

# ***Budget 2016***

## **Introduction**

Budget 2016 was announced on 13 October 2015. The main Budget changes that may affect members are set out below.

This is an **overview** and **not** a complete statement of the measures announced in Budget 2016.

Some of the changes announced in the Budget come into effect immediately. Others take effect from the beginning of January 2016 or later in 2016. Many others have to be finalised before coming into effect.

## **Taxation**

### **Income tax**

The **Home Carer's Tax Credit** that is given to married couples or civil partners where one spouse or civil partner works in the home caring for a dependent person is increasing from €810 to €1,000 for 2016. The home carer's income threshold is increasing from €5,080 to €7,200.

PDFORRA members in receipt of the Home Carer's Tax Credit should pay €3.60 less income tax as a result

### **Universal Social Charge (USC)**

For 2016 incomes of €13,000 (was €12,012) or less will be exempt from USC. Once your income is over this limit, you will pay the relevant rate of USC on all of your income as follows:

- The first €12,012 @ 1%
- €12,013 to €18,668 @ 3%
- €18,669 to €70,044 @ 5.5%
- €70,045 to €100,000 @ 8%
- PAYE income in excess of €100,000 @ 8%
- Self-employed income in excess of €100,000 @ 11%

PDFORRA members should realise a **reduction** in Universal Social Charges of between €7 and €9 per week

**Medical card holders** and individuals aged 70 years and over whose aggregate income does not exceed €60,000 will pay a reduced rate as follows:

- The first €12,012 @ 1%
- Income over €12,013 @ 3%

### **Excise duties**

The excise duty on **a packet of 20 cigarettes** is increasing by 50 cent (including VAT) with a pro-rata increase on other tobacco products, with effect from midnight on 13 October 2015.

The rate of **Motor Tax** is being reduced for all vehicles above 4,000kgs, with a new annual rate of €500 for vehicle between 4,000kgs and 12,000kgs and €900 for vehicles over 12,000kgs.

### **Stamp duty**

The current €2.50 per annum **charge on ATM cards** and €5 on combined (ATM and debit) cards is being abolished from 1 January 2016.

A **new 12 cent fee per ATM withdrawal** is being introduced from 1 January 2016. The total fee paid per annum per card will be capped at €2.50 on ATM cards and €5 on combined (ATM and debit) cards.

### **Other income tax measures**

The **Home Renovation Incentive** is being extended until 31 December 2016.

### **Paternity Benefit**

A new Paternity Benefit is being introduced for fathers availing of the new 2 weeks' statutory paternity leave. It will be paid at €230 per week in respect of births from September 2016. The PRSI contribution conditions will be the same as those for Maternity Benefit (September 2016).

### **Child Benefit**

The rate of Child Benefit will increase by €5 to €140 per month for each child (January 2016). Families with twins receive one and a half

times the normal monthly rate for each child. Families with multiple births receive Child Benefit at double the normal monthly rate for each child.

### **Rates: 2015 and 2016**

#### **Child Benefit**

<b>Number of Children</b>	<b>2015 Monthly Rate €</b>	<b>2016 Monthly Rate €</b>	<b>2016 Annual rate €</b>	<b>Yearly Increase from 2016 €</b>
<b>1 child</b>	135.00	140.00	1,680.00	60.00
<b>2 children</b>	270.00	280.00	3,360.00	120.00
<b>3 children</b>	405.00	420.00	5,040.00	180.00
<b>4 children</b>	540.00	560.00	6,720.00	240.00
<b>5 children</b>	675.00	700.00	8,400.00	300.00
<b>6 children</b>	810.00	840.00	10,080.00	360.00

Families with twins receive one and a half times the normal monthly rate for each child. Families with multiple births receive Child Benefit at double the normal monthly rate for each child.

### **Family Income Supplement (FIS)**

Family Income Supplement thresholds will be increased by €5 for each of the first two children per week. The threshold for the third and all other children will increase by €10 (January 2016).

The level of FIS payment will continue to be based on 60% of the shortfall between net weekly family income and the applicable weekly family threshold. This measure will cost €18 million. It will benefit nearly 60,000 families and over 131,000 children. It will also result in an additional 1,500 households and 3,365 children becoming eligible for FIS.

#### **Family Income Supplement (FIS)**

<b>Family Size</b>	<b>2015 Income Limit</b>	<b>2016 Income Limit</b>
<b>1 child</b>	€506.00	€511.00
<b>2 children</b>	€602.00	€612.00

## **Family Income Supplement (FIS)**

<b>Family Size</b>	<b>2015 Income Limit</b>	<b>2016 Income Limit</b>
<b>3 children</b>	€703.00	€713.00
<b>4 children</b>	€824.00	€834.00
<b>5 children</b>	€950.00	€960.00
<b>6 children</b>	€1,066.00	€1,076.00
<b>7 children</b>	€1,202.00	€1,212.00
<b>8 children or more</b>	€1,298.00	€1,308.00

The level of FIS payment will continue to be based on 60% of the shortfall between net weekly family income and the applicable weekly family threshold.

## **Carers**

The name of the **Respite Care Grant** will be changed to the **Carer's Support Grant** to better reflect how it is used by recipients. The grant will increase by €325 to €1,700 per year for each person being cared for (June 2016). This will benefit 86,000 carers.

**Carer's Allowance** will be paid for 12 weeks (currently 6 weeks) after the death of the person being cared for (January 2016).

## **Local Property Tax (LPT)**

Following a review of the Local Property Tax, it is proposed that the revaluation date for the Local Property Tax should be postponed from 2016 to 2019. The review also proposes some changes as regards exemptions from LPT for properties significantly affected by pyrite.

## **Employment**

### **Minimum wage**

From 1 January 2016, the statutory minimum wage will increase to €9.15 from €8.65 per hour.

### **Paternity leave**

Statutory paternity leave of 2 weeks is to be introduced, together with a new Paternity Benefit, in respect of births from September 2016.

## **Supports for unemployed people**

### **Employment schemes**

Participants on Community Employment, Rural Social Scheme, Tús, Gateway and JobBridge will receive a top up payment of €2.50 per week towards meals and travel costs from January 2016.

## **Education and Training**

### **Childcare**

From September 2016, the **Early Childhood Care and Education (ECCE) Scheme** will be extended to children aged between 3 years and 5 years 6 months, or until they start primary school. Children will be able to enroll in pre-school at three different points in the year (September, January and April) in order to access the scheme.

The number of places available under the **Community Childcare Subvention Programme** will increase to 8,000.

A number of **supports to enable children with disabilities to fully participate in pre-school care and education** will be phased in during 2016 at a cost of €15 million. Supports will include grants for equipment, appliances, minor alterations, access to therapeutic intervention and training for childcare staff.

€3.5 million is to be provided for **measures to improve quality in childcare**.

A new **single affordable childcare programme** will be developed to replace the existing Community Childcare Subvention (CCS), After-School Childcare (ASCC) Scheme, Childcare Education and Training Support (CETS) programme and Community Employment Childcare (CEC) programme. Work on the programme will begin immediately, so that it can be in place by 2017.

A €3 million capital fund will be available to providers who need minor funding to develop **after-school care services** using existing school and other accessible community facilities.