

EUROMOD

COUNTRY REPORT



IRELAND (IE)

2015-2018

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EUROMOD version I1.0+



EUROMOD is a tax-benefit microsimulation model for the European Union (EU) that enables researchers and policy analysts to calculate, in a comparable manner, the effects of taxes and benefits on household incomes and work incentives for the population of each country and for the EU as a whole.

EUROMOD has been enlarged to cover 28 Member States and is updated to recent policy systems using data from the European Union Statistics on Income and Living Conditions (EU-SILC) as the input database, supported by DG-EMPL of the European Commission.

This report documents the work done in one annual update for Ireland. This work was carried out by the EUROMOD core developer team, based mainly in ISER at the University of Essex, in collaboration with a national team.

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The results presented in this report are derived using EUROMOD version I1.0+. EUROMOD is continually being improved and the results presented here may not match those that would be obtained with later versions of EUROMOD. For more information, see:

<https://www.euromod.ac.uk>

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1. BASIC INFORMATION

1.1 Basic information about the tax-benefit system

- The tax-benefit system is largely a unified, national system.¹ The main exceptions are *Housing Related Benefits* which although having a national rule, have parameters that vary locally. There will be some discretion in the Local Property Tax, but as of yet there is no national variation
- The “fiscal year” runs from the 1st of January to 31st of December.
- The state pension age is 66, although a retirement pension can be received at 65, but this will converge to 66 in 2014 and rise to 67 in 2022 and 68 in 2028.
- The Minimum school leaving age is 16 and the definition of dependent children for tax and/or benefit purposes is
 - under 16 years of age, or under 18 years of age if the child is in full-time education for Child Benefit
 - under 18 years of age or between 18 and 22 years of age and in full-time education for Family Income Supplement
 - aged up to 18 years of age who lives with the recipient for other instruments
- The definition of lone parent for tax and benefit purposes
 - men and women under 66 who are bringing children up without the support of a partner.
 - Have been living apart from their spouse or civil partner for at least 3 months
 - Where a partner is in prison and has been sentenced to at least six months in prison or have spent at least six months in custody.
- Income is taxed jointly but this is optional, so that married couples or civil partners have the option of filing individually. Incomes are pooled in the case of the Irish joint tax regime.
- Most incomes are taxed via income taxation, but there are separate taxation for deposit interest tax
- Filing of a tax return is not compulsory for Pay as You Earn (PAYE) tax payers
- There is no formal Indexation regime
- Income is assessed on (most) means-tested benefits on a weekly in terms of current

1.2 Social Benefits

- *Universal Payments*

Child Benefit

Child Benefit (previously known as Children's Allowance) is payable to the parents or guardians of children under 16 years of age, or under 18 years of age if the child is in full-time education. It is a universal payment. The same rate is paid for the first and second child, a higher rate is paid for the third and subsequent children.

Early Childcare Supplement

¹ The way it operates in practice may vary across regions and by other characteristics.

The Early Childcare Supplement (ECS) payment was introduced in 2006. The payment is a universal, non-means tested, non-taxable payment for all children less than 6 years of age (i.e. ceases on their sixth birthday), effective from April 2006. In January 2009 the age limit up to which the ECS is payable reduced from 6 years to 5 years, 6 months.

- ***Non-Contributory***

Blind Persons Pension

Blind Person's Pension is payable to blind people and certain people with low vision. To qualify for the Pension you will be required to have an eye test by an ophthalmic surgeon (paid for by the state) to verify your visual impairment and certain people with low vision may qualify. The payment you receive is made up of a personal rate for you and extra amounts for a qualified adult and any child dependants. You will automatically get a Free Travel Pass and a Companion Free Travel Pass.

Carers Allowance

The Carer's Allowance is a means-tested payment for carers on low incomes who live with and look after certain people who need full-time care and attention. Carers who are providing care to more than one person may be entitled to up to 50% extra of the maximum rate of Carer's Allowance each week depending on the weekly means assessed.

State (non-contributory) Pension

The State Pension (Non-Contributory) may be paid from age 66 to people in Ireland who do not qualify for a State Pension (Contributory). You may qualify for the State Pension (Non-contributory) if you are aged 66 or over, you do not qualify for a State Pension (Contributory), you pass a means test and you meet the Habitual Residence Condition.

Pre-retirement allowance

The Pre-Retirement Allowance (PRETA) is for people in Ireland aged 55 and over who have left the labour force. It is means-tested and you no longer have to sign-on as you do not need to be available for work. Since 4th July 2007, no new applications for Pre-Retirement Allowance are accepted. However, if you were getting Pre-Retirement Allowance before 4th July 2007 you are not affected and can continue to get it.

Deserted Wives Allowance

Deserted Wife's Allowance is made to women in Ireland who were deserted by their husbands. The payment was closed to new applications in January 1997, when the One-Parent Family Payment was introduced. Some women have continued to get Deserted Wife's Allowance because they qualified for the payment before 2nd January 1997 and have continued to meet the qualifying criteria. Deserted Wife's Allowance is a means-tested payment for women under 66 years of age, who have no dependent children and who were deserted by their husband and who do not qualify for Deserted Wife's Benefit. Women getting Deserted Wife's Allowance will automatically transfer to State Pension (Non-Contributory) when they reach 66 years of age.

One Parent Family Payment (OPF)

OPF is a payment for both men and women who, for a variety of reasons, are bringing up a child(ren) without the support of a partner. A person who is unmarried, widowed, a prisoner's spouse, separated, divorced or whose marriage has been annulled and who is no longer living with his/her spouse is eligible to apply for this payment. To get this payment you must meet certain conditions and you must satisfy a means test. If you are divorced or unmarried, you

must also have attempted to get maintenance from the child's other parent (father or mother). You may also be eligible for other benefits such as Fuel Allowance, Family Income Supplement, the Supplementary Welfare Allowance Scheme or a medical card.

Widows (non-contributory) pension

This pension is payable if a person is widowed and not entitled to a Widow's or Widower's (Contributory) Pension and can meet the other qualification requirements. Qualifications include the stipulations that one cannot be cohabiting, must satisfy a means test and be living in Ireland.

Supplementary Welfare Allowance (SWA)

Basic Supplementary Welfare Allowance is a weekly allowance paid to people who do not have enough means to meet their needs and those of their qualified adult or any qualified children. If your weekly income is below the Supplementary Welfare Allowance rate for your family size, a payment may be made to bring your income up to the appropriate Supplementary Welfare Allowance rate. If you have claimed a social welfare benefit or pension but it has not yet been paid and you have no other income, you may qualify for Supplementary Welfare Allowance while you are awaiting payment. You will normally qualify for Supplementary Welfare Allowance if you satisfy the following conditions; you are living in the state, you satisfy the means test, you have applied for any other benefit/allowance you may be entitled to, you satisfy the habitual residence test and you have registered for work with the Irish National Training and Employment Authority, FÁS, if you are of working age.

SWA also encompasses other benefits such as:

-Rent Supplement (a form of Housing Benefit)

If you are having difficulty paying your rent and you are getting a social welfare or Health Service Executive² payment, you may qualify for a Rent Supplement.

-Mortgage Interest Supplement (a form of Housing Benefit)

If you are having difficulty paying your mortgage and you are getting a social welfare or Health Service Executive payment, you may qualify for a Mortgage Interest Supplement.

-Exceptional Needs Payments

If you are getting a social welfare or Health Service Executive payment, you may qualify for a once off payment to meet an exceptional need. There is no automatic entitlement to this payment each application is determined by the Health Service Executive based on the particular circumstances of the case. An exceptional needs payment covers essential, once-off exceptional spending that you could not reasonably be expected to meet out of your weekly income

-Urgent Needs Payments

Urgent Needs Payments are normally made to assist with immediate needs such as food and clothing right after a fire or flood. Depending on your situation you may have to pay back all or part of what you have been paid, for example if you are working or have settled an insurance claim.

-Dietary Supplement

Any person who is receiving a Social Welfare or Health Service Executive payment and who has been prescribed a special diet as a result of a specified medical condition, and whose means

² The Health Service Executive administers the Domiciliary Care Allowance scheme, the Back to School Clothing and Footwear Allowance scheme.

are insufficient to meet his/her needs, may qualify for a diet supplement under the supplementary welfare allowance scheme.

-Back to School Clothing and Footwear Allowance

This allowance is intended to help towards the cost of children's school uniforms and footwear at the beginning of the school year. The scheme is administrated by the Health Service Executive and operates from the beginning of June to the end of September each year.

-School Meals Scheme

The School Meals Program operated by the Department of Social and Family Affairs provides funding towards provision of food services for disadvantaged school children through the Urban School Meals Scheme for primary schools and the non-statutory School Meals (Local Projects) Scheme.

Guardian's Payment (non-contributory)

A guardian's payment may be made to a person taking care of an orphan. It is not necessary to be a legally appointed guardian. A guardian's payment may be paid to you if the orphan lives with you and you are responsible for his or her care. The payment must benefit the orphan. If an orphan is attending a full-time education course, is aged between 18 and 22 years of age and is not living with or in the care of a guardian, the payment can be paid directly to the orphan. This is a non-contributory payment for children who are not entitled to the contributory payment. The means test for this is based on the child's means. Payment is made to the child's guardian up to the child's 18th birthday or 22nd birthday if they are in full-time education.

Disability Allowance

Disability Allowance(DA) is a weekly allowance paid to people with a disability. You can get DA from 16 years of age. To qualify for you must: Have an injury, disease or physical or mental disability that has continued or may be expected to continue for at least one year, as a result of this disability be **substantially restricted** in undertaking work that would otherwise be suitable for a person of your age, experience and qualifications and be aged between 16 and 66. You must also satisfy a means test and the Habitual Residence Condition. When you reach 66 years of age you will no longer qualify for DA, but you will be assessed for a state pension.

Jobseeker's Allowance

Jobseeker's Allowance is a weekly payment made to unemployed people who do not qualify for Jobseeker's Benefit or who have used up their entitlement to that benefit. It is paid subject to a means test. You must be unemployed to get Jobseeker's Allowance. However, you may get a proportion of your Jobseeker's Allowance if your days at work are reduced or if you can only get part-time or casual work. Income from work will affect the amount of Jobseeker's Allowance you get.

Farm Assist

Farm Assist is a means-tested income support scheme for farmers in Ireland. It is similar to Jobseeker's Allowance, but has a more generous means test. In addition, you do not need to be available for work in order to qualify for Farm Assist. In order to qualify for Farm Assist, you must be a farmer, farming land in the State, aged between 18 and 66 and satisfy a means test. The means test takes account of virtually every form of income but assesses it in different ways and disregards various amounts. There are different rules applying to income from farming and other forms of self-employment, income from certain schemes, income from employment and income from property and capital.

Back to work allowance

The Back to Work Allowance Scheme encourages unemployed people (among others) to take up employment. The Scheme is aimed at people getting a social welfare payment for a certain period of time. In the Supplementary Budget April 2009 it was announced that the Back to Work Allowance scheme is closed to new applicants from 1st May 2009.

Back to enterprise allowance

The Back to Work Enterprise Allowance (BTWEA) scheme encourages people getting certain social welfare payments to become self-employed. People taking part in the Back to Work Enterprise Allowance scheme can keep a percentage of their social welfare payment for up to two years. From 1st May 2009, the qualifying period required for BTWEA is reduced from two years to 12 months provided you have an underlying entitlement to Jobseeker's Allowance.

Back to education allowance

If you are unemployed, getting a One-Parent Family Payment or have a disability, you may be able to pursue approved second-or third-level education courses through the Back to Education Allowance scheme. Participants in the scheme get a standard rate of payment that is not means-tested. The allowance is payable for the duration of the course.

Part time job incentive scheme

The Part-Time Job Incentive (PTJI) Scheme allows certain long-term unemployed people to take up part-time work and get a special weekly allowance instead of their jobseeker's payment. Recipients of the Part-Time Job Incentive Scheme must be available for and seeking full-time work while getting the payment.

Bereavement grant

A Bereavement Grant is a once-off payment made in respect of deaths that occur on or after 2nd February 1999. Eligibility for this grant is not related to your ability to pay for the funeral. Your eligibility is usually based on PRSI contributions.

Widowed Person's Bereavement Grant

The Widowed Person's Bereavement Grant is a once-off payment to widows or widowers with dependent children whose spouse died after 1st December 1999. This grant is payable in addition to the Bereavement Grant.

Fuel Allowance

A Fuel Allowance is a payment under the National Fuel Scheme to help with the cost of heating your home. It is paid to people who are dependent on long-term social welfare or Health Service Executive (HSE) payments and who are unable to provide for their own heating needs. The scheme operates for 32 weeks from the end of September to May. Only one payment is paid to a household.

- *Contributory*

Carer's Benefit

Carer's Benefit is a payment made to insured persons in Ireland who leave the workforce to care for a person(s) in need of full-time care and attention. You can get Carer's Benefit for a total period of 104 weeks for each person being cared for. This may be claimed as a single continuous period or in any number of separate periods up to a total of 104 weeks. However, if you claim Carer's Benefit for less than six consecutive weeks in any given period you must wait for a further six weeks before you can claim Carer's Benefit to care for the same person again. If you are caring for more than one person, you may receive payment for each care recipient for

104 weeks. This may result in the care periods overlapping or running concurrently. Carer's benefit recipients also receive the Respite Care Grant, an annual payment made to carers by the Department of Social and Family Affairs (DSFA) in Ireland. Carers can use the grant in whatever way they wish.

Disablement Benefit

This benefit is paid of an individual suffers a loss of physical or mental faculty as a result of an occupational injury/disease while in insurable employment.

Incapacity Supplement

This is an extra supplement with Disablement Benefit. This can be paid to you if you suffer a loss of physical or mental faculty because of an accident at work, an accident travelling directly to or from work, or a prescribed disease contracted at work. Incapacity Supplement is an increase to Disablement Benefit where a person is considered to be permanently incapable of work as a result of an occupational accident/disease and does not qualify for another Social Welfare benefit such as Illness Benefit.

Illness Benefit

Illness Benefit is a payment made to insured people who are unfit for work due to illness. You must be under 66 years of age and covered by social insurance (PRSI).

Invalidity pension

Invalidity Pension is a weekly payment to people who cannot work because of a long-term illness or disability and are covered by social insurance. Normally, you must be getting Illness Benefit for at least 12 months before you claim Invalidity Pension. It may be possible to get Invalidity Pension after a shorter period if you are unlikely to be able to work for the rest of your life because of your illness or disability. At age 65, the rate of payment increases to the same rate as State Pension (Transition). At age 66, you will transfer to State Pension (Contributory).

Injury Benefit

This payment is made weekly if an individual is unfit for work due to an accident at work or has contracted a disease due to the type of work carried out e.g. from contact with physical or chemical agents.

State (Contributory) pension

State (Contributory) pension is a social insurance payment made to people aged 66 or over who satisfy certain conditions. A person may continue to work full time or part-time and get a State (Contributory) pension.

State (Transition) Pension

The State Pension (Transition) is paid to people aged 65 who have retired from work and who have enough social insurance contributions. It is not means-tested. In general, you must have been an employee and paying full-rate social insurance contributions, but a small number of self-employed people also qualify. At age 66, you will transfer to the State Pension (Contributory). You cannot work and get a State Pension (Transition). However, when you transfer to the State Pension (Contributory), at age 66, you can work and get your pension.

Widow's/Widower's (Contributory) pension

Widow's/Widower's (Contributory) Pension is a weekly payment to the husband or wife of a deceased person. Either you or your deceased spouse must have enough social insurance contributions (PRSI). To qualify you must be a widow or widower and you must not be living

with another person as man and wife. If you are divorced and you would have been entitled to a Widow's/Widower's (Contributory) Pension had you remained married, you keep your entitlement to the Widow's/Widower's (Contributory) Pension. The pension is payable regardless of other income. If widowed with dependent child, the One-Parent Family Parent Payment may be applied for.

Jobseeker's Benefit

Jobseeker's Benefit is a weekly payment made to insured people who are out of work.

Deserted Wife's Benefit

Deserted Wife's Benefit is made to women in Ireland who were deserted by their husbands. This payment was closed to new applications in January 1997, when the One-Parent Family Payment was introduced. Some women have continued to get Deserted Wife's Benefit because they qualified for the payment before 2nd January 1997 and have continued to meet the qualifying criteria. Entitlement to the payment is based on social insurance contributions paid by the woman or her husband. Women getting Deserted Wife's Benefit can also transfer to the State Pension (Contributory) when they reach 66 years of age.

Maternity Benefit

Maternity Benefit is a payment for employed and self-employed women who satisfy certain PRSI contribution conditions on their own insurance record. The payment is 70% of average reckonable weekly earnings/income in the relevant tax year, subject to minimum and maximum payment limits. Maternity Benefit is paid for 26 weeks.

Adoptive Benefit

Adoptive Benefit is a similar payment to Maternity Benefit for an adopting mother or a single male who adopts a child. It is also payable to both employees and self-employed people who satisfy certain PRSI contribution conditions on their own record. The payment continues for 10 weeks.

Paternity Benefit

Paternity Benefit is a similar payment to Maternity Benefit for people (other than the mother of the child) who are on paternity leave following birth or adoption placement. It is also payable to both employees and self-employed people who satisfy certain PRSI contribution conditions on their own record. The payment continues for 2 weeks.

Health and Safety Benefit

Health and Safety Benefit is a weekly payment for employed women who are pregnant or breastfeeding, and who are granted Health and Safety Leave by their employer. To qualify for Health and Safety Benefit, you must meet certain criteria and social insurance (PRSI) contribution conditions. Your employer will pay the first 21 days of your health and safety leave, and the Department of Social and Family Affairs will pay the remainder.

Guardian's Payment (Contributory)

A Guardian's Payment may be made to a person taking care of an orphan. If either parent or step-parent had worked at any time and paid PRSI for 26 weeks, the orphan is entitled to the Guardian's Payment (Contributory). This may be paid for an orphan living in the state or abroad and is not means tested. Payment is made to the child's guardian up to the child's 18th birthday or 22nd birthday if they are in full-time education.

- *In-Work benefit*

Family Income Supplement

Family Income Supplement (FIS) a weekly tax-free payment available to married or unmarried employees with children. It gives extra financial support to people on low pay. You will not qualify for FIS if you are only self-employed, you must be an employee to qualify. You must have at least one child who normally lives with you or is financially supported by you. Your child must be under 18 years of age or between 18 and 22 years of age and in full-time education. To qualify for FIS, your net average weekly family income must be below a certain amount for your family size.

- ***Other Benefits***

A further group of benefits payable to those in receipt of social welfare payments is known as the 'Households Benefits Package'. This consists of the Electricity Allowance, the Gas Allowance, the Bottled Gas Refill Allowance, the Telephone Allowance and the Free Television Licence.

Electricity Allowance

The Electricity Allowance covers normal standing charges and up to 2,400 units of electricity each year, (up to 400 units of electricity in each two-monthly billing period in summer and 400 units of electricity in each two-monthly billing period in winter). It cannot be paid at the same time as the Gas Allowance.

Gas Allowance

The Gas Allowance covers the standing charge and a certain amount of kilowatt hours each year for natural gas customers. The Gas Allowance cannot be paid at more than one address or at the same time as an Electricity Allowance.

Free TV Licence

Once you qualify for the Household Benefits Package³, you become eligible for a Free Television Licence from the next renewal date of your television licence.

Telephone Allowance

The Telephone Allowance is a payment towards your mobile phone **or** landline phone bill. You can get only one Telephone Allowance per household which can be used for either a mobile phone or landline but not both.

Eligibility for the household benefits package:

You may qualify for the Household Benefits Package if:

You are aged 70 or over or you are getting Carer's Allowance or you are caring for a person who is receiving Prescribed Relative's Allowance or Constant Attendance Allowance or you are between 66 and 70 and are receiving :

- State Pension (Contributory)
- State Pension (Non Contributory)

³ The Households Benefits Package consists of the Electricity Allowance, the Gas Allowance, the Bottled Gas Refill Allowance, the Telephone Allowance and the Free Television License.

- Widow's/Widower's (Contributory) Pension
- An ordinary Garda Widow's Pension from the Department of Justice and Law Reform
- An equivalent Social Security Pension/Benefit from a country covered by EU Regulations or from a country with which Ireland has a Bilateral Social Security Agreement
- and live alone or only with certain excepted persons (qualified adult, dependent children under the age of 18 or under the age of 22 if in full-time education, a person who is so incapacitated as to require constant care and attention for at least 12 months, a person who would qualify for the allowance in his/her own right (for example, a person getting an State Pension), a person who is providing you or someone in your household with constant care and attention if you or that person is so incapacitated as to require constant care and attention for at least 12 months)

or you are under 66 and are receiving:

- Invalidity Pension
- Blind Pension
- Incapacity Supplement or Workmen's Compensation with Disablement Pension (for at least 12 months)
- Disability Allowance
- An equivalent Social Security Pension/Benefit from a country covered by EU Regulations, or from a country with which Ireland has a Bilateral Social Security Agreement

and live alone or only with certain excepted persons.

Minimum Wage

The minimum wage in 2006 was €7.65 per hour. From July 2007 onwards it was €8.65 per hour. The minimum wage was briefly cut to €7.65 in 2011, commencing 1st February. The cut was reversed on 1st July 2011 and the minimum wage was returned to €8.65, increasing to €9.15 in 2016 and €9.25 in 2017.

- *Not strictly benefits*

Early Childcare Supplement was abolished in the 2009 budget and replaced by the free pre-school year of Early Childhood Care and Education (ECCE) for all children between the ages of 3 years 3 months and 4 years 6 months (began in January 2010). Student higher education grants are payable for third level students if income is below a certain level.

1.3 Social contributions

Pay Related Social Insurance (PRSI) contributions are made by both the employer and employee. PRSI is made up of a social insurance element (which goes into the Social Insurance Fund and goes towards payment of social welfare benefits) and a **health contribution** which goes directly to the Department of Health and Children to fund health services. A PRSI allowance exists below which employees do not have to pay the social insurance element but remain covered for benefits associated with PRSI contributions. Once income goes above this level all income (i.e. not just the amount above this exemption limit) is liable for PRSI. An earning ceiling also exists above which a cap is placed on the social insurance element. There are 11 different regimes for workers, each one with different contribution rules. Voluntary

Contributions can be paid if you are between the age of 16 and 66 and are no longer covered by compulsory PRSI by way of insurable employment, self-employment or credited contributions. The Payment of Voluntary Contributions can help maintain or improve contributory pension entitlements. They do not provide cover for any short term benefits such as Jobseekers, Illness, Maternity or Treatment Benefit.

1.4 Taxes

The Irish tax system incorporates the main elements familiar across industrialised countries – namely taxes on income, goods and services, capital transfers, profits, and property together with a system of social insurance contributions. Particular features of the Irish system and the balance between these types of taxation merit brief discussion before turning to a detailed examination of Irish income taxation. The most important of these is the particularly prominent role that income tax itself plays, accounting for a larger share of total tax revenue than in most other European countries. This does not reflect any disinclination to tax goods and services – value added tax and excise taxes are a more significant source of revenue in Ireland than in many other industrialised countries. Rather, Ireland is unusual in having a relatively very low share of revenue coming from social insurance contributions.

Income tax in Ireland is characterised as being a progressive and joint system and whose tax base is based on gross income. Unlike continental systems, employee social insurance contributions are not tax deductible from gross wages to get the tax base on which income tax is based. The Pay As You Earn (PAYE) system is also used, as is a relatively simple combination of rates and bands. Unlike the UK system, married couples could opt to have their income taxed as one income source in 1998. Individualisation of the treatment for personal income tax was introduced in the 2000 Budget and expanded with the most recent one.

The tax base is the sum of earned income and unearned income less superannuation contributions (but not PRSI contributions) made to private pension funds. Earned income comprises of employee gross income (in other words total labour costs less employer social insurance contributions), self-employment income and farm income. Unearned income consists of income from investments and property plus public and private transfers such as private pension benefits, public pensions, unemployment benefits (less a deduction), other non means tested benefits and social assistance benefits. A number of incomes are exempt from taxation. These include child benefits and the child components of social assistance and insurance benefits.

