



Rialtas na hÉireann
Government of Ireland

Budget 2022

Summary of 2022 Budget Measures Policy Changes

SUMMARY OF 2022 BUDGET MEASURES

POLICY CHANGES

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Summary of Budget 2022 Measures – Policy Changes

Taxation Measures for Introduction in 2022

Measure	Yield/Cost 2022	Yield/Cost Full Year
Personal Income Tax		
<p>Income Tax An increase of €1,500 in the income tax standard rate band for all earners, from €35,300 to €36,800 for single individuals and from €44,300 to €45,800 for married couples / civil partners with one earner.</p> <p>An increase in the Personal Tax Credit from €1,650 to €1,700</p> <p>An increase in the Employee Tax Credit from €1,650 to €1,700</p> <p>An increase in the Earned Income Credit from €1,650 to €1,700</p>	-€520m	-€597m
<p>Sea-going Naval Personnel Tax Credit Extension of the Sea-going Naval Personnel Tax Credit to 31 December 2022</p>	-€0.5m	-€0.5m
<p>USC The following changes to USC will apply from 1 January 2022.</p> <ul style="list-style-type: none"> • €608 increase to €21,295 band ceiling <p>The increase in the 2% rate band ceiling will ensure that a full-time adult worker who benefits from the increase in the hourly minimum wage rate from €10.20 to €10.50 will remain outside the top rates of USC.</p> <p>The USC Rates & Bands from 1 January 2022 will be: Incomes of €13,000 are exempt. Otherwise:</p> <ul style="list-style-type: none"> • €0 – €12,012 @ 0.5% • €12,013 – €21,295 @ 2% • €21,296 – €70,044 @ 4.5% • €70,045+ @ 8% • Self-employed income over €100,000: 3% surcharge <p>The reduced rate of USC for medical card holders is being extended for a further year, at an estimated cost of €62m in 2022 and €72m per annum thereafter. This measure is revenue neutral as it is already included in the tax base.</p>	-€22m	-€26m

<p>Work from Home Measure In light of Government policy to facilitate and support remote working, the current tax arrangements for working from home will be enhanced and formalised so that an income tax deduction amounting to 30% of the cost of vouched expenses for heat, electricity and broadband in respect of those days spent working from home can be claimed by taxpayers.</p>	-€10m	-€11m
<p>Measures to support Enterprise/SMEs/Agri-sector</p>		
<p>Employment Wage Subsidy Scheme The Employment Wage Subsidy Scheme will be extended until 30 April 2022, in a graduated form.</p> <p>The following are the broad parameters of this extension:</p> <ul style="list-style-type: none"> • no change to EWSS for the months of October and November, • businesses availing of the EWSS on the 31st of December 2021 will continue to be supported until the 30th of April 2022, • across December, January and February, the original two-rate structure of €151.50 and €203 will apply, • for March and April 2022, a flat rate subsidy of €100 will be put in place. In addition, the reduced rate of Employers' PRSI will no longer apply for these two months, and • the scheme will close to new employers from 1 January 2022. <p>The estimated cost of extending the EWSS from November 2021 to 30 April 2022 is in the region of €1.26 billion, which is funded by the Vote for the Department of Social Protection.</p>		
<p>Taxation of International Flight Crew Section 127B of the Taxes Consolidation Act 1997 provides for the tax treatment of flight crew in international traffic. An amendment will be introduced in the Finance Bill to exclude non-resident air crew where certain conditions are satisfied.</p>	-€10m	-€12m
<p>Measures to support Enterprise Finance Bill 2021 will introduce a new tax credit for the digital gaming sector. The relief will be available at a rate of 32%, on eligible expenditure of up to a maximum limit of €25 million per project.</p>	-€2m	-€6m
<p>The relief for certain start-up companies will be extended in Finance Bill 2021, for a period of five years. The relief will also be amended such that companies may avail of the relief within their first five years of trading, an increase from the current three year claim window.</p>	-€5.7m	-€10m
<p>Employment Investment Incentive (EII) Extension and expansion of the Employment Investment Incentive scheme to end-2024.</p>	-€10m	-€10m

