



**SANDYFORD
BUSINESS DISTRICT**

Budget 2023

BRIEFING NOTE

SANDYFORD BUSINESS DISTRICT

SEPTEMBER 2022

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Taxation

The main points in Budget 2023 include:

Income Tax

- **€1.1 billion income tax package:**
 - Increase in the highest tax bracket' entry point by €3,200 (to €40,000 for single people).
 - Personal Tax Credit to be increased from €1,700 to €1,775.
 - Employee Tax Credit to be increased from €1,700 to €1,775.
 - Earned Income Credit to be increased from €1,700 to €1,775.
 - 2% USC rate band to be increased from €21,295 to €22,920.
 - €100 increase in Home Carer tax credit to €1,700.
- Home carer tax credit to increase by €100.
- Intermediate rate of income tax to be examined shortly but significant lead time needed – will not happen before January 2024.
- Medium term roadmap to be developed for income tax arising out of Commission on Taxation and Welfare recommendations.
- Foreign Earnings Deduction extended for two years.

Business Tax

- The R&D tax credit was reviewed this year. In order to align with new norms in international tax, a number of changes to the operation of the R&D tax credit are being made.
- Knowledge Development Box (KDB) - Budget 2023 provides for the extension of the KDB for 4 years, to allow the relief up to 2027. In order to prepare for implementation of the OECD agreement, legislation for an increase in the effective rate of the KDB to 10% is being introduced, to be brought into effect by Ministerial commencement order.

VAT and Excise Measures

- Excise on a pack of 20 cigarettes to increase by 50c with commensurate rises for other tobacco products.
- Excise reductions on petrol and diesel to continue until February 2023.
- No rise in excise on alcohol.
- Lower VAT rate of 9% on electricity and fuel to continue to apply to 28th February 2023.
- Hospitality sector VAT to return to 13.5% on the 28th February 2023.
- A 0% VAT rate on newspapers from 1st January 2023, also applying to digital editions and subscriptions.
- VAT on health products (including defibrillators and a limited number of therapies such as contraceptive interventions) will be reduced to zero from 1st January 2023.
- 0% VAT on Nicotine Replacement Therapy products.



Taxation

The main points in Budget 2023 include:

Housing

- A new €500 tax credit per annum for renters in the private rented sector – to apply retroactively in 2022 also.
- A new vacant property tax at three times the local property tax rate. A property will be considered vacant if it is occupied for less than 30 days in a 12-month period.
- REITs tax scheme to be reviewed.

Other

- No change to Capital Gains Tax, apart from adjustments to the inheritance of farms.
- No change to inheritance tax.
- Reduction in National Oil Reserves Agency levy from 2c to 0c per litre.
- 10% levy on certain concrete products – from April 2023.
- Bank levy extended for one more year.
- Carbon taxes to rise by €7.50 per tonne (redistributed to people for retrofitting, among other purposes). This will apply to auto fuels with effect from 12 October 2022 and all other fuels from 1 May 2023.



Business Supports

The main points in Budget 2023 include:

- €1 billion Temporary Business Energy Support Scheme, that aims to cover 40% of the increase in SMEs' energy bills up to a maximum €10,000 per month per business. The measure will be backdated to September 2022 and will run until February 2023.

Conditions

Businesses must be tax compliant.

Open to those whose average unit price for energy bills has increased by 50% between reference periods in 2021 and 2022.

This measure will require European Commission approval.

- Local Enterprise Offices to receive further funding to enable services to be provided to employers with more than 10 employees and to run an investment in energy efficiency scheme for small businesses.
- €200 million for Enterprise Ireland Ukraine Enterprise Crisis Scheme for manufacturers and exporters with businesses being able to avail of up to €2m in financial aid.
- Enterprise Ireland Green Transition and Digital Transition Funds allocated €12 million.
- Enterprise Ireland Open Call for Brexit Impacts allocated €10 million.
- €14.8 million for IDA funding for property programme, Investment in Advanced Manufacturing (IAM) and for the National Institute for Bioprocessing Research and Training (NIBRT).
- New Credit Guarantee Scheme of €5 million.



