

Financial Factsheet – April 2013

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Advisory Services – Irish Life Retail

1. RETIREMENT PLANNING

1.1 Tax Relief on Pension Contributions

Limits for tax relief on contributions to PRSAs, RACs and Employee contributions to Occupational Pension Schemes (including AVCs)

Age attained during tax year	% of Salary / Net Relevant Earnings
Under 30	15%
30 – 39	20%
40 – 49	25%
50 – 54	30%
55 – 59	35%
60 and over	40%

An earnings cap of **€115,000** applies for tax relief purposes to aggregate contributions to PRSAs, RACs, and employee / AVC contributions to occupational pension schemes.

The earnings limit of €115,000 will also apply to contributions paid in 2013 which are backdated to the 2012 tax year.

The earnings cap does not apply to employer contributions to occupational pension schemes.

For occupational pension schemes the total contribution (Employer and Employee) must be within overall Revenue maximum contribution levels.

1.2 Occupational Pension Schemes

Sample Maximum Contribution Rates, as % of Salary.

Male Current Age	Retirement Age	
	60	65
30	72%	54%
35	86%	63%
40	108%	76%
45	144%	95%
50	216%	126%
55	432%	189%

Female Current Age	Retirement Age	
	60	65
30	67%	49%
35	80%	58%
40	100%	69%
45	133%	86%
50	200%	115%
55	400%	173%

The table above assumes that the member is married and will have completed at least 10 years service at retirement. Existing pension benefits are not included in the above rates. These rates are calculated using current Capitalisation Factors published by the Revenue Commissioners (as at April 2013). Member's total pension fund is restricted to €2.3 million (Standard Fund Threshold)

Revenue Maximum Approvable Pension Benefits – Uplifted Scale.

Service @ NRA	Max. as fraction of Final Remuneration
1yr	4/60ths
2yrs	8/60ths
3yrs	12/60ths
4yrs	16/60ths
5yrs	20/60ths
6yrs	24/60ths
7yrs	28/60ths
8yrs	32/60ths
9yrs	36/60ths
10yrs	40/60ths

Revenue Maximum Approvable Lump Sum Benefits – Uplifted Scale

Service @ NRA	Max. as fraction of Final Remuneration
1 – 8 yrs	3/80ths each year
9yrs	30/80ths
10yrs	36/80ths
11yrs	42/80ths
12yrs	48/80ths
13yrs	54/80ths
14yrs	63/80ths
15yrs	72/80ths
16yrs	81/80ths
17yrs	90/80ths
18yrs	99/80ths
19yrs	108/80ths
20yrs	120/80ths

1.3 Maximum Pension Benefits

The **Standard Fund Threshold** is €2,300,000. The **Maximum Retirement Lump Sum** from all pension plans is €575,000.

Taxation of Retirement Lump Sum

Lump Sum	Income Tax
First €200,000	Exempt
Next €375,000	20% Income Tax
Balance	Marginal rate income tax plus PRSI & USC

The €200,000 and €575,000 limits include all retirement lump sums taken since 7th December 2005



1.4 ARFs

Requirements (assuming eligibility conditions are satisfied)

- A guaranteed pension **income in payment** for life of **€12,700 pa**, or
- Invest **€63,500 in an AMRF or Annuity**, or entire fund if less.

Imputed ARF & Vested PRSA Distributions

- For 2013 an ARF or vested PRSA holder will be required to take a 5% withdrawal. Where total value of ARFs & vested PRSAs exceeds €2 million a rate of 6% applies.
- If clients do not take this income they will be liable to income tax, PRSI and Universal Social Charge in the same way as if an actual withdrawal had been made.
- Income tax, PRSI and USC will depend on the individuals own circumstances.
- Imputed distribution applies to ARFs & vested PRSAs from the year the individual turns 61 and from age 75 for AMRF clients & vested PRSAs holding the AMRF equivalent.

