

**LAW SOCIETY OF IRELAND  
TAX GUIDE 2023**

**CAPITAL GAINS TAX**

Annual exemption €1,270 per individual. Non-transferable between spouses or civil partners.

For disposals made on or after 7<sup>th</sup> December 2007, land transfer of site for house plus no more than 1 acre from parent to a child (or in specified circumstances a foster child), valued not more than €500,000, for purposes of building principal private residence, is exempt. Tax charged at 33% on gains arising on disposals on/after 6<sup>th</sup> December 2012\*. Certain profits from dealing in or developing residential property will be charged at the taxpayer's marginal rate of tax\*\*.

\*Note: Other rates apply to certain foreign life policies and certain off-shore funds.

\*\*Note: Development rules apply regarding indexation.

\*\*\*Note: In limited circumstances relief under section 597AA TCA 1997 can reduce the rate to 10% up to a lifetime limit of €1million in chargeable gains.

Retirement relief on disposals of qualifying assets by individuals aged 66 or more reduced/ restricted for disposals on or after 1 January 2014.

**In relation to the disposal of an asset made on or after 1<sup>st</sup> January 2003, the multiplier is the figure mentioned in column (2) of the Table opposite the mention in column (1) of the Table of the year of assessment in which the deductible expenditure was incurred.**

| Year of assessment in which deductible expenditure incurred<br>(1) | Multiplier<br>(2) |
|--|-------------------|
| 1974-75  | 7.528             |
| 1975-76  | 6.080             |
| 1976-77  | 5.238             |
| 1977-78  | 4.490             |
| 1978-79  | 4.148             |
| 1979-80  | 3.742             |
| 1980-81  | 3.240             |
| 1981-82  | 2.678             |
| 1982-83  | 2.253             |
| 1983-84  | 2.003             |
| 1984-85  | 1.819             |
| 1985-86  | 1.713             |
| 1986-87  | 1.637             |
| 1987-88  | 1.583             |
| 1988-89  | 1.553             |
| 1989-90  | 1.503             |
| 1990-91  | 1.442             |
| 1991-92  | 1.406             |
| 1992-93  | 1.356             |
| 1993-94  | 1.331             |
| 1994-95  | 1.309             |
| 1995-96  | 1.277             |
| 1996-97  | 1.251             |
| 1997-98  | 1.232             |
| 1998-99  | 1.212             |
| 1999-00  | 1.193             |
| 2000-01  | 1.144             |
| 2001   | 1.087             |
| 2002   | 1.049             |
| 2003 and subsequent years  | 1.000             |

Indexation relief only applies for the period of ownership up to 31.12.02 for disposals on or after 1.1.03. In the case of disposals made between 1 January – 30 November, the tax must be paid by 15 December the same year. For disposals 1 December – 31 December the tax must be paid by 31 January in the following year.

**WITHHOLDING TAX:** Purchasers of specified assets exceeding €500,000 (or €1,000,000 if the asset disposed of is a “house” within the meaning of section 372AK TCA 1997) in value must withhold tax @15% if CGT clearance certificate is not furnished prior to closing. Tax withheld becomes payable 30 days after net consideration is paid to seller and will be allowed as credit against vendor’s CGT liability.

**CAPITAL ACQUISITIONS TAX (Inheritance and Gift Tax)**

\*In the case of an absolute inheritance, a parent falls into Group A

| Group | Relationship to disponent   | 2016<br>from 14.10.15 | 2017/18 from<br>12.10.16 | 2018/19<br>from 10.10.18 | 2019 to date<br>from 9.10.19 |
|-------|---|-----------------------|--------------------------|--------------------------|------------------------------|
| A     | Child/foster child/minor child of a deceased child                                | €280,000              | €310,000                 | €320,000                 | €335,000                     |
| B*    | Lineal ancestor or lineal descendant: brother, sister, child of brother or sister | €30,150               | €32,500                  | €32,500                  | €32,500                      |
| C     | Others  | €15,075               | €16,250                  | €16,250                  | €16,250                      |

Base date for aggregation of gifts/inheritances taken after 5 Dec. 2001: 5.12.91.

From 01.12.99, aggregation is limited to aggregation within each group.

