

IRELAND 2008

1. Overview of the tax-benefit system

Unemployment Benefit (Jobseeker's benefit) is a weekly payment for persons who have made social security contributions and are out of work. Payment is made at flat rates with reduced amounts for persons who had low earnings while in work.

Unemployment Assistance (Jobseeker's allowance) is paid to those unemployed who have exhausted their entitlement to Unemployment Insurance or who do not qualify for that payment. Unemployment Assistance is means tested. Payment is made at flat rates reduced by the amount of any means.

Additions are made to Unemployment Benefit and Unemployment Assistance for any adult or child dependants while family benefits are universal. There are four schemes designed to facilitate the return to work by the unemployed and to aid families on lower incomes.

1.1. Average worker wage (AW)

The 2008 average wage (AW) was EUR 40 498.

2. Unemployment Benefit (Jobseeker's benefit)

2.1 *Conditions for receipt*

- To be aged 16 or over, and under 66.
- Be unemployed.
- Be under pension age.
- Be capable of work.
- Be available for full time work.
- Be genuinely seeking work.
- Prove unemployment in the prescribed manner.
- To have suffered a substantial loss of employment and a resulting loss of earnings.
- To be fully unemployed for at least 3 days in any period of 6 consecutive days.

2.1.1 *Employment conditions*

To be fully unemployed for at least 3 days in any period of 6 consecutive days. Sunday is not counted for this calculation.

2.1.2 *Contribution conditions*

To have 52 contributions paid since starting work and to have 39 paid social insurance contributions in the last Governing Contribution Year, or have at least **26 reckonable contributions** paid in both the Governing Contribution Year and the year immediately preceding the Governing Contribution Year.

2.2 *Calculation of benefit amount*

Flat rate payments are made for each week/day of unemployment. Increases are paid for dependent children and dependent adults.

2.2.1 *Calculation of gross benefit*

Weekly rates (in EUR)

Personal rate	197.80
Qualified Adult increase	131.30
Each qualified child	
Full rate	24.00
Half rate	12.00

Where weekly earnings while in employment were below certain amounts reduced rates of payment are made.

Jobseekers's Benefit rates are graduated according to earnings in the relevant tax year.

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Average weekly earnings (in EUR)	Personal rate (in EUR)	Qualified adult increase (in EUR)
Less than 80.00	88.90	85.10
80.00 and less than 125.00	127.80	85.10
125.00 and less than 150.00	155.00	85.10
150.000 or more	197.80	131.30

If the person was in receipt of Jobseeker's Allowance prior to 26 September 2007, he may get a reduced rate qualified adult increase if his or her spouse or partner has earnings or income in excess of €100.00 and up to €300.00 gross per week.

Any increases due for dependent children are not earnings related

2.2.2 *Income and earnings disregards*

Where a person in receipt of Unemployment Benefit is employed for a day or part of a day no payment is made for that day. Earnings from employment are not assessed.

One can get an increase of €24.00 for each qualified child if one qualifies for an increase for a qualified adult or if one is parenting alone. If the person does not qualify for an increase for a qualified adult, he may get a half-rate qualified child increase, if the spouse or partner has an income of €400 or less a week.

If the person was in receipt of Jobseeker's Allowance prior to 26 September 2007, he may get a reduced rate qualified adult increase if his or her spouse or partner has earnings or income in excess of €100.00 and up to €300.00 gross per week.

2.3 *Tax treatment of benefit and interaction with other benefits*

The first EUR 13 per week of Unemployment Benefit payment and the dependant child element are disregarded for tax purposes.

2.4 *Benefit duration*

Payable for 15 months (390 days – 6 days per week), after a 3-day waiting period. Where the claimant has paid less than 260 contributions duration of Unemployment Benefit shall be limited to 312 days.

Changed from 15 October 2008, according to the website

(http://www.citizensinformation.ie/categories/social-welfare/social-welfare-payments/unemployed-people/unemployment_benefit)

From 15 October 2008, Jobseeker's Benefit can be paid for a maximum of **12 months** to:

- New claimants who have at least 260 paid contributions
- People getting Jobseeker's Benefit for less than 6 months on 15 October 2008 who have at least 260 paid contributions.

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From 15 October 2008, Jobseeker's Benefit can be paid for a maximum of **9 months** to:

- New claimants who have less than 260 paid contributions
- People getting Jobseeker's Benefit for less than 3 months on 15 October 2008 who have less than 260 paid contributions.