The main tax categories are shown below with a brief description of each.

Value Added Tax (VAT)

VAT is a tax on consumer spending. It is collected by VAT-registered traders on their supplies of goods and services effected within the State, for consideration, to their customers. Generally, each such trader in the chain of supply from manufacturer through to retailer charges VAT on his or her sales and is entitled to deduct from this amount the VAT paid on his or her purchases.

Income Tax

Subject to certain exceptions and exemptions, income tax is chargeable on all income arising in the State to individuals, partnerships and unincorporated bodies.

The most common form of income tax is Pay As You Earn (PAYE) deducted by employers from pay. Self-assessment applies to the self-employed and those with income from non-PAYE sources.

Corporation Tax

Corporation Tax is charged on all profits (income and gains), wherever arising, of companies resident in the State, with some exceptions, and non-resident companies who trade in the State through a branch or agency.

Customs and Excise

A European Union excise regime governs the production, processing and holding of excisable products under duty-suspension, within each Member State as well as all intra-Union movement of excisable products. There are three categories of excisable products - mineral oils, alcohol and alcoholic beverages, and manufactured tobacco. Excise duties are also chargeable on certain premises or activities (e.g. on betting and licenses for retailing of liquor).

Stamp Duty

Stamp duty covers duties payable on a wide range of legal and commercial documents, including (but not limited to) conveyances of property, leases of property, share transfer forms and certain agreements. They may be either ad valorem or a fixed amount. They also include duties and levies payable by reference to statements. These duties and levies mainly affect banks and insurance companies and include a duty in respect of financial cards (e.g. Credit, ATM, Laser and Charge cards) and levies on certain insurance premiums and certain statements of interest.

Capital Gains Tax

Capital Gains Tax (CGT) is chargeable on gains arising on the disposal of assets. Any form of property (other than Irish currency) including an interest in property (as, for example, a lease) is an asset for CGT purposes.

Agricultural Levies

In addition to normal custom duties, the EU collects variable import levies on agricultural products.

Deposit interest retention tax (D.I.R.T.) is deducted at source by deposit takers (e.g. banks, building societies, Credit Unions, Post Office Savings Bank, etc.) from interest paid or credited on deposits of Irish residents.

Dividend Withholding Tax at the standard rate of income tax applies to dividend payments and other distributions made by an Irish resident company (and where provided for by double taxation treaty foreign dividends paid through an Irish intermediary), with some exceptions.

The **Environmental Levy** was introduced in 2002 by the Department of the Environment, Heritage and Local Government as a means of reducing the consumption of plastic shopping bags. Currently, the levy is 22 cent per shopping bag. Retailers who supply plastic bags to customers are required to charge the levy at point of sale.

A **withholding tax**, at the rate of 20%, is deductible at source from payments for "professional services" made to individuals and companies by "accountable persons" (Government Departments, local authorities, health boards, State bodies, etc.). The tax applies generally to fees and similar payments made by listed accountable persons but does not apply to payments already covered by PAYE or the construction industry tax deduction scheme. The tax also applies to payments made by health insurers under contracts of insurance to cover fees for services provided by medical practitioners in certain circumstances. The tax is charged on payments net of value-added tax.

Relevant Contracts Tax (RCT) applies to payments made by a principal contractor to a subcontractor under a relevant contract (this is a contract to carry out, or supply labour for the performance of relevant operations in the construction, forestry or meat processing industry).

RCT applies to both resident and non-resident contractors operating in the construction, forestry or meat processing industry.

Tonnage tax is an alternative to Corporation Tax to which certain shipping companies may elect to have their profits charged, subject to certain conditions.

Vehicle Registration Tax is chargeable on registration of a motor vehicle in the State. Every motor vehicle in the State, other than those brought in temporarily by visitors, must be registered with Revenue and VRT paid by the end of the next working day following its arrival in the State. A vehicle must be registered before it can be licensed for road tax purposes.

2. SIMULATION OF TAXES AND BENEFITS IN EUROMOD

2.1 Scope of simulation

This chapter describes the principal features of the Irish tax-transfer system and describes how the system is simulated in the Irish module in EUROMOD. Not all the taxes and benefits mentioned in the previous section are simulated by EUROMOD. Some are beyond its scope entirely and are neither included in the EUROMOD database nor in its output income variables. Others are not possible to simulate accurately with the available data. Table 1 classifies each of the main tax-benefit instruments (and some minor ones introduced above) into one of these three groups and provides a brief explanation as to why the instrument is not fully simulated if this is the case.

Table 1. Simulation of benefits in EUROMOD

Payment	Treatment in EUROMOD	Why not fully simulated?
Universal Payments		
Child Benefit universal payment	S	
Early Childcare Supplement universal payment	S	
Non-Contributory		
Blind persons pension	IA	Blindness not known
Carers allowance	IA	Data on caring role are weak
State non-contributory pension	S	
Pre-retirement allowance	IA	
Deserted wives allowance	IA	
One Parent Family Payment	S	
Widows non-contributory pension	S	
Supplementary welfare allowance	PS	
Guardian's Payment (Non-Contributory)	IA	V. small number. Contingency (care of orphan) not in data
Disability Allowance	PS	For long term sick/disabled, not insured - little or no data
Jobseeker's Allowance	S	
Farm Assist	IA	
Rent and mortgage supplement (means-tested)	I	Possible measurement/take-up issues
Domiciliary Care Allowance	E	Not in the national SILC file
Widowed parent grant	E	No cases in the national SILC file
Back to work allowance	IA	Phased payment rate, depends on year

Payment	Treatment in EUROMOD	Why not fully simulated?
Back to enterprise allowance	IA	Phased payment rate, depends on year
Back to education allowance	IA	
Back to school clothing & footwear allowance	IA	Not possible to uniquely identify recipients in the UDB
Part time job incentive scheme	E	No cases in the national SILC file
Bereavement grant	IA	One-off payment
Fuel Allowance	S	
Electricity Allowance	S	
Gas Allowance	S	
Free TV Licence	I	
Telephone Allowance	I	
Contributory		All contributory benefits are dependent on having sufficient social insurance contributions. Receipt is taken as an indicator of eligibility.
Carers benefit	IA	
Disablement Benefit	IA	
Incapacity Supplement	E	Not in the national SILC file
Illness Benefit	PS	
Continued...		
Invalidity pension (contributory)	PS	
Injury benefit (contributory)	PS	
State contributory pension	PS	
State Pension (Transition) (contributory)	PS	
Widows contributory pension	PS	
Jobseeker's Benefit	PS	
Deserted wives benefit (contributory)	IA	
Maternity benefit	PS	
Adoptive Benefit	E	No cases in the national SILC file
Paternal Benefit	E	Not disaggregated in the data
Health and Safety Benefit	E	No cases in the national SILC file
Guardian's Payment (Contributory)	IA	
In-Work Benefit		
Family Income Supplement	S	

Notes: “-”: policy did not exist in that year;
 “E”: *excluded* from the model as it is neither included in the micro-data nor simulated;
 “I”: *included* in the micro-data but not simulated;
 “IA”: included in the micro-data in an aggregated variable but not simulated
 “PS”: *partially simulated* as some of its relevant rules are not simulated;
 “S”: *simulated* although some minor or very specific rules may not be simulated;

Table 2. Simulation of taxes and social contributions in EUROMOD

	Variable name(s)	Treatment in EUROMOD
Income Tax	tin_s	S
Pay Related Social Insurance	tscer_s, tscee00_s, tscse00_s	S

Health Levy	tschl_s	S
Income Levy (1 st May 2009)	txc_s	S
Superannuation	tpceepi_s	S
Public Sector Pension Related Deduction (since 2009)	tsceepb_s	S
Universal Social Charge (since 2011)	txcin_s	S
Household charge (since 2012)	tprhm00_s	S

2.2 Structural policy changes

- ***Structural changes between 2014 and 2015***

The tax schedule of the universal social charge was changed. An additional band was added at the top for surcharged rates of individuals aged below 70 for non PAYE (employment) income.

The bands in the income tax schedule were also widened.

- ***Structural changes between 2015 and 2016***

In 2016, the Earned Income Tax Credit was introduced, which is calculated at 20% of an individual's earned income excluding the earned income taken into account for the PAYE employee tax credit.

A series of home purchase tax incentives (e.g. Help to Buy Scheme, Home Renovation Incentive Scheme) have been introduced and changed since 2015. However, these cannot be simulated due to lack of information about home purchase in the data.⁴

- ***Structural changes between 2016 and 2018***

Loans taken out on or after 1 January 2013 do not qualify for Mortgage Interest Relief. The relief was to be abolished from the end of 2017 and subsequent tax years. To be extended to 2020 in Budget 2018.

Only parametric changes have taken place between 2016 and 2018.

2.3 Order of simulation

- ***Order of simulation in 2015-2018***

The following table shows the order in which Irish policies are simulated in the model.

⁴ For more information see: <https://www.kpmg.ie/budget2017/assets/budget-2017-tax-rates-credits-201016-2.pdf>

Table 3. EUROMOD Spine: order of simulation

Policy	IE_2015	IE_2016	IE_2017	IE_2018	Description of the instrument and main output
setdefault_ie	on	on	on	on	DEF: SET DEFAULT
uprate_ie	on	on	on	on	DEF: UPRATING FACTORS
ConstDef_ie	on	on	on	on	DEF: CONSTANTS
ilsdef_ie	on	on	on	on	DEF: STANDARD INCOME CONCEPTS DEF: STANDARD INCOME CONCEPTS
ilsUDBdef_ie	on	on	on	on	(UDB)
ildef_ie	on	on	on	on	DEF: NON-STANDARD INCOME CONCEPTS
tundef_ie	on	on	on	on	DEF: ASSESSMENT UNITS
InitVars_ie	on	on	on	on	DEF: initialise variables SWITCH: Benefit Take-up Adjustments (ON=non take-up; OFF=full take up)
BTA_ie	switch	switch	switch	switch	
yem_ie	off	off	off	off	DEF: Minimum wage DEF: recode negative incomes (e.g. self-employment income) to zero
neg_ie	on	on	on	on	
AMtesting_ie	on	on	on	on	DEF: common asset and means-tests SIC: Public Sector Pension Related Deduction
tsceepb_ie	on	on	on	on	(since 2009) SIC: employee social insurance contributions (Pay Related Social Insurance, PSRI, and superannuation)
tscee_ie	on	on	on	on	SIC: employer social insurance contributions (Pay Related Social Insurance, PSRI)
tscer_ie	on	on	on	on	
tscse_ie	on	on	on	on	SIC: self-employed social insurance contributions SIC: health contribution levy (paid by employees and self-employed; abolished in 2011)
tschl_ie	off	off	off	off	
txc_ie	off	off	off	off	TAX: income levy (since 2009)
txcin_ie	on	on	on	on	TAX: universal social charge (since 2011)
tprhm00_ie	off	on	on	on	TAX: household charge (since 2012)

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tinwhOn_ie	on	on	on	on	TAX: personal income tax (switch on PAYE)
tin_ie	on	on	on	on	TAX: personal income tax
tinwhOff_ie	on	on	on	on	TAX: personal income tax (switch off PAYE)
psuwdct_ie	on	on	on	on	BEN: widow's contributory pension
bma_ie	on	on	on	on	BEN: maternity benefit
pdi_ie	on	on	on	on	BEN: invalidity pension BEN: state pension (transition) & state pension (contributory)
poact_ie	on	on	on	on	BEN: injury benefit
bhl_ie	on	on	on	on	BEN: illness benefit (previously disability benefit)
bdict_ie	on	on	on	on	BEN: jobseeker's benefit
bunct_ie	on	on	on	on	BEN: state pension (non-contributory)
poanc_ie	on	on	on	on	BEN: one parent family payment
bfalp_ie	on	on	on	on	BEN: widow's non-contributory pension
psuwdnc_ie	on	on	on	on	BEN: disability allowance
bdinc_ie	on	on	on	on	BEN: jobseeker's allowance
bunnc_ie	on	on	on	on	BEN: select optimal benefit bundle & adjust benefit durations
optim_ie	on	on	on	on	BEN: basic supplementary welfare allowance
bsa00_ie	on	on	on	on	TAX: personal income tax (repetition of policy with order 19)
tin_ie	on	on	on	on	BEN: family income supplement
bwkmt_ie	on	on	on	on	BEN: child benefit
bch_ie	on	on	on	on	BEN: early childcare supplement (abolished in 2010)
bcc_ie	off	off	off	off	DEF: STANDARD OUTPUT INDIVIDUAL LEVEL
output_std_ie	on	on	on	on	DEF: STANDARD OUTPUT HOUSEHOLD LEVEL
output_std_hh _ie	off	off	off	off	

Three technical aspects are worth pointing out:

- Non take-up modelling (of Family Income Supplement) can be controlled by switching on/off “nontakeup_ie” policy in the spine. Non take-up is modelled for FIS if switched on (the default option) while full compliance for FIS is assumed when it is switched off.
- The Irish benefit system has a unique benefit optimisation where in principle the most generous benefit of all those a person as an individual or as a couple can claim, is paid. Due to this (most of) pension/benefit combinations are calculated first and then the optimal choice and final pension/benefit values determined in the optimisation routine (“optim_ie”).
- In the first run of income tax, tax withheld from employment income is calculated (i.e. PAYE) while in the second run, (final) income tax applicable to the whole tax base is calculated.

There are further dependencies between the instruments determining the order of simulation:

- Application of minimum wage (if switched on) can alter employment earnings which would in turn affect most of other instruments.
- Employee and employer SIC (i.e. PRSI) are applied on earnings net of superannuation and Public Sector Pension Related Deduction (since it was introduced).
- PAYE, Health Levy and Income Levy (since it was introduced) are needed for benefits means-tested on net income.
- Contributory benefits are calculated first, followed by means-tested benefits. This allows to simplify the benefit optimisation by calculating dependent adult components of means-tested benefits only if the spouse/partner is not in receipt of a contributory benefit on her/his own.
- Basic Supplementary Welfare Allowance is a residual means-tested benefit simulated after other benefits except Family Income Supplement (which is an in-work benefit) and universal benefits.
- Most of contributory and means-tested benefits are taxable, universal benefits are not.

2.4 Social benefits⁵

There are broadly four types of social welfare payments operating in Ireland namely non-contributory (social assistance), contributory (social insurance), universal payments and in-work benefits. A person or a couple could be eligible for several non-contributory or contributory benefits in which case the most beneficial combination is awarded. Furthermore, it can matter whether a couple claims jointly or separately adding complexities to this optimisation.

2.4.1 Determining the optimal combination of social welfare entitlements (optim_ie)

The very detailed approach implemented for Ireland in earlier versions of EUROMOD, and in the national model, SWITCH, is not supported by the data available from the UDB. In particular, the provisions regarding optimisation may be either impossible, or, even if

⁵ See Appendix A in Keane et al. (2012) for further details on non-simulated benefits.

technically feasible, unlikely to warrant the extra time and effort involved. What is proposed here is an approach that captures key elements of the system.

2.4.1.1 Single person

- 1) If in receipt of a contributory benefit, then
 - a) model amount of benefit received (partial simulation=PS), which may depend on age, number of dependent children
 - b) mark this case as ineligible for other “personal benefits” on contributory or non-contributory system – may still be eligible for some supplements such as Family Income Supplement or Rent and Mortgage Supplement
- 2) Otherwise, establish whether a means-tested benefit (MTB) is payable. The approach here is to establish which type of MTB the individual is eligible for, and then assess means using the relevant means-test. If the amount payable (=maximum rate for the MTB *less* the means assessed) is positive, then the individual is simulated as receiving the benefit, and marked as ineligible for other benefits.
 - a) Age \geq 66, then assess for State Non Contributory Pension (Since 29th September 2006 payment of One-Parent Family Payment will no longer be made to persons aged 66 years and over. One-Parent Family Payment Customers will instead be entitled to apply for the State Pension (Non-Contributory)).
 - b) Age \geq 18 and Age \leq 65
 - i. Has \geq 1 dependent child
 1. Eligible for One-Parent Family Payment
 2. Assess means, payment $>$ 0?
 - ii. Has no dependent children & marital status=widowed
Assess for widows non-contributory pension.
 - c) Otherwise, if in receipt of one of the means-tested illness payments (using receipt for eligibility as info on medical condition is insufficient)
 - i. Make eligible for that payment
 - ii. Assess means, size of payment
 - d) If ‘available for work’ and/or in receipt of Jobseeker’s Allowance
 - i. Make eligible for UA
 - ii. Assess means, size of payment
 - e) Supplementary Welfare Allowance is the residual scheme – most of those on this scheme are actually entitled to something else, so few will be modelled on the scheme.
- 3) Supplementary payments
 - a) Family Income Supplement

- i. Depends on net earnings and number of children, hours ≥ 19 ?
- b) Rent and Mortgage Supplement
 - i. Varies by location – location variable in UDB may be absent or very restrictive.
 - ii. Rules on maximum rent allowable
 - iii. Depends on net income after tax and PRSI compared with basic social welfare payment rates.

- ***EUROMOD notes***

In the first step, all benefits someone is entitled to are still calculated in the model. It is only in the second step when the approach above is imposed. This allows more flexibility in changing underlying assumptions (if necessary) as well as checking their validity.

If someone is observed in receipt of several contributory benefits (e.g. could have received each for part of the year) then the one with highest entitlement is chosen in the model and simulated as if received for the full year (if possible).

2.4.1.2 Couples

Social welfare for each couple should allow for the possibility that

- One spouse claims a benefit and claims an increase for a qualified adult
- Each spouse claims benefit/assistance payments in their own right

Whichever combination gives the maximum amount for the couple will be awarded. For example, couples are often financially better off if they receive one personal rate payment and an increase for a qualified adult rather than both claiming a personal rate of payment independently.

The optimization routine is then similar to the above single case. Although contributory benefits are not means tested, adult dependant allowances under the contributory schemes are. The optimization routine for a couple is therefore:

- 1) If both spouses are eligible for (i.e., receive in the data) a contributory benefit then this will be the optimal combination for them
- 2) If one spouse is eligible for a benefit (mtb or contributory) and the other is not eligible for any benefit then the best option is to take the benefit for which they are eligible, and model the IQA to which they may be entitled.
- 3) If both spouses are eligible for a means-tested benefit, or one for contributory and one for means-tested rate, then the outcome depends on whether they are of pension age or working age
 - a) For pension age, means are assessed jointly and halved. Then each partner's potential claim can be assessed independently. If they would obtain more from taking one benefit and an IQA, then this is allocated instead.
 - b) For working age, the total payment on Jobseeker's Assistance is limited to the couple rate; and if one partner is on JB and the other potentially on JA, there is also a limitation in force such that the maximum payment is JB personal rate plus IQA. The means-testing arrangements for JA and JB are described in section 2.4.1.1.

4) Supplementary payments

a) Family Income Supplement

Depends on net earnings and number of children, hours ≥ 19 . Couple can combine their work hours to reach this level if required.

b) Rent and Mortgage Supplement

Varies by location – location variable in UDB is very restrictive.

Rules on maximum rent allowable – different rates for couples versus singles (see Table 1 in the country report ‘Maximum rent levels for the assessment of rent supplement’)

Depends on net income after tax and PRSI compared with basic social welfare payment rates.

2.4.2 Non-Contributory Benefits ⁶

Social assistance (non-contributory) schemes are contingency-based and PRSI (social insurance) contributions are not necessary or required. Stricter eligibility criteria apply and in most cases a means test is undertaken before eligibility is certified. There are two components to the means test for non-contributory benefits: an asset means test and an income means test. The actual income from investments, property (not including home) and savings is not used as part of the income means test. A formula is applied to the value of the assets to get a value of asset means. The formula depends on the benefit entitled to. Once the asset means are calculated, they are added to other sources of income in order to calculate a unit’s means. Incomes counted towards means include all sources of earnings, while social welfare incomes do not count as means (in most cases). For applicants for Jobseeker’s Allowance who are living with their parents, means are augmented by a formula (“benefit and privilege”) based on parental income.

2.4.2.1 State (Non-Contributory) Pension (poanc_ie)

- *Brief description*

Applies when it has been established that the applicant is not eligible for the State (Contributory) Pension.

- *Eligibility conditions*

In order to qualify, an applicant must be aged 66 or over, living in Ireland and satisfy a means test.

- *Income test*

The means test covers any income the applicant and his/her spouse including property (except the family home) or any asset that could provide an income. The yearly value of any advantage the applicant and spouse have from owning or leasing a farm is also assessed as income. If a spouse/partner is getting any social welfare payment (contributory or non-contributory) in his/her own right, this will not be counted as means.

⁶ Note that the description of the means test and means calculation for non-contributory benefits can be found in section 2.3.1.1.

The actual income from investments and money in a savings account is not taken directly as means. Instead, the investment items are added together and a formula is used to work out the applicable means, see section 2.4.1.1. Investment items include cash value of investments and property, money in a savings account, cash-in-hand and monies held in a current account. If working the first €200 of net weekly earnings from employment disregarded. Means are then subtracted from the maximum payment entitled to determine the personal rate and qualified adult increase amount received as a State Non-Contributory Pension. (For couples, means are aggregated and then halved, with each spouse treated as having half of the aggregate means – this is known as the “moiety” treatment of means). In 2006 a weekly means of €7.60 was disregarded, this increased to €30 for 2007-2018.

- ***Benefit amount***

The payment is made up of a personal rate plus an extra allowance for a partner provided this person is not getting any social welfare payment in his/her own right. The allowance for partner/spouse is graduated in line with the applicable personal rate. See Table 13 for the personal, adult dependant and child dependant rates for 2011-2018. See Welfare.ie⁷ for the graduated personal and adult dependant rates which depend on the weekly means available. These rates for this and other benefits are approximated linearly in the model. However, this is the only means-tested scheme which allows a spouse/partner to claim the whole personal rate if they are entitled to it in their own right (i.e. aged 66 or over). Extra increases were payable for dependent children (i.e. under 18 or 18-22 in full time education). A half-rate child dependant payment will be made if you have a spouse but are not eligible for a qualified adult increase or if your spouse/partner is getting a social welfare payment in their own right (in which case they will also receive a half rate child dependant increase). Additional allowances, such as the Living Alone Allowance at, an Over 80 Allowance and a Fuel Allowance may also be applicable. Other increases such as the Living Alone Allowance, Over 80 Allowance, child dependant allowance and Fuel Allowance increases are not affected by this means test.

2.4.2.2 One-Parent Family Payment, previously known as Lone Parents Allowance (bfalp_ie)

- ***Brief description***

OPF is a payment for both men and women who, for a variety of reasons, are bringing up a child(ren) without the support of a partner. A person who is unmarried, widowed, a prisoner’s spouse, separated, divorced or whose marriage has been annulled and who is no longer living with his/her spouse/partner is eligible to apply for this payment.

- ***Eligibility conditions***

To qualify, the applicant must have the main care and charge of at least one child who is living with them. The applicant cannot be cohabiting, that is, living with someone as husband and wife. If separated/divorced, the applicant must have been separated for at least 3 months and have made efforts to get maintenance from his/her spouse/former spouse.

- ***Income Test***

An income disregard per week exists for the One Parent Family Payment. Weekly means of €7.60 are disregarded (2006-2009). The payment (personal rate only) is withdrawn on a euro for euro basis as means increase. Rates for 2011-2018 are available in Table 13.

⁷ <http://www.welfare.ie/en/Pages/Payments-for-retired-or-older-people.aspx>

If awarded the allowance and earnings later exceeded €375 per week in 2006 (the amount was €400 from May 2007 and €425 from May 2008), payment is not stopped immediately. One half of the allowance is paid for six months from the date that earnings increased. Payment then stops completely. Maintenance payments are assessed, whether voluntary or paid because of a court order. This payment is regarded as income for income tax purposes.