Employment

The main points in Budget 2023 include:

- The tax-free threshold for voucher-based bonuses that employers can give workers will be raised to €1,000. Two vouchers can now be given in any year.
- The minimum wage will rise to €11.30 per hour and slight adjustments to USC will be made to minimise the impact on people in receipt of the minimum wage.
- €1 billion welfare package includes:
 - A €12 increase per week to a range of social welfare payments.
 - A once-off double week Cost of Living Support payment to all qualifying social protection recipients.
 - A Christmas bonus.
 - An extension of the Fuel Allowance scheme.
 - A €200 lump sum to people receiving the Living Alone Allowance.
 - A €400 lump sum for people receiving the Fuel Allowance scheme.
 - A €500 lump sum for families availing of the Working Family Payment.
- €1 billion Childcare Package includes a 25% reduction in childcare fees (or the equivalent of a drop by €170 per month) for families availing of the National Childcare Scheme. A double Child Benefit payment will also be paid in November 2022.
- Key Employee Engagement Programme (KEEP) extended to 31st December 2025 with the lifetime company limit on KEEP shares raised from €3 million to €6 million. Further changes are being made to this programme following European Commission approval of a proposal lodged in 2019.
- Special Assignee Relief Programme (SARP) extended to 31st December 2025, salary threshold raised to €100,000.



Climate Action / Energy

The main points in Budget 2023 include:

- Carbon tax to rise by €7.50 per tonne to €48.50 from 12th October.
- Excise reductions on petrol and diesel continue until 28th February 2023:
 - 21c per litre in respect of petrol
 - 16c cent per litre in respect of diesel
 - 5.4c per litre in respect of Marked Gas Oil (MGO)
- 9% VAT rate for electricity and gas extended until 28th February 2023.
- €337 million for SEAI residential and community energy upgrade schemes (to include Solar PV scheme).
 - 37,000 home energy upgrades to include:
 - 13,8000 homes brought to BER B2.
 - 6,000 free upgrades under SEAI energy poverty scheme.
- €87 million allocated to retrofit social housing.
 - To include 2,400 social homes upgraded to a BER B2.
- Introduction of a low-cost loan scheme for residential retrofit for private homeowners and non-corporate landlords.
- €600 payment for household energy bills.
 - Split into one €200 payment before Christmas.
 - Two further €200 payments early in 2023 – over course of first two billing cycles.
- €148.5 million allocated to Fuel Allowance scheme which has been extended to include an additional 80,000 people.
- €400 lump sum will be provided to all Fuel Allowance recipients.
- Increase means threshold for Fuel Allowance to:
 - €500 per week for single person (over 70y/o).
 - €1000 per couple (over 70 y/o).
 - To €200 per week above rate of State Pension Contributory.
 - Disregard Disablement Benefit as a means test.
 - Disregard half-rate Carer's Allowance as a means test.
- €2.6 million towards the implementation of the Circular Economy Act and the Waste Action Plan.
- €4.3 million allocated to support the establishment of Maritime Area Regulatory Authority (MARA) in early 2023 – key enabler of Ireland's ambitions in Offshore Renewable Energy sector.



Health

The main points in Budget 2023 include:

