

# Budget 2016

## Financial Resolutions

### FINANCIAL RESOLUTION No. 1

#### EXCISE DUTIES ON MECHANICALLY PROPELLED VEHICLES

(1) THAT in this Resolution—

“Act of 1952” means the Finance (Excise Duties) (Vehicles) Act 1952 (No. 24 of 1952);

“Act of 2013” means the Motor Vehicle (Duties and Licences) Act 2013 (No. 9 of 2013).

(2) THAT as respects licences under section 1 of the Act of 1952 taken out for periods beginning on or after 1 January 2016, the Schedule to the Act of 1952 be amended by substituting the following for paragraph 5 of Part I (amended by section 4 of the Act of 2013) of that Schedule:

“5. Vehicles (including tricycles weighing more than 500 kilograms unladen) constructed or adapted for use and used for the conveyance of goods or burden of any other description in the course of trade or business (including agriculture and the performance by a local or public authority of its functions) and vehicles constructed or adapted for use and used for the conveyance of a machine, workshop, contrivance or implement by or in which goods being conveyed by such vehicles are processed or manufactured while the vehicles are in motion:

- |   |        |
|---|--------|
| (a) being vehicles which are electrically propelled and which do not exceed 1,500 kilograms in weight unladen,      | €92    |
| (b) being vehicles which are not such electrically propelled vehicles as aforesaid and which have a weight unladen— |        |
| (i) not exceeding 3,000 kilograms,  | €333   |
| (ii) exceeding 3,000 kilograms but not exceeding 4,000 kilograms,   | €420   |
| (iii) exceeding 4,000 kilograms but not exceeding 12,000 kilograms,   | €500   |
| (iv) exceeding 12,000 kilograms.  | €900”. |

(3) IT is hereby declared that it is expedient in the public interest that this Resolution shall have statutory effect under the provisions of the Provisional Collection of Taxes Act 1927 (No. 7 of 1927).

**FINANCIAL RESOLUTION No. 2**

**INCOME TAX AND CORPORATION TAX**

**Relief for capital expenditure**

(1) THAT for the purposes of the State Aid de minimis rules the Taxes Consolidation Act 1997 (No. 39 of 1997) be amended with effect from 13 October 2015 as follows—

**“Industrial building allowances: aviation services facilities**

The Principal Act is amended—

(a) in section 268—

- (i) in subsection (1F), by substituting “then, notwithstanding that subsection, that capital expenditure shall not, as regards a claim for any allowance under this Part by any such person, be regarded as specified capital expenditure for the purposes of this Part,” for “then, notwithstanding that subsection, that building or structure shall not, as regards a claim for any allowance under this Part by any such person, be regarded as an industrial building or structure for the purposes of this Part,”,

(ii) by substituting the following for subsection (5A):

“(5A) Subject to subsection (5C), expenditure incurred by a person on the construction of an industrial building or structure (within the meaning of subsection (1)(n)) shall be treated as specified capital expenditure for the purposes of this Part—

(a) only to the extent that the aggregate of such expenditure does not exceed—

- (i) €5,000,000, where the person concerned is a company, and  
(ii) €1,250,000, where the person concerned is an individual,

and

(b) where the following information has been provided to the Revenue Commissioners before the first claim for a writing-down allowance is made, in accordance with section 272, by the person:

- (i) the name, address and tax reference number (within the meaning of section 477B(1)) of the person making the claim;  
(ii) the address of the building or structure in respect of which the expenditure was incurred or deemed to have been incurred;  
(iii) details of the aggregate of the amount of such expenditure which has been incurred or deemed to have been incurred by the person making the claim.”,

(iii) in subsection (5B)–

- (I) by substituting “subsection (5A)(b)” for “subsection (5A)(c)”, and
- (II) by substituting “necessary to ensure compliance with the provisions of this Part and any European Commission guidelines, regulations or other reporting requirements, as the case may be, that may be relevant.” for “reasonably related to achieving the following objective.”,

