



## Summary of the main measures including those affecting the farming sector

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## Main Headline Items —Budget 2023

- The income tax standard rate bands have been increased by €3,200. The income tax rates (20% & 40%) have not been changed
- There has been a €75 increase in the principle tax credits
- An adjustment has been made to the 2% USC band
- The two special stock relief measures for registered farm partnerships and for young trained farmers are being extended until end-2024
- There are no changes to the Capital Gains Tax (CGT), Capital Acquisitions Tax (CAT) and Stamp Duty rates.
- Stamp Duty relief for Young Trained Farmers has been further extended until 31st December 2025
- Farm Consolidation Relief (Stamp Duty) and Farm Restructuring Relief (Capital Gains Tax) has been extended until 31st December 2025
- The VAT flat rate farmer addition rate is to decrease from 5.5% to 5% from 1st January 2023
- There have been significant changes to Social Protection Payments for 2023 with a general €12 weekly increase applied
- Additional funding has been allocated for specific measures relating to Agriculture.

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## Income Tax Rates, Bands and Credits

The standard rate bands have been increased as shown below with the income tax rates (20% & 40%) remaining unchanged for 2023

	At 20% Rate - the first			At 40%
	Existing 2022	Change	Proposed 2023	
<b>Single/Widowed</b>	€36,800	+ €3,200	<b>€40,000</b>	Balance
<b>Married One Income</b>	€45,800	+ €3,200	<b>€49,000</b>	Balance
<b>Married Two Incomes —Max</b>	€73,600	+ €6,400	<b>€80,000</b>	Balance
<b>One Parent/ Widowed Parent</b>	€40,800	+ €3,200	<b>€44,000</b>	Balance

### Selected Tax Credits

There has been an increase of **€75** in the principle tax credits with **€100** added to the **Home Carer Tax Credit**

Tax Credits are applied as a straight deduction from an individual's income tax -as calculated by applying the two tax rates and using the bands outlined above.

	Existing 2022	Proposed 2023
<u><b>Personal Tax Credits</b></u>		
- Single	€1,700	<b>€1,775</b>
- Married	€3,400	<b>€3,550</b>
<b>Single Person Child Carer Tax</b>	€1,650	€1,650
<b>Widowed Person Credit</b>	€2,240	€2,240
<b>PAYE credit</b>	€1,700	<b>€1,775</b>
<b>Earned Income Tax Credit (Max)*</b>	€1,700	<b>€1,775</b>
<b>Home Carer Tax Credit</b>	€1,600	<b>€1,700</b>
<b>Dependent Relative Tax Credit</b>	€245	€245
<u><b>Age Credit</b></u>		
- Single	€245	€245
- Married	€490	€490

\* The Earned Income tax credit is calculated at 20% of an individual's earned income (excluding earned income that is taken into account for the PAYE Tax Credit) subject to a maximum of €1,775. *Where an individual has earned income that qualifies for the Earned Income Tax Credit and PAYE Tax Credit, the combined tax credits cannot exceed €1,775*

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## Age Exemption Limits

There are income thresholds set for people aged above 65 years and below which they can earn income and pay no income tax. These thresholds remain unchanged.

	2023 Limit
Single	€18,000
Married	€36,000

## PRSI

Farmers pay the self-employed rate of PRSI known as Class S PRSI. This is applied to all income and there is only one rate so no bands apply. The Class S rate remains **unchanged** at **4%**.

*'Reckonable income' for the purposes of PRSI is profit after capital allowances but before reliefs and deductions.*

***In line with the proposed changes to the State Pension from 2024 it is expected that there will likely increases in PRSI from 2024 onwards.***

## Universal Social Charge

*The Universal Social Charge is payable on gross income after relief for certain trading losses and capital allowances, but before relief for pension contributions.*

The lower exemption threshold above which income becomes liable to the USC will remain at €13,000 for **2023**. So where an individual earns below this amount no USC applies. Where the income exceeds €13,000 in 2023 then the revised rates **showing a €1,625 increase in the 2% band** ceiling applies for 2023 are as in the table below.