From 26.3.84 to 30.11.99, aggregation arises between all group thresholds.

| Rate of Tax      | Inheritance/Gift  |
|------------------|---|
| Threshold amount | Nil   |
| Balance          | 33% on gifts/inheritances taken on or after 6 December 2012<br>30% on gifts/inheritances taken on or after 7 December 2011 and prior to 5 December 2012 |

*Small Gifts Exemption = €3,000 per individual*

**STAMP DUTIES**

*Consanguinity relief for stamp duty at a 1% rate applies to inter-family transfers of farms before 31 December 2023. Full exemption for Young Trained Farmer Relief in the acquisition of farmland/agricultural buildings.*

**Residential Property Transactions (for instruments executed on/after 7 December 2011)**

| Consideration          | Rate of Duty |
|------------------------|--------------|
| First €1,000,000       | 1%           |
| Excess over €1,000,000 | 2%           |

These rates are progressive, not cumulative

**Non-Residential Property (excluding shares)**

7.5% on full amount of consideration from 9 October 2019. 2% applies where land is subsequently used for residential development (stamp duty refund scheme), and certain conditions are fulfilled.

**VAT:** 0% (newspapers and news periodicals (both printed and digital editions) and certain health products); 4.8% (livestock rate, including horses for use in agricultural production or preparation of foodstuffs – otherwise does not include horses and greyhounds); 5% (farmers’ flat rate); 9% (including /e-books, sports facilities, horses, other than

those chargeable at the 4.8% rate, and greyhounds); 13.5% (to include hotel accommodation, hairdressing and stud nomination fees) 23% (standard rate).

**PROFESSIONAL SERVICES WITHHOLDING TAX:** 20% (ie, standard rate of tax)

### **CORPORATION TAX**

Non-trading rate: 25%

Trading rate: 12.5% (subject to certain exceptions where rate of 25% applies)

Profits on trading in residential development land (other than 'qualifying land'): 25%

Chargeable Gains: 33%

Certain foreign dividends: 12.5 %

### **LOCAL PROPERTY TAX (LPT) (payable from 1 July 2013)**

The property valuation on 1 November 2021 will determine the amount of LPT due for 2022 to 2025. LPT is charged according to the relevant valuation band that applies to a property valued up to €1.75m. Thereafter, different rates apply. Different rules applied for 2013 – 2021 inclusive.

### **VACANT HOMES TAX**

It will apply to residential properties that are occupied for less than 30 days in a 12 month period. The tax will be charged at a rate three times the basic rate of Local Property Tax for the property. It will not apply to properties unsuitable for use as a dwelling.

### **INCOME TAX**

#### **Exemption Limits**

**2023**

#### **Single/Widowed/Surviving Civil Partner**

65 and over €18,000

**Married/Civil Partnership 65 and over** €36,000

#### **Additional for Dependant Children**

1<sup>st</sup> and 2<sup>nd</sup> child (each) €575

Each subsequent child €830

#### **Personal Tax Credits**

Single Person €1,775

Married Person/Civil Partnership €3,400

Employee Tax Credit (formerly PAYE Tax Credit) €1,775

Earned Income tax credit (max) €1,775

Widowed Person/Surviving Civil Partner

qualifying for Single Person Child Carer Tax Credit €1,650

Widowed Person/Surviving Civil Partner without qualifying dependant children €2,240

Widowed Person/Surviving Civil Partner in year of bereavement €3,400

Single Person Child Carer Tax Credit, Widowed/Surviving Civil Partner, Deserted, Separated or Unmarried €1,650

(with qualifying dependant children) Widowed Parent/ Surviving Civil Partner in year of bereavement €3,600

Home Carer (max.) €1,700

Age Tax Credit if Single/Widowed/ Surviving Civil Partner €245

Age Tax Credit if Married/Civil Partnership €490

Incapacitated Child Credit €3,300

Dependant Relative €245

Incapacitated Person – Allowance

|                                  |  |
|----------------------------------|--|
| For Employing a Carer            | €75,000*max  |
| Fishermen's credit               | €1,270   |
| Sea-going naval personnel credit | €1,500   |
| Rent tax credit                  | €1,000 (for jointly assessed married person or civil partner), or<br>€500 (in all other cases) |
| Small benefit exemption          | €1,000 (max, over an aggregate of no more than two gifts)                                      |

\*Relief is allowable at the individual's highest rate of tax, i.e. 20% or 40%. Where this relief is claimed, the incapacitated child tax credit or the dependent relative tax credit, as appropriate, cannot be claimed.