(iv) by substituting the following for subsection (5C):

“(5C) Where capital expenditure has been incurred, or deemed to have been incurred, on the construction of an industrial building or structure (within the meaning of subsection (1)(n)) by 2 or more persons, being either individuals or companies, or both, the amount of such expenditure which is to be treated as specified capital expenditure for the purposes of this Part shall, if necessary and notwithstanding section 279, be reduced such that the amount determined by the formula—

$$(A \times 50 \text{ per cent}) + (B \times 12\frac{1}{2} \text{ per cent})$$

does not exceed €625,000, where–

A is the aggregate of all such specified capital expenditure which has been incurred, or deemed to have been incurred, by the individual or individuals concerned, and

B is the aggregate of all such specified capital expenditure which has been incurred, or deemed to have been incurred, by the company or companies concerned.”,

(v) by deleting subsections (5D) and (5E),

(vi) in subsection (9), by substituting the following for paragraph (k):

“(k) by reference to paragraph (n), as respects–

- (i) specified capital expenditure incurred in the period commencing on the date of the coming into operation of section 31 of the Finance Act 2013 and ending on the fifth anniversary of that date, and
- (ii) capital expenditure other than specified capital expenditure incurred on or after the date of the coming into operation of section 31 of the Finance Act 2013.”,

and

(vii) by inserting the following after subsection (11):

“(11A) Notwithstanding any other provision of this Part, capital expenditure which has been incurred on the construction of an industrial building (within the meaning of subsection (1)(n)) shall not be treated as specified capital expenditure where any part of that expenditure has been or is to be met, directly or indirectly, by grant

assistance or any other assistance which is granted by or through the State, any board established by statute, any public or local authority or any other agency of the State.”,

(b) in section 272—

(i) by substituting the following for paragraph (k) of subsection (3):

“(k) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of paragraph (n) of section 268(1)—

(i) 15 per cent of the expenditure referred to in subsection (2)(c), if that expenditure is specified capital expenditure, and

(ii) 4 per cent of the expenditure referred to in subsection (2)(c), if that expenditure is not specified capital expenditure.”,

and

(ii) by substituting the following for paragraph (k) of subsection (4):

“(k) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of paragraph (n) of section 268(1)—

(i) where the expenditure is specified capital expenditure, 7 years beginning with the time when—

(I) the building or structure was first used, or

(II) where the expenditure is incurred on refurbishment, the building or structure was first used subsequent to the incurring of that expenditure,

and

(ii) where the expenditure is not specified capital expenditure, 25 years beginning with the time when—

(I) the building or structure was first used, or

(II) where the expenditure is incurred on refurbishment, the building or structure was first used subsequent to the incurring of that expenditure.”,

(c) in section 274(1)(b) by substituting the following for subparagraph (x):

“(x) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of paragraph (n) of section 268(1)—

(I) where the expenditure is specified capital expenditure—

(A) 7 years after the building or structure was first used, or

(B) where the expenditure is incurred on refurbishment of the building or structure, 7 years after the building or structure was first used subsequent to the incurring of that expenditure,

and

(II) where the expenditure is not specified capital expenditure—

(A) 25 years after the building or structure was first used, or

(B) where the expenditure is incurred on refurbishment of the building or structure, 25 years after the building or structure was first used subsequent to the incurring of that expenditure.”,

and

(d) in Schedule 25B—

(a) by substituting the following for clause (VIII) of paragraph (a)(i) of the matter set out opposite reference number 13:

“(VIII) section 268(1)(n) (inserted by the Finance Act 2013) to the extent that the writing-down allowances are referable to specified capital expenditure (within the meaning of section 268),”

and

(b) by substituting the following for clause (VIII) of paragraph (a)(i) of the matter set out opposite reference number 15:

“(VIII) section 268(1)(n) (inserted by the Finance Act 2013) to the extent that the balancing allowances are referable to specified capital expenditure (within the meaning of section 268),”.