2.5 *Treatment of particular groups*

2.5.1 *Young persons*

A person under 18 years of age is entitled to 156 days of Unemployment Benefit (26 weeks only), after which entitlement is expired. If however, he/she reaches age 18 on or before expiry of 156 days, he/she is entitled to Unemployment Benefit for up to 312 days (from the original date of claim).

2.5.2 *Older workers*

If applicant is 65, the benefit can be paid until 66 (pension age) if 156 weekly contributions have been paid.

2.5.3 *Others if applicable*

Those in receipt of lone parent allowance or a widow's (contributory) pension receive half of the personal rate, and no dependants' allowance

3. Unemployment assistance (Jobseeker's Allowance)

Unemployment assistance is paid to unemployed people who do not qualify for unemployment benefit or who have exhausted their entitlement to that benefit. It is income and asset-tested.

3.1 *Conditions for receipt*

- Be aged 18 or over, and under the pension age of 66.
- Be fully unemployed for at least 3 days in any period of 6 consecutive days.
- Be capable of work.
- Be available for full time work.
- Be genuinely seeking work.
- Satisfy the conditions as to means.
- Prove unemployment in the prescribed manner.

3.2 *Calculation of benefit amount*

3.2.1 *Calculation of gross benefit*

The payment is made up of a personal rate and extra amounts for the dependants and is made for each day unemployed

Weekly rates

Personal rate	EUR
Maximum rate	197.80
Adult dependant	131.30
Each qualified child	
Full rate	24.00
Half rate	12.00

* You can get an increase of €24.00 for each qualified child if you qualify for an increase for a qualified adult or if you are parenting alone. If you do not qualify for an increase for a qualified adult you may get a half-rate qualified child increase.

3.2.2 *Income and earnings disregards*

- a) If recipient is working part-time or casually (up to 3 days per week) payments of Unemployment Assistance for the full week less 60 per cent of average net weekly earnings will be made. (If recipient has no child dependants, EUR 12.70 per day worked

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is first deducted from the average net weekly earnings and then 60 per cent of the balance is assessed as the weekly means.)

- b) If the person was in receipt of Jobseeker's Allowance prior to 26 September 2007, he may get a reduced rate qualified adult increase if his or her spouse or partner has earnings or income in excess of €100.00 and up to €300.00 gross per week.
- c) Unemployment Assistance is a means tested payment. Means include any income, pension, savings or property (except for own residence) which claimant or spouse might have. A reduced payment is made when the claimant has means.

3.3 *Tax treatment of benefit and interaction with other benefits*

Not Taxable

3.4 *Benefit duration*

Unlimited. It is paid from the first day for those who had an unemployment benefit claim, and after a three-day waiting period for those who cannot qualify for unemployment benefit.

3.5 *Treatment of particular groups*

3.5.1 *Young persons*

None

3.5.2 *Older workers*

None

3.5.3 *Others if applicable*

None

4. Social assistance

Supplementary Welfare Allowance (SWA) is a financial assistance scheme. SWA is not commonly paid to the unemployed.

4.1 *Conditions for receipt*

Claimants must neither be working full-time (30 hours, or more), nor be in full-time education. They must have applied for any other benefits/allowances to which they might be entitled. The benefit is means-tested.

4.2 *Calculation of benefit amount*

4.2.1 *Calculation of gross benefit*

The payment is made up of a personal rate and extra amounts for the dependants

Weekly Rates

Family situation	Rates (in EUR)
Maximum personal rate	197.80
Increase Qualified Adult	131.30
Each Qualified Child	24.00

Supplementary support for rent and mortgage interest payments exists, ensuring the recipient's income after paying rent/mortgage interest is not less than the Supplementary Welfare Allowance rate less an amount of EUR 13.00 per week.

4.2.2 *Income and earnings disregards*

There is a one-to-one income test using on Total net family income (including unemployment insurance, assistance, Back to Work Scheme, Part-time Job Incentive Scheme, lone parent benefits and Family Income Supplement). Family benefits are excluded.

4.3 *Tax treatment of benefit and interaction with other benefits*

Not taxable.

4.4 *Benefit duration*

As long as the conditions are fulfilled.

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4.5 *Treatment of particular group*

4.5.1 *Young persons*

None

4.5.2 *Older workers*

None

4.5.3 *Others if applicable*

None

5. Housing benefits

5.1 Conditions for receipt

A supplement exists under the Social Welfare Allowance.

