



Purcell McQuillan – Jobs Initiative Briefing

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The Minister for Finance, Michael Noonan, today issued the Jobs Initiative. The highlights include the following tax changes:

- A temporary levy of 0.6% on the market value of assets under management in pension funds and pension plans approved under Irish tax legislation for 2011 to 2014 inclusive. The market value will be determined as at 1 January 2011.
- A temporary second lower rate of VAT has been introduced of 9% for the provision of certain goods and services primarily in the tourism and entertainment sector. This rate will become effective from 1 July 2011 and will remain in place until 31 December 2013. The principal services to benefit from this rate will be hotel, restaurant and catering services and various entertainment services such as admissions to cinemas, theatres, museums, fairgrounds, amusement parks and sporting facilities.

The second lower rate of VAT will also be extended to hairdressing services and the supply of printed matter such as newspapers, brochures, maps and programmes.

Other goods and services which are subject to the lower rate of VAT will continue to be subject to the existing 13.5% rate.

- A 50% reduction in the lower PRSI rate from 8.5% to 4.25% on jobs paying up to €356 per week with effect from 1 July 2011.
- Abolition of employer PRSI on share based remuneration with effect from 1 January 2011.
- The R&D Tax credit legislation will be amended to enhance its accounting treatment flexibility.
- Temporary abolition of the €3 airport travel tax. The date this is to take effect has yet to be announced.
- No changes to any other tax rates or reliefs were announced.

Further details of the changes will be included in a forthcoming Finance Bill which we understand will be published next week.

Purcell McQuillan would be pleased to speak with you on any of these changes.

While every care and attention has been taken to ensure the accuracy of the information contained in this email, specific professional taxation advice and clarification should always be sought.

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