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October 2008

Tax

Budget 09

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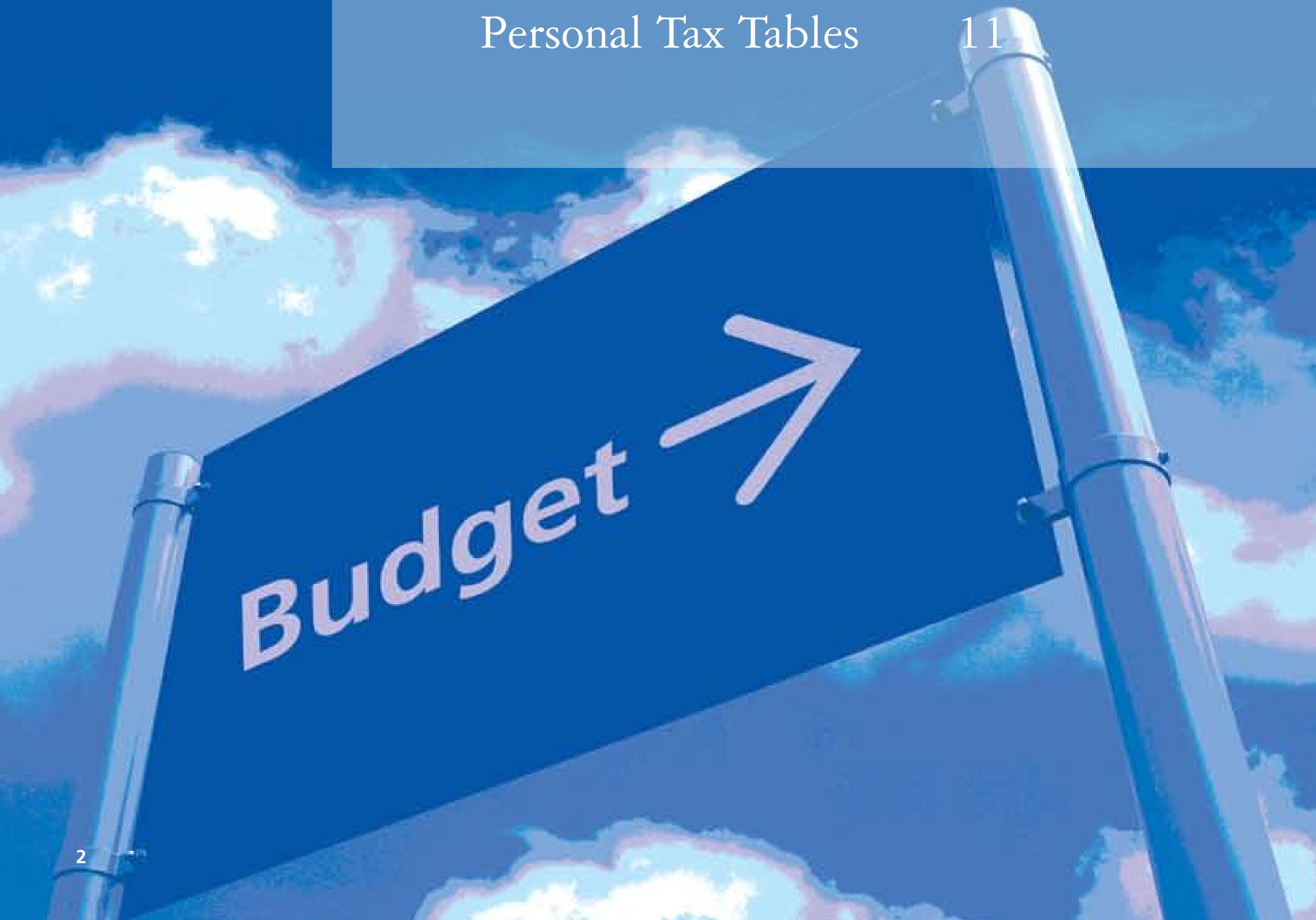
Contents



This publication contains a summary of the main features of Budget 2009.

