

### Background

Cogent Taxation Group Limited ("Cogent") is a specialist taxation and wealth management company based in Cork. Cogent was established in 2005 (as a result of a merger of a number of tax firms) as a high quality, independent tax consultancy practice with a team of professionals dedicated to bringing outstanding taxation and investment opportunities to our clients in a confidential manner.

Cogent is a multi-disciplinary company and offers a wide range of taxation, financial, company secretarial and business advisory services to an array of clients throughout Ireland. We pride ourselves on our dedication to establishing strong client relationships and developing innovative business solutions.

In addition, J. W. O'Donovan have been formally appointed as consulting solicitors to Cogent. The association has proven to be hugely beneficial in so far as it affords a fresh, legal and commercial perspective on the issues faced by its clients.

### TAXATION PLANNING

Cogent is currently working on a large number of structured property transactions and has experience in sourcing and advising high net worth individuals in relation to these investments. Other services provided to Irish and foreign Businesses, Accountancy Firms and individuals include advising on:

- Corporate structures (including overseas)
- Takeovers, joint ventures, reorganisations, trade-sales, mergers and acquisitions and de-mergers
- Income tax shelters
- Property – Holiday Homes, Nursing Homes, Hotels, Wind Farms etc.
- Revenue Audits /Negotiations, VAT
- Residence
- Estate planning
- Share incentive schemes
- Film investment relief, business expansion schemes (BES)
- Patent planning
- Pension (pension backed mortgages, self-administered schemes)
- Company schemes for employees---Tax-free benefits, Creche facilities provided by employer etc

### COMPANY SECRETARIAL SERVICES

- Company formations
- Statutory compliance work
- Company secretarial maintenance
- Regulatory and legal compliance with corporate legislation
- Board meeting attendance and minuting
- Company restoration services

**Cogent**   
TAXATION GROUP LIMITED  
BUDGET 2009

## INCOME TAX

### INCOME TAX CREDITS

	2008 €	2009 €
Personal Tax Credits		
One Parent Family (Additional)	1,830	1,830
Single Person	1,830	1,830
Married Couple	3,660	3,660
Widowed Parent		
- first year after bereavement	4,000	4,000
- second year after bereavement	3,500	3,500
- third year after bereavement	3,000	3,000
- fourth year after bereavement	2,500	2,500
- fifth year after bereavement	2,000	2,000
Additional Credit for Widowed Persons	600	600
Incapacitated Child <span style="float: right;">Max</span>	3,660	3,660
Blind Person	1,830	1,830
Both Spouses Blind	3,660	3,660
Age Credit: Single	325	325
Married	650	650
Widowed	325	325
PAYE Credit	1,830	1,830
Home Carers Credit	900	900

Tax Year	Rate	Single / Widowed	Married Couples One Income	Married Couples Two Incomes*	One Parent / Widowed Parent
2008	20%	€1-35,400	€1-44,400	€1-70,800	€1-39,400
	41%	Balance	Balance	Balance	Balance
2009	20%	€1-36,400	€1-45,400	€1-72,800	€1-40,400
	41%	Balance	Balance	Balance	Balance

\* With a maximum transferability between spouses of €44,400 in 2008 and €45,400 in 2009.

Income Tax Exemption Limits for over 65	2008 €	2009 €
Single	20,000	20,000
Married	40,000	40,000

Rent Relief (aged under 55 years)	2008 €	2009 €
Single	2,000	2,000
Married	4,000	4,000

Rent Relief (aged over 55 years)	2008 €	2009 €
Single	4,000	4,000
Married	8,000	8,000

### NEW INCOME LEVY

From 1<sup>st</sup> January 2009, an income levy will be introduced at a rate of 1% on all incomes up to €100,100 and at 2% for the excess over €100,100. The levy is to be paid on gross incomes before deductions for capital allowances or contributions to pensions.

### P.R.S.I / LEVIES

From 1<sup>st</sup> January 2009 the annual employee PRSI contribution ceiling will be increased from €50,700 to €52,000.