In order to qualify for a rent supplement a person:

- must be a bona fide tenant;
- must be habitually resident in the State (effective 1st May 2004);
- must normally be in receipt of a Social Welfare or Health Service Executive payment and satisfy the general conditions of entitlement to SWA but there are exceptions to this rule.
- must satisfy the Health Service Executive that he/she has a housing need which he/she cannot meet from his or her own resources;
- must apply to the local housing authority for an assessment of housing needs if requested to do so by the Health Service Executive;

At the time of application for a supplement the Health Service Executive must be satisfied that the claimant:

- could reasonably have afforded the rent at the commencement of the tenancy,
- in so far as was reasonable in all the circumstances, had at the commencement of the tenancy, an expectation that he or she would be able to afford the rent into the future, and
- has experienced a substantial change in his or her circumstances leading to an inability to afford the rent, such change in circumstances not having occurred by any design on the part of the claimant;

or· is regarded by a housing authority as being homeless in accordance with section 2 of the Housing Act, 1988 (No. 28 of 1988),

- is assessed by a housing authority as having a housing need,
- is a tenant of a body approved by the Minister for the Environment, Heritage and Local Government for the purposes of Section 6 of the Housing (Miscellaneous Provisions) Act 1992 (No. 18 of 1992),
- is aged 65 years or over,
- is in receipt of disability allowance, invalidity pension or blind pension from the Department of Social and Family Affairs or an equivalent payment from another country of the European Union with which Ireland has a reciprocal social security agreement,

or· is subject to any other circumstance in respect of which, in the opinion of the Health Service Executive, warrant the supplement being paid

In addition the Health Service Executive must be satisfied in all cases that:

- the accommodation is suited to the person's needs;
- the amount of rent being paid is reasonable;
- where the landlord is an approved body under the Capital Assistance scheme, that the rent is set in accordance with the terms of that scheme.

Since June 2007, if a person is accepted as being in need of accommodation under the Rental Accommodation Scheme by the local housing authority and the person has been unemployed or not in full-time employment for at least 12 months before he starts work he may be entitled to retain Rent Supplement. The person may also be entitled to retain Rent Supplement if he has been participating in a Community Employment Scheme, Area Allowance Enterprise Scheme, or getting Back to Work Allowance immediately before he starts work. However, he will be reassessed for Rent Supplement and some of his additional income including some of the income from employment will be taken into account. As a result of the reassessment the person may or may not continue to qualify for Rent Supplement. If he does qualify for Rent Supplement he may get a different rate of supplement.

From June 2007, the rules governing entitlement to Rent Supplement with regard to persons returning to full time employment have changed.

Where an existing Rent Supplement tenant has been accepted by the local housing authority as being eligible for accommodation under the Rental Accommodation Scheme, a person may engage in full time employment and still be considered for Rent Supplement, subject to their satisfying all of the other conditions of the scheme.

The Rental Accommodation Scheme is administered by local housing authorities under the aegis of the Department of the Environment, Housing and Local Government. Its purpose is to provide accommodation from the private rented market or through other social housing measures to persons with a long term housing need. You should contact your local housing authority if you want to be considered as eligible for the scheme.

Rent supplement may continue where an eligible person:

- engages in remunerative full time employment and during the 12 month period immediately before his or her engagement in remunerative full time employment, the person was not regarded as being engaged in remunerative full time employment (30 hours rule), or
- is participating in:
 - (i) a scheme known as the Area Allowance Enterprise Scheme, approved by a company known as an Area Partnership, in consultation with the Minister,
 - (ii) a scheme administered by an Foras Áiseanna Saothair and known as Community Employment, or
 - (iii) a scheme administered by the Minister and known as the Back to Work Allowance Scheme,

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This new measure allows existing Rent Supplement tenants, who have been accepted as being in need of accommodation under the Rental Accommodation Scheme and who have been out of full time employment for 12 months or more to return to full time employment and still be considered for Rent Supplement, subject to the other qualifying conditions of the scheme.

The existing retention measures which were subject to a household income limit of € 317.43 have been abolished for Rent Supplement customers returning to full time employment.

5.2 Calculation of benefit amount

5.2.1 Calculation of gross benefit

Under standard SWA rules rent or mortgage interest supplements are normally calculated to ensure that a person, after the payment of rent or mortgage interest, has an income equal to the rate of SWA appropriate to their family circumstances less a minimum contribution, currently EUR 13, which recipients are required to pay from their own resources. Many recipients pay more than EUR 13 because recipients are also required, subject to income disregards, to contribute any additional assessable means that they have over and above the appropriate basic SWA rate towards their accommodation costs.

