

# tax guide 2019

Income Tax

PRSI

USC

Corporation Tax

Capital Gains Tax

Value Added Tax

Capital Acquisitions Tax

Stamp Duties

Local Property Tax

Finance Act 2018 summary

10 ways to save tax

**tax**  **WORLD**  
CONNECT | LEARN | GROW

IN ASSOCIATION WITH

**The Sunday  
Business Post**



# tax guide 2019

ALAN MOORE

Neither Alan Moore nor the authors accept any responsibility for loss or damage occasioned by any person acting or refraining from acting as a result of the material in this book. Professional advice should always be sought before acting on any issue covered in this book.

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording, without the written permission of the copyright holder, application for which should be addressed to the publisher. Such written permission must also be obtained before any part of this publication is stored in a retrieval system of any nature.

Much of the material in this booklet has been summarised from [www.taxworld.ie](http://www.taxworld.ie). We've also referred to [www.revenue.ie](http://www.revenue.ie), Revenue leaflets, small business guides.

ISBN 978-1-902065-73-1

The authors do not accept any responsibility for loss or damage occasioned by any person acting or refraining from acting as a result of the material covered in this booklet.

ISBN  
978-1-902065-73  
-1

Alan Moore  
220 The Capel Building,  
Mary's Abbey,  
Dublin 7

The Sunday Business  
Post,  
Hambleden House  
19/26 Pembroke Street  
Lower, Dublin 2

Printed in Ireland

Tel: +353 1 872 8881  
Web: [www.alanmoore.ie](http://www.alanmoore.ie)  
E-mail: [alan@alanmoore.ie](mailto:alan@alanmoore.ie)

Tel: +353 1 602 6000  
Web: [www.sbpost.ie](http://www.sbpost.ie)  
E-mail: [events@sbpost.ie](mailto:events@sbpost.ie)

## REFERENCES

All references in the parts relating to income tax, corporation tax and capital gains tax are to the appropriate section in the Taxes Consolidation Act 1997 (as amended by Finance Act 2018).

All references in the part relating to value added tax are to the appropriate section in the Value-Added Tax Consolidation Act 2010 (as amended by Finance Act 2018).

All references in the part relating to capital acquisitions tax are to the appropriate section in the Capital Acquisitions Tax Consolidation Act 2003 (as amended by Finance Act 2018).

All references in the part relating to stamp duties are to the appropriate section in the Stamp Duties Consolidation Act 1999 (as amended by Finance Act 2018).

## USING THIS BOOKLET

This booklet can be used in several ways:

- It is a pocket reference that allows you to quickly locate frequently used tax information: current rates of tax, allowances and reliefs. The FINANCE ACT 2018 quick summary at the back will help you quickly get to grips with the key changes in 2018.
- It is a handy directory of Revenue addresses, phone, and contact details.
- It allows you, if necessary, to quickly “drill down” to the appropriate legislative references.
- It acts as a useful checklist and tax planning tool when completing a client profile. The topics are structured in order of importance to save you unnecessary work.

# CONTENTS

REFERENCES .....	5
USING THIS BOOKLET .....	5
CONTENTS .....	6
<b>INCOME TAX</b> .....	<b>9</b>
Charge to tax .....	9
Residence .....	9
Income tax rates .....	10
Exemptions .....	11
Schedules .....	12
Personal reliefs and tax credits .....	15
Other reliefs .....	17
Capital allowances .....	20
Losses.....	22
Double taxation .....	22
Self assessment .....	23
Revenue powers .....	23
Appeals .....	27
<b>PRSI</b> .....	<b>28</b>
What is PRSI?.....	28
PRSI rates.....	28
PRSI classes .....	28
<b>USC</b> .....	<b>32</b>
USC standard rates .....	32
USC reduced rates .....	32
USC surcharges .....	32
Exempt.....	32
Income levy.....	33
<b>CORPORATION TAX</b> .....	<b>34</b>
Charge to tax .....	34
Residence .....	34
Corporation tax rates .....	34
Controlled foreign companies (CFCs).....	35
Reliefs .....	35
Losses.....	36
Self assessment .....	37
Exit tax .....	38
Revenue powers .....	38
Appeals .....	38
<b>CAPITAL GAINS TAX</b> .....	<b>39</b>

