 Emissions (C02 g/km)	Allowance granted
A,B,C	0 g/km up to and including 155 g/km	€24,000
D,E	>155 g/km up to and including 190 g/km	50% of cost up to maximum of €12,000
F,G	>190 g/km	Nil

## PRSI & LEVIES FOR 2009 TAX YEAR

**Period 1<sup>st</sup> January to 30<sup>th</sup> April 2009**

	<i>Weekly Earnings Band</i>		<i>How Much of Weekly Earnings</i>	<i>Payable on Earnings up to €52,000</i>	<i>Payable on Earnings Over €52,000</i>
CLASS A0	€38- €352 inc	Employer	All	8.5%	8.5%
		Employee	All	Nil	Nil
CLASS AX	€352.01 - €356 inc	Employer	All	8.5%	8.5%
		Employee	First €127	Nil	Nil
		Employee	Balance	4%	Nil
CLASS AL	€356.01 - €500 inc	Employer	All	10.75%	10.75%
		Employee	First €127	Nil	Nil
		Employee	Balance	4%	Nil
CLASS A1	In excess of €500	Employer	All	10.75%	10.75%
		Employee	First €127	2%	2%
		Employee	€127.01 to €1,925	6%	2%
		Employee	Balance	6.5%	2.5%
CLASS S0	Up to €500	No Annual Ceiling			
		Employer	All	Nil	
		Employee *	All	3%	
CLASS S1	In excess of €500	Employer	All	Nil	
		Employee *	First €1,925	5%	
		Employee*	Balance	5.5%	

- NOTES: (1) For PRSI purposes, reckonable earnings are calculated separately for husband and wife.
- (2) \* These rates are also applicable to "self employed" persons.
- (3) €127 per week equates to €550 per month for monthly paid employees.

## PRSI & LEVIES FOR 2009 TAX YEAR

### Period 1<sup>st</sup> May 2009

	<i>Weekly Earnings Band</i>		<i>How Much of Weekly Earnings</i>	<i>Payable on Earnings up to €75,036</i>	<i>Payable on Earnings Over €75,036</i>
CLASS A0	€38- €352 inc	Employer	All	8.5%	8.5%
		Employee	All	Nil	Nil
CLASS AX	€352.01 - €356 inc	Employer	All	8.5%	8.5%
		Employee	First €127	Nil	Nil
		Employee	Balance	4%	Nil
CLASS AL	€356.01 - €500 inc	Employer	All	10.75%	10.75%
		Employee	First €127	Nil	Nil
		Employee	Balance	4%	Nil
CLASS A1	In excess of €500	Employer	All	10.75%	10.75%
		Employee	First €127	4%	4%
		Employee	€127.01 to €1,443	8%	4%
		Employee	Balance	9%	5%
CLASS S0	Up to €500	No Annual Ceiling			
		Employer	All	Nil	
CLASS S1	In excess of €500	Employee *	All	3%	
		Employer	All	Nil	
		Employee *	First €1,443	7%	
		Employee*	Balance	8%	

NOTES: (1) For PRSI purposes, reckonable earnings are calculated separately for husband and wife.

(2) \* These rates are also applicable to "self employed" persons.

(3) €127 per week equates to €550 per month for monthly paid employees.

## PRSI and Levies for 2009 Tax Year

### Annual Figures

#### Employee's

Tax year 2009 – 1<sup>st</sup> January 2009 to 30<sup>th</sup> April 2009

<b>Employee's Income chargeable as below</b>	<b>Total</b>	<b>Employer's Rate</b>
Earnings up to €52,000 liable to PRSI at 4% plus a Health Contribution of 2%.	6%	10.75%
Earnings from €52,000 to €100,100 liable to a Health Contribution of 2%.	2%	10.75%
Earnings over €100,100 liable to a Health Contribution of 2.5%.	2.5%	10.75%

#### Tax year 2009 – 1<sup>st</sup> May 2009 to 31<sup>st</sup> December 2009

Earnings up to €75,036 liable to PRSI at 4% plus a Health Contribution of 4%.	8%	10.75%
Earnings over €75,036 liable to a Health Contribution of 5%.	5%	10.75%

Employers PRSI is 8.5% on earnings of €356 pw or less in 2009.

Employees are exempt from PRSI on the first €127 per week. Employees earning €352 or less per week in 2009 are exempt from PRSI and Health Contribution. Employees earning €500 or less per week in 2009 are exempt from the Health Contribution.

#### Self Employed – 2009

	<b>Total</b>
3% PRSI and 3.333% Health Contribution on all income up to €75,036.	6.333%
3% PRSI and 4% Health Contribution on all income from €75,036 to €100,100.	7%
3% PRSI and 4.167% Health Contribution on all income over €100,100.	7.167%

Self employed are exempt from Health Contribution where the annual income is €26,000 or less in 2009. The minimum annual PRSI contribution is €253.