2022 USC Income Bands	2022 USC Rates	2023 USC Income Bands	2023 USC Rates
€0—€12,012	0.5%	€0—€12,012	0.5%
€12,013— €21,295	2.0%	€12,013— <b>€22,920</b>	2.0%
€21,296—€70,044	4.5%	<b>€22,921</b> —€70,044	4.5%
€70,045—€100,000	8%	€70,045—€100,000	8%
> €100k (self-employed only)*	11%	> €100k (self-employed only) *	11%

- \* Self-employed individuals with annual income exceeding €100,000 are subject to a 3% additional surcharge – an effective 11% rate of USC. Those in receipt of PAYE income only in excess of €100,000 will be subject to a max USC rate of 8%.

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The USC concession for medical card holders is being extended for a further year to 31 December 2023. Reduced rates of USC apply to individuals who have a full medical card and whose income is €60,000 or less. The reduced rates of USC are 0.5% on the first €12,012 and 2% on the balance

The marginal rate of tax for employed / self-employed individuals (**under 70 years**) with a maximum income **below €70,044** is as follows:

	2022	2023
Income Tax	40%	40%
PRSI	4%	4%
Universal Social Charge	4.5%	4.5%
Total	48.5%	48.5%

## Stock Relief

**Stock Relief for Registered Farm Partnerships** and **Stock Relief for Young Trained Farmers** have been **extended until 31 December 2024**. These measures come under the State Aid Rules and the extension is contingent on the update of the EU Agricultural Block Exemption Regulation (ABER).

The Teagasc “**My Farm – My Plan**” document is the business plan template agreed with Revenue for certification for the enhanced **stock relief for young trained farmers**

This business plan template can be downloaded from <https://www.teagasc.ie/publications/2018/my-farm-my-plan---planning-for-my-future.php>

The business plan must be submitted for certification **on or before 31<sup>st</sup> October in the year following the first year of assessment**.

General Stock Relief, which is available to all farmers at the 25% rate, was extended last year until 31st December 2024.

## Corporation Tax

For farms that are trading as companies there is **no change** proposed to the corporation tax rate which will remain at **12.5%**.

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## Value Added Tax (VAT)

The **flat rate farmer addition** rate is to decrease from 5.5% to **5%** from **1st January 2023**

The VAT rate applying to sales and purchases of livestock remains at **4.8%**.

The standard rate of VAT remains at **23%** and the **13.5%** rate remains unchanged with the exception of the sectors outlined below.

- The **9%** VAT rate for the hospitality sector (including restaurants, guest accommodation, cinemas, theatres, sporting facilities) is in place until **28th February 2023**
- There has also been an extension on the **9%** VAT rate for **gas and electricity** until **28 February 2023**.
- A zero VAT rate has been introduced for newspapers including digital additions.

## Deposit Interest Retention Tax (DIRT) [no change]

This is a tax on interest paid or credited on deposits of Irish residents. There has been no change in the DIRT rate applied - it remains at **33%**.

## Dividend Withholding Tax (DWT) [no change]

The rate of Dividend Withholding Tax remains at **25%**.