Tax relief, which is given at source, on health insurance premium is limited to €1,000 per adult policy and €500 per child policy. With respect to policies entered into or renewed on or after 1 May 2015, the €1,000 ceiling will apply to all adults aged 21 and older, regardless of the fact that they may be availing of a "child-rate" premium offered by the insurer.

An Income tax deduction amounting to 30% of the cost of vouched expenses for electricity, heating and internet services for days spent working from home (apportioned based on the number of days worked from home over the year) can be claimed by **remote workers**. Employers may also pay remote workers up to €3.20 per day to cover the costs of working from home without deducting income tax, universal social charge (USC) or pay-related social insurance (PRSI).

### **Personal Income Tax Rates/Tax Bands**

**2023**

|  |                                |
|--|--------------------------------|
| Single/Widowed/Surviving Civil Partner<br>without dependant children   | €40,000 @ 20%<br>Balance @ 40% |
| Single/Widowed/Surviving Civil Partner<br>Qualifying for One-Parent family tax credit                              | €44,000 @ 20%<br>Balance @ 40% |
| Married Couple or Civil Partnership<br>(one spouse/civil partner with income)                                      | €49,000@ 20%<br>Balance @ 40%  |
| Married Couple/Civil Partnership<br>(both spouses/civil partners with income)<br>(with an increase of €31,000 max) | €49,000@ 20%<br>Balance @ 40%  |

### **Child minder's exemption:**

Full exemption on income up to €15,000: if income exceeds €15,000, entire amount is taxable.

**Universal Social Charge:** Payable on 'aggregate income' which is the aggregate of 'relevant emoluments' and 'relevant income'. This is generally all gross income before certain reliefs but excludes social welfare payments and income that has suffered DIRT. Where 'aggregate income' does not exceed €13,000 per annum, the income is exempt from the USC. Where the 'aggregate income' exceeds the exemption limit, the following rates apply:

|  |
|--|
| Up to €12,012: 0.5%                          |
| €12,012.01 to €22,920: 2%                    |
| €22,920.01 to €70,044: 4.5%                  |
| <b>PAYE</b> income in excess of €70,044: 8%  |
| <b>Self-employed</b> €70,045 to €100,000: 8% |
| income in excess of €100,000: 11%            |

**Individuals aged 70 Years or over  
or Individuals who hold full medical cards and who  
have aggregate income of less than €60,000: maximum rate of 2%**

### **Domicile Levy**

Irish domiciled individuals whose worldwide income exceeds €1m, whose Irish-located property is greater than €5m and whose liability to Irish income tax is less than €200,000 will be subject to a levy of €200,000. Irish income tax paid will be credited against the levy.

**Rent a room scheme:**

Gross annual rental income up to €14,000 is exempt: if income exceeds €14,000, entire amount is taxable.

**Help To Buy Scheme**

The maximum rebate of previous 4 years' income tax and DIRT for First Time Buyers of newly-built houses/apartments is the lower of 10% of purchase price (or the completion value in the case of a self-build) up to value of €500,000, and provided the house is valued at less than €500,000, or €30,000 or the amount of income tax/DIRT paid in the four years. To be eligible for the scheme, the first time buyer must have signed the contract on or after 19 July 2016 and on or before 31 December 2024. Alternatively, in the case of a self-build, the first tranche of the mortgage loan must be drawn down between those dates.

**PRSI****Employee rates**

|   | <b>Employer</b> | <b>Employee</b> |
|---|-----------------|-----------------|
| Annual earnings (and unearned income from 2023) not exceeding €22,932             | 4%              | 8.8%            |
| Annual earnings (and unearned income from 2023) exceeding €22,932 – entire amount | 4%              | 11.05%          |

Employees earning €352 or less per week are exempt from PRSI.

Employer rates include a 0.1% rise of the National Training Fund Levy, (collected in conjunction with Employer PRSI) from 0.9% to 1%.

**Self-Employed person**

|                    | <b>Total</b> |
|--------------------|--------------|
| PRSI on all income | 4%           |

The minimum contribution for a self-employed person is €500

**D.I.R.T. (certain accounts / investments)**

**From 01.01.2020:** 33% for deposit accounts (including Credit Union savings accounts) and 41% on exit in relation to certain life assurance policies and investments funds.

*Note: This guide is produced on the basis of figures current at 1 January 2023*

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