Budget Commentary

The Minister for Finance, Mr. Brian Lenihan T.D. delivered his first Budget speech to the Dail on 14 October, 2008. He has not been as fortunate as his recent predecessors who have presided over a fast growing economy in what has been a favourable period for world economies. The extent of the issues the Minister has had to address is evidenced by the fact that this Budget was announced some seven weeks ahead of the normal date – the first Wednesday in December. The worsening tax position at home, the continued pressure on the banking system and stock exchanges as well as the poor international business climate made this inevitable.

As was expected, this Budget has concentrated on trying to reduce the Budget deficit and go some way to meeting the Stability Pact requirements by keeping borrowing to less than 6.5% of GDP. Thus the Budget has concentrated on reducing expenditure and increasing taxes while at the same time ensuring that the National Wages Agreement, only recently negotiated, remains intact. Thus any tax reliefs are concentrated towards the lower paid and those on the minimum wage and those on higher incomes are being required to pay a higher contribution through increased PRSI and other taxes. Clearly PRSI is now seen as a form of tax and not Pay Related Social Insurance as the benefits received under the system no longer bear any relationship to the amount contributed. In fact, PRSI has become just one of the measures whereby those on higher incomes support those less well off.

Taoiseach Brian Cowen said that tough choices had to be made and subsequently defended. Thus it was well signalled that this was never going to be a Budget that would please all. It is to be hoped that the measures are sufficient to put the public finances back on track and that further corrective action will not be required in the months ahead.

In raising additional tax revenue, both business and individuals are going to have a higher tax compliance burden given the new tax payment dates introduced. The budget is effectively focused on securing an additional €2billion in tax revenue in 2009 and the opportunity to make some strategic changes has not been availed of. For example, while it was acknowledged that we live in a globalised economy, apart from the enhanced R&D credit nothing further has been done to enhance Ireland Inc. as a location for FDI. In this regard some form of remittance basis of taxation on income could have been reintroduced to attract highly mobile and entrepreneurial intellectual capital to locate in this country.

The key measures are discussed in detail below. However, they can be summarised as follows

Income Tax Summary

The main change is the introduction of a levy on income. The levy is 1% on income up to €100,100 and is 2% on income over this amount. While this was flagged in advance it is a departure from the way that taxes have been levied in the past in that it is payable on income before any deductions including pension contributions.

As expected, there are no changes in the income tax rates but unusually there have been no changes in tax credits. The lower tax band was increased by €1,000 for single taxpayers and married couples with one income and €2,000 for other married couples.

The main beneficiaries are first time buyers where the rate of tax credit for mortgage interest is increased. In the first two years the tax credit is calculated at 25% of the interest paid subject to a maximum of €10,000 for a single persons and €20,000 for married couples (i.e. maximum tax credit for a single person €2,500 and for married couples €5,000). In years 3 to 5, the tax credit is calculated at 22.5% of the interest paid again subject to the maximum interest available for relief. Subsequently the tax credit is computed at 20%.

For non first time buyers, the tax credit is computed at 15% of the mortgage interest paid subject to a maximum of €3,000 for single persons and €6,000 for married couples (i.e. maximum tax credit for a single person €450 and for married couples €900).

Changes are being made to Benefits in Kind. While we have not been given the detail of the changes relating to cars, we know that they will be based on CO^2 emissions. Car parking spaces in major urban areas will be subject to a €200 levy on the employee. The rate of interest on non-residential preferential loans is being increased from 13% to 15%.

Other changes include:

- Income on which a deduction for pension contributions can be computed is being reduced from €275,239 to €150,000
- Medical expenses will only qualify for tax relief at 20% (previously at marginal rates), and
- DIRT is being increased to 23% on interest and 26% on investment products.