(2) THAT section 31 of the Finance Act 2013 be amended by substituting the following for subsection (2):

“(2) This section comes into operation on 13 October 2015.”.

(3) THAT section 33 of the Finance Act 2014 be amended by substituting the following for subsection (2):

“(2) This section comes into operation on 13 October 2015.”.

(4) IT is hereby declared that it is expedient in the public interest that this Resolution shall have statutory effect under the provisions of the Provisional Collection of Taxes Act 1927 (No. 7 of 1927).

**FINANCIAL RESOLUTION No. 3**

**EXCISE**

**Tobacco Products Tax**

(1) THAT for the purposes of the tax charged by virtue of section 72 of the Finance Act 2005 (No. 5 of 2005), that Act be amended, with effect as on and from 14 October 2015, by substituting the following for Schedule 2 to that Act (as amended by section 60 of the Finance Act 2014 (No. 37 of 2014)):

“SCHEDULE 2

RATES OF TOBACCO PRODUCTS TAX  
(With effect as on and from 14 October 2015)

| Description of Product                              | Rate of Tax  |
|---|--|
| Cigarettes .....                                    | Rate of tax at—<br><br>(a) except where paragraph (b) applies, €271.96 per thousand together with an amount equal to 9.20 per cent of the price at which the cigarettes are sold by retail, or<br><br>(b) €307.61 per thousand in respect of cigarettes sold by retail where the rate of tax would be less than that rate had the rate been calculated in accordance with paragraph (a). |
| Cigars .....  | Rate of tax at €315.359 per kilogram.  |
| Fine-cut tobacco for the rolling of cigarettes .... | Rate of tax at €291.683 per kilogram.  |
| Other smoking tobacco .....                         | Rate of tax at €218.783 per kilogram.  |

”.

(2) IT is hereby declared that it is expedient in the public interest that this Resolution shall have statutory effect under the provisions of the Provisional Collection of Taxes Act 1927 (No. 7 of 1927).

## FINANCIAL RESOLUTION No. 4

### INCOME TAX

(1) THAT, for the purposes of the employment and investment incentive and seed capital scheme, Part 16 of the Taxes Consolidation Act 1997 (No. 39 of 1997) be amended with effect from, and in respect of shares issued on or after, 13 October 2015 as follows:

(a) in section 488(1)—

- (i) by deleting the definitions of “average relevant amount” and “average threshold amount”,
- (ii) in the definition of “eligible shares” by substituting “the relevant period” for “the period of 3 years beginning on the date on which they are issued”,
- (iii) by substituting the following for the definition of “qualifying employee”:

“ ‘qualifying employee’, in relation to a qualifying company, means an employee (within the meaning of section 983), other than a director, of that company—

- (a) who throughout his or her period of employment with that company is employed by that company for at least 30 hours duration per week, and
- (b) his or her employment is capable of lasting at least 12 months;”

and

(iv) by inserting the following definitions:

“ ‘qualifying nursing home’ means—

- (a) a nursing home within the meaning of section 2 of the Health (Nursing Homes) Act 1990 and which is registered under section 4 of that Act, and
- (b) where applicable, a qualifying residential unit constructed on the site of, and operated by, a nursing home within the meaning of paragraph (a),

but does not include any nursing home or qualifying residential unit which is subject to any power on the exercise of which the nursing home or residential units, or any part or interest in the nursing home or residential units, may be revested in the person from whom it was purchased or exchanged or in any person on behalf of such person;

‘qualifying residential unit’ means a house which—

- (a) is constructed on the site of, or on a site which is immediately adjacent to the site of, a registered nursing home,

