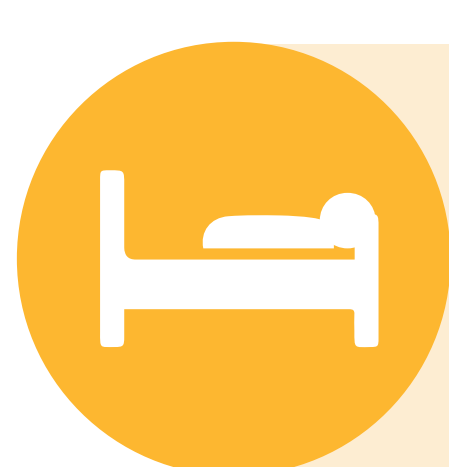


Finance Bill 2018

Key highlights from the recent Finance Bill



Rent-a-Room Relief

Rent-a-Room relief provides a €14,000 exemption for individuals who rent a room in their home. The Finance Bill proposes that the relief will not apply to any short-term lettings (i.e. lettings of less than 28 days) with effect from 2019, with a small number of exceptions. This clarified that Airbnb-type rentals are subject to income tax.

Key Employee Engagement Programme (KEEP)



The KEEP was introduced in Finance Bill 2017. Until then, where an employer granted an option to an employee to buy shares in a company and the employee exercised the option, he was liable to Income Tax, PRSI and USC before receiving any cash. Since Finance Bill 2017, gains made by an employee on the sale of the shares in a SME are subject to capital gains tax rather than income tax on the exercise of the option. Finance Bill 2018 increases the value of options that may be provided to employees and the ratio of share options to salary will increase from 50% to 100%.



Employment Investment Incentive Scheme (EIS) and Start-Up Refunds for Entrepreneurs (SURE)

The EIS provides income tax relief of up to 40% for individuals who invest in certain trading companies. The Finance Bill proposes measures to resolve problems with both reliefs and to increase its efficiency and effectiveness. The main changes include that the application process will become a self-certification process and a relaxation of the conditions for investors and connected parties who invest in very small companies (micro companies).

Disposal of Site to Child



Where a parent transfers a site to a child there is no capital gains tax payable by the parent. The Bill proposes the extension of this relief to include a transfer to the child's spouse or civil partner.



Close Company Loan Arrangements

Currently where a loan is provided to shareholder/director of a close company, the company is liable to income tax at 25%. This amount is repaid when the loan is repaid. The Bill introduces provisions to counteract arrangements that avoid this income tax charge which used foreign entities.

Value Added Tax



The Bill confirms that the VAT rate on tourism related services increases from 9% to 13.5% – this includes catering and restaurant supplies, tourist accommodation, cinemas, theatres, museums, hairdressing and historic houses.

The reduced rate of 9% will apply for newspaper publications, sporting facilities, electronically supplied newspapers and e-books.

The Bill introduces a technical amendment to ensure that certain forced sales of residential property by receivers, liquidators, etc., are subject to VAT at 13.5%.

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



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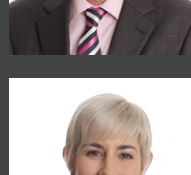
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