



**IFA**

# 2025 Budget Report

1<sup>st</sup> October 2024

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# 1. Agricultural Taxation

## Agricultural Relief

Below is the extract from the Minister's speech:

*"Agricultural Relief promotes the transfer of farms from one generation to the next and is an important measure to allow our young people to pursue their lives on the family farm.*

*In recent years, agricultural land has increased in value above inflation, and it is difficult for genuine farmers to purchase the land they need for farming. To address this and concerns that Agricultural Relief is being used as part of tax planning strategies by wealthy individuals, I am extending the six-year active farmer test to the person who provides the gift or inheritance. This measure supports current farmers and the next generation".*

IFA is seeking further clarity on how the Minister intends to apply this test on the person transferring the land. It is important that there are no unintended consequences for genuine farmers.

## Stock Relief

- All stock reliefs extended to end of 2027.

## Accelerated Capital Allowances

- Farm Safety Equipment with additional items to be added. (50% write-off over two years – fixed sheep handling units; cattle crushes & races; calving gates; farmyard floodlights; livestock monitors; rolling / sliding doors and adaptive equipment for farmers with disabilities).

## Inheritance Tax

- Increase in Category A CAT inheritance tax threshold from €335,000 to €400,000.
- Category B increased from €32,500 to €40,000.
- Category C increased from €16,500 to €20,000.

## VAT Flat Rate Refund

- From January 1<sup>st</sup> 2025, the VAT Flat Rate refund will increase from 4.8% to 5.1% for non-registered farmers. This increase is based on macro-economic data received from the CSO and the Revenue Commissioners for the period 2022-2024 in accordance with criteria set down in the EU VAT Directive. Estimated annual benefit of €24m to farmers.



### Residential Zoned Land Tax (RZLT)

This was the subject of considerable debate between the coalition partners in the lead up to the Budget. Below is the extract from the Minister's speech on the RZLT:

*"It is important that the measure does not unduly impact landowners who carry out genuine economic activity on their land. Therefore, I am providing an opportunity for these landowners to avail of an exemption in 2025 if they seek to have their land rezoned to reflect the activity they carry out on their land. The Minister for Housing, Local Government and Heritage will issue guidelines to local authorities indicating that they should consider and accommodate rezoning requests where landowners seek to continue undertaking existing economic activity".*

IFA is seeking further clarity on what this actually means and how this is going to be implemented.

## 2. Farm Schemes

The DAFM Budget allocation increased from €1.94bn in 2024 to €2.11bn in 2025, comprising €320m Capital Programme and €1.792bn Current Expenditure package.

While some specific details remain unclear, some of the key features of the Budget include:

- €30m support for Tillage Sector - €100/ha payment for all tillage & field grown crops
- An extra €25/calf under National Beef Welfare Scheme (total cow/calf payment €225)
- An extra €5/ewe under National Sheep Welfare Scheme (total sheep payment €25/ewe)
- An extra €20/calf for Dairy Beef Scheme
- TAMS: Further to 70% Nutrient Importation Storage Scheme (NISS), subject to European Commission approval, there will be a 60% grant-aided Nutrient Storage Scheme with a separate investment ceiling of €90,000. This will allow farmers invest in nutrient storage, under a dedicated investment ceiling, while also allowing them to invest in other measures on their holding, up to an additional €90,000 investment ceiling.
- €10m toward additional Animal Health measures – BVD; IBR and establishment of a new Targeted Advisory Service for Animal Health, focused on anti-parasitic use & biosecurity, offering a free farm visit & veterinary consultation for c.30,000 farms.
- €10m Straw Incorporation Measure.
- €1.5m Clover Scheme & €1.25m Multi-Species measures
- €6m Soil Sampling Scheme
- Initial funding of €5m for a Forgotten Farmers Scheme (additional budgetary provision to be made in 2026).
- ACRES [+€60m to account for additional places already allocated in tranche II].
- Organics [+€10m funding for Organic sector [€67m in total for 2025] to meet demand].

- Dedicated €2.5m Farm Safety Scheme.
- Continued funding of the National Genotyping Programme [costs in year one were covered from BAR, and since by DAFM, DII and participating farmers – c.€6.5m]
- €5m in 2025 toward funding of two new vet colleges
- €40m in capital funding committed for the development of a biomethane industry - €5m in 2025 and remainder in 2026
- €36m for EIPs under the CAP Strategic Plan – new round of calls in the coming weeks
- KT Scheme continues 2025 and 2026 – first payments to issue March & May 2025
- 2025 allocation for Forestry is €91m - forestry programme; Ash Dieback Reconstitution Scheme; Ash Dieback Climate Action Performance Payment (reduced from €110m in 2024)

### 3. Fishing and Seafood

- Additional €7m to €177m for capital & non-capital funding to support the seafood sector - Fisheries scheme to support small scale coastal fishing vessels, seafood producers, aquaculture projects & young fishers.
- Aquaculture Capital Investment Scheme providing support to aquaculture operators for capital investment

### 4. Some other relevant expenditure areas

#### 4.1 Rural and Community Development

- €472m invested in Rural and Community Development.
- €212.5m of this for rural development and over €253.5m for community development.
- Additional €3.25million funds to support Agri Show, walk schemes & Tidy Towns and connected hubs.
- Additional €3.4million funding to promote responsible dog ownership and improve dog control infrastructure.

