Crowe

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Finance Bill 2017

Key highlights from the recent Finance Bill

Audit / Tax / Advisory

Key Employee Engagement Programme (KEEP)

Where an employer grants an option to an employee to buy shares in a company and the employee exercises the option, she/he is currently liable to Income Tax, PRSI and USC before receiving any cash. The total benefit received by the employee will be taxed at CGT rates when the shares are sold. There are a number of conditions to avail of CGT treatment including the total value of unexercised options that can exist per SME is capped at €3m.

Property Changes

Stamp duty has increased from 2% to 6% for non-residential property. However, if a binding contract had been signed prior to 11 October 2017 and executed before 1 January 2018 stamp duty is payable at 2%.

Transfer of farm land between families is fixed at 1% until 2021.

CGT relief was introduced for land/buildings acquired between December 2011 and December 2014, where provided the property was held for 7 years no CGT would be payable. The Bill provides that the property now only needs to be held for 4 years to qualify for the exemption.

The Bill includes a number of changes introduced in relation to Irish Real Estate Funds (IREFs) and Section 110 companies who hold Irish real estate.

Stamp duty will no longer apply to leases of residential property of less than 35 years provided the annual rent is less than €40,000.

Value Added Tax

The Bill legislates for the Revenue guidance previously issued on the exemption from VAT for education, vocational training and retraining.

Anti-avoidance

The Bill introduces new provisions targeting tax planning structures involving the transfer of assets abroad by Irish resident or domiciled individuals.

Currently, the sale by a holding company of a subsidiary is exempt from CGT. The exemption does not apply where the trading company derives its value from Irish land. The exemption will no longer apply where a connected company transfers cash or other assets to a subsidiary prior to disposal to artificially meet this test.

Pensions

Vested PRSAs can now be inherited tax free where transferred under a will or intestacy of the deceased.

For more information on the Finance Bill and to find out how we can help you, contact:

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