Corporation Tax Summary

Start-up companies which commence trading in 2009 will be exempt from Corporation Tax for the first 3 years provided their tax liability on their profits and gains does not exceed €40,000. This is subject to getting EU approval that it does not breach EU State Aid rules. It would appear that a company qualifies for the exemption on a year-by-year basis. We will need to await details of the Finance Bill to see if this could result in companies that are loss making in the first three years being unable to carry forward the losses to later years.

Companies with tax liabilities in excess of €200,000 will be required to pay preliminary tax in two installments. The first payment is due six months into the accounting period and the second 11 months into the accounting period. Provision will be made to base the first payment on the tax liability for the previous accounting period. The increase in administration and the increased cash-flow burden is to be regretted for businesses which are already under pressure in the present economic environment.

The R&D tax credit will from 2009 be computed at 25% of the qualifying expenditure. Previously the rate was 20%. However, maintaining the volume based approach (2003 being the base year) still means that this credit is of little value. The regime is less beneficial than that in other countries.

Capital Taxes Summary

The rate of Capital Gains Tax is being increased to 22% in respect of disposals made after 14 October, 2008.

Capital Gains Tax will now be payable in mid December in respect of disposals in the period January to November. Capital Gains Tax on disposals in December will be due on the 31 October the following year. The present position is that Capital Gains Tax is due on 31 October in respect of disposals in the period January to September and on 31 January in respect of disposals in the period October to December. Clearly this change is being made to accelerate tax due on disposals in October and November 2009 and thus assist in reducing the shortfall in tax receipts next year.

The only notable Stamp Duty measure is the reduction in the 9% rate of duty on commercial premises to 6% for transactions completed on or after 15 October, 2008. The Minister indicated that this will be the only reduction in this rate during the life of the present Dáil.

Indirect Taxes Summary

The main VAT rate is being increased from 21% to 21.5% with effect from 1 December. We will have to wait to see the impact of this increase on consumer spending.

Road tax is being increased by 4% for cars under 2,500cc or in CO_2 groups A to D and by 5% for cars over 2,500cc or in CO_2 groups E to G.

A new Air Transport levy is being introduced at €10 per flight. This is reduced to €2 for short flights which are less than 300km. It is interesting that this will cover some but not all flights to the UK.

The betting duty is being increased from 1% to 2%. This is a reversal of a reduction that had been made only a few years ago because of the increase in internet betting. It will be interesting to see what effect it has on the Irish betting industry.

Income Tax

There is pain, for sure, for all individuals in the introduction of a 1% levy (2% for incomes over €100,100) and the freezing of the credits at their 2008 levels. The almost halving of the tax relief for pension contributions will hit those saving for their pensions as will the 3% increase in DIRT and income from certain investment products. Other measures such as the 2% increase in the Capital Gains Tax rate and the acceleration of payment of 2009 tax will hit investors. Standard rating of relief for medical expenses will hit those looking after elderly parents in particular.

Unfortunately there is little in the Budget that is positive for the individual tax payer although the increase in interest relief for first time buyers (to 25%) on the first €10,000 (€20,000 for married couples) will certainly be welcome relief for those affected. The increase in the standard rate band will benefit all higher rate tax payers to the tune of €210 for single tax payers and €420 for married couples.

Personal Tax

No change was made to income tax rates (currently 20% and 41%). The standard rate band for the 20% rate has been increased by €1,000 for single individuals, €1,000 for married, one income couples and by €2,000 for married two income couples.

While the increase is welcome, the differential between married, one income couples and two income couples remains.

Income Levy

As widely predicted a new income levy has been introduced which will apply at a rate of 1% to gross income up to €100,100 per annum. A rate of 2% will apply to income in excess of that amount. The levy differs from income tax as it is payable on gross income with no deductions for capital allowances or contributions to pensions. This means that the levy will be payable by individuals who do not pay income tax. The only income excluded from the levy appears to be social welfare payments including both contributory and non contributory social welfare pensions. It will apply to occupational pensions.