## Income Levy – Weekly/Monthly rates

An employer is obliged to deduct an Income Levy from each employee. The income levy is payable on gross income, including notional pay, before the deduction of pension contributions based on the following rates:

### 1<sup>st</sup> January to 30<sup>th</sup> April 2009

Rate	Annual Threshold	Weekly	Monthly
	€	€	€
1%	0 – 100,100	1,925	8,342
2%	100,101 – 250,120	4,810	20,844
3%	In excess		

### Income Levy Exemption

An employee earning below €18,304 in the tax year is exempt from paying the income levy.

### 1<sup>st</sup> May to 31<sup>st</sup> December 2009

Rate	Annual Threshold	Weekly	Monthly
	€	€	€
2%	0 – 75,036	1,443	6,253
4%	75,037 – 174,980	3,365	14,582
6%	In excess		

### Income Levy Exemption

An employee earning below €15,028 in the tax year is exempt from paying the income levy.

## Income Levy – Annual Rates

The 2009 annual rates and thresholds of the income levy are:-

Part of aggregate income	Rate of income levy
The first €75,036	1.67%
The next €25,064	3%
The next €74,880	3.33%
The next €75,140	4.67%
The remainder	5%

## **CAPITAL GAINS TAX - RATES**

15/10/2008 to 7/04/2009	22%
8/4/2009 onwards	25%

## **CAPITAL GAINS TAX - ALLOWANCES**

Tax year 2009	€1,270 annual exemption per individual
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## **CORPORATION TAX**

### **TAX CREDITS**

From 6<sup>th</sup> April 1999, withholding tax is at the standard rate of Income Tax

### **RATES OF TAX**

	From 1st January 2003
Standard rate .....	12½%
Special rate – non-trade income and certain trading activities	25%

## CAPITAL GAINS TAX - INDEXATION TABLES

<i>Year of Assessment in Which Expenditure Was Incurred</i>	<i>Multiplier for Disposal in Year Ended</i>			
	<i>31 Dec 2001</i>	<i>31 Dec 2002</i>	<i>31 Dec 2003</i>	<i>2004 et seq</i>
1974/75	6.930	7.180	7.528	7.528
1975/76	5.597	5.799	6.080	6.080
1976/77	4.822	4.996	5.238	5.238
1977/78	4.133	4.283	4.490	4.490
1978/79	3.819	3.956	4.148	4.148
1979/80	3.445	3.570	3.742	3.742
1980/81	2.983	3.091	3.240	3.240
1981/82	2.465	2.554	2.678	2.678
1982/83	2.074	2.149	2.253	2.253
1983/84	1.844	1.911	2.003	2.003
1984/85	1.674	1.735	1.819	1.819
1985/86	1.577	1.633	1.713	1.713
1986/87	1.507	1.562	1.637	1.637
1987/88	1.457	1.510	1.583	1.583
1988/89	1.430	1.481	1.553	1.553
1989/90	1.384	1.434	1.503	1.503
1990/91	1.328	1.376	1.442	1.442
1991/92	1.294	1.341	1.406	1.406
1992/93	1.249	1.294	1.356	1.356
1993/94	1.226	1.270	1.331	1.331
1994/95	1.205	1.248	1.309	1.309
1995/96	1.175	1.218	1.277	1.277
1996/97	1.152	1.194	1.251	1.251
1997/98	1.134	1.175	1.232	1.232
1998/99	1.115	1.156	1.212	1.212
1999/00	1.098	1.138	1.193	1.193
2000/01	1.053	1.091	1.144	1.144
2001	-	1.037	1.087	1.087
2002	-	-	1.049	1.049
2003 et seq	-	-	1.000	1.000

## **VALUE ADDED TAX - RATES**

THE MAIN ITEMS UNDER THE FOLLOWING HEADINGS ARE:

### **EXEMPTED ACTIVITIES**

Certain financial services, including banking and stock exchange activities; insurance services; educational and training services provided by recognised educational bodies; medical, dental and optical services and hospital and nursing home services; certain welfare services and non profit making activities; theatrical, musical and cultural services; letting of certain immovable goods; certain agency services; transport of passengers and their baggage; admission to sporting events; betting.

### **GOODS AND SERVICES CHARGEABLE AT 0%**

Most basic food and drinks for human consumption, oral medicine, certain books, children's clothing and footwear, most exports outside the state and related services, certain medical appliances, most animal feeding stuff except those sold for domestic pets, fertiliser, certain services connected with marine and aircraft navigation and safety.

### **GOODS AND SERVICES CHARGEABLE AT THE 13.5% RATE**

Development of immovable goods and building services, concrete, newspapers and magazines, letting of holiday accommodation, tour guide services, short-term hire of cars, boats, caravans; coal, electricity and fuels for heating and power, restaurant services, live performances; certain cakes, most photographic services, hairdressing, most repair or maintenance services, garage services, dry cleaning, driving lessons, waste disposal, veterinary surgeons, general agricultural services, commercial sporting facilities.

### **GOODS AND SERVICES CHARGEABLE AT THE 21.5% RATE**

Generally goods and services not chargeable under any other heading, except certain live animals.