- ***Benefit amount***

There is a separate personal rate of payment under this scheme for claimants under 65 and 65 years of age or older plus a payment for each child dependant (a qualified child is a child under 18 years of age or aged 18-22 and in full-time education). An additional weekly supplement of is payable if aged over 80 and is not affected by the means test. Since 29th September 2006 the One-Parent Family Payment was no longer be made to persons aged 66 years and over. One-Parent Family Payment recipients were instead entitled to apply for the State Pension (Non-Contributory). See Table 13 for the rates from 2007-2018. If in employment while receiving One Parents Family Payment, the recipient is exempt from the Health Contribution Levy irrespective of the level of earnings.

2.4.2.3 Disability Allowance, previously known as Disabled Persons Maintenance Allowance (bdinc_ie)

- ***Brief description***

It is a weekly allowance paid to people with a disability who are aged 16 or over and under age 66.

- ***Eligibility conditions***

The disability must be expected to last for at least one year and the allowance is subject to both medical suitability and a means test. DA is not payable to a person who is considered to be in full-time residential care but a partial payment may be paid if a person spends part of a week in such a facility. The disability must be expected to last at least one year.

- ***Income test***

Items counted as means for the applicant and their spouse/partner include net income (i.e. gross income excluding PRSI, trade union dues and superannuation/contribution to a pension fund), property (except the principal private residence) or an asset that could bring in money and provide the applicant (and their spouse/partner if applicable) with an income. Investments and savings are assessed as in section 2.4.1.1 the principal sum and are added together with savings, cash-in-hand or in a current account. Social welfare payments received by other members of the household, an exemption on spouse/partner's earnings, capital assets valued up to €50,000 and higher education grants are exempted from consideration as means for the purposes of this allowance. Prior to September 2007 means were compared with the family rate with possible tapered IQAs, i.e. the sum of the personal rate and any increases payable for an adult or children. After September 2007 this "double means testing" was abolished i.e. whereby the increase for a qualified adult was first means-tested on spouse's earnings. Post September 2007 the maximum rate payable to all couples, before assessment of means, is equivalent to the maximum personal rate and the maximum QA rate. Tapered QAA rates were therefore abolished. The first €120 of net weekly earnings from employment of a rehabilitative nature is disregarded, together with half of any additional earnings up to €350 per week. The first €2.50 of weekly means is disregarded. If the claimant has a spouse/partner in employment a disregard of €20.00 a day also applies to the spouse/partner for a maximum of three days a week

(maximum €60.00 a week) and the balance is assessed at 60%. Prior to September 2007 where a person had no qualified child dependants, €12.70 earnings for each day worked are disregarded from the average net weekly earnings, and 60% of the balance assessed against the weekly rate of JSA.

The payment is withdrawn on a roughly euro for euro basis as means increase. The maximum weekly means was €167.50 in 2006, €185 in 2007, €197.50 in 2008 and €202.50 in 2009. Rates for 2011-2018 are available in Table 13.

- ***Benefit amount***

The payment is made up of a personal rate payment. A qualified adult dependant allowance is also payable if the recipient of disability allowance was living with a spouse/partner. See Welfare.ie⁸ which shows how the adult dependant rate is reduced in line with the means assessment (until 2007 in the case of Disability Allowance). The relevant child dependant allowance is an additional increase of €16.80 per week. A half-rate child dependant payment will be made if you have a spouse but are not eligible for a qualified adult increase or if your spouse/partner is getting a social welfare payment in their own right (in which case they will also receive a half rate child dependant increase). A €7.70 weekly payment is payable if living alone, this amount is unaffected by the means test.

2.4.2.4 Widows Non-Contributory Pension (psuwdnc_ie)

- ***Brief description***

This pension is payable if a person is widowed and not entitled to a Widow's or Widower's (Contributory) Pension and can meet the other qualification requirements.

- ***Eligibility conditions***

Qualifications include the stipulations that one cannot be cohabiting, must satisfy a means test and be living in Ireland.

- ***Income test***

The first €7.60 of means is disregarded (2006-2012) as is some of the recipients earnings if in employment. See section 2.4.1.1 for a description of the means assessment. The weekly means limits for 2006-2010 were €185.10, €190.10, €202.60 and €205.10, €200.10 respectively and €192.60 in 2011/2012 above which the benefit was not payable. Between the income disregard and the means limit the personal rate is tapered. There is a separate maximum personal rate for those under 66 and for the over 66's. See Table 13 for the 2011-2018 maximum personal rates.

- ***Benefit amount***

The Widows Non-Contributory Pension payment depends on the recipient's means. The payment is made up of separate personal payments for those under 66 and for those over 66. Payment is reduced if the claimant has additional income, see 0. An additional weekly supplement of €7.70 is paid if the widowed recipient is aged over 66 and living alone with a second addition of €10 per week if aged over 80. These increases are not affected by the means test. See Table 13 for the 2011-2018 rates. In addition to payments under this pension; a recipient may also claim half the personal rate of Jobseeker's Benefit, Illness Benefit, Maternity

⁸ <http://www.welfare.ie/en/Pages/Increase-for-a-Qualified-Adult.aspx>

Benefit and other related schemes. Since the 29th September 2006 the Widows Non-Contributory Pension was no longer be made to persons aged 66 years and over who were instead made entitled to apply for the State Pension (Non-Contributory).

2.4.2.5 Basic Supplementary Welfare Allowance (bsa00_ie)

- ***Brief description***

Basic Supplementary Welfare Allowance (SWA) is a weekly payment made to people whose means are insufficient to meet their needs and those of their dependants. Depending on means, most applicants qualify for Supplementary Welfare Allowance while their claim for a social welfare payment is being processed.

- ***Eligibility conditions***

To qualify, one must (a) satisfy a means test, (b) have applied for other benefits/allowances to which one might be entitled, (c) have registered with FÁS, the manpower service, if of working age and (d) be living in Ireland. The lower age limit for receiving this payment is 17. Persons aged over 66 cannot apply for SWA. It is not normally paid to those in full-time education.

- ***Income test***

See section 2.4.1.1.

- ***Benefit amount***

The payment is made up of a personal rate and extra amounts for dependants. If the applicant has no means, he/she will be entitled to the maximum rate of €65.80 per week. If there are means of a low level, the payment will bring the total income up to the maximum appropriate rate of Supplementary Welfare Allowance (the benefit is reduced on an approximately one for one level). A qualified adult dependant (i.e. a spouse/partner) increased the total payment while an extra payment was payable for each child dependant. See Jobseeker's Allowance rates (Table 13) for the 2011-2018 rates. Prior to September 2007 QIAs were tapered in line with the main claimants means. Under the new means assessment (from 26th September 2007) a family rate less means applies without tapered increases for qualified adults, with this full family rate compared to means to calculate the actual rate payable. The family rate is therefore based on a personal rate, a full qualified adult rate and full qualified child rate less means.

- ***EUROMOD notes***

This benefit is only part-simulated due to unavailability of information to simulate correctly the eligibility conditions.

- ***Other Benefits under SWA heading (not currently simulated in the model):***

Rent Supplement

If you are having difficulty paying your rent and you are getting a social welfare or Health Service Executive payment, you may qualify for a Rent Supplement. Renters are obliged to pay the first part of their rent with the remaining rent being covered by Rent Supplement subject to maximum amounts which vary between singles and couples and also by location. You may get Rent Supplement if you have been living for 6 months (183 days) out of the last 12 months in one, or a combination, of the following:

- Accommodation for homeless people,

- Private rented accommodation. You must be able to show that you could afford the rent at the beginning of your tenancy and that you could have continued to pay rent but are unable to do so because of a change in your circumstances which occurred after you started renting,
- An institution, for example, a hospital, care home or place of detention *or*
- Be assessed in the last 12 months by a local authority as being eligible for and in need of social housing. If you don't have a housing need assessment, you must go to the local authority to have your housing need assessed. The local authority must be in the same area that you intend to live and claim Rent Supplement. Only when you are assessed as eligible for and in need of housing can you apply for Rent Supplement. Rent Supplement is not payable while the local authority is carrying out a housing needs assessment *and*
- Pass a habitual residence test ,
- Pass a means test.

To calculate rent supplement:

Step 1: Calculate weekly income:

Assessable income from employment (gross income less PRSI and reasonable travel expenses.), training allowances (from FAS, the national Training and Employment Authority), Social welfare payments, Health Service Executive (HSE) payments, Family Income Supplement, Cash Income (for example, maintenance), Capital (for example, property, savings and investments).

Income not taken into account:

Since June 2007, income from the following sources is disregarded or not taken in account when calculating the amount of Rent Supplement:

- Supplementary Welfare Allowance (SWA) rate for your household circumstances
- Child Benefit
- Mobility Allowance
- Money received from charitable organisations, for example, St Vincent de Paul
- Maintenance grants paid by VEC or Local Authorities for educational purposes
- Domiciliary Care Allowance
- Income from employment with the HSE as a Home Help
- If you are aged 65 or over (or where one of a couple is of pensionable age) and have a combined household income greater than the rate of SWA appropriate to your household circumstances, you are allowed a disregard equal to the difference between the maximum rate of State Pension (Contributory) appropriate to your circumstance and the rate of SWA appropriate to your circumstances. The SWA has a personal rate along with an increase for a qualified adult and for each qualified child.
- If you are getting the standard Carer's Allowance payment for caring for two people, the amount of Carer's Allowance above the appropriate SWA rate for your situation (either the adult dependent rate or the personal rate of SWA) is not taken into account.

- Any amount of Carer's Benefit in excess of the basic SWA rate for your situation (either the adult dependent rate or the personal rate of SWA) is not taken into account.
- Respite Care Grant
- Guardian's Payment (Contributory) and Guardian's Payment (Non-Contributory)
- Household income disregard is a certain amount of your household income which is not taken into account. €75 of any **additional household income** is not taken into account. Also, 25% of **additional household income** over €75 is not taken into account. There is no upper limit on the amount that can be disregarded.

The capital value of property (except your own home), investments and savings will be assessed on a weekly basis as follows: First €5,000 is not taken into account; next €10,000 is assessed at €1 per €1,000. Next €25,000 is assessed at €2 per €1,000. Any capital over €40,000 is assessed at €4 per €1,000. Double these rates apply for married/cohabiting couples.

Step 2: Subtract Income Disregards:

Subtract any income not taken into account in the assessment for Rent Supplement (see above)

Step 3: Subtract the basic Supplementary Welfare Allowance (SWA) weekly rate for the household from the weekly household income calculated in Step 2.

Step 4: Find individual contribution to the rent:

Add the weekly assessable income (total figure after Step 3) and the minimum Household Contribution. €24 will always be payable towards the rent. Non-dependent household members who are solely dependent on a personal social welfare payment must also contribute €24. A couple over 65 with an income equal or less than the State Pension (Contributory) for their situation will only contribute €24 towards their rent as will a couple who both have State Pensions (Contributory) and no other income.

Step 5: Calculate Rent Supplement:

To do this subtract the individuals total contribution from their rent. Maximum rent limits are set according to location and family type, see Table 4 below.

Table 4. Maximum rent levels for the assessment of rent supplement * (Maximum rent per month, 2017)⁹

County:	Single Shared	Couple Shared	Single	Couple	Couple/One Parent Family - 1 Qualified Child	Couple/One Parent Family - 2 Qualified Children	Couple/One Parent Family - 3 Qualified Children
Dublin - Fingal	€400	€440	€660	€900	€1,150	€1,175	€1,200
Dublin - Not Fingal	€430	€500	€660	€900	€1,250	€1,275	€1,300
Carlow	€270	€290	€440	€510	€570	€600	€630
Cavan	€190	€220	€380	€420	€450	€470	€490
Clare	€220	€240	€360	€400	€480	€515	€550
Cork	€300	€330	€550	€650	€900	€925	€950
Donegal	€200	€230	€340	€370	€410	€470	€520
Galway	€330	€360	€575	€650	€850	€875	€900
Kerry	€200	€230	€380	€410	€525	€550	€575
Kildare	€290	€350	€500	€585	€800	€835	€870
Kilkenny	€230	€270	€480	€530	€630	€660	€690
Laois	€240	€280	€420	€433	€580	€610	€630
Leitrim	€200	€220	€340	€370	€450	€475	€500
Limerick	€270	€300	€420	€450	€650	€700	€750
Longford	€180	€200	€330	€350	€400	€425	€450
Louth	€250	€290	€460	€480	€660	€690	€720
Mayo	€200	€220	€390	€410	€480	€500	€520
Meath	€240	€310	€460	€500	€730	€740	€750
Monaghan	€200	€220	€330	€390	€500	€515	€530
Offaly	€210	€230	€380	€433	€550	€575	€600
Roscommon	€240	€260	€360	€390	€500	€525	€550
Sligo	€220	€250	€460	€490	€550	€575	€600
Tipperary	€210	€230	€380	€420	€525	€560	€600
Waterford	€240	€270	€430	€450	€550	€575	€600
Westmeath	€220	€240	€450	€470	€600	€625	€650
Wexford	€280	€300	€420	€433	€530	€565	€600
Wicklow	€250	€300	€440	€475	€700	€735	€770
M4-M1 Commuter Belt Area *	€310	€350	€575	€650	€975	€1,050	€1,100
Wicklow M11 Commuter Towns **	€370	€410	€660	€900	€1,150	€1,200	€1,250

⁹ <https://www.welfare.ie/en/Pages/Maximum-Rent-Limits-by-County.aspx> Accessed 15th June 2018

*I would advise using the Dublin-Fingal figures if county level data is not available.

***M4-M1 Commuter Belt Area**

These limits apply as follows, with all other areas subject to the relevant county limits:

- i. For Meath, the area associated with the four towns of: Ashbourne, Dunboyne, Dunshaughlin and Ratoath along with the area south of Drogheda and north of Fingal ranging from Stamullen, Julianstown and Laytown.
- ii. For Louth, the area associated with Drogheda Town and its environs.
- iii. For Kildare, the towns previously incorporated into the original North Kildare limits (Kilcock; Maynooth; Leixlip; and Celbridge)

****Wicklow M11 Commuter Towns**

These limits apply to the towns of Bray, Delgany, Greystones and Wicklow only. All other areas in Wicklow are subject to the Wicklow limits.

Mortgage Interest Supplement

If you are having difficulty paying your mortgage and you are getting a social welfare or Health Service Executive payment, you may qualify for a Mortgage Interest Supplement. The method of calculation of mortgage interest supplement is the same as rent supplement above, again where €24 per week minimum is payable by the individual. Only the interest component of your mortgage is taken into account (i.e. it cannot be claimed on the outstanding principal). To get Mortgage Interest Supplement you must meet the following conditions:

- When you began your mortgage, you could afford the repayments
- Your house is not up for sale
- The amount of your mortgage interest payable does not exceed an amount the Health Service Executive considers reasonable to meet your residential and other needs. The maximum rent limits set out for Rent Supplement serve as a guide to decide what a reasonable amount is.
- Only the portion of your loan that relates to the essential purchase, repair or maintenance of your home will be taken into account
- It is reasonable to award mortgage interest supplement having regard to any arrears on the loan
- You are habitually resident in this State.

Exceptional Needs Payments

If you are getting a social welfare or Health Service Executive payment, you may qualify for a one off payment to meet an exceptional need. There is no automatic entitlement to this payment.

Each application is determined by the Health Service Executive based on the particular circumstances of the case. An Exceptional Needs Payment covers essential, once-off exceptional spending that you could not reasonably be expected to meet out of your weekly income. You may be eligible for an Exceptional Needs Payment if you are living in the state, you satisfy a means test, you have applied for any other benefit/allowance you may be entitled to, you have registered to work with FÁS (if you are of working age). You won't normally be eligible if you are in full-time work (more than 30 hours a week) or in full-time education.

Urgent Needs Payments

Urgent Needs Payments are normally made to assist with immediate needs such as food and clothing right after a fire or flood. Depending on your situation you may have to pay back all or part of what you have been paid, for example if you are working or have settled an insurance claim.

Dietary Supplement

Any person who is receiving a Social Welfare or Health Service Executive payment and who has been prescribed a special diet as a result of a specified medical condition, and whose means are insufficient to meet his/her needs, may qualify for a diet supplement under the supplementary welfare allowance scheme.

Back to School Clothing and Footwear Allowance

This allowance is intended to help towards the cost of children's school uniforms and footwear at the beginning of the school year. The scheme is administrated by the Health Service Executive and operates from the beginning of June to the end of September each year. You may qualify for the Back to School Clothing and Footwear Allowance if:

- You are getting a social welfare payment (including Family Income Supplement) or a Health Service Executive payment, or
- You are taking part in an approved employment scheme, or
- You are taking part in a recognized education or training course
- You are involved in an Area Partnership Scheme, or
- You are attending a state training scheme.

The rate of the allowance for each eligible child varies by age group as follows: aged 2-11 and aged 12-17. See Table 13 for the 2011-2018 rates.

School Meals Scheme

The School Meals Program operated by the Department of Social and Family Affairs provides funding towards provision of food services for disadvantaged school children through the Urban School Meals Scheme for primary schools and the non-statutory School Meals (Local Projects) Scheme.

2.4.2.6 Jobseeker's Allowance (bunnc_ie)

- *Brief description*

Jobseeker's Allowance is a weekly payment made to unemployed people who do not qualify for Jobseeker's Benefit or who have used up their entitlement to that benefit. It is paid subject to a means test.

- ***Eligibility conditions***

You must be unemployed, be over 18 and under 66 years of age, be capable of work, be available for and genuinely seeking work, satisfy the means test and meet the Habitual Residence Condition (i.e. be able to prove you are habitually resident in Ireland).

- ***Income test***

The means test defines means as any income the applicant or spouse/partner have or property (except one's home) or an asset that could bring in money or provide an income. The value of any "benefit and privilege" is also assessed for persons living with their parents. The actual income from investments and money in a savings account is not taken as means. Instead the investment items are added together and the formula used to assess wealth for Supplementary Welfare Allowance purposes applied. Benefit and Privilege includes, for example, the value of board and lodgings to a person living at home with his/her parent(s). The value of board and lodging is worked out by using the parents' net income that is, after deduction for tax, PRSI, superannuation, health insurance, union subscriptions, rent/mortgage payments, travel expenses and a parental allowance. The net income is allocated equally among the non-earning members of the household and becomes the weekly means of the person claiming Jobseeker's Allowance. 'Benefit and Privilege' is calculated for those living with their parent. To calculate this:

Step 1, add together your parents' net income from all sources. (Net income is your gross income less income tax, PRSI, Universal Social Charge, private health insurance contribution, superannuation and union dues).

For example, your parents' net income includes income from:

- Insurable employment
- Self-employment
- Community Employment (CE) schemes and FAS Training Allowances
- Maintenance payments
- An occupational pension
- All social welfare payments with the exception of the following: National Fuel Allowance, Child Benefit, Domiciliary Care Allowance and Respite Care Grant.
- All Health Service Executive Payments with the exception of the following: Blind Welfare Allowance, Mobility Allowance and Foster Care Allowance.
- Net income from property other than the family home. So, for example, rental income (less expenses such as mortgage repayments, insurance costs and repairs) is taken into account. The capital value of property is not taken into account.

Capital assessment: Capital usually includes saving, investments and property (other than your home). Capital which belongs to your parents is not taken into account in the assessment of benefit and privilege.

Step 2, deduct the following from your parent's net income to get their assessable income:

- Rent or mortgage repayments
- Standard weekly allowance of €600 for a two-parent family or €470 for a one-parent family
- €30 for each child up to 18 years of age and for all children over 18 years in full time education. However, you cannot deduct €30 for a child who is getting a social welfare

payment in his/her own right. For example, if there is a child 17 years of age and getting Disability Allowance in the household, you cannot deduct €30 from parental weekly income for this child. The child's social welfare payment is **not** included as income.

Step 3, after you have calculated your parents' assessable income, get 34% of this income. Only **34%** of your parents' assessable income is taken into account and assessed as benefit and privilege. You subtract this amount from the standard rate of Jobseeker's Allowance for your circumstances to find out how much, if any, you qualify for.

The parental allowance is €600 per week in the case of a two-parent family and €470 in the case of a single parent family. There are additional items that do not count as means for Jobseeker's Allowance, namely €254 each in respect of the first two qualified children and €381 in respect of each subsequent qualified child

If engaged in self-employment, Jobseeker's Allowance may be claimed if earnings are below a certain level (the maximum Jobseeker's Allowance payment for your situation). Any income the applicant or their partner has is assessed as means. If a landholder, qualification for Jobseeker's Allowance is on the basis of a factual assessment of means in the same manner as other self-employed people. The means from a farm are taken as the gross yearly income less vouched expenses incurred in earning that income. If the applicant is a seasonal worker and a claim for Jobseeker's Allowance is made outside of the normal seasonal employment time, the income from employment while in season is not assessed. If a claim is made during the season, means will be assessed on the basis of average weekly income from earnings as a seasonal worker.

- ***Benefit amount***

The payment is made up of a personal rate for the recipient plus extra amounts for dependants. For people with means, the rate of payment is calculated by subtracting weekly means from the maximum rate payable. There was a maximum personal rate payable, with a weekly maximum qualified adult rate payable if the recipient lives with a spouse/partner, and a weekly increase per child dependant. See Welfare.ie¹⁰ which shows how the adult dependant rate is reduced in line with the means assessment (until 2007 in the case of Jobseeker's Allowance). A half-rate child dependant payment will be made if you have a spouse but are not eligible for a qualified adult increase or if your spouse/partner is getting a social welfare payment in their own right (in which case they will also receive a half rate child dependant increase). See Table 13 for the relevant rates for 2011-2018. New maximum personal rates of Jobseeker's Allowance were introduced for new applicants based on age in 2010. A reduced rate for these two payments is payable for those in the 18-24 age group (inclusive). Two different rates are paid to those in the 18-21 age group and those in the 22-24 age group. See Table 13 for the relevant rates. The Qualified Adult rate applicable to Jobseeker's Allowance/basic Supplementary Welfare Allowance applicants aged 18-21 was also reduced, while the Qualified Adult Increase for claimants in the 22-24 age group remained the same as for those over 25. These rate reductions will not apply to claimants with dependent children.

Where a husband and wife or a couple living together both claim Jobseeker's Allowance, the maximum amount payable to the couple is the personal rate plus the amount for qualified adult and child dependant(s) if applicable. Each will receive half of this combined rate. Where one of the couple is getting a benefit or pension and the other claims Jobseeker's Allowance, the maximum amount payable is the personal rate of the benefit/pension or assistance plus the amount for a qualified adult and child dependant(s), where applicable, whichever is highest. In this case, the rate of Jobseeker's Allowance will be reduced so that the maximum amount payable to the couple is not exceeded. Payment is made for as long as the applicant is

¹⁰ <http://www.welfare.ie/en/Pages/Increase-for-a-Qualified-Adult.aspx>

unemployed and satisfies the qualifying conditions for receipt of payment. On reaching 55 years of age and the applicant considers themselves retired from the labour force, a Pre-Retirement Allowance may be paid instead of Jobseeker's Allowance. A school leaver will not receive Jobseeker's Allowance for 13 weeks following completion of school. Third level students are not entitled to Jobseeker's Allowance during holiday periods. The amount received depends on means and how long the recipient has been unemployed.

Working part-time or casually affects the rate of Jobseeker's Allowance as follows: if the applicant is unemployed for at least 3 days in a week, he/she is entitled Jobseeker's Allowance for a full week less a percentage of earnings. You must meet the other conditions that apply to Jobseeker's Allowance, for example, you must satisfy a means test.

- **EUROMOD notes**

Currently, the value of "benefit and privilege" is not taken into account in the model.