Employment Related Taxes

A new flat levy of €200 per annum will be charged on employees whose employer provides car parking facilities. The levy will only apply to car parks in the main urban centres. This effectively is a new benefit in kind for employees. No indication has been given as to how the levy will be collected or whether collection will be the responsibility of the employer. It is to be hoped that the levy will be time apportioned for those employees who do not have the car park space for the full year.

PRSI

Employees pay employee PRSI of 4% on employment income up to an annual ceiling. The ceiling has been increased from €50,700 to €52,000 from 1 January 2009.

This is an additional cost for employees. However it is to be welcomed that the annual ceiling has been retained and that there is no increase in the employer rate of 10.75% which is uncapped.

Benefit in Kind

Company Cars

It has been confirmed that the Finance Bill will contain provisions to change the basis of the benefit in kind charge on company cars to relate it to the cars' levels of CO_2 emissions.

Any move to reduce the benefit in kind cost of company cars is to be welcomed.

Preferential Loans

A benefit in kind charge arises when a loan is provided at a preferential rate to employees by an employer. Income tax is charged on the difference between the interest paid and the amount payable at a specified rate. From 1 January 2009, the specified rate will be increased from 13% to 15%.

PAYE/PRSI/Health Levy and the income levy will apply to the taxable benefit in kind.

Mortgage Interest Relief

The current rate of mortgage interest relief is being increased for first time buyers from 20% to 25% of the interest paid in year 1 to year 2 and then to 22.5% in years 3, 4 and 5, subject to an annual maximum of €10,000 for single persons and €20,000 for married couples. The relief will be 20% after year 5. The additional relief will be available to new first time buyers and first time buyers who have bought a home in the last 4 years.

However, relief for non first time buyers will be reduced from the current level of 20% to 15%.

The changes will apply from 1 January 2009.

As mortgage interest relief is given at source each individual should ensure that he/she contacts his mortgage provider to ensure that he/she obtains the relief.

Health Expenses Relief

Relief for qualifying medical and dental expenses has been available on an unlimited basis for qualifying expenses at the higher marginal rate (41%).

From 1 January 2009, health/dental expenses relief will be available only at the standard rate. Nursing home expenses will continue to qualify at the marginal rate of 41% until 1 January 2010 when relief will be granted at the standard rate.

This was a relief that was widely availed of by taxpayers, especially for nursing home expenses. It will impact on all families and those aged over 70 who no longer qualify for a medical card.

New scheme for employer provided bicycles

A new scheme for the provision of bicycles and associated safety equipment by employers to employees on a tax free basis will be introduced from 1 January 2009 where the employees agree to use the bicycles to cycle to work. The exemption may only apply once in every five year period for each employee and there will be a limit on the value of such purchases of €1,000 for each employee. The scheme may be implemented by way of salary sacrifice arrangements whereby an employee may agree to forego part of his/her salary to cover the costs associated with the purchase of the bicycle and safety equipment. The bicycle/equipment may be provided on a tax free basis where the salary sacrifice arrangements are completed over a maximum period of 12 months.

The introduction of a new tax exempt scheme will be useful for those employees who may already be using bicycles or would consider using bicycles to cycle to work. It is also helpful that salary sacrifice arrangements may be implemented to ensure that additional costs can be avoided by employers and the employee may still receive a tax exempt benefit.

Pensions

There is an annual earnings limit both for employees and the self employed as regards tax relieved contributions to qualified pension plans. The current limit of €275,239 will be reduced to €150,000 for 2009.

There had been wide speculation that changes would be introduced to the tax reliefs available for pension contributions. No change has been made to limit tax relief to the standard rate or to change the age related percentage annual limits. However the restriction of the earnings limit to €150,000 from 2009 will significantly reduce the tax savings arising on contributions to pension plans for higher earners. Individuals may still avail of the limit of €275,239 for 2008 and it is assumed that the time limit for availing of this relief will continue to be extended up to 31 October 2009 which is the filing deadline for 2008 tax returns.