<p>Stock Relief Extension of stock relief (sections 666, 667B, 667C of Taxes Consolidation Act).</p>	-€8m	-€8m
<p>Extension of Young Trained Farmer (Stamp Duty) Relief to the end of 2022</p>	-€15m	-€15m
<p>Expansion of Warehousing of tax liabilities The tax debt warehousing scheme will be expanded to allow self-assessed income taxpayers with employment income who have a material interest in their employer company to warehouse income tax liabilities relating to their Schedule E income from that employer company.</p>		
<p>Housing</p>		
<p>Extension of Help to Buy to end-2022 The Help to Buy measures is being extended at the enhanced rate of support to end 2022.</p>	-€83m ¹	-€83m
<p>Extension of pre-letting expenses for landlords to end 2024 (S97A) This measure relating to of pre-letting expenses for landlords is being extended to end 2024.</p>	-€3m	-€3m
<p>Climate and Environmental measures</p>		
<p>Tax treatment of income from micro-generation of electricity A tax disregard (€200) is being introduced in respect of personal income received by households who sell residual electricity that they generate back to the grid.</p>	-€1m	-€1m
<p>Carbon Tax² As set out in Finance Act 2020, the rate of carbon tax will increase by €7.50 from €33.50 to €41.00 per tonne of carbon dioxide emitted. This applies from budget night for auto fuels and 1 May 2022 for all other fuels.</p>	+€109m	+€148m
<p>Vehicle Registration Tax VRT new rates table and extension of relief for BEVs</p>	+€82m	+€82m

¹ Full cost of measure is estimated to be in the region of €175m of which €92m is in the tax base

² Carbon tax revenues are fully hypothecated to specific spending commitments. For details please see the Expenditure Report 2022

<p>Accelerated Capital Allowances</p> <p>The Accelerated Capital Allowance scheme for Energy Efficient Equipment, which allows an accelerated deduction when businesses invest in highly energy efficient equipment, is being amended to prohibit equipment directly operated by fossil fuels from qualifying for the scheme.</p> <p>The Accelerated Capital Allowance scheme for Gas Vehicles and Refuelling Equipment allows an accelerated deduction when businesses invest in vehicles powered by natural gas / biogas and related refuelling equipment. The scheme is being extended to end 2024 and is being amended to include hydrogen powered vehicles and refuelling equipment. It provides for the acceleration of existing allowances and therefore is cost-neutral over the lifespan of the assets.</p>	<p>€nil</p> <p>-€2m</p>	<p>€nil</p> <p>-€nil</p>
<p>Anti-Avoidance</p> <p>Completion of ATAD Transposition</p> <p>Introduction of new Interest Limitation Rule in line with Article 4 of the Anti-Tax Avoidance Directive (ATAD). This measure will place a limit on deductible interest expenses of 30% of EBITDA for companies within scope of the measure. Disallowed interest may be carried forward and may be deducted in future years if the company has sufficient interest capacity. Full details of the measure will be contained in the Finance Bill.</p> <p>Introduction of new anti-reverse-hybrid rules in line with Article 9(a) ATAD. This measure will bring certain tax transparent entities (such as partnerships) within scope of Irish tax where the entity is 50% or more owned/controlled by entities resident in a jurisdiction that regard it as tax opaque and, as a result of this hybridity, double non-taxation occurs. Full details of the measure will be contained in the Finance Bill.</p>	<p>€nil</p> <p>€nil</p>	<p>€nil</p> <p>€nil</p>
<p>Additional Taxation Measures</p> <p>VAT Decrease in the Farmers Flat Rate Addition from 5.6% to 5.5%</p> <p>Tobacco Products Tax Increase in 50c on pack of 20 cigarettes with pro-rata increase on other tobacco products.</p> <p>Bank Levy extended to the end of 2022</p>	<p>+€5.8m</p> <p>+€56m</p> <p>+€87m</p>	<p>+€7m</p> <p>+€56m</p> <p>+€87m</p>

Employer's PRSI

From 1 January 2022 the weekly income threshold for the higher rate of employer's PRSI will increase from €398 to €410.

This follows a recommendation of the Low Pay Commission to ensure that the increase in the hourly minimum wage does not lead to work disincentives for workers, in particular those seeking to work full-time.

-€10.6m	-€12.5m
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