



pims business systems ltd.

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Pims Budget Summary 2008/2009

INCOME TAX

In his Budget Statement on 14 October 2008, the Minister for Finance announced a number of changes to the personal tax system.

VAT

Increase in standard rate

The standard rate of VAT will be increased from 21% to 21.5% with effect from 1 December 2008. This increase will apply to all goods and services, which are currently subject to VAT at 21%.

PRSI

Employee's PRSI Annual Earnings Ceiling

The PRSI contribution ceiling will increase from €50,700 to €52,000 from 1 January 2009.

INCOME LEVY

A new income levy is being introduced that will apply at the rate of 1% to gross income up to €100,100 per annum or €1,925 per week. A rate of 2% will apply to income in excess of that amount.

The levy is paid on gross income, before deductions for capital allowances or contributions to pensions.

The levy does not apply to social welfare payments including contributory and non-contributory social welfare pensions.

Tax Credits

The table below outlines the changes for 2009.

Tax Credit	2008 €	2009 €
Single Person	1,830	No change
Married Person	3,660	No change
PAYE Credit	1,830	No change
Widowed Person (without dependant children)	2,430	No change
One Parent Family Credit	1,830	No change
Incapacitated Child Credit Max	3,660	No change
Blind Tax Credit	1,830	No change
Single Person	1,830	
One Spouse Blind	3,660	
Both Spouses Blind		
Widowed Parent	-	No change
Bereaved in 2008	4,000	
2007	3,500	
2006	3,000	
2005	2,500	
2004	2,000	
2003		
Age Tax Credit	325	No change
Single/Widowed	650	
Married		
Dependent Relative	80	No change
Home Carer	900	No change



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The following reliefs remain unchanged:

Relief (Allowed at the taxpayer's top rate of tax)	2008 € Max	2009 € Max
Employing a Carer	50,000	No change

Changes to Standard Rated Reliefs are as follows:

(Allowed at 20% rate band)

Rent Tax Relief	2008 € Max	2009 € Max
Single - under 55	2,000	No change
Married/Widowed - under 55	4,000	
Single - 55 & over	4,000	
Married/Widowed - 55 & over	8,000	

Trade Union Subscriptions	350	No change
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Tax Rates and Tax Bands

The tax rates remain unchanged at 20% (standard rate) and 41% (higher rate).
The table below sets out the tax rates and bands.

Personal Circumstances	2008 €	2009 €
Single/Widowed without dependant children	35,400 @ 20% Balance @ 41%	36,400 @ 20% Balance @ 41%
Single/Widowed qualifying for One Parent Family Tax Credit	39,400 @ 20% Balance @ 41%	40,400 @ 20% Balance @ 41%
Married Couple one spouse with Income	44,400 @ 20% Balance @ 41%	45,400 @ 20% Balance @ 41%
Married Couple both spouses with Income	44,400 @ 20% with increase of 26,400 max. Balance @ 41%	45,400 @ 20% with increase of 27,400 max. Balance @ 41%



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Exemption Limits

There is no change to the exemption limits for persons aged 65 years and over:

Circumstances	2008 €	2009 €
Single/Widowed 65 years of age & over	20,000	No change
Married Couple 65 years of age & over	40,000	No change

The limits for Single/Widowed persons aged under 65 and Married couples aged under 65 remain unchanged at €5,210 and €10,420 respectively.

Marginal Relief will continue to apply where income does not greatly exceed the relevant exemption limit.

The above exemption limits are increased by €575 for each of the first two dependent children and by €830 for the third and subsequent children.

For more information contact

Revenue Freephone Information Line

1800 314 414

Or

www.revenue.ie

If you want to know how the tax changes in this year's Budget will affect you – contact Revenue's freephone information line at the above number.

This service will operate from 9.30 a.m. to 5.30 p.m. on Wednesday and Thursday 15/16 October.