Revenue Maximum for Pension Funds

A new limit was introduced in 2005 on the amount of an individual's tax relieved pension fund which also capped the amount of tax free cash that could be taken by the individual. Both these limits are personal lifetime limits and were fixed at €5m in December 2005. There is a standard fund threshold (SFT) which is the individual lifetime limit of the value of the benefits. A tax charge will arise if the capital value of benefits exceeds the SFT when certain pension events occur. Individuals who have pension benefits which exceeded the limit SFT in December 2005 were able to apply to Revenue for a personal fund threshold (PFT). In 2006, 2007 and 2008, the threshold has been increased by an indexation factor so that the current threshold for 2008 is €5,418,085 with a maximum tax free lump sum of €1,354,521. The limit will not be adjusted for 2009.

The rule does not apply to a lump sum death in service benefit and only arises on certain events when an individual becomes entitled to receive benefits under pension arrangements. The loss of the indexation for 2009 could impact on those individuals whose fund exceeds the 2008 threshold and a tax liability is crystallised in 2009, or later.

Tax on Savings

Currently deposit interest is liable to income tax at the standard rate which is deducted as DIRT. Similar retention tax applies to payments from life assurance policies and certain investment funds. The rates of tax in all cases are being increased by 3% to 23% for deposit interest and 26% for life assurance policies and the relevant investment funds. The increased rates will apply to payments including deemed payments made on or after 1 January 2009.

Farmer Taxation

The following decisions were announced in respect of farmer taxation:

- The farmer's flat rate addition is being maintained at 5.2% for 2009. To compensate non VAT registered farmers for the VAT incurred on inputs.
- The current stamp duty relief available for farmers acquiring land, aged under 35, who have specific agricultural training which was due to terminate on 31 December 2008, is being extended for four years. Relief will apply in respect of instruments executed no later than 31 December 2012.
- Stamp duty relief is available to a farmer consolidating his/her holding and was due to terminate on 30 June 2009. The termination date will be extended to 30 June 2011.
- The 25% general farming stock relief and the special 100% stock relief for young trained farmers will be renewed for a further two years to 31 December 2010.
- The scheme of capital allowances for expenditure on certain farm pollution control measures which was due to end on 31 December 2008 will be extended to 31 December 2010.

Tax relief for donations of Heritage Items

A tax credit is granted in respect of qualifying donations of heritage items to the State. The credit can be obtained against all taxes such as income tax, corporation tax, capital gains tax, gift tax or inheritance. Tax credit is granted by reference to the lower of an independent valuation of the item obtained by Revenue and the valuation provided by the prospective donor or the price paid for the item by the donor. Similarly tax relief is available for heritage property donated to the Irish Heritage Trust which will include buildings, gardens and contents of buildings historically associated with the buildings.

The tax relief in respect of the donation of either heritage items to approved State institutions or heritage property to the Irish Heritage Trust is being limited to 80% of the market value of the heritage item/property donated. The current ceiling of €6m on the aggregate value of donations qualifying for each of these schemes in any one year remains unchanged.

Corporate Tax

In a difficult global and domestic economic climate, this is a pro business budget for those sectors that the Government regards as priority in driving the economy and employment such as the knowledge based economy, start up companies and energy efficient enterprises. The benefits for these sectors are funded partly by the larger corporate base and in particular by the higher paid and wealthier individuals.

Knowledge Economy

The Minister recognised the importance of inward investment and in particular the role of the knowledge economy in driving growth and employment both with inward investment and in the indigenous sector. His commitment is demonstrated through the €500m capital budget for science and technology for 2009 and an increase in the R&D tax credit from 20% to 25%.

€335m will be allocated to the continued implementation of the Strategy for Science, Technology and Innovation to drive world class research in companies, which amounts to over nine times the level of investment made in 2000. €179m will be allocated to Science Foundation Ireland (SFI) to enable it to continue to add world class researchers and their teams in the strategic areas of ICT, biotechnology and in their new area of focus, energy. SFI will continue to support partnerships between industry and academia.