- The Department of Health is set to receive €23.4 billion, allowing for improving health system capacity and access in line with Sláintecare.
 - Core health expenditure will increase by €1.3 billion (or 5.6%), to a level of €21.5 billion enabling the hiring of additional 6,000 staff.
 - €439 million in direct Covid-19 funding will be allocated for testing and tracing, the vaccination programme, as well as Personal Protective Equipment (PPE).
- The recruitment of approximately 6,000 additional staff.
- The creation of 250 further beds.
- A €225 million additional once-off funding within an overall provision of €443 million for the Waiting List Action Plan 2023.
- Measures addressing affordability, such as: (i) an expansion of the free GP visit cards to an additional 400,000 people; (ii) the abolition of all inpatient hospital charges from 1st April 2023; (iii) a Women's health package, including the extension of the free contraception scheme to women aged between 16 and 30; (iv) the continuation of the reduction in the threshold for the Drug Payment Scheme; (v) publicly funded IVF treatment (to become available in 2023, including to subsidise private IVF and the development of public clinics).
- €18 additional funding to enable continued reimbursement of cost-effective new medicines.
- Additional €58 million to fund expansion of mental health services.
- Cyber funding to secure the HSE's ICT and Digital Infrastructure.
- Industry-relevant tax measures include a VAT reduction to zero for Automatic External Defibrillators and period products, non-oral Hormone Replacement Therapy and non-oral Nicotine Replacement Therapy as of 1 January 2023.
- Expanding existing National Strategies and Services including in the areas of cancer, maternity, critical care, dementia, trauma, National Ambulance Service, cardiac, gynaecology and oral health.
- Roll out of new strategies and services including for diabetes, stroke, neurorehabilitation, obesity / bariatrics, genetics & genomics.
- Enhanced Community Care Programme to include initiatives including those aimed at improving diabetes care.



Transport

The main points in Budget 2023 include:

- €2.6bn Capital Funding for Transport Projects
 - Increasing by €75 million or 3% in 2023.
- Youth Travel Card (50% discount) extended until end of 2023 for all operators.
 - To include expansion to 16-18 year olds who are in third level education.
- 20% fare reduction scheme extended until end of 2023 for public transport operators.
- Continuation of an alternatively fueled heavy goods vehicle purchase grant scheme.
- Allocation of €563.5 million made to PSO and Local Link services provided by State operators under NTA to include:
 - €185 million in funding to support 20% fare reduction scheme.
- Retrofit programme to ensure older public transport infrastructure is accessible for people with disabilities.
- Expansion of commuter rail fleet, through the purchase of 41 new intercity railcars.
- Purchase of 91 new double deck and 30 single deck electric vehicles for PSO fleets.
- €356 million allocated to supporting 1000+ Active Travel projects (walking and cycling).
 - To include €60 million for Greenways.
- Maintenance of existing capital vehicle and infrastructure grants to support the uptake of Low Emission Vehicles.



Transport

The main points in Budget 2023 include:

- Overall progression of Project Ireland 2040 projects to include BusConnects, MetroLink, Dart+ Programme:
 - Expanded bus services through BusConnects – to include the rollout of the BusConnects Network Redesign in Dublin.
- Commencement of construction of 95 new battery-electric and electric multiple units as part of DART+ fleet.
- Final planning applications to go to An Bord Pleanála for Dublin BusConnects Core Bus Corridors.
 - Construction procurement for 4 corridors to get underway.
 - Construction on Clongriffin corridor to begin in late 2023.
- €30 million allocated to supporting regional airports through the Regional Airports Programme (RAP) 2021-25 to include:
 - €16 million in current and €14 million in capital funding to support airports – Shannon, Ireland West, Donegal, Kerry.
- Vehicle incentives and infrastructure delivery schemes to be implemented under Zero Emission Vehicle Ireland office.
- €110 million allocated to EV grant funding and EV charging infrastructure.
- Maintenance of purchase grant scheme for electric passenger cars – gradual reduction in grant from July 2023 onwards.
- Expansion of home charging infrastructure scheme to include multi-unit dwellings.
- €730 million allocated to national road maintenance and new projects.
- €614 million provided for investment in regional and local roads.



Digital

The main points in Budget 2023 include:

- An additional €36 million for the Department of Enterprise, Trade and Employment, to support investment in digitalisation and the green economy.
- €12 million for Enterprise Ireland Green Transition and Digital Transitions Funds.
- 1,000 training places to support the Digital Transformation and Sustainability for Larger Companies.
- €7 million for Science & Technology Programme including European Digital Innovation Hubs (EDIHs).
- €218 million for the advancement of the National Broadband Plan, with the goal of reaching 185,000 households by the end of 2023.