The Minister for Social and Family Affairs has the power to set the maximum amount of rent payable under the scheme with reference to different costs of rented accommodation throughout the country. The maximum rent supplement payable shown is in respect of the Health Service Executive Eastern Regional Area.

- Single person in shared accommodation €98 per week
- Couple in shared accommodation €98 per week
- Single person €130 per week
- Couple with no children €200 per week
- Couple with 1 child or one-parent family €1000 **per month**
- Couple with 2 children or one-parent family with 2 children €1,200 **per month**
- Couple with 3 children or one-parent family with 3 children €1,200 **per month**

5.2.2 Income and earnings disregards

Part time earnings income disregard

The amount of additional income, over and above the appropriate SWA rate, that can be disregarded in the standard means test for rent or mortgage interest supplement in respect of earnings from part time employment (i.e. less than 30 hours per week) is EUR 60 per week with half of any additional income between EUR 60 and EUR 90 also disregarded i.e. subject to a maximum of EUR 75 per week.

The primary conditions for retaining rent or mortgage interest supplements are that:

- gross household income must not exceed EUR 317.43 per week (abolished from June 2007)

Note: Any amount of Back to Work Allowance (BTWA), Family Income Supplement (FIS), PRSI, reasonable travel expenses and any childcare allowance payable on certain training courses can be disregarded in the assessment of the EUR 317.43 weekly income limit.

- the supplement is retained on a tapered basis for up to 4 years. In year 1, the amount of supplement payable will be 75% of the supplement in payment prior to commencing the scheme. In year 2, it reduces to 50% and then to 25% in years 3 + 4

5.3 *Tax treatment of benefit and interaction with other benefits*

Not taxable

5.4 *Treatment of particular groups*

6. **Family benefits**

Known as Child Benefit.

6.1 *Conditions for receipt*

Each dependent child under the age of 16, or under 19, if in full-time education qualifies

6.2 *Calculation of benefit amount*

6.2.1 *Calculation of gross benefit*

	Rate per month before April 2008 (in EUR)	Rate per month from April 2008 (in EUR)
1 st and 2 nd child	160.00	166.00
3 rd and subsequent children	195.00	203.00

Multiple births Special Grants Rate of Payment: Birth – 635.00 EUR, at age 4 – 635.00 EUR, at age 12 – 635.00 EUR.

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Twins: Child Benefit is paid at 150% the normal monthly rate for each child. All other multiple births: 200% the normal monthly rate of Child Benefit is paid.

6.2.2 *Income and earnings disregards*

Not means-tested.

6.3 *Tax treatment of benefit and interaction with other benefits*

Not taxable

6.4 *Treatment of particular groups*

6.4.1 *Young persons*

None

6.4.2 *Older workers*

None

6.4.3 *Others if applicable*

Early Childcare Supplement

Early Childcare Supplement is paid to assist with childcare costs of children under 6 years. Payment is made automatically if Child Benefit is being paid for a child under 6 years. Annual rate for each child: 1,100.00 EUR, paid at a quarter-rate of 275.00 EUR.

Maternity Benefit: Max rate per week: 280.00 EUR, Min rate per week: 221.80 EUR.

Maternity Benefit is paid for 26 weeks. At least 2 weeks and not more than 16 weeks leave must be taken before the end of the week in which the baby is due.

Conditions for receipt:

If employed: At least 39 weeks PRSI paid in the 12-month period before. **Or** At least 39 weeks PRSI paid since first starting work **and** at least 39 weeks PRSI paid or credited in the relevant tax year or in the tax year immediately following the relevant tax year. **Or** At least 26 weeks PRSI paid in the relevant tax year **and** at least 26 weeks PRSI paid in the tax year immediately before the relevant tax year.

If self-employed: 52 weeks PRSI contributions paid at Class S in the relevant tax year. **Or** 52 weeks PRSI contributions paid at Class S in the tax year immediately before the relevant tax year. **Or** 52 weeks PRSI contributions paid at Class S in the tax year immediately following the relevant tax year. For example, if you are going on maternity leave in 2009, the tax year immediately following the relevant tax year is 2008.