#### 4.2 Heritage

- €80m for the Croí Cónaithe Towns Scheme to support the refurbishment of vacant and derelict properties in cities, towns and rural areas.
- Record €172m investment in nature and heritage (+11.5%), which includes a record €78m for the National Parks and Wildlife Service. It will also underpin preparations for the national Nature Restoration Plan.

## 5. General Taxation measures

### 5.1 Income Tax

An increase of €2,000 in the income tax standard rate band cut-off point for all earners.

- Single, widowed or surviving civil partner from €42,000 to €44,000.
- Single, widowed or surviving civil partners, qualifying for the Single Person Child Carer Credit from €46,000 to €48,000.
- Married couples or civil partners (one income) from €51,000 to €53,000.

### 5.2 Income tax credits changes

- An increase of €125 in the Personal Tax Credit from €1,875 to €2,000
- An increase of €125 in the Employee Tax Credit from €1,875 to €2,000
- An increase of €125 in the Earned Income Tax Credit from €1,875 to €2,000
- An increase of €150 in the Home Carer Tax Credit from €1,800 to €1,950
- An increase of €150 in the Single Person Child Carer Tax Credit from €1,750 to €1,900
- An increase of €300 in the Incapacitated Child Tax Credit from €3,500 to €3,800
- An increase of €300 in the Blind Person's Tax Credit from €1,650 to €1,950
- An increase of €60 in the Dependent Relative Tax Credit from €245 to €305

### 5.3 Universal Social Charge (USC)

- Reduction in the 4% rate of USC by 1% to 3%.  
This rate applies to income between €27,382 and €70,044.
- Incomes less than €13,000 are exempt from USC. Otherwise, the following USC rates will apply from 1 January 2025:
  - €0 – €12,012 @ 0.5%
  - €12,013 - €27,382 @ 2%
  - €27,383 - €70,444 @ 3%
  - €70,445+ @ 8%
  - Self-employed income over €100,000: 3% surcharge

### 5.4 PRSI

On 1 October 2024, all PRSI contribution rates increase by 0.1%.

### 5.5 VAT

- Reduced rate of VAT on gas and electricity of 9% to continue to 30 April 2025.
- VAT registration threshold increased to €42,500 for Services.
- VAT registration threshold increased to €85,000 for Goods.

### 5.6 Carbon Tax

- Carbon tax will increase by €7.50/tonne from €56 to €63.50.
- Petrol & diesel will increase on 9th October, adding approximately 2cpl
- Will apply to other fuels from 1 May 2025.

## 6. Social Protection

- Minimum wage to increase €0.80 to €13.50/hr from 1st January
- Social welfare payments rise €12 per week
- Double payment of Child Benefit in both November and December 2024
- New once-off child payment of €420 for children born from 1<sup>st</sup> January 2025.
- Double payment of all social welfare payments in October and December.
- Expansion of hot schools' meals to all primary school in 2025
- €250 energy credit for all households (€125 in 2024, €125 in 2025).
- Once-off €400 payment for carers, people with disabilities and fuel allowance benefits
- €15 per week increase in maternity, paternity, adoptive and parents' payments from 1<sup>st</sup> Jan 2025

## 7. Education

- Further reduction of €1,000 in the student contribution fee for higher education students eligible for the free fees initiative.
- Free book scheme extended up to Leaving Cert.
- A once-off reduction of 33% in contribution fee for apprentices in higher education.

## 8. Housing

- Tax credit for renters to increase by €250 to €1,000.
- Help to Buy scheme for first-time home buyers is extended to end of 2029
- Vacant Homes Tax increased from five times to seven times the property's existing basic Local Property Tax rate.



- Mortgage Interest Tax Relief- extend for one further year. Up to €1,250 relief for qualified mortgage holders

### 9. Public transport

- Over 70s can bring family member / friend free of charge
- Free public transport for all children under 9 years of age.
- Public transport fare reduction extended and the Youth Travel Card discount of 50% on all operators' services extended

### 10. Climate funding

- €14bn will be put aside in the Infrastructure, Climate and Nature Fund by 2030 to allow for sustained levels of investment in infrastructure in the event of economic downturns, and to support climate and nature related projects.
- In this regard, the Infrastructure, Climate and Nature Fund will have a climate and nature component worth over €3bn - the stated aim of which is to help the achievement of carbon budgets through capital projects where it is clear our climate targets are not being reached.

Little or no detail provided to date on how farmers could benefit from this scheme.

**Ends**  
**01 October 2024**

**Initial Report**  
**Prepared by Irish Farmers Association**  
**Farm Business Committee and Rural Development Committee**