
Taxation Reference Material

Republic of Ireland

For use in First and Second Year Taxation Examinations

Summer & Autumn 2012



TAXATION REFERENCE MATERIAL

FOR THE 2011 TAX YEAR

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

INCOME TAX - RATES

| <i>Single/Widow(er)</i> | Rate | <i>Married Couple One Income</i> | Rate |
|------------------------------|------|---|------|
| First €32,800 | 20% | First €41,800 | 20% |
| Balance | 41% | Balance | 41% |
| <i>One Parent Family</i> | | <i>Married Couple Two Incomes</i> | |
| First €36,800 | 20% | First €65,600 | 20% |
| Balance | 41% | Balance | 41% |

Tax Credits - INCOME TAX

| | Non Refundable Tax Credits € |
|--|------------------------------------|
| Single person..... | 1,650 |
| Widowed person (without dependent children) .. | 2,190 |
| Married person | 3,300 |
| Widowed person who qualifies for One Parent Family | 3,300 |
| Widowed person (in year of bereavement) | 3,300 |
| First year after bereavement | 3,600 |
| Second year after bereavement..... | 3,150 |
| Third year after bereavement..... | 2,700 |
| Fourth year after bereavement..... | 2,250 |
| Fifth year after bereavement..... | 1,800 |
| Home carer | 810 |
| Incapacitated child | 3,300 |
| One Parent Family | 1,650 |
| Age allowance - single or widowed | 245 |
| Age allowance - married..... | 490 |
| Dependent relative (dependent relative's income limit €13,837) | 70 |
| Employee (PAYE)..... | 1,650 |
| Blind person | 1,650 |
| Both spouses blind..... | 3,300 |
| Third Level Fees (maximum €5,000 x 20%) | 1,000 |
| Service Charges (maximum €400 x 20%) | 80 |

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) | 3,200 | (Under 55) | 1,600 |
| Married & widowed..... | (Over 55) | 6,400 | (Under 55) | 3,200 |

Exemption limits

| | |
|-----------------------------------|---------|
| Single and widowed* | |
| 65 and over..... | €18,000 |
| Additional for dependent children | |
| 1st and 2nd child (each) | €575 |
| Each subsequent child | €830 |

* Married couple – double

PAYE EMERGENCY BASIS

| If weekly paid: | <i>Week</i> | <i>Tax Credit</i> | <i>Standard Rate cut-off point</i> |
|------------------|-----------------------|-----------------------|--|
| | | € | € |
| | First 4 weeks | 32 | 631.00 |
| | Next 4 weeks | Nil | 631.00 |
| | Each subsequent week | Nil | Nil |
| If monthly paid: | <i>Month</i> | <i>Tax Credit</i> | <i>Standard Rate cut-off point</i> |
| | First month | 138 | 2,734.00 |
| | Second month | Nil | 2,734.00 |
| | 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 2011

| 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 | €115,000 |

MORTGAGE INTEREST RELIEF 2011

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 07/04/2009 | 23% |
| 08/04/2009 to 31/12/2010 | 25% |
| 01/01/2011 onwards | 27% |

BENEFIT IN KIND

Preferential Loans

2011

Loan for purpose of Principal Private Residence5%
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% |

CAPITAL ALLOWANCES

Maximum allowances

Plant and Machinery

| | |
|---|-------|
| Plant purchased on or after 1 st April, 1992 | 15% |
| Plant purchased on or after 1 st January, 2001 | 20% |
| Plant purchased on or after 4 th 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 | CO₂ Emissions (CO₂ 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 FOR 2011 TAX YEAR

| | <i>Weekly Earnings Band</i> | | <i>How Much of Weekly Earnings</i> | <i>Up to 1st July</i> | <i>From 2nd July</i> |
|----------|-------------------------------------|------------|--|--------------------------------------|-------------------------------------|
| CLASS A0 | €38- €352 inc | Employer | All | 8.5% | 4.25% |
| | | Employee | All | Nil | Nil |
| CLASS AX | €352.01 - €356 inc | Employer | All | 8.5% | 4.25% |
| | | Employee | First €127 | Nil | Nil |
| | | Employee | Balance | 4% | 4% |
| CLASS AL | €356.01 - €500 inc | Employer | All | 10.75% | 10.75% |
| | | Employee | First €127 | Nil | Nil |
| | | Employee | Balance | 4% | 4% |
| CLASS A1 | In excess of €500 | Employer | All | 10.75% | 10.75% |
| | | Employee | First €127 | Nil | Nil |
| | | Employee | Balance | 4% | 4% |
| CLASS S0 | Up to €500 | Employer | All | Nil | Nil |
| | | Employee * | All | 4% | 4% |
| CLASS S1 | In excess of €500 | Employer | All | Nil | Nil |
| | | Employee * | All | 4% | 4% |

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 for 2011 Tax Year

Annual Figures

Employees

The rate of employees PRSI is 4% on gross income.

Employees are exempt from PRSI on the first €127 per week.

Employees earning €352 or less per week in 2011 are exempt from PRSI.

Employers

The standard rate of employers PRSI is 10.75%.

A reduced rate of 8.5% applies where an employee earns less than €356 per week. This reduced rate was reduced to 4.25% with effect from the 2nd of July 2011.

Self Employed

The rate of PRSI for the self employed is 4% and is payable only if annual income is €5,000 or more. The minimum annual contribution is €253.

UNIVERSAL SOCIAL CHARGE for 2011 Tax Year

Annual Figures

Employees

Under 70 years

| | |
|------------------------------|----|
| Earnings up to €10,036 | 2% |
| Next €5,980..... | 4% |
| Excess | 7% |

Over 70 years or individuals under 70 years who hold a full medical card

| | |
|------------------------------|----|
| Earnings up to €10,036 | 2% |
| Excess | 4% |

Self Employed

Under 70 years

| | |
|------------------------------------|-----|
| The first €10,036 | 2% |
| The next €5,980 | 4% |
| The next €83,984..... | 7% |
| The remainder (over €100,000)..... | 10% |

Over 70 years or individuals under 70 years who hold a full medical card

| | |
|------------------------------------|----|
| The first €10,036 | 2% |
| The next €89,964..... | 4% |
| The remainder (over €100,000)..... | 7% |

CAPITAL GAINS TAX - RATES

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

CAPITAL GAINS TAX - ALLOWANCES

| | |
|---------------|--|
| Tax year 2011 | €1,270 annual exemption per individual |
|---------------|--|

CORPORATION TAX

TAX CREDITS

From 6th 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

*Year of Assessment in
Which Expenditure
Was Incurred* *Multiplier for Disposal in Year Ended*

| | <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 9% RATE FROM 1 JULY 2011

Restaurant and catering services, hotel and holiday accommodation, admissions to cinemas, theatres, certain musical performances, museums and art gallery exhibitions, fairgrounds or amusement park services, the use of sporting facilities, hairdressing services, printed matter such as brochures, maps, programmes, leaflets, catalogues and newspapers.

GOODS AND SERVICES CHARGEABLE AT THE 13.5% RATE UP TO 30 JUNE 2011

Development of immovable goods and building services, concrete, newspapers and magazines, letting of holiday accommodation, admissions to cinemas, 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 13.5% RATE FROM 1 JULY 2011

Development of immovable goods and building services, concrete, tour guide services, short-term hire of cars, boats, caravans; coal, electricity and fuels for heating and power, certain cakes, most photographic services, 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% RATE

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