2.4.3 Means tests of non-contributory benefits

The information below documents the calculation and assessment of means with regards to non-contributory benefits. The calculation of means for personal rates and adult dependant increases use the same income/means concepts. To claim an Increase for a Qualified Adult you must be getting a social welfare personal payment and in the case of all social welfare payments your adult dependant must not have a social welfare payment in his/her own right except for Disablement Benefit, Occupational Injuries Death Benefit in respect of an orphan, Child Benefit, Guardian's Payment (Contributory), Guardian's Payment (Non-Contributory) Domiciliary Care Allowance, Supplementary Welfare Allowance, Foster Care Allowance or Half-rate Carer's Allowance.

1) Calculation of means from capital/property

Capital (savings and investments) and the value of property owned but not personally used or enjoyed (i.e. excludes the persons principal residence) is assessed as means. Where capital or property is assessed on this basis, any income received from its use (e.g. interest on savings, dividends from shares, rent from property let) is not assessed as cash income.

Weekly means from capital/property are calculated as follows¹¹:

For the following means tested schemes, the first €20,000 of capital is ignored. Between €20-30,000 a means of €1 per €1,000 is calculated and between €30-40,000 €2 per €1,000. A means of €4 per 1,000 is calculated on any capital/property in excess of €40,000. Double these amounts apply if the applicant is married/cohabiting:

- Blind Persons Pension,
- Carers Allowance,
- State (non-contributory) Pension,
- Pre-retirement allowance,
- Deserted Wives Allowance,
- One Parent Family Payment,
- Widows (non-contributory) pension,

¹¹ Effective from 2005 onwards unless otherwise stated:

- Guardian's Payment (non-contributory),
- Disability Allowance (June 2005-June 2007),
- Jobseeker's Allowance,
- Farm Assist,
- Domiciliary Care Allowance.

From June 2005 to June 2007 the calculation of means for Disability allowance is as shown above. From 6th June 2007 the calculation of means for Disability allowance was as follows; The first €50,000 is ignored. Between €50-60,000 a means of €1 per €1,000 is calculated and between €60-70,000 €2 per €1,000. A means of €4 per 1,000 is calculated on any capital/property in excess of €70,000. Double these amounts apply if the applicant is married/cohabiting.

2) Calculation of cash income

All cash income of the person (and, where relevant, to the person's spouse or partner) is assessed except for specific exclusions documented below. For One Payment Family Payment and Disability Allowance benefits, any maintenance received by a qualified child is also assessed as cash income.

The following exclusions from the definition of cash income apply to **all** means tested schemes (except Family Income Supplement and Supplementary Allowance, see below):

- Income from property assessed on its capital value.
- Any payment made by the Department of Social Protection.
- Supplementary Welfare Allowance.
- Early Childcare Supplement, Domiciliary Care Allowance.
- Any amount received as a training allowance.
- Any payment to a spouse in respect of Back to Work Allowance, Back to Work Enterprise Allowance, Back to Education Allowance or Part-Time Job Incentive training allowances.
- Personal Retirement Savings Account (PRSA) contributions. These are a specific type of pension contribution that persons in non-pensionable employment/the self-employed can contribute to.
- Income from a Local Authority Higher Education Grant do not count as means for Jobseeker's Allowance, Pre-Retirement Allowance, Disability Allowance, One Parent Family Payment, Blind Person's Pension and Farm Assist.
- Some additional minor items for specific benefits which cannot be simulated due to data limitations.

From 26th September 2007 a new means assessment applied to assessable income for all means tested schemes except Supplementary Welfare Allowance (see below for the SWA means test). Assessable income is gross earnings less deductions for PRSI, superannuation and union dues. Deductions in respect of income tax, health insurance contributions and travel expenses are not allowed. Previous to 26th September 2007 deductions were also allowed for tax and health insurance contributions for the calculation of means.

Under the new means assessment (from 26th September 2007) a family rate less means applies **without** tapered increases for qualified adults. The family rate is therefore based on a personal

rate, a full qualified adult rate and full qualified child rate less means (prior to this it was based on the maximum personal rate and a QIA tapered in line with spousal means). A disregard to €20.00 a day for each day worked by the qualified adult up to a maximum of three days each week applies (max €60.00 a week). Means of the claimant are calculated as follows: assessable income less the relevant disregards and the balance is assessed at 60%. In the case of a couple, both of the couple are assessed in exactly the same manner, assessable income less the relevant disregards and 60% of the balance is assessed. Where a person has no qualified child dependants, €2.70 earnings for each day worked are disregarded from the average net weekly earnings, and 60% of the balance assessed against the weekly rate of JA.

Disability Allowance

- The first €120 of net weekly earnings from employment of a rehabilitative nature is disregarded, together with half of any additional earnings up to €350 per week.

State Pension (Non Contributory)

- The first €200 of net weekly earnings from employment is disregarded.
- Net earnings are gross earnings less PRSI, Superannuation/ PRSA contributions and union dues (also tax and health insurance contributions prior to September 2007).

One Parent Family Payment

- The first €146.50 per week of gross earnings and half of the remainder of the gross earnings up to a limit is disregarded. No benefit is payable if income exceeds the higher figure. This upper income limit was increased to €400 from 3rd May 2007 and €425 from 8th May 2008.
- Income as a Home Help is not assessed.
- New claimants (from September 2007) with earnings over €425 (previously €400) per week will not qualify for One Parent Family Payment.

Carer's Allowance.

- The carer is allowed to work up to a maximum of 15 hours a week as a home help

Widow/er's Pension (Non-Contributory)

- The first €100 of net weekly earnings from employment is disregarded.
- Net earnings are gross earnings less PRSI, Superannuation/ PRSA contributions and union dues (also tax and health insurance contributions prior to September 2007).

Blind Pensioners

- The first €120 of net weekly earnings from employment of a rehabilitative nature is disregarded, together with half of any additional earnings up to €350 per week.
- Income as a Home Help is not assessed.

Family Income Supplement

The following payments **do not** count as family income:

- Child Benefit
- Carer's Allowance
- Guardian's payments

- Supplementary Welfare Allowance
 - Rent Allowance for tenants affected by the de-control of rents
 - Domiciliary Care Allowance
 - Income from casual employment by the Health Service Executive (HSE) as a home help
 - Income from a charitable organisation.
-
- *Deductions From Earnings -Employment of Spouse/Partner*

Jobseeker's Allowance, pre-retirement allowance, Farm Assist and Disability Allowance

A new means assessment came into place on the 26th September 2007. Under the new assessment assessable earnings of the spouse/partner are calculated as the gross earnings less PRSI, Superannuation and Trade Union Subscriptions. Deductions in respect of income tax and Health Insurance premiums are no longer disregarded from 26th September 2007.

From 26th September 2007 earnings from employment are assessed as means using the following method:

- A family rate less means applies **without** a tapered increase for qualified adults. The family rate is based on a personal rate, a full qualified adult rate and full qualified child rate less means. If the claimant has a spouse/partner in employment a disregard of €20.00 a day also applies to the spouse/partner for a maximum of three days a week (maximum €60.00 a week) and the balance is assessed at 60%.
- The net earnings of the spouse/partner are calculated as the gross earnings less PRSI, Superannuation and Trade Union dues.
- An additional sum is disregarded depending on the number of days the spouse/partner works each week (working three days or less per week €50 from 3rd May 2006, working four or more days per week €100 from 3rd May 2006).

State Pension (Non Contributory)

- The first €200 of net weekly earnings from employment is disregarded for both the applicant and their spouse/partner.
- Net earnings are gross earnings less PRSI, Superannuation/ PRSA contributions and union dues (also tax and health insurance contributions prior to September 2007).

Carer's Allowance, Blind Pension

There is no specific earnings disregard in respect of employment by a spouse or partner.

Supplementary Welfare Allowance - Means Assessment

These guidelines cover the following schemes

- Basic SWA payments
- Supplements e.g. Rent/Mortgage, Diet, special heating needs
- Exceptional Needs payments
- Back-to-School Clothing & Footwear
- National Fuel Scheme

What Counts As Means

- Income from Employment or Self-Employment

Subject to certain conditions, a claimant may work up to 30 hours per week in employment and still qualify for SWA. Gross income less PRSI and reasonable travel expenses is taken into account for the means test.

- Property & Capital

Property/Savings will be assessed on a weekly basis as follows:

Disregard first 5,000 of capital value of property/savings. Assess next 10,000 at €1 per 1,000. Assess next 25,000 at €2 per 1,000. Assess remaining capital over 40,000 at €4 per 1,000.

Non-Assessable Means

In general the following items are not counted in the means test for SWA:

- Child benefit, including equivalent payments from other EU countries
- Domiciliary Care Allowance
- Maintenance grants paid by Local Authorities for Higher Education.
- Any income paid as a Respite Care Grant should be disregarded as means for the Supplementary Welfare Allowance Scheme (since June 2007).
- Any income paid by way of Guardian's Payment (Contributory or Non-Contributory) (since June 2007).

3) Means testing of the Adult Dependant Allowance

The income concept used for means testing the adult dependant increase is:

Gross weekly employment (no deductions allowed for tax, PRSI, Superannuation, Union Dues). If paid on a monthly basis, the weekly average income over the previous two months is calculated. If he or she is paid weekly or fortnightly, the weekly average over the previous six weeks is used. To calculate income from self-employment the income received in the last completed tax year is divided by 52 to get the average weekly income.

Income from capital, for example, property, savings and investments, is included in the mean test. Where capital is held jointly by spouse/partner, half of the value is assessed as belonging to the spouse or partner. See above for how means from capital/savings is calculated.

Income from other sources includes rental income from the letting of property, income from an occupational pension, foreign social welfare payments, income from a trust fund, income under a deed of covenant, other cash income, etc. It is calculated on a weekly basis.

The following social welfare payments are not taken into account as income for adult dependants:

- Disablement Benefit
- Occupational Injuries Death Benefit in respect of an Orphan
- Guardian's Payment (Contributory)
- Guardian's Payment (Non-Contributory)
- Child Benefit

- Domiciliary Care Allowance
- Supplementary Welfare Allowance

In the case of **Disability Allowance** and **Jobseeker's Allowance** family income is assessed in the means test (i.e. the personal rate and qualified adult increase rate are not assessed separately). Total family means is then deducted from the maximum payment (this is the personal rate including any increases for adult and child dependants) to find the actual amount of the person is entitled to.

Additional Income Disregards:

Disability Allowance - Since 26 September 2007, the spouse/civil partner/cohabitant's weekly earnings are assessed as follows: €20 per day (up to a maximum of €60) from work is deducted from your spouse/civil partner/cohabitant's average weekly earnings and then 60% of the balance is assessed as weekly means. The weekly means is then deducted from the combined total of the personal rate of Disability Allowance and the maximum Increase for a Qualified Adult.

2.4.4 Contributory schemes

Contributory or social insurance payments are made on the basis of social insurance contributions (PRSI) in the event of certain contingencies (e.g. illness, unemployment).

2.4.4.1 Invalidity Pension (pdi_ie)

- *Brief description*

Invalidity pension is payable instead of Illness Benefit if an individual has been incapable of work for at least 12 months.

- *Eligibility conditions*

To qualify, one must be regarded as permanently incapable of work and satisfy the PRSI contribution conditions. These conditions include having paid 260 weeks PRSI or 48 weeks PRSI paid or credited in the last complete tax year before application.

- *Income test*

None.

- *Benefit amount*

The payment is made up of a personal rate with extra amounts for a qualifying adult (varying by age under 66 and over 66) and child dependants. The adult dependant increase is means tested and is reduced in line with means. See Welfare.ie¹² for the reduced rates dependent on the qualified adults means. A half-rate child dependant payment will be made if you have a spouse but are not eligible for a qualified adult increase or if your spouse/partner is getting a social welfare payment in their own right (in which case they will also receive a half rate child dependant increase). Additional allowances are made if aged 65 or over, with a further addition if living alone. There is also a premium paid to recipients aged 80 or over. Other non-cash benefits may also be claimed while claiming Invalidity Pension. Payment stops if the recipient

¹² <http://www.welfare.ie/en/Pages/Increase-for-a-Qualified-Adult.aspx>

is awarded any other pension from the Department of Social and Family Affairs. See Table 13 for the 2011-2018 rates.

2.4.4.2 Injury Benefit (bhl_ie)

- *Brief description*

This payment is made weekly if an individual is unfit for work due to an accident at work or has contracted a disease due to the type of work carried out e.g. from contact with physical or chemical agents.

- *Eligibility conditions*

To qualify, an individual must be aged 18 or over, be in insurable employment at class A and related classes and be out of work for at least 4 days. Injury benefit is payable to those over 66 as long as they are in employment. Payment cannot be made for more than 26 weeks from the 4th day of illness. After this time, Illness Benefit applies.

- *Income test*

None.

- *Benefit amount*

The payment is made up of a personal rate, with extra amounts for a qualified adult dependant and child dependants. See Welfare.ie¹³ for the reduced rates dependent on the qualified adults' means. This full child dependant amount is only paid if the recipient qualifies for the full increase for a qualified adult or is parenting alone. Half rate child increases are payable if has a spouse but the qualified adult increase is not applicable and spousal earnings are under €350 per week (€400 per week from 2007 onwards). If in receipt of other selected social welfare payments, half the personal rate is payable and no increase is payable for any child dependants. If these other payments are at a reduced rate, more than half the personal rate of injury benefit may be paid. See Table 13 for the 2011-2018 rates

2.4.4.3 State (Contributory) Pension (poact_ie)

- *Brief description*

State (Contributory) pension is a social insurance payment made to people aged 66 or over who satisfy certain conditions. A person may continue to work full time or part-time and get a State (Contributory) pension.

- *Eligibility conditions*

To qualify, a person must have reached the required age and satisfy specified social insurance contribution conditions. The conditions regarding social insurance contributions (PRSI) include having commenced paying social insurance contributions (at full or modified rate) before reaching age 56. At least 156 full rate employment contributions must have been paid to receive the maximum pension. Other exceptions are included if in employment for a long period. A reduced rate pension may be payable (on a graduated scale) if less contributions have been

¹³ <http://www.welfare.ie/en/Pages/Increase-for-a-Qualified-Adult.aspx>

made. A Mixed Insurance Pro-Rata pension may be payable to people who have a mixture of full rate insurance and modified insurance band because of this do not qualify for a standard Old State Contributory Pension or State Pension (Transition).

- ***Income test***

None; is not affected by other income, such as, an occupational pension.

- ***Benefit amount***

The payment is made up a personal rate (the rate is reduced if not enough social insurance contributions have been paid) and extra amounts for dependants. The adult dependant allowance is means tested and differs based on the number of social contributions made by the claimant and if the qualified adult is under or over 66, although if over 66 it may be more beneficial if the spouse claimed their own pension (Contributory or Non-Contributory). See Table 13 for the qualified adults increase rates. This adult dependent amount may be reduced if the spouse/partner has earnings or income of between €88.88 and €240.00 gross per week. See Welfare.ie¹⁴ for the reduced rates dependent on the qualified adults means. An increase is payable for each child dependant if in receipt of a payment for an adult dependant. If the applicant has a spouse but does not qualify for an adult dependant allowance, half rate child dependant increases is payable. There are additional weekly allowances associated with this pension: A Living Alone Allowance for those over 66, an Over 80 Allowance and a Fuel Allowance. The over 80 allowance is doubled if the recipient's spouse/partner is also aged over 80 and claiming the adult dependant allowance. If living in Ireland, an OAC pensioner is entitled to a Free Travel pass and may be entitled to other non-cash benefits such as energy (electricity/gas) allowance, a free television licence, Free Telephone Rental Allowance and Medical Card. See Table 13 for the 2011-2018 rates

2.4.4.4 State (Transition) Pension (poact_ie)

- ***Brief description***

State pension (transition) is a social insurance payment made to people reaching aged 65 who satisfy certain conditions.

- ***Eligibility conditions***

To qualify for this pension, one must be aged 65, have retired from insurable employment and satisfy the social insurance contribution conditions. You may be regarded as retired if earning a minimal amount per week (less than €8) or self-employed with earnings of less than €3,174 per year. The retirement condition ceases to apply on reaching age 66. The social insurance contribution conditions include having paid social insurance contributions before reaching age 55, having 156 full rate employment contributions paid and having a yearly average of at least 48 full rate contributions paid or credited since 1979 to the end of the tax year before reaching age 65. A maximum pension may also be paid under conditions where social insurance contributions were made previous to 1953. A minimum rate of pension is paid where an average of 24 contributions per year has been paid. PRSI contributions in modified and self-employed PRSI classes do not count as full rate contributions and are not included in this calculation. Voluntary contributions paid at the high rate are also counted for the yearly average.

¹⁴ <http://www.welfare.ie/en/Pages/Increase-for-a-Qualified-Adult.aspx>

- ***Income test***

The pension is not means-tested and entitlement is not affected by other income, such as an occupational pension.

- ***Benefit amount***

The payment is made up a personal maximum rate (the rate is reduced if not enough social insurance contributions have been paid) and extra amounts for dependants. The adult dependant allowance increases if s/he is aged over 66 (and lower if adult dependent is under 66). See Welfare.ie¹⁵ for the reduced rates dependent on the qualified adults' means. There is also a child dependant amount. If the applicant has a spouse but does not qualify for an adult dependant allowance, half rate child dependant increases is payable. There are additional weekly allowances associated with this pension such as Fuel Allowance. See Table 13 for the 2011-2018 rates.

2.4.4.5 Widows Contributory Pension (psuwct_ie)

- ***Brief description***

Widow's or Widower's (Contributory) Pension is a social insurance payment for both widows and widowers. If widowed with dependent child, the One-Parent Family Parent Payment may be applied for.

- ***Eligibility conditions***

To qualify one must be widowed, not remarried/cohabiting and have satisfied the PRSI contribution conditions. This pension also applies if the late spouse was in receipt of a State Pension (Transition) of a State (Contributory) pension with an adult dependent entitlement for the survivor. A Widow's or Widower's (Contributory) Pension may be based on the late spouse's PRSI contributions. The two records cannot be combined for this purpose. Whichever record is used, at least 156 weeks PRSI must have been paid to the date pension age was reached or to the date of death of spouse. Otherwise, an average of 39 weeks PRSI must have been paid or credited over the three or five tax years before s/he died or reached pension age. PRSI classes contributing at the full rate (Class A) and self-employed (Class S) apply. Modified PRSI classes paid by permanent and pensionable civil and public servants (appointed before 6 April, 1995) also count. Special partial pensions apply in particular cases. Widow's or Widower's (Contributory) Pension is not paid in addition to Retirement/State (Contributory) Pension.

- ***Income test***

None, the pension is not affected by any other income held, for example, an occupational pension or a pension from late spouse's employment.

- ***Benefit amount***

The amount is made up of a personal amount if the widow(er) is under 66 and a higher amount if over 66 (the rate is reduced if not enough social insurance contributions have been paid). There are also extra amounts for child dependents. Additional weekly allowances are payable if aged 80 or over and if living alone over the age of 66.

¹⁵ <http://www.welfare.ie/en/Pages/Increase-for-a-Qualified-Adult.aspx>

In addition to a Widow's or Widower's (Contributory) Pension, half the personal rates of Jobseeker's Benefit, Illness Benefit, Maternity Benefit etc. may be claimed for a limited period. Some extra benefits may be claimed if receiving this benefit. See Table 13 for the 2011-2018 rates.

2.4.4.6 Jobseeker's Benefit (bunct_ie)

- *Brief description*

Jobseeker's Benefit is a weekly payment made to insured people who are out of work.

- *Eligibility conditions*

To be eligible, one must be unemployed, aged under 66, be capable of work, be available and genuinely looking for work and be fully unemployed for at least three days in any period of 6 consecutive days. A substantial loss in employment must be shown with evidence of a substantial reduction in earnings. Particular PRSI contribution conditions must be satisfied which include having paid 39 weeks of PRSI since starting to work and have 39 weeks PRSI paid or credited in the relevant tax year, the last complete income tax year before the benefit year, in which the claim is made. Modified or self-employment PRSI contributions are not counted. Insurance records in a country covered by EC regulations may be combined with an Irish record to qualify for benefit.

- *Income test*

The weekly amount of JSB is graduated where average weekly gross earnings in the relevant tax year are above a certain limit per week. Any increases due for dependent children are not earnings related.

- *Benefit amount*

The payment is made up of a personal rate with extra amounts for adult and child dependants. See Table 15 for the 2011-2016 rates. The JSB personal rate and adult dependant rate is taxable, but the child dependant element is not. The personal rate and qualified adult increases are graduated according to prior earnings (see Welfare.ie¹⁶). Table 5 below shows how the rates are graduated according to earnings between 2006 and 2009. See Welfare.ie¹⁷ for the reduced rates dependent on the qualified adults means. The full child dependant increase is payable only if an adult dependant allowance is paid. In cases where the applicant has a spouse but the adult dependant amount is not paid, half rate child dependant allowances apply as long as spousal earnings are below €350 (€400 from 2007 on).

The relevant tax/contribution year is determined by contributions in the tax year two years prior to the year in which a person makes a claim for an unemployment payment.

If you are getting a Widow's/Widower's Pension, a One-Parent Family Payment or a deserted wives payment from DSFA and you meet all the conditions for Jobseeker's Benefit, you will be entitled to half the personal rate of Jobseeker's Benefit that you would have been entitled to. If you are getting Jobseeker's Benefit because your normal working week has been reduced (systematic short-time work) your Jobseeker's Benefit is not taxed. Any increase in respect of child dependants is also exempt from tax. Having used up entitlement (after 12 months), one may re-qualify after working and paying PRSI contributions for 13 weeks. An applicant may be

¹⁶ <http://www.welfare.ie/en/Pages/Jobseekers-supports.aspx>

¹⁷ <http://www.welfare.ie/en/Pages/Increase-for-a-Qualified-Adult.aspx>

disqualified from getting JSB for up to nine weeks if job loss occurred by reason of redundancy; the applicant is under 55 and receives a redundancy package in excess of €19,046.07. Some additional benefits are associated with qualification for JSB. However, qualification for these is not automatic.

Table 5. Graduation of Job Seekers Benefit and Illness Benefit According to Previous Earnings, 2011-2018

Average Weekly Earnings	Personal Rate	Increase for a Qualified Adult*
2011-2016		
Less than €150	€84.50	€80.90
€150 - €220	€121.40	€80.90
€220 - €300	€147.30	€80.90
€300 or more	€188.00	124.8
2017		
Less than €150	€86.70	€83.00
€150 - €220	€124.60	€83.00
€220 - €300	€151.20	€83.00
€300 or more	€193.00	€128.1
2018		
Less than €150	€88.90	€85.10
€150 - €220	€127.80	€85.10
€220 - €300	€155.10	€85.10
€300 or more	€198.00	€131.4

*The increase for a qualified adult may be reduced depending on their earnings, see [Welfare.ie](http://www.welfare.ie)¹⁸ for the withdrawal rates

* For Earlier Years see previous country reports

The following table summarises the main characteristics of unemployment insurance benefit in Ireland.

Characteristics of the unemployment benefit

	2015	2016	2017	2018	
Eligibility	Contribution period	39 weeks out of last 12 months			
	Other conditions	Aged 18 to 66			
	Eligibility of self-employed	No	No	No	No
Payment	Contribution base	gross earnings	gross earnings	gross earnings	gross earnings
	Basic amount	4 different fixed amounts depending on previous earnings	4 different fixed amounts depending on previous earnings	4 different fixed amounts depending on previous earnings	4 different fixed amounts depending on previous earnings
	Additional amount	Increase for	Increase for	Increase for	Increase for

¹⁸ <http://www.welfare.ie/en/Pages/Increase-for-a-Qualified-Adult.aspx>

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		adult and children dependents	adult and children dependents	adult and children dependents	adult and children dependents
	Floor ^a	84.5	84.5	86.7	88.9
		euro/week	euro/week	euro/week	euro/week
	Ceiling ^a	188	188	193	198
		euro/week	euro/week	euro/week	euro/week
Duration	Standard (in months)	9 months	9 months	9 months	9 months
	Special cases (in month)	6 months if less than 260 PSRI contributions			
Subject to	Taxes	Yes	Yes	Yes	Yes
	SIC	No	No	No	No

- **EUROMOD notes**

Effectively, this benefit is only partly simulated in the baseline using the information about actual receipt. But rather than only using the observed receipt as part of the eligibility criteria, all eligibility rules in full detail are covered. However, as not all required information (e.g. work history) is available several assumptions are made, among else considering some rules automatically fulfilled for those observed in receipt of this benefit. This approach is chosen so that the benefit can be also modelled for those currently employed if needed (e.g. to simulate their entitlement if they become unemployed, for replacement rates calculations).