Tourism & the Arts

The main points in Budget 2023 include:

- Hospitality sector VAT rate to return to 13.5% by the end February 2023.
- €90 million in Covid-related expenditure provided across Tourism, Culture, Arts, Gaelteacht, Sport, Media.
- €15 million for Failte Ireland initiatives.
- €15 million for a tourism marketing fund.
- €7 million allocated for domestic marketing and festivals.
- Arts Council funding maintained at €130 million for 2023.



Property / Housing

The main points in Budget 2023 include:

- No change to income tax levied on rental income.
- Pre-letting expenses tax allowance doubled to €10,000. Vacant period reduced from 12 months to 6 months.
- Residential Development Stamp Duty Refund Scheme to continue until end-2025.
- REITs tax scheme to be reviewed.
- €6.2 in Exchequer funding will be allocated directly to the Department of Housing, Local Government and Heritage for 2022 – with €3.6 billion allocated for housing and €1.7 billion for water service.
- A capital provision for housing of €2.6 billion will be supplemented by Land Development Agency (LDA) investment and Housing Finance Agency (HFA) lending, resulting in an overall capital provision of €4.5 billion for 2023. In 2023 this funding will support an additional 27,000 households.
- €87 million for retrofitting of 2,400 social homes.
- The Help to Buy (HTB) incentive will continue at its current rate (allowing first-time homeowners buying or building new homes to claim relief of income tax or DIRT over the previous four years up to a max of €30,000) until end of 2024.
- Vacant property tax to be introduced at three times the rate of local property tax (LPT) to be paid on top of any LPT liability
- Funding of €113 million for the Rental Accommodation Scheme (RAS) will support a further 800 households in 2023, along with the ongoing cost of supporting almost 16,500 households already in the scheme.
- An allocation of €544 million for the Housing Assistance Payment (HAP) will enable 8,800 new households to be supported in a tenancy in 2023, as well as continuing to support almost 58,400 households in tenancies by end 2022.
- The Residential Tenancies Board (RTB) will receive funding of €13 million. In addition, €10.25 million will be provided for local authority inspection activity in the rental sector and for the regulation of short-term lettings.



Education

The main points in Budget 2023 include:

- Third level fees reduced by €1000 this year for all students:
 - From 2023, fees reduced by €500 for family earning under €100,000;
 - From 2023, a family earning under €62,000 will see a €1,500 cap on their fees.
- €47 million schoolbooks scheme, providing free books for pupils at primary level, from September 2023.
- Pupil-teacher ratio in primary schools to be reduced to 23:1 with an extra 370 teachers to be recruited.



Disability / Accessibility

The main points in Budget 2023 include:

- A once-off double week "Cost of Living Support" payment will be paid in October to all qualifying social protection recipients, including people on disability payments.
- Funding from the Department of Social Protection covers (i) an increase in the earnings disregards on both Disability Allowance and Blind Pension by €25, from €140 to €165 per week; and (ii) a €500 once-off payment for recipients of the Disability Allowance, Blind Pension, Invalidity Pension and Carer's Support Grant that will be made in November.
- Total additional funding of €138 million from the Department of Health includes €29 million for new developments to strengthen Specialist Disability Services and other initiatives (including residential, day and ancillary services for people with disabilities). Digital and Assisted Technologies are mentioned among "new measures" to be funded.
- The Department of Children, Equality, Disability, Integration and Youth spending allocation in Budget 2023 will allow for continued implementation of the Access and Inclusion Model (AIM), "to ensure that more than 5,000 children with a disability can access and meaningfully participate in the Early Childhood Care and Education (ECCE) Programme".
- The Department of Housing, Local Government and Heritage will provide €67 million to fund some 12,300 grants to adapt the homes of older people and people with a disability.





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