Enterprise Ireland which has been allocated €127m will focus on growing the quality and quantity of R&D in business and maximising commercial outputs.

The increase in the R&D credit from 1 January 2009 is a further welcome change to this tax law which has continued to evolve since its inception in 2004. Hopefully next year the Minister will eliminate the base year concept and move towards a volume based regime which would make the system more attractive and simplify its administration.

The above funding, the R&D credit change together with IDA support and the allocation of funds for infrastructural investment in higher education which includes additional capital funding for strategic research, sends a strong message to business that Ireland is the place to undertake R&D and that the Government is committed to this policy.

Tax Rate of 12.5%

The Minister confirmed the Government's commitment to the 12.5% corporate tax rate, recognising it is central to Ireland's brand and instrumental in attracting investment in a global economy, where investment is mobile.

Start Ups in 2009

The exemption introduced by the Minister is from corporation tax and capital gains tax for the first three years of a new company's life provided the liability is less than €40,000 per year. The Government is examining this measure to see if it is a State Aid under EU rules and subject to verification of that point, it will be introduced and will be a welcome measure.

This measure is counterbalanced by having larger companies pay their tax earlier in 2009, which will not be welcome news in a time of tight financing and difficulties managing cash. Companies with a liability of more than €200,000 in their previous accounting year will pay in two instalments, on 21 June and 21 November for a calendar year end. The amounts payable on 21 June are 50% of the preceding year's liability or 45% of the current year's liability and the balance of an amount is payable on 21 November such that the total amount paid on 21 November is 90% of the total liability for the year in question.

Payment Dates for CGT

Currently capital gains tax in respect of disposals of development land in the period January to September is payable on 31 October and tax on disposals between October and December is payable on the following 31 January.

The payment date for disposals in the period January to November is being changed to mid December and tax on disposals in December will now be due on the following 31 October.

The objective of the change is to enhance cash flow yield for Revenue with the October/November payments now being due in mid December rather than on the following 31 January. However there is the advantage that tax on gains arising on disposals in December will not now be payable until the following 31 October which is the date when the tax return for that year will be filed.

Green Agenda

The Minister confirmed the Government's commitment to supporting a sustainable environment by outlining a number of measures which promote environmentally friendly behaviour by businesses and individuals.

Carbon Levy

The Minister confirmed that the Commission for Taxation has been asked to examine how the introduction of a carbon levy might best be structured and implemented to ensure that Ireland's economic prospects are protected and the vulnerable in society do not lose out. A firm measure is expected in next year's budget.

The fact that the Minister is examining the matter in detail and awaiting a more rounded picture of the impact of the introduction of such a levy is commendable and it would be hoped that he would take on board the views of the Commission and other industry bodies before making a final decision next year.

Energy Efficient Equipment

Finance Act 2008 introduced 100% accelerated capital allowances for companies who purchased specific energy efficient equipment. These included Building Energy Management Systems, Lighting and Lighting controls, and Motors and Variable Speed Drives. Budget 2009 extends the accelerated capital allowance regime to include four new categories. These new categories are:

- Data server related systems and large energy saving office equipment associated with Information and Communications Technology;
- Efficient heating/electricity provision equipment and control systems;
- Efficient electrical and control equipment associated with process and heating ventilation and air-conditioning systems;
- Alternative fuel vehicles.

Any relief for business which commits to the Green Agenda is to be welcomed, particularly in current times when fuel and utility costs are at historically high levels and driving hidden inflation and additional cash outlay for business.

Online Filing

Online filing and payment of tax is an efficient and environmentally friendly method of filing a company's tax returns. The Minister intends to extend the filing deadline for those who file online in order to encourage take-up of Revenue's on-line services.