### STAMP DUTY

The current stamp duty applicable to non-residential property is being changed in respect of instruments executed on or after 15<sup>th</sup> October 2008. The top rate of duty is being reduced from 9% to 6% and the new rates are;

Aggregate Consideration	Rate of Duty
Up to €10,000	Exempt
€10,001 to €20,000	1%
€20,001 to €30,000	2%
€30,001 to €40,000	3%
€40,001 to €70,000	4%
€70,001 to €80,000	5%
Over €80,000	6%

### FARMERS TAXATION

#### Young Trained Farmers

Stamp duty relief is available for farmers acquiring land, who are aged under 35 and have specific agricultural training. The relief is due to terminate on 31 December 2008. This relief is now being extended for 4 years and the relief will apply in respect of instruments executed no later than 31 December 2012.

#### Extension of Stamp Duty Relief for Farm Consolidation

Stamp duty relief is available to a farmer consolidating his/her holding. The relief is due to terminate on 30 June 2009 and this termination date will be extended to 30 June 2011.

#### Stock Relief

Renewal of the 25% general farming stock relief and the special 100% stock relief for Young Trained Farmers is being extended for a further 2 years to 31 December 2010.

### MORTGAGE INTEREST RELIEF

The rate of mortgage interest relief for first time buyers is being increased from 1 January 2009 from 20% to 25% in year 1 and 2 and to 22.5% in years 3, 4 and 5. The additional relief will be available to new first-time buyers and first-time buyers who have bought a house since 1<sup>st</sup> Jan 2005.

The rate of mortgage interest relief for non-first-time buyers is being reduced from 20% to 15% from 1 January 2009.

### AIR TRAVEL TAX

An air travel tax applying to all departures from Irish airports will come into force on Monday 30 March 2009. The general rate applying will be €10 per passenger with a lower rate of €2 for shorter air journeys (those under 300 kms).

### PENSIONS

#### Contribution limit

The annual earnings limit for determining maximum tax-relievable contributions for pension purposes is being set at €150,000 for 2009 as compared with the 2008 limit of €275,239. This limit only applies to those who are making contributions to personal pensions, PRSAs and employee contributions to Occupational Pension Schemes.

#### Indexation of maximum allowable pension funds

The indexation adjustment to the maximum allowable thresholds for pension funds on retirement will not be made for 2009.

### HEALTH EXPENSES RELIEF

Health expenses relief will be granted at the standard rate only from 1 January 2009, with the exception of nursing home expenses which will be standard rated from 1 January 2010.

### TAX ON SAVINGS

The rates of retention tax that applies to deposit interest, together with the rates of tax that apply to life assurance policies and investment funds are being increased by 3% to 23% and 26% respectively. The increased rates will apply to payments, including deemed payments from 1 January 2009.

## BENEFIT IN KIND

### Levy on car parking facilities

A new flat rate levy of €200 per annum will be charged on employees whose employer provides them with car parking facilities. This will only apply to car parking facilities provided in the main urban centres.

### Increase in the Specified Rates for Loans

An employee in receipt of a preferential loan is charged income tax on the difference between the interest actually paid and the amount which would have been payable at the "specified" rates of interest for the loans. The specified rate in respect of loans (not being home loans) is being increased from 13% to 15%. These changes will take effect from 1 January 2009.

### Company cars

The Minister announced that the Finance Bill will contain measures to charge Benefit-in-Kind on company cars based on the cars' level of CO2 emissions.

## CYCLE TO WORK SCHEME

From 1 January 2009, the provision of bicycles and associated safety equipment by employers to employees who agree to use the bicycles to cycle to work will be treated as a tax exempt benefit-in-kind. The exemption may only apply once in any five year period in respect of any employee. There will be a limit on the value of such purchases of €1,000 for each employee.

## CHARGE ON NON-PRINCIPAL PRIVATE RESIDENCES

A charge of €200 per dwelling is to be introduced on all non-principal private residences. The charge will be levied and collected by local authorities and will be used to support the provision of local services. The charge will come into effect in 2009 and will be payable by owners of private rented accommodation, holiday homes and other non-principal residences. It will not apply to new dwellings that are unsold. Legislation will be introduced in the near future to give effect to this arrangement.

## TAX RELIEF FOR THE DONATION OF HERITAGE ITEMS

The tax relief in respect of the donation of heritage items to approved State institutions is being limited to 80% of the market value of the heritage item donated. The tax relief in respect of the donation of heritage property to the Irish Heritage Trust is being limited to 80% of the market value of the heritage property donated. The ceiling on the aggregate value of donations qualifying for each of these schemes in any one year will remain at €6 million.