Taxation of ARF Funds on Death of Original ARF holder

Funds to	Income Tax	Inheritance Tax
Spouse's / Registered Civil Partner's ARF	No. Future withdrawals subject to PAYE	No. Spouse's / Civil Partner Exemption
Child under 21	No.	Yes. Taxable Inheritance.
Child over 21	Yes at 30%	No. Exempt
Other (Incl. spouse / civil partner directly)	Yes. Income of deceased in year of death. QFM deducts higher rate tax under PAYE	Yes. Taxable Inheritance (spouse / civil partner exempt)

Applies to ARFs set up post April 2000 and to Vested PRSAs

2. SOCIAL INSURANCE

2.1 PRSI Classes

Benefit Entitlement	<u>Class A</u> Employees	<u>Class S</u> Self Employed & Company Directors
Job Seekers	Yes	No
Illness	Yes	No
Invalidity Pension	Yes	No
Transition Pension	Yes	No
State Contributory Pension	Yes	Yes
Widow(er)'s Contributory Pension	Yes	Yes

2.2 State Pension Age

The state pension age is to increase to

- Age 66 in 2014
- Age 67 in 2021
- Age 68 in 2028

2.3 PRSI and Universal Social Charge Rates

PRSI rates	A1	S1
Employee All Income (earnings less than €352pw exempt)	4%	4%
Employer All income	10.75%	n/a

Universal Social Charge	Employee	Self Employed
Income up to €10,036	2%	2%
Between €10,036 and €16,016	4%	4%
Between €16,016 and €100,000	7%	7%
Income in excess of €100,000	7%	10%

Full medical card holders & over 70s pay the USC at the reduced rates below unless they have earnings greater than €60,000

Income up to €10,036	2%	2%
Income in excess of €10,036	4%	4%

The USC exemption threshold is €10,036. The USC is paid on gross income, before the deduction of capital allowances or pension contributions. It does not apply to social welfare payments, including contributory and non – contributory social welfare pensions.

2.4 Social Insurance Benefits

For further details on Social Welfare Benefits and qualifying conditions see www.welfare.ie

	Weekly Benefit
State Pension Contributory/Transition	
Personal Rate	€230.30
Personal + Adult dependant (over 66)	€436.60
Widow/Widowers Contributory Pension (under 66)	€193.50
Invalidity Pension	
Personal Rate (under 65)	€193.50
Personal + Adult dependant (under 66)	€331.60
Jobseekers / Illness Benefit	
Personal Rate	€188.00
Personal + Adult dependant	€312.80
Jobseekers Allowance <u>18 to 21 years of age</u>	
Personal Rate	€100.00
Personal + Adult dependant	€200.00
<u>22 to 24 years of age</u>	
Personal Rate	€144.00
Personal + Adult dependant	€268.80
<u>Over 25 years of age</u>	
Personal Rate	€188.00
Personal + Adult dependant	€312.80
Where a person aged 18 to 24 has a dependant child the basic person rate (€188) applies	
Increase for each Dependant Child	€29.80

2.5 Child Benefit (Children's Allowance)

First and second child	€130 per month per child
Third child	€130 per month
Fourth and subsequent child	€140 per month per child

3. INCOME & CAPITAL GAINS TAX

3.1 Income Tax Standard Rate Bands

<u>Single / Widowed</u>	
No dependant children	€32,800
With dependant children	€36,800
<u>Married</u> – one income	€41,800
<u>Married</u> – two incomes	€41,800 + increase
<i>Increase is the lower of €23,800 and income of lower earning spouse</i>	

3.2 Income Tax Exemption Limits

Single / Widowed (aged 65 +)	€18,000
Married (either spouse over 65)	€36,000

3.3 Income Tax Rates

Standard Rate	20%
Higher Rate	41%

3.4 Income Tax Credits

<u>Personal Credits</u>	
Single	€1,650
Married	€3,300
<u>Additional Credit for</u>	
One Parent Family	€1,650
PAYE	€1,650
Age Allowance	€245

3.5 Mortgage Interest Relief

Home Loans		
	Single Years 1 – 7	Married Years 1 – 7
First Time Buyers	€10,000	€20,000
Others	€3,000	€6,000

Rate at which relief will be granted

	First Time Buyers	Others
Years 1 & 2	25%	15%
Years 3 – 5	22.5%	15%
Years 6 & 7	20%	15%

A special rate of 30% applies to first time buyers for mortgages taken out between 01/01/2004 and 31/12/2008 for tax years 2012 to 2017.