Seveso-listed Facilities

The Minister has proposed the introduction of a new tax incentive scheme to facilitate the removal and relocation of Seveso-listed industrial facilities (typically those businesses that deal with dangerous substances as defined in an EU Directive which could be a potential source of a major accident) in order to ensure the residential and commercial regeneration of Docklands.

Capital Taxes

The move to reduce the top rate of stamp duty on commercial property transactions from 9% to 6% is a welcome measure. The Minister's objective is to stimulate economic activity and create jobs by encouraging further commercial development and investment. When the Government initiatives to stabilise the financial markets take effect and investors regenerate confidence in the property market, Ireland will be better placed as and from 15 October 2008, as a source of potential commercial investment.

Clearly in the coming months, foreign investors willing to diversify their portfolio may look to the property market across Europe. Even with the favourable rate change to 6%, the transaction costs in Ireland are still significant compared to some of our European neighbours. It is hoped that these higher costs are not seen as a deal breaker in some instances where value may be had in the Irish property market.

The increased rate of capital gains tax from 20% to 22% is certainly a surprise. The Minister previously indicated that Budget 2009 would be framed to provide initiatives that would stimulate economic activity and create jobs. The Minister clearly took the view that by increasing the capital gains tax by 2% coupled with a warning of potential increases in the future, would have the desired effect. In the short term, it is difficult to see that this will be the case.

Stamp Duty and Commercial Property

The current stamp duty applicable to non residential property is being changed in respect of instruments executed on or after the 15 October 2008. The top rate of tax is being lowered from 9% to 6% where consideration is over €80,000. Lower rates apply for transactions under the €80,000 limit as follows:

Aggregate consideration	Rate of duty
• up to €10,000	exempt
• €10,001 to €20,000 1%	
• €20,001 to €30,000	2%
• €30,001 to €40,000 3%	
• €40,001 to €70,000 4%	
• €70,001 to €80,000 5%	

Stamp Duty on ATM Cards and Cheques

To encourage the use of electronic payment methods the Minister announced the halving of stamp duty on combined ATM cards from €10 to €5 funded by an increase on the stamp duty on cheques from 30c to 50c.

Young Trained Farmers / Farm Consolidation

The stamp duty relief which exempts transfers of agricultural land to farmers under 35 years who meet certain training requirements was due to end on the 31 December 2008. This relief has been extended by a further 4 years to 2012.

Further for farmers consolidating holdings, the relief available is also extended from 30 June 2009 to 30 June 2011.

Capital Gains Tax Change of Rate
The rate of capital gains tax is being increased to 22% from 20% in respect of disposals made from midnight on the 14 October 2008.

Change in Payment Dates
The payment date in respect of disposals in the period January to November is being changed to mid December and the tax on disposals in December will now be due on the following 31 October (existing pay and file date). It will be necessary to review the finance bill for the details in respect of the changes in payment dates. It would appear that the changes apply in the context of disposals from 2009 onwards and will have the effect of accelerating the payment of capital gains tax on disposals occurring in the months of October and November from 31 January 2010 to mid December 2009 but defer the payments of tax on disposals in December to the 31 October 2010 from the 31 January 2010.

Capital Acquisitions Tax
It had been predicted that the wealthier would have also been targeted in relation to tax on the transfer of assets to the next generation by way of gift/inheritance. The Minister obviously focused on the Revenue yield from capital acquisitions tax which has dropped only 16% (or by €46 million) from the same period last year. The decrease being most likely accounted for by reason of falling property and asset values in that period. As gift/inheritance tax only accounts for less than 1% of the overall Revenue receipts, the Minister obviously felt that an upward rate change would not have impacted on the tax yield significantly enough or quickly enough to warrant a review at this stage.

Indirect Taxes

There have been increases to the standard VAT rate and also to excise duties on cigarettes, wine and petrol. Betting duty has been increased and as heavily signaled before the budget there has been a new travel tax introduced. However some small relief comes in the measure of a reduction in excise duty for low alcohol beverages.

