



LAW SOCIETY PRACTICE SUPPORT
BUDGET 2023 HEADLINE CHANGES
FACT SHEET



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BUDGET 2023 INCOME TAX

- **Standard Rate Cut-off Point increased:**
 - Single Person from €36,800 to €40,000
 - Married (One Earner) from €45,800 to €49,000
 - Married (Two Earners) from €73,600 to €80,000
- **Tax Credits:**
 - Standard Single, PAYE and Earned Income Credits all increased by €75 to €1,775
 - Standard Married Credit increased by €150 to €3,550
 - Home Carer Credit increased by €100 to €1,700

BUDGET 2023 – RENT CREDIT

- Credit of 20% of rent paid.
- Maximum credit - €500 per person, or €1,000 for married couples.
- Tenancy must be registered with PRTB (per Minister).
- To qualify, must not be claiming any other housing supports.
- Applies to 2022 and 2023.

BUDGET 2023 – BUSINESS TAXES

- **Headline Measures**
 - Enhancements to R&D Tax Credit, especially for SMEs
 - KEEP extended to 31 December 2025 with some enhancements
 - Knowledge Development Box (KDB) extended for another four years – rate may increase to 10% depending on international tax developments (BEPS Pillar II).
- Some of these changes are potentially significant for business but we await the legislation for more detail and, in some cases, subject to EU State Aid approval.

BUDGET 2023 – TBESS

- **Temporary Business Energy Support Scheme**
 - A support scheme for businesses impacted by increased energy costs.
- Backdated to 1 September 2022 and to run until at least 28 February 2023.
- **Conditions**
 - A business will be considered an 'eligible business', and therefore within the scope of the TBESS, where it is a company, self-employed individual or partnership carrying on a trade or profession²
 - Must be tax-compliant.
- **How it works:**
 - Compare electricity/gas bill for 2022 with corresponding period for 2021, e.g. your September 2022 bill with your September 2021 bill.
 - Where the average unit price has increased by 50%, you can make a claim.
 - Amount payable = 40% of the increase. Maximum payment €10,000 per month.
- Administered by the Revenue Commissioners. Applicants must register for the scheme.
- **[TBESS Guidelines](#)**

CLIENT-FACING ISSUES FOR SOLICITORS

- Residential Development Stamp Duty Refund Scheme extended to 31 December 2025.
- **Vacant Homes Tax being introduced:**
 - Residential properties occupied for less than 30 days in a 12-month period.
 - Rate of tax - 3 times the standard LPT rate applicable to the property.
- **Residential Zoned Land Tax**
 - Local Authorities to begin issuing maps identifying lands impacted by 1 November 2022.
- Beware of these issues if you are buying/selling property for clients or as nominee.



LISTEN BACK TO THE 30 MINUTE INFORMATION SESSION BUDGET 2023 - UPDATE BY MICHAEL O SCATHAILL FROM CROWE [DOWNLOAD SLIDES](#)

FUTURE TAX CHANGES

- Review of the Personal Tax system.
- Review commissioned into possible introduction of 30% Income Tax rate.
- Commission for Taxation Report.
- Possible changes to inheritance tax? Reduced thresholds? Extension of filing requirements to cover all gifts/inheritorships and not just where 80% class threshold is exceeded?

TAX WAREHOUSING

- Pay and file 2020. It was possible to warehouse income tax liabilities if your total income for 2020 was expected to be at least 25% lower than for 2019.
- Pay and file 2021. It was also possible to warehouse if your total income for 2021 was expected to be at least 25% lower than for 2019.
- Your practice may also have warehoused some VAT and PAYE liabilities.
- Any liabilities warehoused remain warehoused at a zero interest rate until 31 December 2022. However, that day was fast approaching but this week brought something of a reprieve...

TAX WAREHOUSING – PAYING TAX DUE

- Warehoused Taxes were to fall due on 1 January 2023. However, this has now been extended to 1 May 2024, although interest at a reduced rate of 3% will still apply to unpaid debt from 1 January 2023.
- Can apply for a Phased Instalment Arrangement (PPA) to pay back over a period of time.
- Reduced rate of interest of 3% for PPAs relating to warehoused taxes.
- But beware – no automatic entitlement to a PPA. You have to apply, and make your case to Revenue.
- Terms of PPA? Unclear and subject to agreement on a case-by-case basis.
 - Down payment of 25-40%.
 - Balance over a period of maximum 3-5 years but in practice Revenue may push for a shorter period.

TAX WAREHOUSING CHALLENGES

ILLUSTRATION

- John, a solicitor in practice has income tax liabilities for 2019-22 as follows:
- 2019: €150k – paid preliminary tax of €100k in Nov 2019 (100% of 2018)
- 2020: €100k (income down > 25% on 2019; qualified for warehousing)
- 2021: €100k (income down > 25% on 2019; qualified for warehousing)
- 2022: €120k (estimate at Nov 2022)

WAREHOUSED LIABILITIES

- Dec 2020 Pay & File: opted to warehouse 2019 balancing payment of €50k plus Preliminary Tax 2020
- Nov 2021 Pay & File: opted to warehouse balance of 2020 plus preliminary tax 2021 (90% rule = €90k)
- So, in total has warehoused €240k (i.e. 50k + 100k + 90k)

NOVEMBER 2022 PAY & FILE

- John must pay the balance of 2021: €10k
- Preliminary Tax for 2022: in this case, based on 100% of prior year, i.e. €100k
- Total outlay at November 2022: €110k
- November 2023 Pay & File
- Balance of 2022 liability plus 2023 preliminary tax payable.

1 MAY 2024

- The warehoused debt of €240k falls due.
- November 2024 Pay & File
- Balance of 2023 plus preliminary tax for 2024 payable.
- So, in the space of less than two months, John has €350k taxes to pay.

VAT & PAYE

- If his practice warehoused any VAT/PAYE during 2020/21 this also falls due on 1 May 2024
- The lesson here is that over the next few years a number of potentially significant tax bills will become payable but this extension to the warehousing scheme provides taxpayers with an opportunity to plan their cashflow. This opportunity should be taken.