



Budget 2015

Implications for Pension & Investment Clients

Introduction

The Minister for Finance, Michael Noonan, and the Minister for Public Expenditure and Reform, Brendan Howlin, have delivered Budget 2015. This Budget signifies a turning point in Ireland's economic health and an end to the austerity Budgets of the past seven years. New measures which are primarily aimed at reducing the tax burden on low to middle income earners will come into effect in 2015.

1. Pension Fund Levy

The Pension Fund Levy will continue in 2015 at the rate of 0.15% as confirmed in last year's Budget. Minister Noonan has confirmed the levy will cease after 2015. This is encouraging for all those who hold private pensions and should ensure greater certainty in retirement funding.

2. Income Tax

The Government has announced a 1% reduction to the higher rate of income tax. The rate will decrease from 41% to 40% with effect from 1 January 2015. The standard rate of income tax will remain unchanged at 20%. The standard rate cut off point for a single person (the entry point for the higher rate of tax) will increase by €1,000 from €32,800 to €33,800.

Tax Rates and Bands

The following changes were confirmed in the Budget:

Personal Circumstances	2014	2015
Single/Widowed (no dependants)	€32,000 @ 20% Balance @ 41%	€33,800 @ 20% Balance @ 40%
One Parent/Widowed Parent	€36,800 @ 20% Balance @ 41%	€37,800 @ 20% Balance @ 40%
Married Couple – one spouse with Income	€41,800 @ 20% Balance @ 41%	€42,800 @ 20% Balance @ 40%
Married Couple – both spouses with Income	€41,800 @ 20% (with increase of €23,800 max) Balance @ 41%	€42,800 @ 20% (with increase of €24,800 max) Balance @ 40%



3. Universal Social Charge (USC)

The Government has announced a number of changes to the USC to take effect from 1 January 2015:

- A reduction in two of the existing rates
- An increase in the USC entry point
- A new rate of 8% for income in excess of €70,044

Total income of €12,012 or less per annum is exempt from the USC.

The following USC rates will apply if total income is in excess of €12,012:

Rate	Threshold
1.5%	€0 to €12,012
3.5%	€12,013 to €17,576
7%	€17,577 to €70,044
8%	€70,045 to €100,000

The USC rate on PAYE income in excess of €100,000 is 8%.

The USC rate on self employed income in excess of €100,000 has increased from 10% to 11%.

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