## Vacant Homes Tax

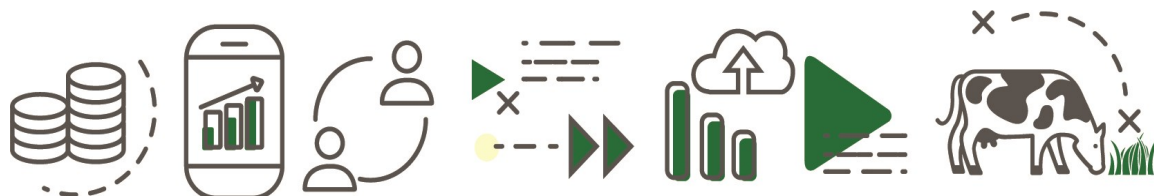
The tax will apply to long-term vacant residential property and will be paid by property owners. "Long term", in this instance, refers to properties which are unoccupied for twelve months or more. A property will be considered vacant for the purposes of the tax if it is occupied for less than 30 days in a 12- month period. The tax will apply to buildings which are residential properties for the purposes of LPT. This means that it will not apply to derelict properties or properties unsuitable for use as a dwelling which are not captured under the LPT system. The tax will be charged at a rate equal to three times the property's existing base Local Property Tax liability. More details will be in the Finance Bill.

## Tax Credit on Rental payments for a Principle Private Residence

A new tax credit on rent paid for the family home valued at €500 per year has been introduced. It will apply to taxpayers who are paying rent on their principal private residence.

It will come into effect from next year but provision will be made so that it can be claimed in respect of rent paid in 2022.

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## Stamp Duty

There was **no change** to the stamp duty rates applying to either residential or non-residential property.

2022		2023	
Non Residential Property (including land)			
Consideration	Rate of Duty	Consideration	Rate of Duty
Entire Consideration	7.5%	Entire Consideration	7.5%
Residential Property			
Up to €1,000,000	1%	Up to €1,000,000	1%
Over €1,000,000	2%	Over €1,000,000	2%

### Consanguinity relief for Stamp Duty [no change]

Consanguinity Relief for inter-family farm transfers of non-residential property is in place until **31st December 2023**. The relief reduces the effective rate applied on lifetime land transfers by gift between certain related persons **from 7.5% to 1%**.

Consanguinity relief applies to transfers between related persons.- i.e. blood relations including lineal descendant, parent, grandparent, step parent, husband or wife, brother or sister of a parent or brother or sister, or lineal descendant of a parent, husband or wife or brother or sister & foster children.

### Stamp Duty Relief for Young Trained Farmers

This relief has been extended until **31st December 2025**. This measure comes under the State Aid Rules and the extension is contingent on the update of the EU Agricultural Block Exemption Regulation (ABER).

Budget 2016 introduced an additional requirement (specified by the European Commission under State Aid rules) that the Young Trained Farmer applicant must complete a **Business Plan** and present it to Teagasc for certification prior to claiming this relief.

The Teagasc My Farm-My Plan document is the Revenue approved business plan template. This template can be downloaded from <https://www.teagasc.ie/publications/2018/my-farm-my-plan---planning-for-my-future.php>

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## EU State Aid Cap on measures applying to young farmers

Note as per Finance Act 2019 in order to comply with EU State Aid regulations, an overall **lifetime cap** of **€70,000 per farmer applies** on the effective tax saving/ benefit claimed under the following three reliefs/credits

- Young trained farmers stamp duty relief
- Enhanced stock relief for Young Trained farmers
- Succession farm partnerships tax credit

## Stamp Duty—Farm Consolidation Relief

**This relief has been extended to 31st December 2025.**

This measure comes under the State Aid Rules and the extension is contingent on the update of the EU Agricultural Block Exemption Regulation (ABER)

Consolidation relief may apply where land is disposed of and replaced with other land with the end result of a less fragmented and more viable farming operation.

Purchase and sale transactions that take place between the dates of **1st January 2018 to 31st December 2025** are potentially eligible for the relief. The two land transactions involved in the consolidation must occur within 24 months of each other.

A certificate from Teagasc will be required stating that the transactions involved in the consolidation meet the conditions set out in guidelines - see section on CGT Restructuring Relief (page 11) for link to guideline document.

Claimants of the relief must commit to retaining ownership of their interest in the qualifying land and use the land for farming for a period of 5 years from the date of first claiming the relief.

The relief has the effect of reducing the rate of stamp duty applying on eligible transfers of land from 7.5% to 1% on the excess of the value of land purchased over the value of land sold as part of the consolidation transactions.

