

TAX FACTS

1. Rates and Bands	Tax Year 2004	Tax Year 2003
Single/Widowed without dependent children	€28,000 @ 20% Bal @ 42%	€28,000 @ 20% Bal @ 42%
Single/Widowed qualifying for One Parent Family Tax Credit	€32,000 @ 20% Bal @ 42%	€32,000 @ 20% Bal @ 42%
Married	*€37,000 @ 20% Bal @ 42%	*€37,000 @ 20% Bal @ 42%

* For two income married couples, the 20% band may extend up to €56,000 depending on the scale of each spouse's earnings.

2. Personal Tax Credits		
Single	€1,520	€1,520
Married	€3,040	€3,040
Lone Parent - Additional Credit	€1,520	€1,520
PAYE	€1,040	€800
Age		
- Single/Widowed	€205	€205
- Married	€410	€410
Blind Person		
- Single/Widowed	€800	€800
- Married (both blind)	€1,600	€1,600
Incapacitated Child	€500	€500
Dependent Relative	€60	€60

3. Exemption Limits		
Single/Widowed		
- Under 65 years of age	€5,210	€5,210
- 65 and over	€15,500	€15,000
Married		
- Under 65 years of age	€10,420	€10,420
- 65 and over	€31,000	€30,000

4. PRSI RATES		
(i) Employer - standard	10.75%	10.75%
- employees earning less than €18,512	8.5%	8.5%
(ii) Employee*	4.0%	4.0%
*First €127 p.w. exempt (no change).		
*No PRSI on income of €287 per week or less		
(iii) Self-employed/Proprietary Directors	3.0%	3.0%
CEILING		
Employee	€42,160	€40,420
Self-employed/Proprietary Directors	none	none
Employer	none	none

5. Levies		
The 2% Health Levy will not apply to employees earning less than €356 p.w. (no change).		

THIS BOOKLET IS INTENDED TO HIGHLIGHT SPECIFIC ASPECTS OF THE 2004 BUDGET.

It is not exhaustive and is a general guide to the Budget details as announced by the Minister for Finance on the 3rd December 2003. Professional advice should be sought before any action is taken.

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speedbrief



2004

THE BUDGET FACTS AND FIGURES

1. INCOME TAX

1.1 General

- Standard and marginal rates of income tax remain unchanged at 20% and 42% respectively.
- Personal credits remain unchanged at €1,520 for single persons and €3,040 for married persons. The additional one parent family credit remains at €1,520.
- PAYE tax credit increases to €1,040.
- Incapacitated child credit remains at €500.
- Standard rate bands from 1 January 2004 remain as follows:
 - €28,000 single/widowed persons.
 - €32,000 one-parent families.
 - €37,000 married couples, one income.
 - €56,000 married couples, two incomes.
- Income exemption limits for over 65's have been increased to:
 - €15,500 for single/widowed persons.
 - €31,000 for married persons.
- Benefit in Kind (BIK) arising on employer provided preferential loans, will be calculated from 1 January 2004, using an interest rate of 3.5% (previously 4.5%) for home loans and remains at 11% for other loans.
- The mortgage interest relief ceiling for first time buyers remains at €4,000 p.a. and €8,000 p.a for a married couple. This relief will continue to be available for 7 years.
- Allowance for trade union subscriptions (relief given at standard rate), increased from €130 to €200.
- Introduction of tax relief (at standard rate) from 1 January 2004 on certain insurance premiums paid for non-routine dental treatment.
- Revised tax credit certificates and deduction cards for 2004 shall issue shortly to take account of these budgetary changes.
- Income received by Gaeltacht householders under the summer college student scheme will be exempt from income tax from 1 January 2004.
- The annual cap of €254,000 on the amount of employee earnings on which tax relief may be obtained for contributions to occupational pension schemes remains unchanged.
- There has been no change to the SSIA savings scheme.

1.2 Pay Related Social Insurance (PRSI)

Employees

- As from 1 January 2004, the PRSI contribution ceiling will increase from €40,420 to €42,160.

Employers

- There has been no changes to employers' PRSI rates.

Benefits in Kind (BIK)

- PRSI and levies will extend from 1 January 2004 to BIKs.

2. CAPITAL TAXES AND VAT

2.1 Capital Gains Tax (CGT)

- The budget contains no changes to the CGT regime i.e. no changes to 20% rate, reliefs etc. However, see corporation tax section 3.1 below, regarding the exemption from corporation tax on chargeable gains in respect of certain disposals by Irish resident holding companies.

2.2 Capital Acquisitions Tax (CAT)

- The budget contains no changes to the CAT regime i.e. no changes to 20% rate, reliefs etc.

2.3 Stamp Duty

- Finance Bill 2004 will provide for a stamp duty exemption for transfers of intellectual property such as copyright, patents and trademarks.

2.4 Value Added Tax (VAT)

- Farmers' flat rate addition is being increased from 4.3% to 4.4% with effect from 1 January 2004. There will also be a corresponding VAT increase to 4.4% for the sale of livestock by VAT registered farmers.
- VAT legislation is being clarified to put beyond doubt that the sale of developed sites will be subject to VAT in all cases. This is effective from 4 December 2003.

3. BUSINESS TAXES

3.1 Corporation Tax

- A 20% tax credit will be introduced in respect of certain research and development (R&D) expenditure exceeding €50,000, for companies chargeable to Irish corporation tax. The tax credit will apply to in-house R&D expenditure undertaken within the European Economic Area. However, in respect of Irish resident companies, the credit will only be available if the expenditure is not tax deductible in any other territory. The relief is subject to EU approval and will be effective from the date of a Ministerial Commencement Order, which will be made following such EU approval.
- Introduction of an exemption from corporation tax on chargeable gains in respect of disposals by Irish resident companies of substantial shareholdings in their trading subsidiaries which are resident in the EU or in countries with which Ireland has concluded a double taxation treaty. Finance Bill 2004 will also include corresponding provisions to amend the double tax relief available on dividends to parent companies.
- The qualifying period for corporation tax relief in respect of certain investments in renewable energy generation projects is extended to 31 December 2006.

4. TAX INCENTIVES

4.1 New and Extended Tax Incentives

- Film Relief Scheme extended to 31 December 2008.
- The termination date for the Urban Renewal, Multi-Storey Car Parks, Student Accommodation, Buildings used for Third Level Purposes, Holiday Cottages, Rural Renewal, Park and Ride, Town Renewal and Living Over Shop Schemes has been extended to 31 July 2006, subject to certain transitional provisions.
- The transitional provisions for hotels which will have a 7 year tax life have been extended to 31 July 2006 where an application for planning permission was received before 31 May 2003.
- The Business Expansion and Seed Capital Relief Schemes are extended to 31 December 2006. The maximum that a company can raise under these schemes has been increased by €250,000 to €1,000,000.