Change in Standard VAT Rate

The standard VAT rate which is currently 21% has been increased to 21.5% with effect from 1 December. This is expected to yield an additional €208 million in 2009. However there is a risk that this will further dampen business confidence and result in reduced consumer spending. If this happens the expected additional yield in VAT may not materialise. Furthermore it will lead to additional cost for business in amending accounting systems to cope with the new rate. Overall this rate increase may only add cost to business without any significant gain to the Exchequer.

Excise Duty

The excise duty on low alcohol beers and cider has been halved. However there has been an increase in excise duty on some of the old reliables which was very much expected. 50 cent goes on a packet of 20 cigarettes. Wine has increased by 50 cent per bottle and petrol attracts an increase of 8 cent per litre. All increases are VAT inclusive and effective from midnight on 14 October 2008. Thankfully diesel has escaped which should provide some small comfort to the hard pressed haulage industry.

Betting Duty

Betting duty has traditionally remained very low but is now been increased from 1% to 2% and is expected to yield an additional €40 million in a full year.

Air Travel Tax

The introduction of an air travel tax was the subject of much speculation before the budget, speculation which has proved accurate. From 30 March 2009 passengers will have to pay a €10 air travel tax on departures from Irish airports. Short journeys (under 300 kms) will attract a lower €2 rate which mainly refers to internal Irish flights and to some UK destinations. It is expected to yield €95 million in 2009.

Airlines will be unhappy with this change when they are struggling to stay competitive and keep passenger numbers up. No doubt consumers will view this as part of their flight cost. At least the price of fuel is stabilising so airlines may be better able to cope with this further headache.

Personal Tax Tables

Rate bands	2009	2008
Standard tax rate	20 %	20 %
Single/Widowed	€36,400	€35,400
Married	€45,400	€44,400
Married (two incomes)	€72,800	€70,800
One Parent	€40,400	€39,400
Higher tax rate	41 %	41 %
In all Cases	Balance	Balance

Income levy		
Income up to 100,100	1%	NIL
Income up over 100,100	2%	NIL

Income tax credits	2009	2008
Personal credit	€	€
Single	1,830	1,830
Married	3,660	3,660
Widowed	1,830	1,830
PAYE credit	1,830	1,830
Widowed without dependent child	600	600
Widowed with dependent child		
1st Year following bereavement	4,000	4,000
2nd year following bereavement	3,500	3,500
3rd year following bereavement	3,000	3,000
4th year following bereavement	2,500	2,500
5th year following bereavement	2,000	2,000
One parent family	1,830	1,830
Dependent relative	80	80
Incapacitated child	3,660	3,660
Blind person		
Single	1,830	1,830
Married couple, both blind	3,660	3,660
Age credit		
Single/Widowed	325	325
Married	650	650
Carers credit	900	900

Income tax allowances	2009	2008
	€	€
Employed carer re Incapacitated individual (allowed at marginal rate)	50,000	50,000

Exemption limits	2009	2008
	€	€
Age exemption limits (65 years and over)		
Single/Widowed	20,000	20,000
Married	40,000	40,000

PRSI and levies	2009		2008		
	Rate	Ceiling	Rate	Ceiling	
Employer	%	€	%	€	
PRSI	7.80	18,512	7.80	18,512	
PRSI	10.05	No limit	10.05	No limit	*
Training Fund Levy	0.70	No limit	0.70	No limit	**
Employee	4.00	52,000	4.00	50,700	***
Self employed and proprietary directors	3.00	No limit	3.00	No limit	
Health levy - Lower Rate	2.00	100, 100	2.00	100, 100	****
- Higher Rate	2.50	over 100,100	2.50	over 100,100	

* applied to all income where earnings are in excess of €18,512

** applied irrespective of earnings

*** first €127 per week not liable to PRSI and not payable where income does not exceed €18,304 (2008 - €18,304)

**** not payable where income does not exceed €26,000 (2008 - €26,000)

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