## CORPORATION TAX

### Preliminary Tax payment dates for Large Companies

Companies with a corporation tax liability of greater than €200,000 in their previous accounting period are obliged to pay preliminary corporation tax equivalent to 90% of the liability for the current accounting period one month before the end of the current accounting period (and not later than the 21<sup>st</sup> of the relevant month). For accounting periods commencing on or after 14 October 2008, this preliminary tax payment will be split into two instalments:

- The first instalment will be payable in the sixth month of the accounting period (e.g. 21 June for a company with a 31 December year end) and the amount payable will be:
  - 50% of the corporation tax liability in the preceding accounting period, or
  - 45% of corporation tax liability for the current accounting period.
- The second instalment will be payable in the eleventh month of the accounting period (e.g. 21 November for a company with a 31 December year end) and the amount payable will bring the total preliminary tax paid to 90% of the corporation tax liability for the current accounting period.

### Three Year Tax exemption for Start-up Companies

New start-up companies which commence trading in 2009 will be exempt from tax, including capital gains, to the extent that the tax liability in the year does not exceed €40,000. This will apply for the first three years of operation. This measure is being examined to ensure it is in compliance with EU rules on State-Aid.

### Tax Credit scheme for Research and Development Expenditure

The current 20% rate of tax credit for incremental expenditure undertaken by a company on qualifying research and development (R & D) is being increased to 25%. This is effective for accounting periods commencing on or after 1 January 2009.

## VAT

### Increase in standard VAT rate from 21 per cent to 21.5 per cent.

The standard rate of VAT will be increased from 21 to 21.5 per cent with effect from 1 December 2008. This increase will apply to all goods and services which are currently subject to VAT at 21 per cent.

## CAPITAL GAINS TAX

### Change in Payment Dates

The payment date in respect of disposals in the period January to November is being changed to mid-December and the tax on disposals in December will now be due on the following 31 October (the existing pay and file date).

### Change in Rate of Tax

The rate of capital gains tax is being increased from 20% to 22% in respect of disposals made from midnight on 14 October 2008.

## CAPITAL ALLOWANCES

### Capital Allowances Scheme for certain energy-efficient equipment

The Budget and Finance Act 2008 introduced a new scheme to provide accelerated capital allowances of 100% in respect of expenditure by companies on certain energy-efficient equipment bought for the purposes of a trade. The scheme is limited to companies. The allowances are being extended from three categories to seven categories.

The old categories are:

- Motors & Drives
- Lighting
- Building energy management systems

The new categories to be included are :

- Data server related systems and large energy saving office equipment associated with Information & Communications Technology.
- Efficient heating/electricity provision equipment and control systems.
- Efficient electrical and control equipment associated with Process & Heating Ventilation and Air-conditioning systems.
- Alternative fuel vehicles.

### Capital Allowances for newly constructed commercial buildings

In the event that a newly constructed commercial building was sold within one year of being used, a higher level of capital allowances on expenditure would normally apply. Where such a building is sold after more than one year of being used the allowances were given on a more restrictive basis and these buildings would be less attractive. Accordingly, the one year time limit for disposal of these buildings is being extended to two years.

### Tax Incentive for removal of hazardous sites from residential & commercial areas

A new ring-fenced tax incentive scheme will be introduced to facilitate the removal and relocation of Seveso-listed industrial facilities which hinder the residential and commercial regeneration of Docklands in urban brownfield areas. The EU Seveso Directive (96/82/EC) seeks to protect public safety by placing land-use restrictions on new residential and commercial development near locations where potentially dangerous activities are undertaken. The detail of this will be published in the Finance Bill, and the scheme must be cleared by the European Commission in relation to State Aid.

### Farm Pollution Control Relief

Provision is being made to extend the 31 December 2008 deadline of the scheme of capital allowances for expenditure on certain pollution control measures relief to 31 December 2010.

## TAX IN RELATION TO CARS

### New Motor Tax Rates and Fees for Trade Licence Plates

The Budget provides for increases in motor tax rates and fees for trade licence plates. The proposed increases are 4% for cars below 2.5 litres and CO2 bands A to D, and 5% for cars above the 2.5 litre threshold and CO2 bands E, F and G. Goods and all other vehicles will also increase by 4% with no increase for electric vehicles. Trade plate licences will also increase by 4%. The new rates will apply to motor tax discs and trade licences taken out for periods beginning on or after 1 January 2009. The rates are detailed and are available on the Department of Finance website.