Unemployment duration (*lunmy_s*) is set equal to the minimum between the maximum duration according to the national rules or the maximum of observed unemployment duration (*lunmy*) and observed benefit receipt (*bunmy*). If modelling unemployment benefit for those currently employed, unemployment duration is set equal to the minimum between the maximum duration according to the national rules or the reported number of months in employment in the current year (*liwmy*), once contribution history (see the next step) is modelled. It is effectively also assumed that unemployment spells start in the reference year. Simulated unemployment duration is also used for unemployment allowance calculations.

Modelled contribution history is based on the reported number of months in employment (*liwmy*), controlling for the total number of months in work (*liwwh*).

- For those currently employed ($lunmy_s > 0$), this is used.
- For those currently unemployed ($lunmy_s > 0$) and in receipt ($bunmy > 0$), this is set at least equal to the minimum qualifying period.
- For those currently unemployed ($lunmy_s > 0$) and not in receipt ($bunmy = 0$), this is set to zero.

At this point, people who are unemployed ($lunmy_s > 0$), have not reached retirement age yet and have sufficient contribution history are considered eligible. It is assumed that all of them are involuntary unemployed and capable and available for work (there is a variable in the SILC data identifying the latter but only filled in for those currently unemployed).

Benefit duration (*bunmy_s*) is simply set equal to the unemployment duration (*lunmy_s*) as long as this is smaller than the maximum duration according to the national rules. The maximum duration of for people with 260 or more PSRI contributions is 9 months (12 months until 2012). The maximum duration for people with less than 260 PSRI contributions is 6 months (9 months until 2012).

Benefit entitlement (personal rate) is calculated based on previous earnings and benefit duration, subject to the lower and upper thresholds. For those currently employed, current earnings are used. For those currently unemployed and in receipt, it is assumed that they can receive maximum entitlements (i.e. that they were working full-time previously). For those currently unemployed and not in receipt, imputed wage is used.

Once personal rate is determined, increases for an adult and child dependent are calculated (if applicable). Finally, benefit amount is adjusted with the number of months in receipt (*bunmy_s*).

2.4.4.7 Maternity Benefit (*bma_ie*)

- **Brief description**

Maternity Benefit is a payment for employed and self-employed women who have a baby and satisfy certain PRSI contribution conditions on their own insurance record. Until 2013, the payment was 80% of average reckonable weekly earnings/income in the relevant tax year, subject to minimum and maximum payment limits. Since 2014, the payment is flat rate.

- **Eligibility conditions**

These PRSI conditions include having paid or being credited PRSI contributions for 39 weeks in the 12 months immediately before or since started working the first day of maternity leave. If self-employed, 52 weeks PRSI contributions are required in either of the last two relevant tax years before the year claimed.

- **Income test**

None.

- **Benefit duration**

26 weeks.

- **Benefit amount**

Until 2013, the payment was 80% of average reckonable weekly earnings/income in the relevant tax year subject to a minimum payment and a maximum payment (see Table 13 for the minimum/maximum rates between 2011 and 2018). Since 2014, the payment is flat rate equal to €230 per week. The rate of Maternity Benefit is compared to the rate of Illness Benefit which would be payable if absent from work due to illness. The higher of the two is paid automatically. If receiving other selected social welfare payments (One-Parent Family Payment, Widow's (Contributory) Pension, Widow's (Non-Contributory) Pension, Deserted Wife's Benefit, Prisoner's Wife's Allowance, Deserted Wife's Allowance, Death Benefit), half rate Maternity Benefit is payable.

- **Subject to taxes/SIC**

From 1 July 2013, Maternity Benefits (including any increases for adult and child dependants) are liable to Income Tax. For PAYE taxpayer the tax is collected by reducing the tax credits and rate band.

Adoptive Benefit is a similar payment for an adopting mother or a single male who adopts a child. It is also payable to both employees and self-employed people who satisfy certain PRSI contribution conditions on their own record. The payment continues for 10 weeks.

Paternal Benefit is a similar payment for people (other than the mother of the child) who are on paternity leave following birth or adoption placement. It is also payable to both employees and self-employed people who satisfy certain PRSI contribution conditions on their own record. The payment continues for 2 weeks.

2.4.4.8 Illness Benefit (bdict_ie)

- ***Brief description***

Illness Benefit is a payment made to insured people who are unfit for work due to illness.

- ***Eligibility conditions***

To qualify one must be aged under 66, be unfit for work due to illness and satisfy the PRSI contribution conditions. These conditions include having at least 39 weeks PRSI paid since first starting work, having 39 weeks PRSI paid or credited in the relevant Tax Year (a minimum of 13 weeks must be paid contributions) and be in Class A (i.e. Modified or Self-employed PRSI classes are not applicable).

- ***Income test***

Illness Benefit rates are graduated according to average weekly earnings in the relevant tax year as are the qualified adult increases. The relevant tax year is the second last complete tax year before the year in which you claim Illness Benefit. The qualified adult increases are also then means tested. The average earnings of an adult dependant have to be below certain limits to ensure payment of the adult dependant increase. See the Department of Social Welfare Rates booklet¹⁹ for the withdrawal schedule for qualified adults. Where the other payments are at a reduced rate, more than half the personal rate of Illness Benefit may be paid. Illness Benefit excluding any increase for child dependants is regarded as income for income tax purposes after an exemption of 36 days eligible Benefit. The benefit is paid directly to the recipient without deduction of income tax. The Revenue Commissioners take account of the amount of Illness Benefit received and adjust the tax-free allowance applicable. Illness Benefit can be paid as long as one is unfit for work and under age 66, if all social insurance contribution conditions are met.

- ***Benefit amount***

The payment was made up of a personal rate and extra amounts for adult dependants and qualified child dependants. See Table 5 above for the graduation of illness benefit personal rates and qualified adult increases according to earnings. The full child dependant amount is payable only when also receiving the full rate for an adult dependant or parenting alone. Where an applicant does not qualify for an adult dependant allowance, half child rate dependant increases are paid (as long as spousal earnings are under €350 per week (€400 per week from 2007 onwards). See Table 15 for the rates.

2.4.5 In-work benefits

2.4.5.1 Family Income Supplement (bwkmt_ie)

- ***Brief description***

Family Income Supplement (FIS) a weekly tax-free payment available to married or unmarried employees with children. It gives extra financial support to people on low pay.

- ***Eligibility conditions***

You will not qualify for FIS if you are only self-employed, you must be an employee to qualify. You must have at least one child who normally lives with you or is financially supported by you. Your child must be under 18 years of age or between 18 and 22 years of age and in full-time education. You must be working 19 or more hours per week (or 38 or more hours per

¹⁹ <https://www.welfare.ie/en/downloads/SW19.pdf> (accessed June 15th, 2018)

fortnight). Spouse/partner's weekly hours worked can be combined with the applicants to meet this condition. To qualify for FIS, your net average weekly family income must be below a certain amount for your family size, see Table 13 below for the income limits for 2011-2018.

- ***Benefit amount***

The FIS you receive is 60% of the difference between your net family income and the income limit which applies to your family. The items counted as income are:

- Your/your spouses'/partners assessable earnings i.e. gross pay minus tax, employee PRSI and superannuation (also the income levy upon its introduction in 2010)
- Any extra income you or your spouse/partner have from employment (such as pay for overtime, bonuses, allowances or commission)
- Any income you or your spouse/partner may have from self-employment
- Income from occupational pensions
- Income you or your spouse/partner may have including social welfare payments
- Rental Income from the letting of property or land (the capital value is not assessed)

The following payments **do not** count as family income:

- Child Benefit
- Carer's Allowance
- Guardian's payments
- Supplementary Welfare Allowance
- Domiciliary Care Allowance
- Foster Child Allowance
- Income from casual employment by the Health Service Executive (HSE) as a home help
- Income from a charitable organisation

See Table 13 for the income limits between 2011 and 2018.

- ***EUROMOD notes:***

This benefit has a relatively low take-up rate (see Callan and Keane, 2008). Therefore, adjustment for non take-up is made in the model by assuming only a certain proportion (33% based on earlier estimates) of those eligible actually claim it, using a random allocation.

The non-take up adjustment for FIS can be easily omitted from model calculations by switching off the corresponding function in the policy sheet (bwkmt_ie) or by setting the master switch for non take-up off in the spine (i.e. policy nontakeup_ie).

2.4.6 Universal Payments

2.4.6.1 Child Benefit (bch_ie)

- ***Brief description***

Child Benefit (previously known as Children's Allowance) in 2006 was payable to the parents or guardians of children under 16 years of age, or under 19 years of age if the child is in full-time education. It is a universal payment. From January 2010, Child Benefit was no longer paid in respect of children aged 18. During 2009, the full rate was paid for the month children turn 18 and half rate will be paid from the following month. From January 2010 the full rate was paid for the month children turn 18 but no payment was made after that. The same rate is paid for the first and second child, a higher rate is paid for the third and subsequent children.

- ***Eligibility conditions & Income Test***

None, universally paid to families with children.

- ***Benefit amount***

Benefit amounts vary by First and second child , Third and subsequent children. See Table 13 for the 2011-2018 rates.

2.4.6.2 Early Childcare Supplement(bcc_ie)

- ***Brief description***

The Early Childcare Supplement (ECS) payment was introduced in 2006. The payment is a universal, non-means tested, non-taxable payment for all children less than six years of age (i.e. ceases on their sixth birthday), effective from April 2006. The limit up to which the ECS is payable reduced from 6 years to 5 years, 6 months effective January 2009. The payment was subsequently abolished effective November 2009.

- ***Eligibility conditions & Income Test***

None, universally paid to families with children.

- ***Benefit amount***

€1,000 per annum in 2006/07, paid in four €250 instalments. The rate increased to €1,100 in 2008 and reduced to €498 in May 2009.

2.5 Social contributions

Social insurance contributions in Ireland are known as Pay Related Social Insurance (PRSI). They are payable by individuals in work (both employed and self-employed). It is paid into the Social Insurance Fund which helps pay for Social Welfare benefits and pensions. A PRSI contributor is entitled to social insurance benefits subject to conditions on the class of PRSI paid and the number of contributions made. There are fixed ceilings on the amount of Social Insurance Contributions employees and employers have to pay in any year. When this ceiling is reached, further payments are not made while still covered for benefit. In general, PRSI contribution classes are decided by the nature of the employment and the amount of the employee's gross reckonable earnings in any week. Therefore, the employee's PRSI Class can vary from week to week if earnings change.

The PRSI contribution classes are further divided into subclasses. These subclasses represent different bands of weekly earnings and categories of people within each earnings band.

2.5.1 Employee social contributions (tscee_ie)

With very few exceptions, all employees pay PRSI whether working full-time or part-time. A weekly PRSI-free allowance applies to the employee's social insurance contribution. This does not affect the employer deduction. PRSI is calculated on the employee's reckonable earnings i.e. gross pay reduced by employee superannuation contributions. Public sector pension related deductions were also deducted in the computation of the base for employee PRSI in 2009 and 2010. In 2011, both employee superannuation and PRD were included in the base for employee PRSI.

Modified rate PRSI (Class A)

Most workers (minimum age 16 and maximum age 65) pay PRSI contributions as Class A and are covered for all social welfare benefits and pensions. It covers people in industrial, commercial and service-type employment who are employed under a contract of service with gross earnings of €38 per week or more from all employments; Civil and Public Servants recruited from 6th April, 1995 and participants on Community Employment schemes. Employees covered under most classes with reckonable weekly earnings of not more than €300, continue to be exempt from paying PRSI for that week. However, the employer's share of PRSI remains payable as normal. A PRSI weekly allowance (exemption limit) applied. An annual PRSI ceiling of €46,600 on reckonable earnings also applied. The relevant PRSI rate was 4% for Class A1 contributors. Voluntary contributions can also be made and PRSI credits are given in specific situations where a contributor is in receipt of social benefits. Table 13 shows the rates, exemption limit and earnings ceilings for 2006-2018. The employee PRSI ceiling was abolished in 2011.

Modified rate PRSI (Class B)

Some workers in the public sector do not have cover for all benefits and pensions so they pay a modified PRSI contribution. This class applies in most part to permanent and pensionable public and civil servants (public sector employees) recruited prior to 6 April 1995. These individuals paid zero PRSI in 2006 if weekly income was below €300, 0.9% on income between €300 and €440 excluding the first €26 per week and 2.9% on income above €440 subject to the annual pay ceiling of €46,600.

Class J

This class applies to people with reckonable pay of less than €38 per week and employees over 66 regardless of their income. Employees under this limit pay no social insurance.

- *EUROMOD notes:*

Due to data limitations, only class J can be identified and all other employees are assumed to belong to class A.

2.5.2 Employer social contributions (tscer_ie)

It is the employers responsibility to establish if employees are medical card holders, are aged 70 or over, are recipients of a Social Welfare Widow's/Widower's Pension, One-Parent Family Payment, Deserted Wife's Benefit/Allowance or a Widow's/Widower's Pension (or EU country

equivalent), as they are exempt from Health Contribution irrespective of earnings.

Employer PRSI is also calculated on the employee's reckonable earnings (see above).

Standard rate PRSI (Class A)

In the case of Employer PRSI (Class A), the employer paid 8.5%²⁰ on earnings up to a limit (Limit was 356EUR per week before 2016 and 376EUR after 2016) 10.75% on all earnings above this limit. There is no income 'ceiling' for employer PRSI.

Modified rate PRSI (Class B)

The employer (government) pays 2.01% on employee reckonable earnings in this class.

Class J (People with reckonable pay of less than €38 per week. Employees over 66 regardless of their income).

The rate of social insurance for employers under this class is 0.5%.

- **EUROMOD notes:**

Due to data limitations, only class J can be identified and all other employees are assumed to belong to class A.

2.5.3 Self-employed social contributions (tscse_ie)

Generally, a self-employed person pays their social insurance at the same time they make their annual returns for tax purposes to the Revenue Commissioners.

Self-employed PRSI (Class S)

Self-employed people such as farmers, certain company directors, people in business on their own account and people with income from investments and rents are covered for pensions and Maternity, Adoptive Benefits and Paternity Benefit and pay Class S. Some exceptions exist. Income on which PRSI is calculated is on net self-employment income after superannuation and does not include benefits in kind. No exemption limit or upper income ceiling exists in for this category but income must exceed a floor to be liable. PRSI on income below a limit, €440 (2006), €480 (2007), €500 (2008/09) per week was payable at 3%, with no upper ceiling and a minimum payment of €253 per annum (2006-2009). Once income exceeded €440 per week in 2006 the health levy then became payable (see section 2.5.4 below) before it was abolished in 2011.

2.5.4 Other social contributions

The **Health Contribution levy (tschl_ie)** goes to the Department of Health and Children to help pay for health services. A number of groups do not have to pay the Health Levy:

²⁰ Note that the rates were cut to 4.25% in July 2011 until 2013.

- Everyone aged 70 or over
- Medical Card holders
- People who are getting Widow's/Widower's Pension, a One-Parent Family Payment or Deserted Wife's Allowance or a widow's pension from an EU country.

When payable, the health contribution levy was 2% on income exceeding the weekly exemption limit (€440). Between 2007-2011(inclusive) the basic health levy rate was 2% with an exemption limit of €480 for 2007 and €500 for 2008/09. The basic health levy rate increased to 4% effective the 1st of January 2010 with the exemption limit remaining at €500 per week. In 2007/08 an additional 0.5% was payable on income above €1,925 per week. This additional rate doubled to 1% in 2009 while the income threshold above which this additional rate was payable fell to €1,443 per week. The health contribution levy was abolished in 2011.

Income for levies is calculated as net income (from self-employment, investments and rents) after superannuation and capital allowances (in the case of self-employed individuals) and does not include benefits in kind or any social welfare payments. There is no ceiling on the amount of Health Contribution Levy payable. The unit of assessment is per individual employee.

Superannuation

In general, large employers in Ireland have occupational pension schemes, but many smaller employers throughout the country do not. There is no legal obligation on employers to provide occupational pension schemes for employee. You may be a member of an occupational pension scheme and also arrange a personal pension. A personal pension scheme (properly known as a Retirement Annuity Contract- RAC) is an arrangement by a self-employed person or an employee, generally a person who is not a member of an occupational pension scheme, to provide a pension on retirement or to surviving dependants on death. Personal Retirement Savings Accounts (PRSAs) are also available. These are designed to be used instead of occupational pension schemes by employers who do not wish to sponsor such schemes. They may also be used to supplement occupational scheme benefits. From 15th September 2003, employers must offer access to at least one standard PRSA to any employee who is not eligible to join an occupational pension scheme within 6 months of joining employment and must offer a PRSA for AVC purposes if there is no facility for AVCs within the scheme.

Occupational pension schemes may be contributory or non-contributory, funded or unfunded, defined benefit or defined contribution. In contributory schemes, both you and your employer pay contributions towards the scheme. In non-contributory schemes, you do not contribute but your employer does. A defined benefit scheme is one where the benefit entitlement is defined in some way by reference to earnings, length of service, an index or a fixed amount. A defined contribution scheme is one where the contribution is fixed by agreement but the benefits are decided by reference to the value of the contributions paid under the scheme and are not fixed in advance. Occupational and personal pensions operate independently of the social welfare pension system. If you are a member of an approved pension scheme, you can get tax relief at your highest rate on your contributions to the scheme (see below). According to the Quarterly National Household Survey special module on pensions, pension coverage for workers aged between 20 and 69 was 54% in the first quarter of 2008. The pension coverage rate for female workers was 50% and the rate for males was 56%. Public sector workers recruited before April 1995 are not required to make pension contributions, those recruited after April 1995 however pay obligatory pension contributions. A rate of 6.5% is paid – 3% on gross salary and 3.5% on gross salary less twice the maximum rate of Social Welfare State Pension (Contributory) payable to a single person.

- **EUROMOD notes**

Superannuation payments are simulated in the model but based on relatively strong assumptions about which employees pay them and at which rate, which are imputed in the input dataset. For more details on the latter, see section 3.3.4.

A **Public Sector Pension Related Deduction (tsceepb_ie)** was introduced with effect from 1st May 2009. It is a new level of pension contribution to be made by all public sector workers (i.e. those recruited pre and post 1995) and is therefore in addition to the pension contribution made by public sector workers recruited after April 1995. The PRD is deducted from gross income. The PRD has been subject to employee PRSI and the Universal Social Charge since the 1st January 2011.

Table 6. Public Sector Pension Related Deduction rates on annual gross earnings:

Income	2013	2014	2015	2016	2017-2018
Rate 1	0	0	0	0	0
Rate 2	0.025	0.025	0.025	0.1	0.1
Rate 3	0.1	0.1	0.1	0.105	0.105
Rate 3	0.105	0.105	0.105		
Band threshold 1	15000	15000	17500	26083	28750
Band threshold 2	20000	20000	20000	60000	60000
Band threshold 3	60000	60000	60000		

2.6 Personal income tax (tin_ie)

2.6.1 Tax unit

The Irish income tax system operates as a ‘unified system’ that makes no distinction between earned and unearned income. The system provides that having ascertained the level of income for tax purposes, various personal allowances and reliefs are deducted to arrive at a figure that represents taxable income. The taxable income is then subjected to rates of tax at a standard rate and a high rate depending on the taxable income. Joint assessment of married couples was automatic prior to 2000 unless either spouse gave notice of election for *single assessment* to the Revenue Commissioners. Where *joint assessment* occurred the income of each spouse was taxed as if it was the income of just one individual but with the distinction that the bands of income chargeable at the lower rate of tax was doubled as compared to a single taxpayer. *Separate assessment* was also possible. The Irish Minister for Finance first put the concept of individualisation forward in his Budget 2000 speech. Since 2000, there is a limit on the degree of transferability of income tax bands between spouses.

2.6.2 Exemptions

A number of tax exemptions exist. These include scholarships, lottery winnings and income earned by writers, composers, visual artists and sculptors from the sale of their works is exempt from income tax in Ireland in certain circumstances.

2.6.3 Income Tax Exemption and Marginal Relief

Income tax is zero for those whose income falls below the relevant (age-specific) income tax exemption limit. For those with incomes above the exemption limit, but below twice the exemption limit, income tax liability is the minimum of

- income tax as calculated under the ordinary income tax system
- the “marginal relief rate” times income *less* the income tax exemption limit

In the case of married couples, either spouse can be aged over 65 to qualify as a couple for the higher limit. From 2008 onwards, the system of income tax exemption limits/marginal relief applies only to individuals aged over 65 or couples containing an individual aged over 65.

The exemption limits are increase by €575 for each of the first two qualifying children that a claimant proves has lived with him/her at any time during the tax year and by €830 per child for each subsequent child. The definition of a “qualifying child” is a child who:

- (i) is born in the year of assessment, or
- (ii) is under 18 years of age at the commencement of the year of assessment, or
- (iii) if over 18:
 - a) is in full time education, or
 - b) is permanently incapacitated and was incapacitated before reaching the age of 21, and
 - c) is a child of the claimant of in the custody of the claimant and is maintained at the expense of the claimant.

Marginal relief is available where the total income exceeds the above limits but is less than twice the specified amount. This marginal relief restricts the maximum amount of tax payable to 40% of the amount by which the individual’s total income exceeds the exemption limit.

Table 7. Marginal Relief Parameters

	2006	2007	2008	2009	2010	2011	2012	2013 - 2018
Income Tax Exemption Limit (€ annual)								
<i>Single & Widowed</i>								
Under 65	5,210	5,210	n/a	n/a	n/a	n/a	n/a	n/a
65 and over	17,00	19,00	20,00	20,00	20,00	20,00	18,00	18,00
<i>Married Couples</i>								
Under 65	10,42	10,42	n/a	n/a	n/a	n/a	n/a	n/a
65 and over	34,00	38,00	40,00	40,00	40,00	40,00	36,00	36,00
Exemption Limit Increase for child dependant								
First and second child	575	575	575	575	575	575	575	575
Third and subsequent child	830	830	830	830	830	830	830	830
Marginal relief rates	40%	40%	40%	40%	40%	40%	40%	40%

2.6.4 Tax allowances

Here, we define tax allowances as any amount subtracted from pre-tax income (including social insurance contributions).

Tax Relief on Pension Contributions (superannuation)

You are entitled, subject to certain limits, to have the amount that you contribute to a pension (superannuation, private pensions, Public Sector Pension Related Deduction) deducted from your gross income before that income becomes liable to tax. In effect, tax relief is given at the marginal rate of tax.

The maximum pension contributions, in any one year, for which you are entitled to tax relief, is related to your age and is expressed as a percentage of your gross income (gross pay for tax purposes). Prior to the 1st January 2011 PRSI was not paid on pension contributions. Since the 1st January 2011 PRSI and the Universal Social Charge is payable on pension contributions.

Table 8. Relief Limits for Pension Contributions % of Net Relevant Earnings

Age	% of Net Relevant Earnings			
	2015	2016	2017	2018
Under 30 years	15%	15%	15%	15%
30 – 39 years	20%	20%	20%	20%
40 - 49 years	25%	25%	25%	25%
50 - 54 years	30%	30%	30%	30%
55 – 59 years	35%	35%	35%	35%
60 years and over	40%	40%	40%	40%

Mortgage Interest Relief

Mortgage interest relief is a tax relief based on the amount of mortgage interest that you pay in a given tax year for your principal private residence. It is implemented as tax relief at source (TRS), making it in effect a refundable tax credit. The annual ceiling on the amount of interest that can be allowed on a mortgage in 2006 was €4,000 for single first time buyers and €8,000 for married first time buyers. These figures were doubled in 2007. The relief was available to all first-time buyers who were in the first seven years of their mortgage. The ceiling for non-first-time buyers in 2006 was €2,540/€5,080 single/married. These doubled to €3,000/€6,000 single/married in 2007.

