



➤ **Pension levy to reduce to 0.15% for 2015 and then end**

The Minister has confirmed the commitment from last year to reduce the pension levy to 0.15% in 2015.

The levy will effectively end at the 30<sup>th</sup> June 2015, i.e. the last valuation date for payment of the levy in 2015.

➤ **Reduction in the top rate of income tax from 41% to 40%**

Income tax relief on personal contributions to a qualifying pension arrangement continues to be available at the marginal rate of tax (40% for higher rate taxpayers from 1 January 2015).

Clients should maximise their personal and AVC pension contributions for 2014 and backdating to 2013 to benefit from 41% relief.

➤ **Changes to the Universal Social Charge (USC) were announced as follows:**

Income up to €12,012 p.a.	1.5%
Income between €12,012 and €17,576 p.a.	3.5%
Income between €17,576 and €70,044 p.a.	7%
Income between €70,044 and €100,000 p.a.	8%
PAYE income in excess of €100,000 p.a.	8%
Self-employed income in excess of €100,000 p.a.	11%

➤ **DIRT refund scheme for first time buyers saving for a deposit**

First time buyers will be able to reclaim DIRT deducted on deposits within the 48 month period prior to the date of purchase of their first home, up to a limit on such savings of 20% of the purchase price.

There is no provision for a similar exit tax exemption where a life assurance savings plan or collective investment fund were used for the same purpose.

The relief applies to properties purchased between 14 October 2014 and 31 December 2017.

➤ **An increase in the standard rate tax band of income tax by €1,000 from €32,800 to €33,800 for single individuals and from €41,800 to €42,800 for married one earner couples.**

➤ **Child benefit will be increased by €5 per month per child in 2015.**

- **Tax relief at 20% will be provided on water charges** up to a maximum of €500 a year.
- **The excise duty on a packet of cigarettes is being increased** by 40 cents (incl. VAT) with a pro-rata increase on other tobacco products, with effect from midnight on 14 October 2014.

**The following items that impact your Pension & Life insurance policies will be maintained with no change in the Budget 2015:**

- Pension Standard Fund Threshold remains at €2million.
- No change to the maximum Retirement Lump Sum levels which are as follows:

First €200,000	Tax Free
Amounts btw. €200,000 - €500,000	Income tax @ 20%
Amounts in excess of €500,000	Marginal rate of tax + PRSI + USC

- Tax Relief on Pension Contributions remained unchanged in the Budget and continues to be available at the marginal rate of tax (40% for higher rate taxpayers from 1 January 2015).
- Earnings cap for pension contributions purposes remains at €115,000 per annum.
- The maximum personal rate of the State Pension (Contributory) remains at €230.30 per week. This is unchanged since 2009. Earliest age payable is currently age 66.
- Exit tax rates – the rate of exit tax that applies on life assurance policies and investment funds is being maintained at 41% for 2015. (Where life policy is owned by a company the exit tax rate of 25% still applies).
- Deposit Interest Retention Tax (DIRT) is being maintained at 41% for 2015.
- Capital Acquisitions Tax (CAT) at 33% is being maintained. The current group tax free thresholds remain unchanged.
- Capital Gains Tax (CGT) at 33% is being maintained.
- The 12.5% rate of Corporation Tax is being maintained.
- No change to tax credits.
- The rate of PRSI remains unchanged.

**Further details and any other changes to be published in the Finance Bill on the 23<sup>rd</sup> October 2014. Please give us a call should you wish to discuss any changes affecting you personally.**