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## Capital Acquisitions Tax (CAT)

The rate of CAT is unchanged at **33%** and there has been **no change** in the thresholds.

### CAT tax free thresholds —[no change]

	Group	2023 Threshold
A	Son/Daughter, minor child of deceased child	€335,000
B	Lineal Ancestor/ Descendent, brother, sister, niece, nephew	€32,500
C	Any other person	€16,250

## Capital Acquisitions Tax—Agricultural Relief—[no change]

The conditions for a donee (receiving a gift) or successor (receiving an inheritance) to avail of CAT agricultural relief as follows:

- They must continue to meet the Farmer Test (the 80% agricultural property test)
- The eventual user of the property subject to the relief must meet the Active Farmer test as set out below.

To meet the Active Farmer test the final user of the agricultural property must either:

- Hold (or obtain within 4 years of receiving the property) a recognised agricultural qualification (as listed for the young farmer stamp duty exemption qualifications listed in schedule 2,2A or 2B to the Stamp Duties Consolidation Act 1999) AND who farms the property on a commercial basis with a view to the realisation of profits for a period of 6 years from the valuation date for the property **OR**
- Spend 50% of that individual's normal working time\* farming agricultural property (including the property received) on a commercial basis with a view to the realisation of profits for a period of 6 years from the valuation date for the property **OR**
- Lease the whole or substantially the whole of the agricultural property, comprised in the gift or inheritance for a period of not less than 6 years commencing on the valuation date of the gift or inheritance, to an individual who satisfies either of the previous two criteria.

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*\*Definition of “normal working time”*

- Normal working time including both on-farm and off-farm working time approximates to 40 hours per week.
- An individual spending an average of 20 hours per week working on the farm will meet the 50% of normal working time criteria.
- Where it can be shown that an individual’s normal working time is less than 40 hours a week, then the 50% requirement will be applied to the actual hours worked, subject to the overriding requirements that the farm be farmed on a commercial basis and with a view to the realisation of profits.

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## Capital Gains Tax (CGT) [no change]

The general rate of CGT is unchanged at **33%**

## Capital Gains Tax Retirement Relief [no change]

There were no changes to the general conditions or operation of Retirement Relief from Capital Gains Tax announced in this budget

## CGT Farm Restructuring Relief

To enable farm restructuring, relief from Capital Gains Tax has been available (subject to conditions) where land disposed of by either sale or exchange and the proceeds have been reinvested into other land.

The deadline for the completion of the **first** restructuring transaction is **31st December 2025**. This measure comes under the State Aid Rules and the extension is contingent on the update of the EU Agricultural Block Exemption Regulation (ABER)

Both restructuring transactions must be completed within a 24 month period.

The guideline document for this relief (& Consolidation Relief from Stamp Duty) is available here - <https://assets.gov.ie/90415/d9f12adb-3be4-4cf5-a82c-78d735c8739d.pdf>

## Capital Gains Tax—Entrepreneur Relief [no change]

Under this relief a reduced rate of 10% applied to gains on the disposal of business assets. A limit of €1 million applies on all gains which are deemed eligible counted back from 1st January 2016. From 1st January 2021 an individual who held at least 5% of the shares in a qualifying company will be able to qualify for the relief. All other qualifying criteria remain unchanged.

More details on the operation of this relief are available here <https://www.revenue.ie/en/gains-gifts-and-inheritance/cgt-reliefs/revised-entrepreneur-relief.aspx>

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## Social Welfare Payments

A **€12** increase in the main weekly payments is being applied for 2023

\*\*Means Tested Payments

	2022	From January 2023
State Pension (Contributory)(<80)	€253.30	€265.30
- Qualified Adult Increase	€168.70	€168.70
State Pension (Non-Contributory) (Max) **	€242	€254
- Qualified Adult Increase	€159.90	€159.90
Jobseekers Benefit	€208	€220
Jobseekers Allowance (aged 25+) **	€208	€220
Farm Assist **	€208	€220
Invalidity Pension	€213.50	€225.50

### Selected Weekly Increases [applied to selected weekly payments listed above]

There is an increase in the **Qualified Child Payment** of **€2 per week** —applies to all weekly payments.