Since 2009 Mortgage Interest Relief is available for the first seven years of a qualifying loan only, see Table 15 for the maximum reliefs available. The tax relief is at source. For you to qualify for tax relief on mortgage interest repayments, the interest must relate to money that you have borrowed to purchase, repair or improve your sole or main residence, situated in Ireland.

Mortgages taken out after 31 December 2012 will not qualify for mortgage interest relief.

Table 9. Mortgage Interest Relief, January 2009 onwards

Status	First Time Buyers						
	Ceiling	Rate of Relief Year 1 & 2	Max. relief available	Rate of Relief Year 3, 4 & 5	Max. relief available	Rate of Relief Year 6 & 7	Max. relief available
Single	€10,000	25%	€2,500	22.50%	€2,250	20%	€2,000

Married/Widowed	€20,000	25%	€5,000	22.50%	€4,500	20%	€4,000
Non-First Time Buyers							
Status	Ceiling	Rate of Relief	Max. relief available				
Single	€3,000	15%	€450				
Married/ Widowed	€6,000	15%	€900				

- **EUROMOD notes:**

Due to data limitations, everyone with mortgage interests was assumed to be a non-first time buyer in the first seven years of their mortgage.

Trade Union Subscriptions (not simulated)

An annual flat rate allowance of €350 at the standard rate of tax 20% (tax credit €70) is available for Trade Union subscriptions paid. The full allowance is available annually regardless of the actual amount of the subscription paid.

Health/Medical Expenses Relief (not simulated)

You may claim tax relief for certain medical expenses incurred by you, on your own behalf or on behalf of another person. Most medical expenses, with some exceptions e.g. routine dental and ophthalmic care, qualify for relief. Prior to 1st January 2009 tax relief was available at your highest rate of tax, from 1st January 2009 it is only available at the standard rate of tax (20%). No limit to medical expenses is in place.

Health Insurance (Medical insurance tax credit) (not simulated)

Tax relief for medical insurance premiums paid is granted at source. Subscribers will pay a reduced premium (80% of the gross amount) to the authorized medical insurer. This reduction is the same as giving tax relief at the standard rate of tax (20%). Additional age related tax credits in respect of those over the age of 60 that help to meet their higher claims costs were introduced in August 2009.

Tuition Fees (not simulated)

Tax relief is available for certain tuition fees up to a maximum of €5,000 per annum. Up to the year 2006 inclusive, an individual could claim tax relief on fees paid in respect of Third Level courses on his/her own behalf or on behalf of a spouse, child or person in respect of whom the individual is/was the legal guardian. With effect from 2007 onwards, the required relationship has been abolished and an individual can claim tax relief on fees paid for Third Level courses as long as he/she has paid the qualifying fees.

2.6.5 Tax base

Taxable income is arrived at by taking gross income minus tax allowances and other exemptions (such as medical expenses etc): employment and self-employment income, interest income and

dividends, rental income, private and occupational pensions, maintenance payments and various social welfare schemes. Table 12 below documents the various schemes and whether or not they are taxable.

Table 10. Tax status of Benefits

Universal Payments	
Child Benefit	Not taxable
Early Childcare Supplement (introduced 2006)	Not taxable
Non-Contributory	
Blind Persons Pension	Taxable
Carers Allowance	Taxable
State (non-contributory) Pension	Taxable
Pre-retirement allowance	Not taxable
Deserted Wives Allowance	Taxable
One Parent Family Payment	Taxable
Widows (non-contributory) pension	Taxable
Supplementary Welfare Allowance	Not taxable
Guardian's Payment (non-contributory)	Taxable
Disability Allowance	Not taxable
Jobseeker's Allowance	Not taxable
Farm Assist	Not taxable
Domiciliary Care Allowance	Not taxable
Widowed parent grant	Not taxable
Back to work allowance	Not taxable
Back to enterprise allowance	Not taxable
Back to education allowance	Not taxable
Back to school clothing & footwear allowance	Not taxable
Part time job incentive scheme	Not taxable
Bereavement grant	Not taxable
Contributory	
Carers Benefit	Taxable
Disablement Benefit	Taxable
Illness Benefit*	Taxable
Invalidity pension	Taxable
Injury Benefit	Taxable
State (Contributory) pension	Taxable
State (Transition) Pension	Taxable
Widows (Contributory) pension	Taxable
Jobseeker's Benefit*	Taxable (first €13 per week excluded)
Deserted Wives Benefit	Taxable
Maternity Benefit	Taxable
Adoptive Benefit	Taxable
Parental Benefit	Taxable
Health and Safety Benefit	Not taxable
Guardian's Payment (Contributory)	Taxable
In-Work Benefit	
Family Income Supplement	Not taxable
Other Benefits	
Fuel Allowance	Not taxable
Electricity Allowance	Not taxable
Gas Allowance	Not taxable
Telephone Allowance	Not taxable

*Increases for a child dependent are not taxable under the Jobseeker's Benefit and Illness Benefit schemes.

2.6.6 Tax schedule and tax credits

Income taxation is graduated, with progressively higher marginal tax rates applying to higher income brackets. There are two income tax rates; a lower rate and a top rate. The annual standard rate band varies by family status; single person, one parent family; a married, one-earner couple (M1E) and a married, two-earner couple. Income above this annual level was liable at the higher income tax rate. If only one spouse has taxable income, all tax credits and the standard rate band will be given to him or her. If both spouses have taxable income, they can decide which spouse is to be the assessable spouse and request their local Revenue office to allocate the tax credits and the standard rate band between them in whatever way they wish. (PAYE tax credit and employment expenses are non-transferable). The extent to which the standard rate band is transferable can be calculated as the difference between the M1E and single person bands, divided by the single person band i.e., $(41000-32000)/(32000)=9000/32000=28.125\%$. Tax credits are non-refundable. In order of calculation, tax credits operate at the end of the tax calculation procedure, whereas tax allowances operate at the beginning of the tax calculation process i.e. before the tax schedule in the case of allowances and after the tax schedule in the case of credits.

Table 13 documents the relevant tax rates and income bands for the years 2011-2018.

Personal tax credit

See Table 15 for 2011-2018 amounts.

PAYE Tax Credit

If you are in employment, tax on your income is deducted by your employer on behalf of the Revenue Commissioners. This system of deduction is known as the Pay As You Earn (PAYE) system. All PAYE taxpayers are entitled to a tax credit known as the PAYE Tax Credit. If you are married and taxed under joint assessment, then you and your spouse may both claim the PAYE Tax Credit. The PAYE Tax Credit cannot exceed the individual's PAYE income at the Standard Rate. See Table 13 for 2011-2018 amounts.

Widowed Tax credit

The conditions for receiving this tax credit stipulate that the individual is widowed. It comes into play the year following the death of a spouse.

Lone parent tax credit

An eligibility condition must be satisfied that the individual taxpayer is a single/lone parent and there must be a dependent child (child under 18 years of age or over 18 years of age if in full time education or permanently incapacitated) living in the household..

Age tax credit

A person claims this allowance where they or their spouse is at least 65 years of age during the year of assessment. The tax credit is doubled for married couples who have opted for Joint Assessment or Separate Assessment if either spouse is 65 at any time during the tax year..

Rent Tax Credit

This credit can be claimed by individuals paying for private rented accommodation. The relief due differs by age and marital status and is only available at the standard rate of tax subject to a maximum rent level. See Table 15 for the relevant maximum rent tax credit amounts between 2011 and 2018. It is transferable between spouses.

Home Carer's Tax credit

A Home Carer's Tax Credit is a tax credit given to married couples (who are jointly assessed for tax) where one spouse works in the home caring for a dependent person (the dependent person must not be a spouse. Where this tax credit is claimed the Home Carer is not entitled to the extended Standard Rate Cut Off Point normally given to married couples where both spouses are in receipt of income. If only one spouse has income or the Married Standard Rate Cut Off Point is sufficient to cover the combined income of both spouses then this issue doesn't arise. However if this is not the case the couple will receive whichever is the more beneficial treatment. They should be a child for whom Child Benefit is payable, a person aged 65 years or over or a person who is permanently incapacitated by reason of mental/physical infirmity. The dependent person must normally reside with the married couple or if they are relatives they must reside next door, on the same property or within two kilometres of the claimant). A Home Carer's Tax Credit can be claimed when the married couple is jointly assessed for tax, one spouse works in the home caring for one or more dependent people and the home carer's own income (any taxable income such as income from a part-time job, dividends, etc. but does not include the Carer's Allowance payable by the Department of Social Protection) is below €5,080 in the tax year they are claiming for. If income exceeds €5,080 (2006-2011) the tax credit is reduced by one half of the income of the home carer that exceeds this limit up to the maximum of €6,620 in 2006/2007 and a maximum of €6,880 from 2008 to 2010. For example if in 2006 the claimant earned €6,000 the home carers credit would be reduced by:

$$(\text{Income of home carer}-5,080)/2 \text{ i.e. } (6,000-5,080)/2=\text{€}460$$

and the home carers credit would be the rate payable minus half of the income limit exceeded i.e. 770-460=€310.

- **EUROMOD notes:**

Where a couple is eligible both to increased standard tax band and Home Carer's Tax Credit, the model calculates (joint) tax liability in both cases and chooses the combination with smaller liability.

2.7 Other taxes

In 2009 an **Income Levy (txc_ie)**, effectively an extra tax on income was introduced. For the self employed gross income is determined after deduction of legitimate expenses directly associated with the performance of the business. Employee pension contributions are not exempt from the income levy. Exclusions from the definition of gross income include social

welfare income, payments made in lieu of social welfare payments (Community Employment Scheme, Job Initiative Scheme), and income from interest on savings that is subject to deposit interest retention tax (D.I.R.T.). Occupational/private pensions are liable for the income levy. Full medical card holders are also exempt from the income levy. No levy is payable if gross income is below €15,028 per annum (€289 per week). All income is liable for the levy once this exemption limit is reached. Individuals aged 65 or over are not liable for the levy if their income is below €20,000 per annum (€385 per week). Also exempt are married couples where at least one spouse is aged 65 or over and joint income is below €40,000. The income thresholds and rates are as follows:

Table 11. Employee Income Levy and Universal Social Charge Thresholds and Rates:

	2011	2012	2013	2014	2015	2016	2017	2018
Band 1	10036	10036	10036	10036	12012	12012	12012	12012
Band 2	16016	16016	16016	16016	17576	18668	18772	19872
Band 3	16016	16016	16016	16016	70044	70044	70044	70044
Supplementary Band for Self-Assessed Income	100000	100000	100000	100000	100000	100000	100000	100000
Rate 1	0.02	0.02	0.02	0.02	0.015	0.01	0.005	0.05
Rate 2	0.04	0.04	0.04	0.04	0.035	0.03	0.025	0.02
Rate 3	0.07	0.07	0.07	0.07	0.07	0.055	0.05	0.0475
Rate 4	0.07	0.07	0.07	0.07	0.08	0.08	0.08	0.08
Supplementary Rate for Self-Assessed Income	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03

*Applicable to payments made from 1st January 2009 to 30th April 2009 inclusive

Table 12. Self-Employed Income Levy Thresholds and Rates:

	2009
Band 1	75036
Band 2	100100
Band 3	174980
Band 4	250120
Rate 1	0.0167
Rate 2	0.03
Rate 3	0.3333
Rate 4	0.0467
Rate 5	0.05

In 2011, a **Universal Social Charge (txcin_ie)** was introduced and replaced the Income Levy and Health Contribution/Levy. The Universal Social Charge (USC) is payable on gross income and pension contributions (superannuation). The USC is not payable if a person's annual gross income is below €10,036 in 2014 or earlier €12,012 in 2015 and €13,000 from 2016. The limit was €4,004 in 2011 and €10,036 from 2012 to 2014. Once income goes above this threshold the USC is payable on all gross income. There is a reduced rate for people above 70. In fact, the reduced rates apply to individuals aged 70 years or over whose aggregate income for the year is €60,000 or less. The rates are as presented in Table 11, above

However the rate is capped at 4% for those on low incomes, who qualify for the means-tested full medical card regardless of their gross income, and for those aged 70 or over. There is a surcharge of 3% on these individuals who have income from self-employment that exceeds €100,000 in a year, regardless of age. Income exempt of the USC: All social welfare payments (including income from Community Employment Schemes, and back to Education Allowances). Income already subjected to Deposit Interest Retention Tax. The pension-related deduction is subject to the Universal Social Charge. Any deduction for the Universal Social Charge does not reduce gross pay for PAYE/PRSI purposes or for means testing of benefits.

In 2012, a **Household Charge (tprhm00_ie)** of €100, to fund vital local services, in line with the requirement in the EU/IMF Programme of Financial Support for Ireland, was introduced. The Non Principal Private Residences charge and Household charge have been replaced by a Local Property tax from 2013, where the tax is a function of the property value:

$$\text{tprhm00}_s = 0.0009 * \min(\text{propval}, 1000000) + \max(0, \text{propval} - \min(\text{propval}, 1000000)) * 0.00125,$$

where propval is the property value.

In 2013, the charge applied for only 6 months and so the rates were half of the 2014 rates on an annual basis.

2.8 Summary of Social Welfare, Taxation and Social Insurance Parameters

Table 13. Summary of social welfare, taxation and social insurance parameters, 2010-2018 (€)

	2010	2011	2012	2013	2014	2015	2016	2017	2018
SOCIAL WELFARE (weekly unless otherwise stated)	€	€	€	€	€	€	€	€	€
Universal Payments									
Child Benefit (monthly) - Rate 1 -1st & 2nd Child	150	140	140	130	130	135	140	140	140
Child Benefit (monthly) - Rate 2 -3rd & subsequent children 2006-2010; 3rd child only 2011	187	167	148	130	130	135	140	140	140
Child Benefit (monthly) - Rate 3 -4th & subsequent children in 2011	n.a.	177	160	140	140	135	140	140	140
Early Childcare Supplement (annual)	n.a.								
Non-Contributory									
Carer's Allowance <65	212	204	204	204	204	204	204	209	214
Carer's Allowance >65 #	239	239	239	239	239	239	242	247	252
Adult qualified increase	n.a.								
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
State Pension (Non-Contributory) * #	219	219	219	219	219	219	222	227	232
Adult qualified increase	144.7	144.7	144.7	144.7	144.7	144.7	146.7	150	153.3
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Pre-Retirement Allowance	196	188	188	188	188	188	188	193	198
Adult qualified increase	130.1	124.8	124.8	124.8	124.8	124.8	124.8	128.1	131.4
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Deserted / Prisoner's Wife's Allowance <65	196	188	188	188	188	188	188	193	198
Deserted / Prisoner's Wife's Allowance >65 * #	219	219	219	219	219	219	219	219	232
Child qualified increase	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
One-Parent Family Payment <65	196	188	188	188	188	188	188	193	198
One-Parent Family Payment >65	n.a.								
Child qualified increase	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Widow/er's (Non-Contributory) Pension <65	165.8	185.5	197.8	204.3	204.3	196	188	188	188
Widow/er's (Non-Contributory) Pension >65 * #	165.8	185.5	197.8	204.3	204.3	204.3	204.3	204.3	204.3
Child qualified increase	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Supplementary Welfare Allowance	196	188	188	188	188	188	188	193	198
Adult qualified increase	130.1	124.8	124.8	124.8	124.8	124.8	124.8	128.1	131.4
Child qualified increase	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Guardian's Payment (Non-Contributory)	169	161	161						

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Disability Allowance *	196	188	188	188	188	188	188	193	198
Adult qualified increase	130.1	124.8	124.8	124.8	124.8	124.8	124.8	128.1	131.4
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Jobseeker's Allowance (for over 25's or under 25 with a child dependant from 2010 on)	196	188	188	188	188	188	188	193	198
Adult qualified increase (for over 25's or under 25 with a child dependant from 2010 on)	130.1	124.8	124.8	124.8	124.8	124.8	124.8	128.1	131.4
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Jobseeker's Allowance 18-21 years of age	100	100	100	100	100	100	100	100	107.7
Adult qualified increase	100	100	100	100	100	100	100	100	107.7
Child qualified increase ~ reduced rates do not apply if child dependant present	n.a.								
Jobseeker's Allowance 22-24	150	144	144	144	144	144	144	144	152.8
Adult qualified increase	130.1	124.8	124.8	124.8	124.8	124.8	124.8	128.1	131.4
Child qualified increase ~ reduced rates do not apply if child dependant present	n.a.	na	n.a.						
Farm Assist	196	188	188	188	188	188	188	193	198
Adult qualified increase	130.1	124.8	124.8	124.8	124.8	124.8	124.8	128.1	131.4
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Contributory									
Carer's Benefit	213	205	205	205	205	205	205	210	215
Adult qualified increase									
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Disablement Pension	227	227	219	219	219	219	219	219	219
Adult qualified increase									
Child qualified increase									
Incapacity Supplement *	196	196	188	188	188	188	188	193	198
Adult qualified increase	130.1	130.1	124.8	124.8	124.8	124.8	124.8	128.1	131.4
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Illness Benefit	196	188	188	188	188	188	188	193	198
Adult qualified increase	130.1	124.8	124.8	124.8	124.8	124.8	124.8	128.1	131.4
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Invalidity Pension <66*	201.5	193.5	193.5	193.5	193.5	193.5	193.5	198.5	203.5
Invalidity Pension >66 *									
Adult qualified increase <66	143.8	138.1	138.1	138.1	138.1	138.1	138.1	141.7	145.3
Adult qualified increase >66	206.3	206.3	206.3	206.3	206.3	206.3	206.3	206.3	206.3
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Injury Benefit	196	188	188	188	188	188	188	193	198

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Adult qualified increase	130.1	124.8	124.8	124.8	124.8	124.8	124.8	128.1	131.4
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
State Pension (Contributory/Transition)	230.3	230.3	230.3	230.3	230.3	230.3	233.3	238.3	243.3
Adult qualified increase <66	153.5	153.5	153.5	153.5	153.5	153.5	155.5	158.8	162.1
Adult qualified increase >66 # *	206.3	206.3	206.3	206.3	206.3	206.3	209	218.5	223
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Widow/er's (Contributory) Pension / Deserted <66	201.5	193.5	193.5	193.5	193.5	193.5	193.5	198.5	203.5
Widow/er's (Contributory) Pension / Deserted >66 # *	230.3	230.3	230.3	230.3	230.3	230.3	233.3	238.3	243.3
Adult qualified increase									
Child qualified increase	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Jobseeker's Benefit	196	188	188	188	188	188	188	193	198
Adult qualified increase	130.1	124.8	124.8	124.8	124.8	124.8	124.8	128.1	131.4
Child qualified increase	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Deserted Wife's Benefit <66	201.5	193.5	193.5	193.5	193.5	193.5	193.5	198.5	203.5
Deserted Wife's Benefit >66 # *	230.3	230.3	230.3	230.3	230.3	230.3	233.3	238.3	243.3
Child qualified increase	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Maternity Benefit (minimum/maximum rate)	225- 270	225- 270	217.8- 262	217.8- 262	230	230	230	235	240
Maternity Benefit (minimum)	225	225	217.8	217.8					
Maternity Benefit (maximum rate)	270	270	262	262					
Adoptive Benefit			217.8- 262		230	230	230	235	240
	225- 271	225- 271		217.8- 262					
Parental Benefit								240	240
Health and Safety Benefit	196	196	188	188	188	188	188	193	198
Adult qualified increase	130.1	130.1	124.8	124.8	124.8	124.8	124.8	128.1	131.4
Child qualified increase ~	29.8	29.8	29.8	29.8	29.8	29.8	29.8	29.8	31.8
Guardian's Payment (Contributory)	169	161	161	161	161	161	161	161	161
In-Work Benefit									
<u>Working Family Payment/Family Income Supplement:</u> (amount received =60% of the difference between your net family income and the income limit which applies to your family, which depends on number of children)									
Minimum payment	20	20	20	20	20	20	20	20	20
Minimum hours worked per week to be eligible	19	19	19	19	19	19	19	19	19
Net income limits (depends on number of children), see below	506-	506-	506-	506-	506-	506-	511-	511-	521-

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	1298	1298	1298	1298	1298	1298	1,308	1,308	1,308
Income limit for FIS, 1 child	506	506	506	506	506	506	511	511	521
Income limit for FIS, 2 children	602	602	602	602	602	602	612	612	622
Income limit for FIS, 3 children	703	703	703	703	703	703	713	713	723
Income limit for FIS, 4 children	824	824	824	824	824	824	834	834	834
Income limit for FIS, 5 children	950	950	950	950	950	950	960	960	960.00
Income limit for FIS, 6 children	1,066	1,066	1066	1066	1066	1066	1,076	1,076	1,076
Income limit for FIS, 7 children	1,202	1,202	1202	1202	1202	1202	1,212	1,212	1,212
Income limit for FIS, 8 children or more	1,298	1,298	1298	1298	1298	1298	1,308	1,308	1,308
Other Benefits									
Widowed parent grant (one off payment)	6,000	6,000	6000	6000	6000	6000	6000	6000	6000
Back to enterprise allowance									
Back to education allowance									
Back to school clothing & footwear allowance: Age 2-11	200	200	n.a.						
Back to school clothing & footwear allowance: Age 4-11	n.a.	n.a.	150	100	100	100	100	100	100
Back to school clothing & footwear allowance: Age 12-17 or 18-22 if in full-time education	305	305	250	200	200	200	200	200	200
Part time job incentive scheme	124.1	124.1	119	119	119	119	119	119	125.4
Adult qualified increase	78.2	78.2	193.9	193.9	193.9	193.9	193.9	198.5	204.5
Bereavement grant	850	850	850	850	850	850	850	850	850
Fuel Allowance	20	20	20	20	20	20	20	20	20
Electricity Allowance (monthly)	40.7	40.7	39.4	35	35	35	35	35	35
Telephone Allowance - landline (monthly)	26	26	22.58	19	19	19	19	19	19
Telephone Allowance - mobile (monthly)	26	26	22.58	19	19	19	19	19	19
Respite Care Grant (annual)	1700	1700	1700	1375	1375	1375	1375	1375	1375
Constant Attendance Allowance	213	213	205	205	205	205	205	205	205
Living Alone Allowance	7.7	7.7	7.7	7.7	7.7	9	9	9	9
Over 80 Allowance	10	10	10	10	10	10	10	10	10
TAXATION									