Charge to tax .....	39
Residence .....	39
Capital gains tax rates .....	39
Exemptions .....	40
Reliefs .....	40
Self assessment .....	42
Revenue powers .....	42
Withholding tax .....	43
Appeals .....	43
<b>VALUE ADDED TAX .....</b>	<b>44</b>
Charge to tax .....	44
Supply of goods .....	44
Supply of services .....	45
Registration .....	46
Property transactions .....	46
VAT rates .....	47
Taxable amount .....	56
Cash receipts basis .....	56
Self assessment .....	56
Mini one stop shop (MOSS) .....	57
Revenue powers .....	57
Appeals .....	57
<b>CAPITAL ACQUISITIONS TAX .....</b>	<b>58</b>
Charge to tax .....	58
CAT rates .....	59
Exemptions .....	59
Reliefs .....	61
Self assessment .....	62
Revenue powers .....	62
Appeals .....	63
<b>STAMP DUTIES .....</b>	<b>64</b>
Charge to tax .....	64
Rates of tax (deeds) .....	64
Exemptions .....	65
Particulars delivered .....	66
Self assessment .....	66
Revenue powers .....	66
Appeals .....	67
<b>LOCAL PROPERTY TAX .....</b>	<b>68</b>
Residential property .....	68
Unoccupied property .....	68
Uninhabitable property .....	68

## Contents

---

Liability date .....	69
LPT rate .....	69
Household charge (HC) .....	70
Non-Principal Private Residence (NPPR) charge .....	70
<b>SOCIAL WELFARE .....</b>	<b>72</b>
Benefit rates (25.03.2019) .....	72
Tax-exempt benefits .....	73
Taxable benefits .....	74
<b>FINANCE ACT 2018 .....</b>	<b>75</b>
Universal social charge .....	75
Income tax .....	75
Income tax, corporation tax and capital gains tax .....	77
Corporation tax .....	79
Capital gains tax .....	79
Value-added tax (VAT) .....	80
Stamp duties .....	80
Miscellaneous .....	81
<b>10 WAYS TO SAVE TAX .....</b>	<b>83</b>
1. Receive tax-exempt income .....	83
2. Maximise your personal deductions and credits .....	83
3. Become self-employed .....	84
4. Use your non-domicile status .....	84
5. Transfer your business to a company .....	85
6. Receive capital gains rather than income .....	85
7. Have a holding company sell your business .....	85
8. Become non-resident .....	85
9. Pass assets tax-efficiently .....	86
10. Be tax compliant .....	86
<b>REVENUE OFFICES - REGIONAL .....</b>	<b>87</b>
Dublin Region .....	87
Border, Midlands, West Region .....	89
East and South East Region .....	90
South West Region .....	91
<b>REVENUE OFFICES - CENTRALISED .....</b>	<b>92</b>
Collector-General's Division .....	92
Investigations and Prosecutions Division .....	93
Large Cases Division .....	94
Legislation and Interpretation Division .....	94



# INCOME TAX

## Charge to tax

### Individuals and non-corporate persons

Income tax is charged on income of individuals, unincorporated bodies (s 1044), trustees (s 1046) and personal representatives (s 799).

Income of partnerships is charged on the individual partners (s 1008).

### Tax year

Income tax is charged on income arising in a tax year. The tax year coincides with the calendar year, for example, the tax year 2018 runs from 01.01.2018 to 31.12.2018.

## Residence

### Resident individuals

You are resident in the Republic of Ireland (ROI) if your ROI presence amounts to:

- 183 days or more in a tax year, or
- an aggregate of 280 days in the current and preceding tax year.

Presence of not more than 30 days in a tax year is ignored for the purposes of the 280-day test (s 819).

You are present for a day if you are present at any time during the day.

If you are resident and domiciled in the ROI, you are liable to Irish income tax on your total income from all sources, i.e., your worldwide income.

You are regarded as ordinarily resident in the ROI for a tax year if you were resident in each of the three immediately preceding tax years. You cease to be ordinarily resident when you have become non-resident for the three immediately preceding tax years (s 820).

### Non-domiciled individuals

If you are resident but non-ROI-domiciled (for example, a foreign national living in Ireland), you are only taxed on foreign income to the extent that it is remitted to Ireland (s 71). This “remittance basis” extends to UK source income (since 1 January 2008).

### Non-Irish-resident individuals

If you are non-Irish-resident, you are taxed on Irish source income, i.e., income arising in the ROI.

## Income tax

If you are non-Irish-resident but ordinarily resident in the ROI, you are liable to Irish tax on foreign investment income in excess of €3,810 in the tax year. You are not liable in respect of income from an employment or trade carried on abroad (s 821).

If you are a resident of a country that has a tax treaty with the ROI, you may be exempt, or due a credit, in relation to tax on Irish source income if that income is also taxed in the treaty country (see Double Taxation).