- Mortgage Interest Relief will be abolished entirely by the end of 2017.
- Qualifying loans taken out before 31 December 2012 will continue to get relief until 31 December 2017.
- Loans taken out from 1 January 2013 will not qualify for mortgage interest relief.

Rented Residential Property

Only 75% of any interest on a loan for the purchase, repair or improvement of a rented residential property can now be offset against Case V rental income.

3.6 Benefit in Kind (BIK)

Preferential Loans – Specified Rates	
Qualifying Home Loan	4%
Other	13.5%
Small Benefit Exemption Threshold	€250

3.7 Permanent Health Insurance (Income Protection)

Tax relief on contributions to a maximum of 10% of total income. PRSI relief is no longer available. (This is completely separate from the limits that apply for pension contributions.)

3.8 Capital Gains Tax

Tax Rate	33%
Annual Exemption	€1,270
Retirement Relief (limit)*	€750,000

* wef 01/04/2014 restrictions on the amount of relief available will apply where the disponent is over age 66.

3.9 CGT Indexation Relief

Tax Year Asset Acquired	Multiplier for disposal in 2012
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 to date	1.000

3.10 Tax Payment Dates

Income Tax	
31 October 2013	<ul style="list-style-type: none"> Return filing date and payment of balance of Income Tax for 2012 Preliminary Income Tax due for 2013
14 November 2013	<ul style="list-style-type: none"> Extension to return filing date and payment for users of the ROS (Revenue Online Service)

Capital Gains Tax (CGT)	
15 December 2013	<ul style="list-style-type: none"> Payment of CGT on disposals from 1 January 2013 to 30 November 2013.
31 January 2014	<ul style="list-style-type: none"> Payment of CGT on disposals made from 1 December 2013 to 31 December 2013.

Capital Acquisitions Tax (CAT)	
31 October 2013	<ul style="list-style-type: none"> Payment of CAT on gift / inheritance from 1 September 2012 to 31 August 2013.
14 November 2013	<ul style="list-style-type: none"> Extension where CAT return and payment made through ROS (Revenue Online Service)
31 October 2014	<ul style="list-style-type: none"> Payment of CAT on gift / inheritance from 1 September 2013 to 31 August 2014.

4. CAPITAL ACQUISITIONS TAX

Thresholds for 2013	
Group A	€225,000 (Child)
Group B	€30,150 (Lineal ancestor/descendant, brother, sister or child of brother or sister)
Group C	€15,075 (Others)
The thresholds apply to all gifts and inheritances received since 5 December 1991.	
Tax Rate on all gifts/inheritances above threshold	33%
Annual Gift Exemption	€3,000
The annual small gift exemption can be availed of regardless of the relationship between the donor and the beneficiary. The exemption is limited to one gift per beneficiary from each donor in a calendar year. It does not impact on the CAT Thresholds noted above.	

5. CORPORATION TAX

Tax rates for 2013	
Trading Income*	12.5%
Non-trading Income	25%
* unless income is from an excepted trade (e.g. certain land dealing activities)	

6. STAMP DUTY

6.1 Residential Property

Consideration	Rate
First €1,000,000	1%
Balance	2%

6.2 Commercial Property

A single rate of stamp duty for commercial properties of 2% applies in respect of instruments executed after 6 December 2011.

Consanguinity Relief, which reduces the stamp duty liability by 50%, will no longer apply to commercial properties from 1 January 2015.

7. SAVINGS & INVESTMENT TAX

Life Assurance Policies	36%
Company Owned Life Assurance Policies	25%
Personal Portfolio / Wrapper Products	56%
Deposit Interest Retention Tax*	33%

* Interest credited at least annually

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The information contained in this document is based on Irish Life's understanding of legislation as at April 2013 which may change in the future.