	2022	From January 2023
Increase for child under 12	€40	€42
Increase for child aged 12 & over	€48	€50
Living Alone Allowance	€22	€22

For those in receipt of a weekly social welfare payment, a once-off double week "**Cost of Living Support**" **payment** will be made to all qualifying social protection recipients. This will be paid in October and will include pensioners, carers, people on disability payments and jobseekers.

In addition to the weekly **Fuel Allowance** a lump sum payment of **€400** will be made before Christmas to all recipients of this payment.

The **Christmas Bonus** will be paid at 100% rate in early December 2022 to certain recipients of a long-term Social Welfare payment—**this is essentially a double payment for that month.**

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A once-off payment of **€500** in November will be made to those who qualify for **Disability Allowance**, **Invalidity Pension** and the **Blind Pension**.

**Drug Payment Scheme** - the amount that participants in this scheme have to contribute themselves was reduced to **€80** in February 2022 and will remain at this rate for 2023.

**Child Benefit** rates have not changed and remain at **€140/ month**. **A double payment of this benefit is to be paid in November 2022**

The **20% fare reduction on public transport** has been extended until the **end of 2023**

More detail on the Social Welfare rates can be found here <https://assets.gov.ie/201552/2e76947c-bb9c-4b28-b462-ed692a77a876.pdf>

## Statutory Minimum Wage

The statutory minimum wage is to **increase by 80 cents** from its current rate of €10.50 per hour to **€11.30** per hour from **1st January 2023**.

## Carbon Related Measures

**Carbon Tax**—the rate of Carbon Tax will increase by €7.50 from €41 per tonne to **€48.50** per tonne **from midnight on 12th October 2022**. This will be an effective increase of 2 cents per litre (VAT inclusive) on petrol and diesel. The impact of the carbon tax increase on auto-fuels will be offset with a reduction in the National Oil Reserves Agency (NORA) levy from 2 cent per litre to 0 cent per litre . Increases in Home heating oil and other fuels will not come into effect until 1st May 2023.

**Vehicle Registration Tax** - The €5,000 relief for Battery Electric vehicles was extended to the end of 2023 in Budget 2022

## Temporary Business Energy Support Scheme (TBESS)

This scheme which has to get EU State Aid approval before it commences will provide up to €10,000 per business per month until Spring 2023 to help meet rising energy costs. Qualifying businesses, whose average unit gas or electricity price has risen by over 50% compared to their average unit price in 2021, can apply to Revenue for a cash payment, which will be calculated as 40% of the excess of the 2022 bill over the 2021 bill, capped at €10,000 per month per business. Farming businesses will also be eligible for this scheme.

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## Other measures announced

- **Cigarettes**—Exercise duty on a pack of 20 cigarettes will rise by 50 cent, with a pro-rata increase on other tobacco products.
- **Inpatient Hospital Charges** - are to be abolished
- **Electricity Credits**—a total of €600 will be paid to each household in three instalments with the first instalment paid before Christmas and the other two in 2023
- **Student Contribution** - for eligible students there will be a **once off reduction of €1,000** in the Student contribution for the 2022/ 2023 academic year
- **Free School Book Scheme**—will be introduced in Autumn 2023 for the 2023 / 2024 school year.
- **Help to Buy Scheme** - has been extended until the end of 2024.
- **Energy Upgrade Schemes**—€337 million has been allocated for energy upgrade schemes (Warmer Home Scheme, National Home Energy Upgrade Scheme, Better Energy Homes, Community Energy Grant Scheme and the Solar PV Scheme)

## Accelerated Capital Allowances for construction of Slurry Storage Facilities

Targeted at the construction of slurry storage facilities allowing 50% of the eligible expenditure to be claimed over two years (rather than the normal 7 year claim period). This scheme will be available for three years.