### Domicile levy

If you are an Irish citizen and Irish domiciled, you are liable to the **domicile levy** (€200,000 p.a.) if your:

- world-wide income exceeds €1m,
- Irish located property is worth more than €5m, and
- Irish income tax liability is lower than €200,000 (s 531AB).

## Income tax rates

### Individuals and married couples

A married person can opt to be assessed for tax purposes via:

- joint assessment on the husband (s 1017) or wife (s 1019), separate assessment (s 1023), or
- single assessment (s 1016).

A individual who is separated or divorced and not remarried, may by agreement with the ex-partner, opt for joint or separate assessment (s 1026).

#### standard rate band

	single (€)	one parent family (€)	married couple (€)	standard rate	higher rate
2019	35,300	39,300	44,300	20%	40%
2018	34,550	38,550	43,550	20%	40%
2015-2017	33,800	37,800	42,800	20%	40%
2011-2014	32,800	36,800	41,800	20%	41%
2009-2010	36,400	40,400	45,400	20%	41%
2008	35,400	39,400	44,400	20%	41%
2007	34,000	38,000	43,000	20%	41%
2006	32,000	36,000	41,000	20%	42%
2005	29,400	33,400	38,400	20%	42%
2002-2004	28,000	32,000	37,000	20%	42%

A dual income married couple can increase their €44,300 standard rate band by the lower of:

- €26,300, and
- the income of the second spouse.

The maximum standard rate band a dual income married couple may have is €70,600.

However, the maximum part of the standard rate band that may be transferred between the partners of a dual income married couple in a tax year is €44,300 (s 15).

### **Unincorporated bodies and trustees**

Income of an unincorporated body or trustee (including a personal representative of a deceased person's estate) is taxed at the standard rate (s 15(1), 799-802).

Undistributed income of an accumulatory trust is subject to a 20% surcharge (s 805).

## **Exemptions**

### **Exemption limits**

An individual aged 65 or over with total income below **€18,000** is exempt. In the case of a married couple, one of whom is aged 65 or over, the threshold is **€36,000**. Before 01.01.2011 the thresholds were €20,000 and €40,000.

If the claimant has dependent children, the exemption limit is increased by **€575** for each of the first and second child, and **€830** for the third child and each subsequent child (s 188).

### **Other exemptions**

The other main exemptions from income tax are:

- Personal injury settlements (s 189), payments from the Haemophilia HIV Trust (s 190), Hepatitis C compensation (s 191), and payments in respect of thalidomide victims (s 192).
- Income of artists, writers and composers, subject to an overall annual limit of €50,000 (s 195).
- Interest on savings certificates (s 42) and instalment savings schemes (s 197).
- Income of recognised charities (s 207).
- Income of amateur sports bodies (s 235).
- Rent from let farmland (s 664). A claimant must be aged 55 or over, or unable through physical or mental incapacity to carry on farming. Exemption is given for the lower of:
  - the farm rental income surplus, or

## Income tax

---

- €40,000 where the lease is for more than 14 years, €30,000 where the lease is for 10 to 14 years, €22,500 where the lease is for seven to 10 years, or €18,000 in any other case.
- Rent-a-room relief (s 216A). Income from lodgers is exempt provided your gross income from such letting does not exceed €14,000 in the tax year. From 01.01.2019 the minimum rental period must be 28 days.
- Home childcare earnings of up to €15,000 in the tax year (s 216C).
- Special assignee relief programme - SARP (s 825C). 30% of income above €75,000 in the case of employees assigned from a tax treaty country to work in their employer's Irish operation. For 2020, the relievable income limit per employee is €1m. This limit also applies for 2019 as regards assignees arriving in Ireland in 2019.
- Start Your Own Business relief (s 472AA). Where a person previously long-term unemployed sets up a business, the first €40,000 of profits in a tax year are exempt. Expires 31.12.2018.

### Schedules

Income is charged under four Schedules: Schedule C, Schedule D, Schedule E and Schedule F (s 12).

#### Schedule D

Schedule D is the heading under which business income is charged to tax. It has five Cases (s 18).

##### CASES I AND II

Case I charges the profits of a trade and Case II charges the profits of a profession. Employment grants are not regarded as trading income (s 223-226).

Deductible: legitimate business expenses, including:

- expenditure on trademarks (s 86), and know how (s 768),
- pre-trading expenditure (s 82), and pre-commencement staff training costs (s 769),
- the cost of establishing an approved savings-related share option scheme for employees (s 519B),
- a double deduction for wages paid to a previously unemployed person (s 88A).

Not deductible: private expenditure, capital expenditure (s 81), and entertainment expenditure (s 840).

Taxable profits are based on the profits of the accounts year ended in the tax year (s 65), with special rules for commencement