

OHT Guide

Jobs Initiative 2011



Introduction

The Government published a Jobs Initiative ([available here](#)) on 10 May 2011, in which the Government selected some key elements of the Programme for Government which they are now going to implement.

The Jobs Initiative is intended to be budget-neutral, and has largely been funded by introducing a new levy on pensions. A temporary levy of 0.6% of the capital value of pension schemes and personal pensions has been introduced for a period of 4 years (2011 to 2014). The yield estimate indicates that the market value will be determined on 01 January 2011.

Corporation Tax Rate

The Minister reaffirmed the Government's commitment to the 12.5% Corporation Tax rate stating;

"Let me be absolutely clear on this issue: our 12.5% rate of corporation tax is here to stay."

Tourism

A number of the changes announced focused on the tourism sector, and the Minister is clearly planning to capitalise on the influx of visitors to the UK for the London Olympics in 2012. These changes include:

- a temporary VAT rate of 9% which will apply to selected services such as restaurants, hotels and cinema admissions. The focus is largely on tourism and the new rate will expire at the end of 2013. Revenue issued guidance on this VAT rate ([available here](#)).

- reducing Air Travel Tax rate (currently €3 per departure since March 2011) to 0%. The date for this change is to be set by Order (the cost estimate indicates a 01 July 2011 start date).
- introducing a common visa treatment with the UK; once an individual has been issued a UK visa, a separate Irish visa will not be required.

Tax Changes

The tax changes announced in the Jobs Initiative included:

- temporarily halving the lower 8.5% rate of employer PRSI (up to end 2013). This rate applies to jobs paying up to €356 per week (affecting employees who earn up to €18,512 per year).
- abolishing employer PRSI on share based remuneration from 01 January 2011 (reversing the Finance Act 2011 provision introduced by the last Government).
- amending the R&D tax credit regime to increase flexibility.

Conclusion

We understand that the Jobs Initiative will be implemented by Finance (No 2) Bill 2011 legislation *"in the coming weeks"*, and that the Civil Partnership tax legislation will also be published shortly, in addition to which the Minister signalled that there will be a Budget in December 2011, bringing the total to 3 Finance Acts and 1 Budget for 2011 (which is an ambitious legislative programme).

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Caveat: These notes are intended as a general guide to the Jobs Initiative 2011. OHT has endeavoured to provide an accurate commentary but the notes cannot cover all circumstances. OHT strongly recommends that formal tax advice be obtained before any steps are taken that may have a tax