Note in relation to construction costs a new **Defective Concrete Products Levy (Mica Levy)** is to be introduced from **3rd April 2023**. The levy will be set at a rate of **10%** of the cost of the concrete product, ex VAT. This levy will apply to pouring concrete as well as concrete products used in the construction of buildings.

## Acceleration of Wear and Tear Allowances for Farm Safety Equipment Scheme

This measure was included in Finance Act 2020 but the commencement order for the measure was signed on 6<sup>th</sup> October, 2021. This scheme allows for accelerated capital allowances of 50% per annum over two years for certain eligible equipment—see summary list below. An annual total equipment cost of €5 million per annum., excluding VAT, for the measure will apply.

The Department of Agriculture, Food and the Marine will issue a Farm Safety/Adaptation Accelerated Capital Allowance Certificate. This certificate must be submitted to Revenue in support of claims under this measure.

The full terms and conditions for the scheme and application form are available at [www.gov.ie/farmsafety](http://www.gov.ie/farmsafety).

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## Selected Specific Measures Relating to Agriculture

The Department of Agriculture, Food and the Marine has been allocated **€2.1 billion**—a €283 million increase on the 2022 allocation.

Some details have been announced on budget day on the following

- **Agri Environment scheme funding for ACRES** - funding of €200 million to cover 30,000 farming participants
- **Locally Led Environmental Schemes** - €18 million to fund a large-scale water scheme on farms and to fund a new call for new EIPs on biodiversity, climate, rural environment and farm safety
- **National Forestry Programme**—€112 million in funding
- **Targeted supports for the beef and sheep sectors** - €100 million to cover new beef welfare scheme (replacement for BEEP-S), Suckler Carbon Efficiency Scheme and Sheep Welfare Scheme
- **TAMS** - €90 million including specific supports for solar panel installation including a 60% grant rate and a €90,000 ceiling on investment. Farm dwellings will now be eligible for inclusion for solar panel investments.
- **Tillage Incentive Scheme**—€10m in supports to encourage maintenance and new planting in the Tillage Sector.
- **Organic Farming Scheme** - **€37 million** (up from €21 million last year)
- **Multi-Species / Red Clover Swards**—grant to support the planting of these swards
- **Liming Scheme**—funding of €8 million
- **Pilot anaerobic digestion investment** - €3 million
- **Farm Safety** - budget of **€2.5 million** to support initiatives
- **Soil Sampling Scheme & Farm Environmental Scheme** —continued funding of €13.3 million
- **€335 million** for fisheries and coastal communities that depend on fishing

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## Schedule for Finance Act 2022

The measures outlined in the budget will be published in the Finance Bill 2022. It will be debated by both houses of the Oireachtas and will be signed into law as Finance Act 2022 in mid to late December.

### Finance Bill stages

- Finance Bill published - 21 October 2022
- Committee Stage - 16 - 18 November 2022
- Report Stage - 30 November - 1 December 2022
- Seanad Report Stage - 15 December 2022
- President signs Finance Act 2022 - on/ before 25 December 2022

### **Note:**

**This summary is based on the author's interpretation of the relevant Budget and Finance Bill measures and should not be taken as a definitive interpretation of these measures. For all individual tax queries you are advised to seek professional tax advice from your own accountant/ tax adviser.**

## References

Department of Finance Budget Section - <http://www.gov.ie/en/news/dd50f-budget-2023/>

Revenue Budget Information - <https://www.revenue.ie/en/corporate/press-office/budget-information/2022/budget-summary-2022.pdf>

Department of Social Protection - <https://www.gov.ie/en/publication/27341-budget-2023/>

Department of Agriculture, Food & the Marine - <https://www.gov.ie/en/press-release/95bf9-minister-mcconalogue-announces-13-budget-increase/>

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