

## Budget 2012

For the first time ever, we have had the Budget for the coming year presented over two days. Minister Howlin presented details of the planned cuts in spending. Some of the key issues put forward were:

- Pensions and Social Welfare Rates are unchanged.
- Reductions in Child Benefit for 3<sup>rd</sup> and subsequent children (rates to be standardised for all children in future years).
- Grants for multiple births to be abolished from 2012.
- The upper age limit of the new claimants of the One-Parent Family Payment will be reduced to 7 years on a phased basis (Starting at 12 for 2012).
- Reductions in the earnings disregarded in calculating means for the One-Parent Family Payment.
- Adjustments to duration of the “working week” for people in receipt of Jobseeker’s Benefit.
- Changes to the benefit package for people in receipt of Carer’s Allowance.
- Changes in pension rates for people without the required contributions.
- Adjustments to the means calculation for Farm Assist payments.
- Rent Supplement - minimum contributions by tenants to increase for both singles and couples.
- Payments to people with disabilities to be brought in line with Jobseeker’s Allowance rates (currently being reassessed due to backlash).
- Back to Education grant to be cut from €500 to €300.
- Fuel Allowance to be cut by 6 weeks
- Employer rebate for redundancy payments to be cut from 60% to 15%.
- Increase in the Drug Payment Threshold by €12 per month.

This was then followed by Minister Noonan outlining the tax measures for the year ahead. The headline measure on this side included the Governments undertaking to protect weekly take home pay. They have achieved this by increasing the so called “stealth” taxes, namely:

- Increasing the Standard VAT Rate from 21% to 23%.
- Increases in Excise and Carbon Taxes for petrol and diesel.
- Increases in Excise Tax for Cigarettes.
- Motor Tax has increased for cars; irrespective of how they had been categorised.

On the positive side, the budget indicates that there will be no increase in the cost of alcohol and that people on less than €10,036 will be exempt from the Universal Social Charge.

The Government has also tried to appease the opposition by increasing so called wealth taxes; both Capital Gains Tax and Capital Acquisitions Tax have been increased from 25% to 30% , DIRT on investments has been increased by 3% and certain retirement reliefs have also been changed to

encourage a more timely transfer of property and businesses (including farms). The reduction in the stamp duty rate for non residential property, it is hoped, will encourage a very stagnant market.

The above mentioned items are only a broad outline of some of the measures mentioned within the budget and while some are in force immediately, until the Finance Act for 2012 is passed in January 2012, then the majority of these are subject to change, adjustment or even omission.

**Disclaimer:**

The object of this article is to provide useful tips in relation to Irish Tax Regulations according it cannot be regarded as a definitive guide and no liability can be accepted in respect of decisions taken in reliance on the information herein contained.