

UK PRE BUDGET 2009- SUMMARY OF MAIN MEASURES

- The Small Companies' Rate will remain at 21% for the Financial Year commencing 1 April 2010 and will not be increased to 22% as previously announced
- The standard rate of VAT returns to 17.5% from midnight on 31 December 2009 and will remain at this rate
- An additional 0.5% increase in the rate of National Insurance Contributions (NICs) has been announced for the tax year 2011/12, making a 1% increase in total from 6 April 2011. The same increase will apply to both employer and employee contributions, so a total increase of 2% will apply to those drawing salary from their own company
- The inheritance tax (IHT) threshold will be frozen at the current level of £325,000 for chargeable transfers of value made on or after 6 April 2010 and will not be increased to £350,000 as previously anticipated
- The Stamp Duty exemption for residential properties worth less than £175,000 has not been extended. This relief will end on 31 December 2009
- The conditions for obtaining Research & Development Tax Relief have been relaxed. From 9 December 2009, SMEs can now claim an additional 75% relief on qualifying expenditure even where they do not retain any intellectual property (IP) deriving from the R&D to which the expenditure is attributable
- Company car benefits will increase again from April 2012, when the separate rule for Qualifying Low Emission Cars will be abolished. From April 2012 cars emitting no more than 99g/km will attract a benefit charge of 10%, with increases of 5g/km producing a 1% rise in the tax charge, up to a maximum of 35%. Most drivers will therefore see an increase in their tax charge in 2012 as a result
- The Fuel Scale Charge, levied on employees receiving private fuel from their employer for a company car or van is to increase to £18,000 (from £16,900) for a company car and £550 (from £500) for a company van with effect from 6 April 2010
- Electric cars which are provided to staff as a benefit in kind will be taxed at 0% from April 2010 for five years. Such cars currently attract a benefit in kind of 9% of the list price. In addition, a 100 percent First Year Capital Allowance (FYA) will be introduced on new and unused electric vans, subject to EU State Aid approval
- The special rules introduced at Budget 2009 to prevent people from making large additional contributions to their pensions before 6 April 2011, have been extended to those with incomes of £130,000 or over from 9 December 2009. Income tax relief for any contributions made in excess of £20,000 (£30,000 in some cases) will be restricted to 20%

- "Time to Pay" arrangements for businesses having difficulty in meeting their tax liabilities on time will be extended for as long as required, although HMRC will require businesses seeking instalment arrangements worth £1m or more to provide an Independent Business Review (IBR) in support of their request
- With effect from 6 April 2011, the exemption for workplace canteens will be restricted if used in connection with salary sacrifice or flexible benefit schemes
- Legislation will be introduced in Finance Bill 2010 to withdraw the Furnished Holiday letting rules from 6 April 2010. The withdrawal of the rules means that furnished holiday lettings will no longer be subject to favourable treatment in terms of capital gains tax and relief for losses
- A change has been announced to the way in which a loss incurred by a film production company may be surrendered for a film tax credit. The proposed revision will adjust the way the amount which may be surrendered for a tax credit is calculated to correct an anomaly in existing legislation
- As announced at Budget 2009 the main fuel duty rate will increase by 1 pence per litre on 1 April 2010 and by a further 1 pence per litre for each year to 2013

ROI BUDGET 2010

- The 12.5% Corporation Tax rate is to be retained
- The standard VAT rate of 21.5% is to be reduced to 21% from 1 January 2010
- Accelerated capital allowances for energy efficiency equipment are to be expanded
- The three-year exemption from corporate and capital gains tax for new start-ups will be extended to companies commencing to trade in 2010
- A unified social contribution scheme to replace PRSI, the Health Levy, and Income Levy will be introduced in 2011
- The effective tax rate for high earners availing of reliefs and exemptions will increase from 20% to 30% for the tax year 2010. In addition, the entry point where the restriction will apply will be reduced from €250,000 to €125,000
- An Irish domicile levy of €200,000 per annum is to be introduced with effect from 1 January 2010. The new levy is intended to apply to individuals who are neither resident nor ordinarily resident in Ireland but who are Irish nationals, or are domiciled in Ireland. The levy will apply to those individuals whose worldwide income exceeds €1m and whose Irish-located capital is greater than €5m. Further details on the new measure are to be announced in the Finance Bill

- A car scrappage scheme will be introduced from 1 January 2010, but will apply for one year only. New cars which replace cars which are at least 10 years old will be eligible for a €1,500 VRT reduction
- A new Carbon tax is to be introduced at the rate of €15 per tonne. Petrol and diesel costs will rise from 9 December 2009; increases to gas and home heating oil will take place from next May. The application of the tax to coal and commercial peat will be subject to a Commencement Order