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Standard tax rate	20%	20%	20%	20%	20%	20%	20%	20%	20%
Top tax rate	41%	41%	41%	41%	41%	40%	40%	40%	40%
Standard rate band, single (annual)	36,400	32,800	32,800	32,800	32,800	33,800	33,800	33,800	34,550
Standard rate band, married one earner (annual)	45,400	41,800	41,800	41,800	41,800	42,800	42,800	42,800	43,550
Standard rate band, married two earner (annual)	72,800	65,600	65,600	65,600	65,600	67,600	67,600	67,600	69,100
Standard rate band, lone parent (annual)	40,400	36,800	36,800	36,800	36,800	37,800	37,800	37,800	38,550
Tax Credits (annual):									
Personal tax credit	1,830	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
PAYE tax credit	1,830	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Widowed Tax credit	600	540	540	540	540	540	540	540	540
Widowed Child tax credit	1230	1110	1110	1110	1110	1110	1110	1110	1110
Lone parent tax credit	1,830	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Age tax credit	325	245	245	245	245	245	245	245	245
Home Carers Tax credit (maximum)	900	810	810	810	810	810	1000	1100	1200
Home Carers Tax Credit Maximum Income Limit	5,080	5,080	5,080	5,080	5,080	5,080	7,200	7,200	7,200
Trade Union Subscription	70	70	70	70	70	70	70	70	70
Rents tax credit single <55	400	320	240	240	240	240	240	240	240
Rents tax credit single >55	800	640	480	480	480	480	480	480	480
Rents tax credit widowed & married <55/>55	800/1600	640/1280	480/960	480/960	480/960	480/960	480/960	480/960	480/960
Guide Dog Allowance	825	825	825	825	825	825	825	825	825
Incapacitated Child Tax Credit	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660	3,660
Blind Person's Tax Credit	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830	1,830
Dependent Relative Tax Credit	80	80	80	80	80	80	80	80	80
Seafarers Allowance	6,350	6,350	6,350	6,350	6,350	6,350	6,350	6,350	6,350
Earned Income Tax Credit							550	950	1150
SOCIAL INSURANCE									
PRSI rate private sector & public post 1995 (rate 1)	4	4	4	4	4	4	4	4	4
PRSI rate public sector, pre 1995 (rate 2) %	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
PRSI rate, self employed (rate 3) %	3	4	4	4	4	4	4	4	4
PRSI exemption limit (weekly, rate 1)	352	352	352	352	352	352	352	352	352
PRSI exemption limit (weekly, rate 2)-modified	25.4	25.4	25.4						
PRSI exemption limit (weekly, rate 3)	3174	5000	5000	5000	5000	5000	5000	5000	5000
PRSI ceiling (annual, rate 1 and 2)	75,036	none	none	none	none	none	none	none	none
PRSI self employed ceiling (annual)	none	none	none	none	none	none	none	none	none
PRSI Allowance Rate 1	127	127	127	0	0	0	0	0	0
PRSI Allowance Rate 2	26	26	26	0	0	0	0	0	0
LEVIES									

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Health Levy (rate 1) %	4	0	0	0	0	0	0	0	0
Health Levy (rate 2) % ^	1	0	0	0	0	0	0	0	0
Health Levy exemption limit (weekly)	500	n.a.							
Health Levy Rate 2 threshold (weekly)	1443	n.a.							
Income Levy rate 1 (paid on gross income <threshold 1 but > exemption limit)	2	n.a.							
Income Levy rate 2 (paid on gross income between thresholds 1& 2)	4	n.a.							
Income Levy rate 3 (paid on gross income exceeding threshold 2)	6	n.a.							
Income Levy, threshold 1 (annual, assuming gross income > exemption limit)	75,036	n.a.							
Income Levy, threshold 2 (annual)	174,980	n.a.							
Income Levy exemption limit (gross, annual), <65	15,028	n.a.							
Income Levy exemption limit (gross, annual) >=65	20,000	n.a.							
Universal Social Charge, income exemption limit (annual)	n.a.	4,004	10,036	10,036	10,036	12,012	13,000	13,000	13,000
Universal Social Charge , rate 1, %	n.a.	2.00	2.00	2.00	2.00	1.50	1.00	0.50	0.50
Universal Social Charge , rate 2, %	n.a.	4.00	4.00	4.00	4.00	3.50	3.00	2.50	2.00
Universal Social Charge , rate 3, %	n.a.	7.00	7.00	7.00	7.00	7.00	5.50	5.00	4.75
Universal Social Charge , rate 4, %	n.a.	7.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00
Universal Social Charge , rate 5 (self employment over €100000, %	n.a.	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Universal Social Charge threshold 1 (annual, assuming gross income > exemption limit)	n.a.	10036.00	10036.00	10036.00	10036.00	12012.00	12012.00	12012.00	12012.00
Universal Social Charge threshold 2 (annual)	n.a.	16016.00	16016.00	16016.00	16016.00	17576.00	18668.00	18772.00	19372.00
Universal Social Charge threshold 3 (annual)	n.a.	16016.00	16016.00	16016.00	16016.00	70044.00	70044.00	70044.00	70044.00
Second Homes Tax	n.a.	200	200	200	0	0	0	0	0
Household Charge	n.a.	0	100	0	0	0	0	0	0
Property Tax, rt1	n.a.	n.a.	n.a.	0.0009	0.0018	0.0018	0.0018	0.0018	0.0018
Property Tax, lt1	n.a.	n.a.	n.a.	100000	100000	100000	100000	100000	100000
Property Tax, rt2	n.a.	n.a.	n.a.	0.00125	0.0025	0.0025	0.0025	0.0025	0.0025

* Indicates living alone allowance is payable under this scheme.

Indicates over 80 allowance is payable under this scheme

~ Indicates half child rate payable if claimant does not qualify for an increase for a dependant adult.

^ Payable in addition to rate 1 once the health levy rate 2 threshold is passed
n/a - not applicable

3. DATA

3.1 General description

The Irish EUROMOD dataset has been constructed with data from the European Union Statistics on Income and Living Conditions (EU-SILC) database, specifically the European User Data Base (UDB) version, which is compiled by Eurostat. The survey is carried out by the Irish Central Statistics Office and is a voluntary survey of private households beginning in 2003. The primary focus of SILC is the collection of information on the income and living conditions of different types of households in Ireland, in order to derive indicators on poverty, deprivation and social exclusion. Information is collected continuously throughout the year with the income reference period being the 12 months prior to interview. Information is collected from all household members on laptops. A two-stage sample design was used. This comprised of a first stage sample of 2,600 small areas selected at county level to proportionately represent eight strata reflecting population density. The eight population density stratum groups used were as follows:

- Cities
- Suburbs of Cities
- Mixed urban/rural areas bordering on the suburbs of Cities
- Towns and their environs with populations of 5,000 or over (large urban)
- Mixed urban/rural areas bordering on the environs of larger towns
- Towns and their environs with a population of 1,000 to 5,000 (other urban)
- Mixed urban/rural areas
- Rural areas

The second stage of sampling involved the random selection of sample and substitute households for each block. In cases where interviewers could not secure an interview from the sample household, they systematically approached up to three substitute households (in the same block as the sample household), in order to secure a SILC interview. The sample is of households living at private residential addresses. EU-SILC is a rotating panel that provides quality, timely cross-sectional information on household incomes and social exclusion.

UDB 2016 data contains disaggregated benefit data for Ireland. Disaggregated personal benefits are taken directly for the UDB data to produce EUROMOD input variables. A greater degree of disaggregation than that provided in the UDB data for household benefits is needed to produce EUROMOD input variables. Therefore, information extracted from the previous RMF data file (2008 data) was used at some points in order to disaggregate household benefits information from the UDB data as described below. Contrary to previous years, the national team did not have access to the more recent detailed research micro data file (RMF).

Table 14. EUROMOD database description

EUROMOD database	IE_2016_a1
Original name	EU-SILC UDB
Provider	Eurostat
Year of collection	2016
Period of collection	Dec 2015-Dec 2016
Income reference period	12 months prior to the interview date
Sampling	A two-stage sample design was used (i) identification of blocks, (ii) random selection of households within each block
Unit of assessment	Household and Personal

Coverage	Private Households
Sample size	5,219 households; 13,107 individuals
Response rate	NA - substitutions made for non-responding households

3.2 Data adjustments

Adjustments to variables are kept to a minimum. Some minor data cleaning has been done to make sure that the households and relationships of individuals within households are coherent (for example, that young children are not living alone or family relations are coherent).

In order to guarantee consistency between demographic variables and income variables which refer to the previous year (and on which EUROMOD simulation are based), all children born between the end of the income reference period and the date of interview have been dropped from the sample.

3.3 Imputations and assumptions

3.3.1 Time period

In the SILC user database, the income reference period is a 12-month period. Information on all income sources refers to the 12-month period prior to interview. All monetary amounts in the SILC are expressed in annual terms. These are converted into monthly terms (dividing by 12) for the EUROMOD database.

Some of the non-income and benefit data that is collected in the UDB relates to the ‘income reference period’ as opposed to the interview time-point e.g. PL070, PL072, PL080, PL085, PL087, PL090.

There were two age variables in the UDB, one relates to age at the time of interview (RX010) and the second is age at the end of the income reference period (RX020). When using age information we used RX020 as this was the age that was most relevant.

3.3.2 Gross incomes

The incomes used are gross incomes.

3.3.3 Imputation of missing values

Missing values for citizenship (dcz) were imputed by using the min (mode) value of the household. Values still missing after that step were considered citizens of the country of residence. Missing values for ddi (disability dummy) were imputed by using the variable ph020 (suffer from a chronic (long-standing) illness or condition). Missing values for current educational status (dec) were imputed by using information about hours per week the child spends at pre-school (rl010) and compulsory (rl020) education. Highest education achieved by children is imputed according to the country system and according to their current education status (dec).

Missing values for when the highest level of education was achieved are imputed using the number of years typical for a person's highest level of education (deh). Number of years of education is generated by using the person's age (rx010) if they are still in education (pe010) and the number of years typical for a person's highest level of education (deh) if they are no longer in education (pe010).

3.3.4 Imputed variables

Other key variables that are imputed are:

- Economic Status - imputed according to income type and age with remaining missing values set to ‘other’.
- Superannuation – Contributions to pensions deducted directly from wage are not known in the UDB data. A ‘residual’ method was used to impute superannuation. The difference between UDB gross and net earnings had tax, social insurance and any other relevant deductions as simulated in EUROMOD deducted from it. The residual was assumed to be superannuation. Random allocation among those with positive residual was used for those in the private sector so that the ratio of private sector workers paying superannuation matched that of the more detailed RMF SILC data. For those in the public sector, all those employed after 1995 are obliged to pay superannuation while it is voluntary for the rest. Therefore all those who started their work lives after 1995 have been identified as contributors and random assignment among those with a positive residual so that the overall ratio of public sector workers paying superannuation matched that of the RMF SILC data. On the basis of imputed superannuation, (average) contribution rate was calculated for each individual as the ratio of superannuation to gross earnings.
- Financial Capital - Imputed by calculating investment income* average interest rate
- Civil servant status - The ‘civil servant’ variable (lcs) that is in the EUROMOD dataset is a ‘proxy’ measure. It is a crude public service dummy variable based on the European industrial activity classification codes (NACE). While crude, the distribution on this imputed variable lines up well with another external dataset (for example the National Employment Survey - CSO workplace dataset) that contains an actual public service dummy variable.
- Property values – Property values were created by utilising the 2001 Living in Ireland Survey, which contains self-assessed housing values. Utilising a series of over-lapping housing and household characteristic data, we estimate a model that relates property values to a house of a particular characteristic. We then impute a property value into the EU-SILC and apply a house price index to produce an estimate of property value in the EU-SILC.

3.3.5 Disaggregation of harmonized variables

UDB 2016 data contains disaggregated benefit data for Ireland. Disaggregated personal benefits are taken directly for the UDB data to produce EUROMOD input variables. Table 15 documents which UDB disaggregated variables are used to produce EUROMOD input variables

Table 15. Disaggregated benefit variables

UDB Variable	UDB Variable, description	EUROMOD Variable
py102g	Old-age benefits (Contributory and non means-tested)	poact
py103g	Old-age benefits (Non-Contributory and means-tested)	poanc
py112g	Survivor’ benefits (Contributory and non means-tested)	psuwdct
py113g	Survivor’ benefits (Non-Contributory and means-tested)	psuwdnc
py122g	Sickness benefits (Contributory and non means-tested)	bdict
py132g	Disability benefits (Contributory and non means-tested)	pdi

py133g	Disability benefits (Non-Contributory and means-tested)	bdinc
py092g	Unemployment benefits (Contributory and non means-tested)	bunct
py093g	Unemployment benefits (Non-contributory and means-tested)	bunnc

A greater degree of disaggregation than that provided in the UDB data for household benefits is needed to produce EUROMOD input variables. Therefore, information extracted from the previous RMF data file (2008 data) was used at some points in order to disaggregate household benefits information from the UDB data as described below. Contrary to previous years, the national team did not have access to the more recent detailed research micro data file (RMF).

In the UDB dataset, benefit variables are aggregated by function (e.g. old-age related, disability related etc). For example Jobseeker’s Benefit and Jobseeker’s Allowance do not exist as separate benefit variables within the UDB data but instead are aggregated, along with nine other benefit variables, into one unemployment-related benefit variable called ‘PY090G’.

In previous years, in order to construct the required EUROMOD benefit variables, information from the national EU-SILC was used together with Eurostat UDB data to disaggregate the most significant EUROMOD benefit variables and to combine others in the most accurate way. However, the new national team does not have access to the national EU-SILC. Therefore, alternative steps were used to disaggregate benefits and these procedures could be revised in the future. The decision on which individual EUROMOD benefit variables to create was based on the on numbers in receipt of the particular benefit, as identified from the previous information available from national SILC 2008 (RMF). If country-specific benefit variables did not exist as a single variable in the UDB they were created using various techniques depending on which technique was deemed to be most appropriate.

These include:

- Using the coefficients from a predicted probability of receipt using the more detailed SILC Research Microdata File from 2008.
- Random allocation to the relevant population if no more appropriate method was possible.
- For the case of Jobseeker’s Benefit and Jobseeker’s Allowance, microsimulation techniques developed by the new national team were used to disaggregate the UDB unemployment benefit variable. This process took a number of steps. Firstly for a given aggregated benefit variable a multinomial logit model was estimated in relation to the probability of receiving a disaggregated benefit. In combination with a random number an exogenous source of the share of receipt from official statistics we imputed eligibility.

Table 16 documents which UDB variables were split and how.

Table 16. Benefit Disaggregation

UDB Variable	UDB Variable, description	EUROMOD Variable
hy050g	Family/Children Related Allowances	bch
		bma
		bwkmt
		bsa00
		bfalp

		bfaot
hy060g	Social Exclusion Not Elsewhere Classified	bsaot
		bsaab
hy070g	Housing Allowances	bho00
		bhout
		bhoht

3.4 Updating

To account for any time inconsistencies between the input dataset and the policy year, updating factors are used. Each monetary variable (i.e. each income component) is updated so as to account for changes in the non-simulated variables that have taken place between the year of the data and the year of the simulated tax-benefit system. Updating factors are generally based on changes in the average value of an income component between the year of the data and the policy year. For detailed information about the construction of each updating factor as well as the sources that have been used, see Annex 1.

As a rule, updating factors are provided both for simulated and non-simulated income components present in the input dataset. Note however that in the case of simulated variables, the actual simulated amounts are used in the baseline rather than the updated original variables in the dataset. Updating factors for simulated variables are provided so as to facilitate the use of the model in cases when the user wishes to turn off the simulation of a particular variable. The list of updating factors as well as the sources used to derive them can be found in Annex 1.

4. VALIDATION

4.1 Aggregate Validation

EUROMOD results are validated against external benchmarks. Detailed comparisons of the number of people receiving a given income component and total yearly amounts are shown in Annex 2. Both market incomes and non-simulated taxes and benefits in the input dataset as well as simulated taxes and benefits are validated against external official data. The main discrepancies between EUROMOD results and external benchmarks are discussed in the following subsections. Factors that may explain the observed differences are also discussed.

4.1.1 Components of disposable income

The definition of disposable income in EUROMOD follows closely EU-SILC definition. The minor differences are outlined in the following table. Note that disposable income in EUROMOD is constructed using simulated components whenever possible and, hence, the values of two disposable income concepts are not identical.

Table 4.1 Components of disposable income

	EUROMOD [2016] ils_dispy	IE-SILC [2016] HY020
Employee cash or near cash income	+	+
Employer's social insurance contribution	0	0
Company car	0	+
Contributions to individual private pension plans	-	0
Cash benefits or losses from self-employment	+	+
Pension from individual private plans	+	0
<i>Unemployment benefits</i>	+	+
<i>Old-age benefits</i>	+	+
<i>Survivor' benefits</i>	+	+
Sickness benefits	+	+
Disability benefits	+	+
Education-related allowances	+	+
Income from rental of a property or land	+	+
<i>Family/children related allowances</i>	+	+
Social exclusion not elsewhere classified	+	+
Housing allowances	+	+
Regular inter-household cash transfer received	+	+
Interests, dividends, etc.	+	+
Income received by people aged under 16	+	+
Regular taxes on wealth	-	-
<i>Regular inter-household cash transfer paid</i>	-	-
<i>Tax on income and social contributions</i>	-	-
<i>Repayments/receipts for tax adjustment</i>	+	+

4.1.2 Validation of incomes inputted into the simulation

Table 4.2 in Annex 2 shows the number of employed and unemployed in the dataset used for EUROMOD simulations against external benchmarks. The number of people in work is underestimated in the database by around 10 percentage points in 2015. On the other hand, the number of unemployed individuals is overestimated by around 16 percentage points in 2015 and this overestimation increased in the following year.

Table 4.3 and Table 4.4 present EUROMOD statistics about the number of recipients and annual amounts of different income components, respectively. External statistics are only available for recipients and annual amounts of employment and self-employment income for the year 2015. We can see that the EUROMOD data is low on both employee numbers and total income received from employment. This is partly due to the fact that the official statistics are based on the total numbers paying income tax during the year. Pensioners in receipt of state and private pensions are liable for income tax on their pensions if they are above a certain level. These pensioners would therefore not fall into the 'employment income' group as defined by EUROMOD but are included in the external statistics above. We also know the SILC data under-represents of higher earners and we would therefore expect to be under the external statistics for employment income due to this reason also. While the number of self-employed in the data matches relatively well external statistics, on self-employed income from SILC is quite low. This may reflect under-reporting of self-employed income, a common problem in surveys of income.

Tables 4.5 and 4.6 report the validation of benefits included in EUROMOD but not simulated. External statistics for non-simulated benefits are not available for validation..

4.1.3 Validation of outputted (simulated) incomes

Tables 4.7 and 4.8 report the validation of tax and benefits instruments simulated in EUROMOD in terms of recipient numbers and expenditure compared to the external statistics. When interpreting these results it is important to bear in mind the nature of the UDB data and the need to disaggregate variables into individual benefits. Another important point is that the external statistics for recipient numbers are based on recipients as at the 31st of December of the relevant year while the EUROMOD figures represent the number of recipients at any point during the year. While this shouldn't be an issue for payments that are likely to be received in the longer term (for example pensions) it is an issue for more transient payments such as maternity benefit etc. This will also show discrepancies in the numbers of recipients of schemes such as Jobseeker's Benefit as people move to Jobseeker's Allowance over time. We can see from Table 4.7 that the number of recipients of both Jobseeker's Benefit and Jobseeker's Allowance appear high relative to the external statistics which are a count at a particular point in time while the discrepancy in expenditure is smaller. For State pension (contributory), the number of recipients and aggregate expenditure are overestimated. As documented in Section 2.4.4 the amount received depends on the number of PRSI contributions made. This is not known in the data so a full contribution history is assumed in the simulation. This will over-estimate the State Contributory Pension for those who do not have a full contribution history. Due to the sample size smaller schemes (such as injury benefit, maternity benefit, widower's pension, and supplementary welfare allowance) are difficult to represent accurately. EUROMOD simulations match well external statistics on recipients and aggregate amounts of disability allowances and child benefits, and on recipients of state non-contributory pensions. One-parent family payments are, on the other hand, overestimated.

In terms of personal income tax and levies for 2015-2018, the total amounts match well the external statistics in 2015 (no external statistics on numbers are available). The tables also report the validation of the social insurance contributions for employees, employers and self-employed individuals. The revenue amounts of employees and employers social insurance contributions are in line with external statistics while self-employed social insurance contributions are undersimulated compared to the external sources. We know from Table 4.4 above that self-employed income is underrepresented, which probably explains the gap in EUROMOD and external figures for self-employed SIC.

4.2 Income distribution

All income distribution results presented here are computed for individuals according to their household disposable income (HDI) equivalised by the "modified OECD" equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions. The weights in the OECD equivalence are: first adult=1; additional people aged 14+ = 0.5; additional people aged under 14 = 0.3.

4.2.1 Income inequality

Table 4.9 shows the main inequality indices from EUROMOD and SILC. The quintile ratio (s80/s20) in 2015 is somewhat lower in EUROMOD relative to the external source as is the income. This is down to the fact that simulated disposable income is higher for the bottom decile and lower for the top decile relative to the external statistics (as can be seen in the decile shares of national equivalised income shown below). The latter is due to an under-representation of higher earners in the SILC data. Perhaps due to the same reason mean and median income figures are also somewhat below external statistics.

4.2.2 Poverty rates

The standard Eurostat measure of poverty risk (the percentage of individuals living in households with equivalised income below the 60% of national equivalised median income threshold) based on disposable income simulated in EUROMOD in 2015 underestimates the one based on disposable income reported in EU-SILC by around 15 percent (Table 4.10 in Annex 2). There are large differences with respect to estimates based on lower poverty lines, elderly poverty rates and poverty estimates over time (2015-2016). For the case of the elderly the main reason of the discrepancies is that a high proportion of them are found close to the poverty threshold. In addition, as previously

mentioned, full contribution history is assumed for the simulation of state contributory pension, which will result in an overestimation of pension amounts for those who do not have a full contribution history. EUROMOD simulations do not account for changes in the population over time, such as changes in the labour market, which would explain discrepancies for policy years after 2015 (our baseline).

4.3 Validation of minimum wage

Baseline simulations in EUROMOD do not modify gross employment income in any way. However, the user may switch on a policy that ‘corrects’ employment income by ensuring it is not below the gross minimum wage corresponding to the number of hours the person has worked. Changing employment income so as to incorporate the minimum hourly gross wage does not affect results in any substantive way.

4.4 Summary of “health warnings”

- It is not possible to reconstruct individual benefit information exactly as in national SILC by splitting aggregate benefit variables in UDB SILC. In particular, because of the non-accessibility to the national SILC dataset, disaggregation of benefit variables was based on information from national SILC from 2008 and microsimulation techniques in the case of Jobseeker’s Benefit and Jobseeker’s Allowance. There will be inevitably some bias due to benefit splitting therefore.
- Care should be taken in interpreting results for small sub-groups due to small sample sizes.
- The weights do not control for changes in unemployment in Ireland over the time period in question.
- There is under-representation of people with higher incomes in the SILC survey.
- A number of benefits are part-simulated, i.e. where eligibility is based on observed receipt in the input data, which itself may be an approximation if it has been imputed on the basis of aggregate UDB benefit variables.
- Poverty rates for certain groups based on EUROMOD simulated disposable income are rather low compared to those based on disposable income reported in EU-SILC. In particular, caution needs to be taken for analysis focusing on certain groups, such as the elderly, for which differences are large.

5. REFERENCES

Verbist, G. (2004) “Redistributive effect and progressivity of taxes An International Comparison across the EU using EUROMOD”, EUROMOD Working Paper No. EM5/04.

