



Budget 2023 update  
Join Michael O Scathail Director of Tax  
at Crowe Ireland



Practice Support Information Session

# Practice Information Session

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## Budget 2023

**Michael O'Scathail**  
**Director, Taxation Crowe**

**Law Society**

# Budget 2023 – Income Tax

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- Standard Rate Cut-off Point increased:
  - Single Person from €36,800 to €40,000
  - Married (One Earner) from €45,800 to €49,000
  - Married (Two Earners) from €73,600 to €80,000
- Tax Credits:
  - Standard Single, PAYE and Earned Income Credits all increased by €75 to €1,775
  - Standard Married Credit increased by €150 to €3,550
  - Home Carer Credit increased by €100 to €1,700
- USC: The level at which the 4.5% rate applies is increased from €21,295 to €22,920.

# Budget 2023 – Rent Credit

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- Credit of 20% of rent paid.
- Maximum credit - €500 per person, or €1,000 for married couples.
- Tenancy must be registered with PRTB (per Minister).
- To qualify, must not be claiming any other housing supports.
- Applies to 2022 and 2023.

# Budget 2023 – Business Taxes

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- **Headline Measures**
  - Enhancements to R&D Tax Credit, especially for SMEs
  - KEEP extended to 31 December 2025 with some enhancements
  - Knowledge Development Box (KDB) extended for another four years – rate may increase to 10% depending on international tax developments (BEPS Pillar II).
- Some of these changes are potentially significant for business but we await the legislation for more detail and, in some cases, subject to EU State Aid approval.

# Budget 2023 – TBESS

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- Temporary Business Energy Support Scheme:
  - A support scheme for businesses impacted by increased energy costs.
- Backdated to 1 September 2022 and to run until at least 28 February 2023.
- Conditions
  - Carrying on a Case I trade. May not apply to professions, e.g. solicitors, but we await legislation.
  - Must be tax-compliant.

# Budget 2023 – TBESS

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- How it works:
  - Compare electricity/gas bill for 2022 with corresponding period for 2021, e.g. your September 2022 bill with your September 2021 bill.
  - Where the average unit price has increased by 50%, you can make a claim.
  - Amount payable = 40% of the increase. Maximum payment €10,000 per month.
- Administered by the Revenue Commissioners. Applicants must register for the scheme.

# Client-Facing Issues for Solicitors

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- Residential Development Stamp Duty Refund Scheme extended to 31 December 2025.
- Vacant Homes Tax being introduced:
  - Residential properties occupied for less than 30 days in a 12-month period.
  - Rate of tax - 3 times the standard LPT rate applicable to the property.
- Residential Zoned Land Tax
  - Local Authorities to begin issuing maps identifying lands impacted by 1 November 2022.
- Beware of these issues if you are buying/selling property for clients or as nominee.



# Future Tax Changes?

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- Review of the Personal Tax system.
- Review commissioned into possible introduction of 30% Income Tax rate.
- Commission for Taxation Report.
- Possible changes to inheritance tax? Reduced thresholds? Extension of filing requirements to cover all gifts/inheritances and not just where 80% class threshold is exceeded?

# Tax Warehousing

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- Pay and file 2020. It was possible to warehouse income tax liabilities if your total income for 2020 was expected to be at least 25% lower than for 2019.
- Pay and file 2021. It was also possible to warehouse if your total income for 2021 was expected to be at least 25% lower than for 2019.
- Your practice may also have warehoused some VAT and PAYE liabilities.
- Any liabilities warehoused remain warehoused at a zero interest rate until 31 December 2022. However, that day is fast approaching...

# Tax Warehousing: Paying Tax Due

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- Warehoused Taxes due on 1 January 2023.
- Can apply for a Phased Instalment Arrangement (PPA) to pay back over a period of time.
- Reduced rate of interest of 3% for PPAs relating to warehoused taxes.
- But beware – no automatic entitlement to a PPA. You have to apply, and make your case to Revenue.
- Terms of PPA? Unclear and subject to agreement on a case-by-case basis.
  - Downpayment of 25-40%.
  - Balance over a period of maximum 3-5 years but in practice Revenue may push for a shorter period.

# Tax Warehousing: Applying for a PPA

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- Revenue will be writing to anyone with warehoused taxes in October 2022.
- Early engagement with Revenue is critical. Do not wait until December!
- Before approaching Revenue, prepare your own financial projections, work out what you can afford with a view to making a realistic proposal to Revenue.
- If applying for a PPA, you will need to set out your case, including supporting evidence (e.g. Statement of Affairs, bank statements etc.).
- Also, bear in mind that a condition both for Tax Warehousing and PPAs is that you keep current taxes up to date. That includes the Income Tax Pay and File deadline on 16 November 2022.
- Anyone who warehoused their Income Tax liabilities in November 2020 and December 2021 effectively has THREE Pay and File deadlines approaching!

# Tax Warehousing Challenges: Illustration

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John, a solicitor in practice has income tax liabilities for 2019-22 as follows:

- 2019: €150k – paid preliminary tax of €100k in Nov 2019 (100% of 2018)
- 2020: €100k (income down > 25% on 2019; qualified for warehousing)
- 2021: €100k (income down > 25% on 2019; qualified for warehousing)
- 2022: €120k (estimate at Nov 2022)

## Warehoused Liabilities

- Dec 2020 Pay & File: opted to warehouse 2019 balancing payment of €50k plus Preliminary Tax 2020
- Nov 2021 Pay & File: opted to warehouse balance of 2020 plus preliminary tax 2021 (90% rule = €90k)
- So, in total has warehoused €240k (i.e. 50k + 100k + 90k)

# Tax Warehousing Challenges: Illustration (ctd)

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## November 2022 Pay & File

- John must pay the balance of 2021: €10k
- Preliminary Tax for 2022: in this case, based on 100% of prior year, i.e. €100k
- Total outlay at November 2022: €110k

## 1 January 2023

- The warehoused debt of €240k falls due.
- So, in the space of less than two months, John has €350k taxes to pay.

## VAT & PAYE

- If his practice warehoused any VAT/PAYE during 2020/21 this also falls due on 1 January 2023.

# Practice Support Information Sessions

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## Autumn Information Sessions 2022 (Each session takes place at 1pm for 30 minutes.)

- 12 October A guide to eVoting - : [Register online](#)
- 26 October PII what are the common issues faced by Practitioners Bill Holohan Q&A session - : [Register Online](#)
- 2 November Finbarr Jeffers O Leary Insurance gives Tips about applying for PII insurance - : [Register Online](#)
- 16 November Applying to be a Judge – How it works Andrew Cody District Court Judge gives his insights - : [Register Online](#)
- 30 November Thinking of Retiring: What are your options? - : [Register Online](#)

Recordings of the earlier Practice Support Information sessions are available on the Law Society website [click here](#)

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**Any questions/queries?**



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