

## Financial Guideline 2017/2018 - 12

### Government Budget Summary 2018

#### Introduction

Budget 2018 was announced in October 2017. The Government budget for the year 2018 made changes to USC, employer PRSI, personal tax credits and standard cut off bands and the National Minimum wage. Below is a summary of these changes. The changes below are due to take effect from 1st January 2018, unless otherwise stated.

#### Universal Social Charge (USC)

There was no change to the USC exemption threshold of €13,000

For 2018, USC will apply at the following rates for those earning in excess of €13,000:

USC Thresholds 2018	
	Rate
Income up to €12,012.00	0.5%
Income from €12,012.01 to €19,372.00	2%
Income from €19,372.01 to €70,044.00	4.75%
Income above €70,044.00	8%

Medical card holders and individuals aged 70 years and over whose aggregate income does not exceed €60,000 will now pay a maximum rate of 2% USC. A 'GP' only card is not considered a full medical card for USC purposes.

The rate of 8% USC will continue to apply under the Emergency Basis.

#### Tax credits, Tax Rates and Tax Bands

There has been no change to tax rates for 2018. The standard rate will remain at 20% and the higher rate at 40%.

See attached Appendix 1 for tax credits and tax bands for 2018.

## **VAT refund scheme for charities**

A VAT refund scheme to compensate Charities for the VAT they incur on their purchases will be introduced in 2019 in respect of VAT incurred in 2018. The VAT refund will be in proportion to the level of non-public funding they receive. The Finance Bill published on the 19<sup>th</sup> October was expected to include further detail, however it does not include measures to introduce the VAT Refund Scheme for charities. It may be the case that a Statutory Instrument will follow to introduce this new scheme.

## **National Minimum Wage**

The National Minimum Wage will increase from €9.25 gross per working hour to €9.55 gross per working hour in respect of hours worked on or after 1<sup>st</sup> January 2018.

## **PRSI**

The employer PRSI for Class A will increase from 1 January 2018 by 0.1% as follows;

	<b>2017</b>	<b>2018</b>
Reduced rate	8.5%	8.6%
Higher rate	10.75%	10.85%

There are no changes to other PRSI Classes

Please note your payroll provider will update your computerised payroll package to take into account the changes to the rates of USC and employers PRSI.

It is important that the school updates their payroll system every week for any updated P2C certs since the last payroll run to ensure that the employees are receiving the correct tax credits and cut off bands.

*Further information or clarification on any of the issues raised in this Guideline can be obtained from the FSSU.*

**Louise McNamara Director,  
Financial Support Services Unit  
18<sup>th</sup> December 2017**

## Appendix 1: Tax credits, tax rates and tax bands

The tax credits and tax bands changes are in bold.

<b>Tax Credit</b>	<b>2017 €</b>	<b>2018 €</b>
Single Person	1,650	1,650
Married or in a Civil Partnership	3,300	3,300
Employee Tax Credit	1,650	1,650
Earned Income Tax Credit Max	950	<b>1,150</b>
Widowed Person or Surviving Civil Partner (without qualifying child)	2,190	2,190
Single Person Child Carer Tax Credit	1,650	1,650
Incapacitated Child Credit Max	3,300	3,300
Blind Tax Credit:	1,650	1,650
Single Person	1,650	1,650
Married or in a Civil Partnership - One Spouse or Civil Partner Blind	3,300	3,300
Married or in a Civil Partnership - Both Spouses or Civil Partners Blind		
Widowed Parent:	-	3,600
Bereaved in 2017	3,600	3,150
Bereaved in 2016	3,150	2,700
Bereaved in 2015	2,700	2,250
Bereaved in 2014	2,250	1,800
Bereaved in 2013	1,800	-
Bereaved in 2012		
Age Tax Credit:	245	245
Single or Widowed or Surviving Civil Partner	490	490
Married or in a Civil Partnership		
Dependent Relative	70	70
Home Carer Tax Credit	1,100	<b>1,200</b>

### Tax rates and tax bands:

<b>Personal Circumstances</b>	<b>2017 €</b>	<b>2018 €</b>
Single or Widowed or Surviving Civil Partner, without qualifying child	33,800 @ 20% Balance @ 40%	<b>34,550 @ 20%</b> Balance @ 40%
Single or Widowed or Surviving Civil Partner, qualifying for Single Person Child Carer Credit	37,800 @ 20% Balance @ 40%	<b>38,550 @ 20%</b> Balance @ 40%
Married or in a Civil Partnership, one Spouse or Civil Partner with Income	42,800 @ 20% Balance @ 40%	<b>43,550 @ 20%</b> Balance @ 40%
Married or in a Civil Partnership, both Spouses or Civil Partners with Income	42,800 @ 20% with increase of 24,800 max. Balance @ 40%	<b>43,550 @ 20%</b> with increase of <b>25,550 max.</b> Balance @ 40%