



**IIPM**

Irish Institute of Pensions Management



**Irish Life**



Years of  
Experience

# Budget 2016 Overview

## Pension Overview

**No changes to how private pensions operate**

No changes to pension options

No changes to pension funding limits

No changes to tax relief available

## Pension Overview

### Key Points

Pension Levy has ceased and it does not apply in 2016. It was repeated that 2015 is its last year

Marginal rate income tax relief retained on pension contributions

No changes announced for AMRF limits

No changes announced for pre-retirement withdrawal of 30% of AVC. Permitted until 26 March 2016

Finance Bill due before end October

## **Speculation on AMRF / Specified income – Finance Bill?**

Immediate Drawdown available on all funds, after lump sum, but subject to marginal rate tax, and PRSI and USC where applicable.

Imputed drawdown applicable to all ARF and previous AMRF funds

No change on death

More flexibility but increased risk, as safety net gone – Importance of advice

Important – No changes announced in Budget!

## Why Pensions still make sense

- Income Tax Relief at marginal rate
- Gross Roll up
- Tax effective retirement lump sum
- ARFs for all DC occupational schemes
- State Pension Age Increasing
- Life expectancy increasing

# CAPITAL ACQUISITIONS TAX

## Capital Acquisitions Tax ( Gift and Inheritance Tax )

Tax Rate remains unchanged at 33%

Group A threshold increased to €280,000 from €225,000

Group B threshold unchanged at €30,150

Group C threshold unchanged at €15,075

## CAPITAL ACQUISITIONS TAX

	Inheritance Tax Liability	
	2008	2015
<b>Tax Rate</b>	20%	33%
<b>Group 1 Threshold</b>	€521,208	€225,000
<b>Inheritance</b>		
<b>€500,000</b>	Nil	€90,750
<b>€1,000,000</b>	€95,758	€255,750
<b>€1,500,000</b>	€195,758	€420,750

# CAPITAL ACQUISITIONS TAX

	Inheritance Tax Liability		
	2008	13 <sup>th</sup> Oct 2015	14 <sup>th</sup> Oct 2015
<b>Tax Rate</b>	20%	33%	33%
<b>Group 1 Threshold</b>	€521,208	€225,000	€280,000
<b>Inheritance</b>			
<b>€500,000</b>	Nil	€90,750	€72,600
<b>€1,000,000</b>	€95,758	€255,750	€237,600
<b>€1,500,000</b>	€195,758	€420,750	€402,600



# REVIEW OF TREATMENT OF TRUSTS

One more point of note ....

Also included in the Budget documentation was a mention of the taxation of trusts and income of trustees which is to be reviewed in 2016.

The note stated that submissions would be sought in respect of any technical or policy issues affecting this sector, with a view to addressing them in Finance Bill 2016.

## 2016 Budget Summary

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- €1.5bn expansionary measures
- Split 50/50 between tax reductions and additional expenditures
- Main tax reduction related to USC threshold and rate cut
- Expenditure increases related to capital spending plan and wide number of other areas
- Fiscal deficit forecast at 1.2% GDP in 2016
- Debt/GDP forecast at 93% in 2016
- GDP growth beyond 2016 forecast at 3%



# THANK YOU

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