(b) is—

- (i) a single storey house, or
- (ii) a house that is comprised in a building of one or more storeys in relation to which building a fire safety certificate under Part III of the Building Control Regulations 1997 (S.I. No. 496 of 1997) is required, and prior to the commencement of the construction works on the building, is granted by the building control authority (within the meaning of section 2 of the Building Control Act 1990) in whose functional area the building is situated where—
  - (I) the house is, or (as the case may be) the house and the building in which it is comprised are, designed and constructed to meet the needs of persons with disabilities, including in particular the needs of persons who are confined to wheelchairs, and
  - (II) the house consists of one or two bedrooms, a kitchen, a living room, bath or shower facilities, toilet facilities and a nurse call system linked to the registered nursing home,

and

(c) is comprised in a development where—

- (i) those units are operated or managed by the registered nursing home and an on-site caretaker is provided, and
- (ii) back-up medical care, including nursing care, is provided by the registered nursing home to the occupants of those units when required by those occupants;

‘relevant amount’ means total emoluments (other than non-pecuniary emoluments) paid by a qualifying company to qualifying employees as referred to in the definition of ‘employment relevant number’, in the year of assessment in which, in relation to a subscription for eligible shares, a relevant period ends;

‘threshold amount’ means the total of the emoluments (other than non-pecuniary emoluments) paid by a qualifying company to the qualifying employees referred to in the definition of ‘employment threshold number’, in the year of assessment preceding the year of assessment in which the subscription for

eligible shares was made but where there was a general reduction in the basic pay rate of qualifying employees then the threshold amount shall be reduced accordingly”;

(b) in section 489—

(i) by substituting the following for subsection (1)(b):

“(b) those shares are issued to the individual for the purpose of raising money by a qualifying company where that money was used, is being used or is intended to be used by the qualifying company—

- (i) for the purposes of carrying on relevant trading activities,
- (ii) in the case of a company which has not commenced to trade, in incurring expenditure on research and development within the meaning of section 766, or
- (iii) in the case of a company that owns and operates a qualifying nursing home, for the purposes of enlarging the capacity of the qualifying nursing home,

and”;

and

(ii) by substituting the following for subsection (10)(a):

“(a) (i) the employment relevant number exceeds the employment threshold number by at least one qualifying employee, and

- (ii) the relevant amount exceeds the threshold amount by at least the total emoluments of one qualifying employee in the year of assessment in which the relevant period ends,

or”;

and

(c) in section 494—

(i) by inserting the following after subsection (4):

“(4A) A company that does not meet the requirements of paragraphs 5 and 6 of Article 21 of Commission Regulation (EU) No. 651/2014 of 17 June 2014<sup>1</sup> shall not be a qualifying company.”;

and

(ii) by inserting the following after subsection (7):

“(7A) A company whose relevant trading activities includes operating a qualifying nursing home and is engaged in enlarging its capacity pursuant to section 489(1)(b)(iii) shall cease to be a qualifying company unless it has expended all of the money subscribed for

1 O J No. L187, 26.6.2014, p. 43

eligible shares on such activities, within a period ending 30 days before the end of the relevant period.”.

(2) THAT, for the purposes of the employment and investment incentive and seed capital scheme, section 27 of the Finance Act 2014 (No. 37 of 2014) be amended with effect from, and in respect of shares issued on or after, 13 October 2015 as follows:

- (a) in subsection (1)(a)(ii)(d) by deleting the word “average”,
- (b) in subsection (1)(g) by substituting “Article 11 of Commission Regulation (EU) No. 651/2014 of 17 June 2014<sup>2</sup>” for “section 5.4 of the Community Guidelines on State aid to promote risk finance investments<sup>3</sup>”,

and

- (c) in subsection (2) by substituting the following for paragraph (b):

“(b) Paragraphs (a) and (c) to (g) of subsection (1) have effect in respect of shares issued on or after 13 October 2015.”.

(3) IT is hereby declared that it is expedient in the public interest that this Resolution shall have statutory effect under the provisions of the Provisional Collection of Taxes Act 1927 (No. 7 of 1927).

## **FINANCIAL RESOLUTION No. 5**

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### **GENERAL**

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THAT it is expedient to amend the law relating to inland revenue (including value-added tax and excise) and to make further provision in connection with finance.

<sup>2</sup> OJ No. L187, 26.6.2014, p.1