Callan, T. and Keane, C. (2008). Non-take-up of means-tested benefits: National Report for Ireland. Available online at: <http://www.iser.essex.ac.uk/files/msu/emod/aim-ap/deliverables/AIM-AP2.11.pdf>

Keane, C., E. Kelly, T. Callan and K. Timoney (2013) Ireland 2009-2012. EUROMOD Country Report. Available online at: <https://www.iser.essex.ac.uk/euromod/resources-for-euromod-users/country-reports>

- *Sources for data descriptions*

<http://www.cso.ie/en/releasesandpublications/healthandsocialconditions/archive/>

- *Sources for tax-benefit descriptions/rules*

Benefit and Social Insurance Information: Department of Social Protection Website: www.welfare.ie

Tax Information: Revenue Commissioners Website www.revenue.ie

Information on Structural Changes (National Budget Documents): <http://www.budget.gov.ie/budgets/2011/2011.aspx>

6. ANNEX 1: UPDATING FACTORS

Index	Reference	2015	2016	2017	2018	Source	Income components updated
Harmonized consumer price index (index 2015=100)	\$HICP	100	99.8	100.1	100.8	Eurostat (http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=prc_hicp_aind&lang=en); 2015 - IMF forecasts (http://www.imf.org/external/pubs/ft/weo/2014/01/weodata/index.aspx)	
Consumer price index	\$f_cpi	1.031	1.031	1.035	1.039	Central Statistics Office (http://www.cso.ie/en/statistics/prices/)	poals, poapu, poaps, ypp, xmp, xpp, ypr, afc, amrmv, kfb, kfbcc, kivho, bwkmt, bfaot, bsaot, bhout, bhoht, bho00, bed, buntr, bsaab, xhcrt, xhcmomi, xhcot
HICP - actual rentals for housing (index 2015=100)	\$f_house	100	108.7	115.9	116.71	Eurostat (http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=prc_hicp_aind&lang=en); 2015 - IMF forecasts (http://www.imf.org/external/pubs/ft/weo/2014/01/weodata/index.aspx)	
GNP pc (base 2007)	\$f_gnp	1.136	1.236	1.3	1.314		
GDP pc (base 2007)	\$f_gdp	1.238	1.288	1.369	1.361		yy
Average earnings per week, EUR	\$f_yem	700.31	707.99	716.88	722.88	(http://www.cso.ie/en/surveysandmethodology/earnings/earningshoursand-employmentcostssurvey/)	yem, yivwg, yot, ypt, yunsv
Average lagged earnings per week, EUR	\$f_yempv	687.96	700.31	707.99	716.88	(http://www.cso.ie/en/surveysandmethodology/earnings/earningshoursand-employmentcostssurvey/)	yempv
Self-employed income	\$f_yse	1.07	1.12	1.15	1.24	Constructed by the national team, based upon GNP per capita	yse
Farm income	\$f_ysef	1.07	1.12	1.15	1.24	Constructed by the national team, based upon GNP per capita	
Personal rate for contributory benefits, claimant working age	\$f_benct	193.5	193.5	198.5	203.5	Statutory Parameter	
Personal rate for contributory benefits, claimant retirement age	\$f_penct	230.3	233.3	238.3	243.3	Statutory Parameter	pyr, poact, psuwdct, pdi
Personal rate for means-tested benefits claimant working age	\$f_benmt	188	188	193	198	Statutory Parameter	bfalp, bsa00, bhl, bunnc, bunct, bdict, bdinc
Personal rate for means-tested benefits retirement age	\$f_penmt	219	222	227	232	Statutory Parameter	psuwddnc, poanc
Child benefit rate for first and second child	\$f_bch	135	135	140	140	Statutory Parameter	bch
Maternity benefit rate, lower limit	\$f_bma	230	230	235	240	Statutory Parameter	bma
Unit index	\$f_unit	1	1	1	1		tpr, yds

7. ANNEX 2: MACROVALIDATION TABLES

Table 4.2-Number of employed and unemployed (in thousands)

	EUROMOD		External			Ratio			
	2015	2015	2016	2017	2018	2015	2016	2017	2018
Number of employed	1,803.2	1,994.0	2,067.0	N/A	N/A	0.90	0.87	N/A	N/A
Number of unemployed	260.0	224.9	193.5	N/A	N/A	1.16	1.34	N/A	N/A

Source: Revenue Statistical Reports

Notes: N/A – not available.

Table 4.3-Market income in EUROMOD -Number of recipients (in thousands)

	EUROMOD		External			Ratio				
	2015	2015	2016	2017	2018	2015	2016	2017	2018	
Employment income		1,690.4	2,107.4	N/A	N/A	N/A	0.80	N/A	N/A	N/A
Fringe benefits		55.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Self-employment income		305.7	281.6	N/A	N/A	N/A	1.09	N/A	N/A	N/A
Dividend income		380.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Income from rent		150.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensions from private plans		43.5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Revenue Statistical Reports

Notes: N/A – not available.

Table 4.4-Market income in EUROMOD -Annual amounts (in mil.)

	EUROMOD				External				Ratio			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
Employment income	61,348	62,021	62,800	63,326	78,678	N/A	N/A	N/A	0.78	N/A	N/A	N/A
Fringe benefits	273	273	274	275	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Self-employment income	8,619	9,022	9,263	9,988	18,181	N/A	N/A	N/A	0.47	N/A	N/A	N/A
Dividend income	662	689	732	728	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Income from rent	896	896	899	903	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pensions from private plans	581	581	583	585	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Revenue Statistical Reports

Notes: N/A – not available.

Table 4.5-Tax benefit instruments included but not simulated in EUROMOD -Number of recipients/ payers (in thousands)

	EUROMOD		External				Ratio			
	2015	2016	2015	2016	2017	2018	2015	2016	2017	2018
Benefits										
Education allowances	107.8		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residual Family Allowances ^a	61.7		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rent and Mortgage Supplements	56.3		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fuel Allowance and Residual Housing Allowances ^b	715.1		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Households Benefit Package ^c	690.7		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Irish Social Welfare Payments & Pensions	12.2		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charitable Organisation Amount and Exceptional Needs Payment ^d	55.4		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

^a back to school allowance, carers allowance and benefit, deserted wife contributory and non-contributory allowances, respite care, special diet supplement and guardians contributory and non-contributory allowances - note number of recipients receiving respite car and special diet supplement not available for external statistics

^b smokeless fuel allowance, heat and household goods

^c free electricity allowance, free telephone rental allowance, free natural gas, free bottle gas refill allowance and free television licence

^d Charitable Organisation Amount external statistics unknown

N/A – not available.

Sources: Annual Social Welfare Services Statistical Information Reports, Dept. of Social Protection.

Table 4.6-Tax benefit instruments included but not simulated in EUROMOD -Annual amounts (in mil.)

	EUROMOD				External				Ratio			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
Benefits												
Education allowances	363	363	365	366	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Residual Family Allowances ^a	269	269	270	271	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rent and Mortgage Supplements	263	263	264	265	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fuel Allowance and Residual Housing Allowances ^b	202	202	203	204	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Households Benefit Package ^c	273	273	274	275	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Non-Irish Social Welfare Payments & Pensions	52	52	52	52	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Charitable Organisation Amount and Exceptional Needs Payment ^d	20	20	20	20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

^a back to school allowance, carers allowance and benefit, deserted wife contributory and non-contributory allowances, respite care, special diet supplement and guardians contributory and non-contributory allowances - note number of recipients receiving respite car and special diet supplement not available for external statistics

^b smokeless fuel allowance, heat and household goods

^c free electricity allowance, free telephone rental allowance, free natural gas, free bottle gas refill allowance and free television licence

^d Charitable Organisation Amount external statistics unknown

N/A – not available.

Sources: Annual Social Welfare Services Statistical Information Reports, Dept. of Social Protection

Table 4.7-Tax benefit instruments simulated in EUROMOD -Number of recipients/ payers (in thousands)

	EUROMOD				SILC	Ratio	External				Ratio			
	2015	2016	2017	2018	2015	2015	2015	2016	2017	2018	2015	2016	2017	2018
Benefits														
State Pension (Contributory)	548	548	548	548	548	1.00	362	N/A	N/A	N/A	1.52	N/A	N/A	N/A
State Pension (Transition)	0	0	0	0	0	N/A	0	N/A	N/A	N/A	0.00	N/A	N/A	N/A
Widow/er's (Contributory) Pension	23	23	23	23	29	0.81	120	N/A	N/A	N/A	0.19	N/A	N/A	N/A
Invalidity pension	207	207	207	207	217	0.95	55	N/A	N/A	N/A	3.75	N/A	N/A	N/A
Injury benefit	11	11	11	11	11	1.00	1	N/A	N/A	N/A	10.45	N/A	N/A	N/A
Illness Benefit	8	8	8	8	11	0.69	56	N/A	N/A	N/A	0.14	N/A	N/A	N/A
Jobseeker's Benefit	123	123	123	123	125	0.98	41	N/A	N/A	N/A	2.96	N/A	N/A	N/A
Maternity Benefit	4	4	4	4	4	1.00	22	N/A	N/A	N/A	0.17	N/A	N/A	N/A
State Pension (Non-Contributory)	75	75	75	75	95	0.79	95	N/A	N/A	N/A	0.79	N/A	N/A	N/A
Widow/er's (Non-Contributory) Pension	11	11	11	11	3	3.33	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Disability Allowance	118	118	118	118	137	0.86	119	N/A	N/A	N/A	0.99	N/A	N/A	N/A
Jobseeker's Allowance	309	308	308	307	426	0.72	247	N/A	N/A	N/A	1.25	N/A	N/A	N/A
One-Parent Family Payment	106	105	104	104	107	0.99	41	N/A	N/A	N/A	2.55	N/A	N/A	N/A
Supplementary Welfare Allowance	2	2	2	2	10	0.18	17	N/A	N/A	N/A	0.11	N/A	N/A	N/A
Family Income Supplement	30	30	29	29	11	2.79	56	N/A	N/A	N/A	0.53	N/A	N/A	N/A
Child benefit	661	661	661	661	661	1.00	619	N/A	N/A	N/A	1.07	N/A	N/A	N/A

continued...

	EUROMOD				SILC	Ratio	External				Ratio			
	2015	2016	2017	2018	2015	2015	2015	2016	2017	2018	2015	2016	2017	2018
Taxes and Social Insurance Contributions														
Income tax	1,739	1,734	1,744	1,763	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Universal social charge (since 2011)	1,578	1,550	1,553	1,560	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Property tax	121	121	121	121	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employees SIC	1,253	1,263	1,267	1,274	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Self-employed SIC	262	267	268	272	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employers SIC	1,690	1,690	1,690	1,690	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes: External source benefit recipient numbers are at the 31st of December 2008 and may therefore differ from the total annual number of recipients. N/A – not available.

Sources: Revenue Commissioners Statistical Report, Annual Social Welfare Services Statistical Information Reports, Dep. of Social Protection.

Table 4.8-Tax benefit instruments simulated in EUROMOD –Annual amounts (Mil.)

	EUROMOD				SILC				Ratio			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
Benefits												
State Pension (Contributory)	7,520	7,616	7,792	7,953	11,068	11,212	11,453	11,693	0.68	0.68	0.68	0.68
State Pension (Transition)	0	0	0	0	0	0	0	0	N/A	N/A	N/A	N/A
Widow/er's (Contributory) Pension	260	260	266	274	322	326	333	340	0.81	0.80	0.80	0.80
Invalidity pension	2,439	2,435	2,494	2,564	1,183	1,198	1,224	1,249	2.06	2.03	2.04	2.05
Injury benefit	79	79	81	83	21	21	21	22	3.78	3.78	3.77	3.76
Illness Benefit	53	53	54	56	21	21	21	22	2.54	2.54	2.53	2.55
Jobseeker's Benefit	433	432	444	457	963	963	987	1,012	0.45	0.45	0.45	0.45
Maternity Benefit	23	23	23	24	9	9	10	10	2.40	2.40	2.40	2.40
State Pension (Non-Contributory)	895	906	923	941	1,084	1,099	1,124	1,148	0.83	0.82	0.82	0.82
Widow/er's (Non-Contributory) Pension	104	104	106	109	31	31	32	33	3.34	3.29	3.30	3.32
Disability Allowance	1,324	1,322	1,355	1,394	1,451	1,451	1,490	1,528	0.91	0.91	0.91	0.91
Jobseeker's Allowance	2,239	2,223	2,270	2,347	3,088	3,088	3,170	3,252	0.72	0.72	0.72	0.72
One-Parent Family Payment	1,142	1,134	1,167	1,223	1,261	1,261	1,294	1,328	0.91	0.90	0.90	0.92
Supplementary Welfare Allowance	25	25	26	27	45	45	47	48	0.56	0.56	0.55	0.56
Family Income Supplement	142	148	139	139	55	55	56	56	2.57	2.67	2.51	2.49
Child benefit	1,980	2,053	2,053	2,053	2,088	2,088	2,166	2,166	0.95	0.98	0.95	0.95

continued...

	EUROMOD				External				Ratio			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
Benefits												
State Pension (Contributory)	7,520	7,616	7,792	7,953	4,476	N/A	N/A	N/A	1.68	N/A	N/A	N/A
State Pension (Transition)	0	0	0	0	1	N/A	N/A	N/A	0.00	N/A	N/A	N/A
Widow/er's (Contributory) Pension	260	260	266	274	1,422	N/A	N/A	N/A	0.18	N/A	N/A	N/A
Invalidity pension	2,439	2,435	2,494	2,564	649	N/A	N/A	N/A	3.76	N/A	N/A	N/A
Injury benefit	79	79	81	83	17	N/A	N/A	N/A	4.66	N/A	N/A	N/A
Illness Benefit	53	53	54	56	620	N/A	N/A	N/A	0.09	N/A	N/A	N/A
Jobseeker's Benefit	433	432	444	457	387	N/A	N/A	N/A	1.12	N/A	N/A	N/A
Maternity Benefit	23	23	23	24	260	N/A	N/A	N/A	0.09	N/A	N/A	N/A
State Pension (Non-Contributory)	895	906	923	941	972	N/A	N/A	N/A	0.92	N/A	N/A	N/A
Widow/er's (Non-Contributory) Pension	104	104	106	109	16	N/A	N/A	N/A	6.54	N/A	N/A	N/A
Disability Allowance	1,324	1,322	1,355	1,394	1,282	N/A	N/A	N/A	1.03	N/A	N/A	N/A
Jobseeker's Allowance	2,239	2,223	2,270	2,347	2,743	N/A	N/A	N/A	0.82	N/A	N/A	N/A
One-Parent Family Payment	1,142	1,134	1,167	1,223	671	N/A	N/A	N/A	1.70	N/A	N/A	N/A
Supplementary Welfare Allowance	25	25	26	27	92	N/A	N/A	N/A	0.28	N/A	N/A	N/A
Family Income Supplement	142	148	139	139	368	N/A	N/A	N/A	0.39	N/A	N/A	N/A
Child benefit	1,980	2,053	2,053	2,053	1,990	N/A	N/A	N/A	0.99	N/A	N/A	N/A
Taxes and Social Insurance Contributions												
Income tax	13,206	13,502	13,833	14,130	14,166	N/A	N/A	N/A	0.93	N/A	N/A	N/A
Universal social charge (since 2011)	3,597	2,997	2,752	2,677	4,174	N/A	N/A	N/A	0.86	N/A	N/A	N/A
Property tax	497	497	499	501	469	N/A	N/A	N/A	1.06	N/A	N/A	N/A
Employees SIC	2,278	2,309	2,340	2,364	1,826	N/A	N/A	N/A	1.25	N/A	N/A	N/A
Self-employed SIC	352	369	379	408	460	N/A	N/A	N/A	0.76	N/A	N/A	N/A
Employers SIC	6,471	6,534	6,617	6,738	6,165	N/A	N/A	N/A	1.05	N/A	N/A	N/A

Notes: N/A – not available.

Sources: Revenue Commissioners Statistical Report, Annual Social Welfare Services Statistical Information Reports, Dep. of Social Protection.

Table 4.9-Distribution of equivalised disposable income

	EUROMOD				External				Ratio			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
D1	3.7	3.7	3.7	3.7	3.4	3.5	N/A	N/A	1.10	1.05	N/A	N/A
D2	5.2	5.2	5.2	5.2	5.1	5.1	N/A	N/A	1.02	1.02	N/A	N/A
D2	5.2	5.2	5.2	5.2	5.1	5.1	N/A	N/A	1.02	1.02	N/A	N/A
D3	6.1	6.1	6.0	6.1	6.0	6.1	N/A	N/A	1.02	0.99	N/A	N/A
D4	6.9	6.9	6.9	6.9	7.0	7.0	N/A	N/A	0.99	0.98	N/A	N/A
D5	7.9	7.9	7.9	7.9	8.1	8.2	N/A	N/A	0.98	0.96	N/A	N/A
D6	9.2	9.2	9.3	9.3	9.3	9.4	N/A	N/A	0.99	0.98	N/A	N/A
D7	10.8	10.8	10.8	10.8	10.5	10.6	N/A	N/A	1.02	1.02	N/A	N/A
D8	12.7	12.6	12.6	12.5	12.4	12.3	N/A	N/A	1.02	1.03	N/A	N/A
D9	14.9	15.0	15.0	15.0	14.9	14.4	N/A	N/A	1.00	1.04	N/A	N/A
D10	22.6	22.7	22.6	22.6	23.3	23.5	N/A	N/A	0.97	0.96	N/A	N/A
Median	20,134	20,613	21,008	21,342	21,688	22,407	N/A	N/A	0.93	0.92	N/A	N/A
Mean	23,632	24,181	24,625	25,077	24,837	25,513	N/A	N/A	0.95	0.95	N/A	N/A
Gini	28.9	29.2	29.1	29.1	29.8	29.5	N/A	N/A	0.97	0.99	N/A	N/A
S80/S20	4.2	4.2	4.2	4.2	4.5	4.4	N/A	N/A	0.93	0.97	N/A	N/A

Notes: Based on household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions; computed at the individual level.

Sources: EUROMOD calculations; External figures are taken from the EUROSTAT statistics database

http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database.

Table 4.10-Poverty rates by gender and age

	EUROMOD				External				Ratio			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
40% median HDI												
Total	2.3	2.4	2.5	2.4	3.3	3.2	0.0	N/A	0.70	0.76	N/A	N/A
Males	2.2	2.3	2.4	2.2	3.3	3.0	0.0	N/A	0.67	0.77	N/A	N/A
Females	2.4	2.5	2.6	2.5	3.3	3.3	0.0	N/A	0.73	0.77	N/A	N/A
50% median HDI												
Total	6.2	6.8	6.7	6.5	8.8	9.0	0.0	N/A	0.70	0.75	N/A	N/A
Males	5.6	6.2	6.1	6.0	8.9	8.6	0.0	N/A	0.63	0.72	N/A	N/A
Females	6.5	7.3	7.3	7.0	8.8	9.5	0.0	N/A	0.76	0.77	N/A	N/A
60% median HDI												
Total	14.1	14.4	14.4	14.3	16.3	16.6	0.0	N/A	0.86	0.87	N/A	N/A
Males	13.6	14.0	14.0	13.9	16.1	16.0	0.0	N/A	0.85	0.88	N/A	N/A
Females	14.5	14.7	14.7	14.7	16.4	17.3	0.0	N/A	0.89	0.85	N/A	N/A
70% median HDI												
Total	23.9	24.2	24.1	24.1	25.6	25.6	0.0	N/A	0.93	0.95	N/A	N/A
Males	22.8	23.1	23.0	22.9	24.7	24.7	0.0	N/A	0.92	0.93	N/A	N/A
Females	24.9	25.4	25.3	25.3	26.5	26.4	0.0	N/A	0.94	0.96	N/A	N/A
60% median HDI												
0-15 years	18.1	18.5	18.7	18.6	17.1	18.3	0.0	N/A	1.06	1.01	N/A	N/A
16-24 years	18.5	18.9	18.7	18.7	24.5	22.0	0.0	N/A	0.75	0.86	N/A	N/A
25-49 years	11.3	11.8	11.8	11.7	12.4	12.3	0.0	N/A	0.91	0.96	N/A	N/A
50-64 years	17.0	17.0	16.8	16.9	18.4	19.2	0.0	N/A	0.92	0.89	N/A	N/A
65+ years	6.0	6.0	5.9	5.8	14.2	16.0	0.0	N/A	0.42	0.38	N/A	N/A

Notes: Computed for individuals according to their household disposable income (HDI) equivalised by the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members net of income tax and social insurance contributions.

Sources: EUROMOD calculations; External figures are taken from the EUROSTAT statistics database

http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database.

Table 4.11-Minimum wage validation

	Baseline				Min Wage Incl.				Ratio			
	2015	2016	2017	2018	2015	2016	2017	2018	2015	2016	2017	2018
Equivalised disposable income	70344.85	71956.56	73300.53	74662.89	70586.14	72218.77	73563.91	74920.13	1.00	1.00	1.00	1.00
Employment income	61348.45	62021.22	62800.00	63325.61	61650.43	62385.32	63166.20	63682.76	1.00	0.99	0.99	0.99
Total income tax	13206.02	13502.05	13832.61	14129.64	13220.96	13526.32	13858.67	14155.82	1.00	1.00	1.00	1.00
Employee social insurance contributions	4135.87	4069.75	4084.51	4127.09	4140.83	4102.80	4117.67	4159.90	1.00	0.99	0.99	0.99
Gini coefficient	28.86	29.15	29.14	29.06	28.78	29.06	29.05	28.97	1.00	1.00	1.00	1.00
Poverty rate (60% median HDI)	14.08	14.38	14.39	14.30	13.85	14.28	14.20	14.03	1.00	1.01	1.01	1.02

Notes: The baseline is calculated without making any adjustments to employment income; the ‘minimum wage included’ columns adjust employment income to reflect the minimum gross hourly wage; see section II for a description of the implementation of the minimum hourly wage.

Source: EUROMOD calculations.

8. ANNEX 3: POLICY EFFECTS IN 2017-18

Preliminary: Indexation based on projected HICP for 2018

Table A3.1 and Figure A3.1 show the effect of 2018 policies on mean equivalised household disposable income by income component and income decile group. The effect is estimated as a difference between simulated household net income under the 2018 tax-benefit policies (deflating monetary parameters by Harmonized Index of Consumer Prices, HICP) and net incomes simulated under 2017 policies, as a percentage of mean equivalised household disposable income in 2017.

In comparison to 2017 policies, (deflated) 2018 policies increase mean household income by 0.59% in total. This total increase was very progressive.

Changes in means-tested benefits accounted for an increase in average equivalised household disposable income of 0.22%. The changes reflect the increase in personal rates of means-tested benefits. They also reflect the increase in 10 euros per week in the income limits of the supplement for families with three or less children (kept constant for larger families). The increase in equivalised household disposable income is particularly large for individuals in the lowest income decile (1.4%). Changes in public pensions accounted for 0.20% of the increase in household disposable income, reflecting the increase in personal rates for pensions. The distribution of gains across income deciles reflects where recipients of public pensions are located.

Decreases in direct taxes accounted for an increase in average equivalised household disposable income of 0.18%. The changes benefited the most the upper part of the income distribution. The effect might be driven by four factors: (i) small reductions in some tax rates of the Universal Social Charge and an increase in its second threshold; (ii) the increase of the maximum amount of Home Carers Tax Credit from 1,100 to 1,200 euros per year; (iii) the increase of the maximum amount of the Earned Income Tax Credit from 950 to 1,150 euros per year; and (iv) the increase of the standard tax rate bands of personal income tax. At the same time the tax credit for private rented accommodation of 200 euros was abolished and the mortgage interest relief ceiling for non-first time buyers was reduced from 3,000 to 2,250 euros per year.

All other income components have only a small effect on average equivalised household disposable income.

Table A3.1: Policy effects in 2017-2018, using the CPI-indexation, %

Decile	Original income	Public pensions	Means-tested benefits	Non means-tested benefits	Employee SIC	Self-employed SIC	Direct taxes	Disposable income
1	0.0	0.24	1.44	-0.08	-0.01	0.0	-0.07	1.53
2	0.0	0.40	0.90	-0.01	0.0	0.0	-0.07	1.22
3	0.0	0.41	0.74	-0.03	0.0	0.0	0.01	1.13
4	0.0	0.61	0.40	-0.02	-0.01	0.0	0.02	1.01
5	0.0	0.24	0.33	0.01	0.0	0.0	0.10	0.68
6	0.0	0.19	0.17	0.0	-0.03	0.0	0.14	0.48
7	0.0	0.17	0.05	0.0	-0.02	0.0	0.19	0.39
8	0.0	0.17	0.02	-0.01	-0.01	0.0	0.26	0.43
9	0.0	0.11	0.01	-0.01	-0.01	0.0	0.32	0.42
10	0.0	0.05	0.01	0.0	-0.01	0.0	0.28	0.33
Total	0.0	0.20	0.22	-0.01	-0.01	0.0	0.18	0.59

Notes: shown as a percentage change in mean equivalised household disposable income by income component and income decile group. Income decile groups are based on equivalised household disposable income in 2017, using the modified OECD

equivalence scale. Each policy system has been applied to the same input data, deflating monetary parameters of 2017 policies by Harmonized Index of Consumer Prices (HICP), i.e. 1.006993.

Figure A3.1: Policy effects in 2017-2018, using the CPI-indexation, %