If already getting a social welfare payment: Half-rate Maternity Benefit is payable if getting any one of the following payments:

- One-Parent Family Payment
- Widow's (Contributory) Pension
- Widow's (Non-Contributory) Pension
- Deserted Wife's Benefit
- Prisoner's Wife's Allowance
- Guardian's Payment (Contributory)
- Guardian's Payment (Non-Contributory)
- Death Benefit by way of Widow's/Widower's or Dependent Parents' Pension (under the Occupational Injuries Scheme)

Disqualification from Maternity Benefit

Payment will be stopped if you engage in insurable (paid) employment.

Adoptive Benefit: Max rate per week: 280.00 EUR, Min rate per week: 221.80 EUR.

-Payment to an adopting mother or a single male who adopts a child, paid for a continuous period of 24 weeks from the date of placement of the child

Conditions for receipt:

If employed: to qualify for Adoptive Benefit one must be in employment which is covered by the Adoptive Leave Act 1995 immediately before the first day of the adoptive leave and have at least:

- 39 weeks PRSI paid in the 12-month period before. **Or:** 39 weeks PRSI paid since first starting work **and** at least 39 weeks PRSI paid or credited in the relevant tax year or in the year immediately following the relevant tax year. **Or:** 26 weeks PRSI paid in the relevant tax year and at least 26 weeks PRSI paid in the tax year before the relevant tax year.

If self-employed:

- 52 PRSI contributions paid at Class S in the relevant tax year. **Or:** 52 PRSI contributions paid at Class S in the tax year immediately before the relevant tax year. **Or:** 52 qualifying PRSI contributions paid at Class S in the tax year immediately following relevant tax year.

7. Childcare for pre-school children

Information is not available on the fraction of pre-school children in childcare. Children can enter school on their fourth birthday but must have started school by their sixth birthday.

7.1 *Out-of-pocket childcare fees paid by parents*

All centre based childcare providers and larger scale home based child minders are obliged to register with the Health Service Executive, and provide information on the number of places and the type of childcare involved (i.e. full day, sessional etc). However, a significant aspect in Irish childcare is that parents often choose that it be provided by home-based childminders, many of whom if they are low scale operations, do not have to register with the HSE, and operate in the informal economy. Therefore, these figures of registered and notified childcare places would under-state the true figure.

There is no official figure for the average fees paid by parents for childcare. The CSO survey¹ which provided such data is now some 3 years out of date, and anecdotal evidence would suggest that this makes it no longer reliable.

Rates are not regulated by Government, and may depend on a number of factors such as;

- The age of the child
- Location
- Type of provider (e.g. community or private sector)
- Type of service
- Quality of service (i.e. if there are extras included)
- Parents income (e.g. community providers may charge less to social security recipients)

Average of costs of paid childcare are available in *Quarterly National Household Survey, Childcare, Quarter 1, 2005* (http://www.cso.ie/releasespublications/documents/labour_market/current/qnhschildcare.pdf).

There is no legislation covering the rates to be charged for child care. Fees paid for childcare are not tax deductible, and are not taken into account when determining entitlement to benefits such as social assistance.

7.2 *Child-care benefits*

There are no such cash benefits. Government policy is to support all child related costs incurred by parents, including childcare costs, through Child Benefit. See section 6.

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For parents who stay at home to care for children, the Home Carers Allowance may provide a tax credit of up to EUR 900. See section 10 for details.

7.2.1 *Conditions for receipt*

7.2.2 *Calculation of benefit amount*

7.2.2.1 Calculation of gross benefit

7.2.2.2 Income and earnings disregards

7.2.3 *Tax treatment of benefit and interaction with other benefits*

7.2.4 *Treatment of particular groups*

8. Employment-conditional benefits

Several distinct employment-conditional benefits exist:

- a) Back to Work Allowance (BTWA).
- b) Family Income Supplement (FIS).
- c) Continued child dependant payment (CCDP).
- d) Part Time Job Incentive (PTJI).

8.1 *Conditions for receipt*

8.2 *Calculation of benefit amount*

8.2.1 *Calculation of gross benefit*

a) BTWA

A weekly payment for unemployed people who set up their own business or get work. Recipients receive 75 per cent of social welfare payment for the first year, 50 per cent of the payment for the second year and 25 per cent of the payment for the third year. (Unemployed persons setting up their own business can qualify for a Back to Work Enterprise Allowance. Participants receive support for 4 years. Payment for the first year is 100 per cent of the weekly social welfare payment).

b) FIS

Pays 60 per cent of the difference between the net family income and an earnings limit. The earnings limit varies with family size. A minimum supplement of EUR 20 is payable.

Family size	Weekly net earnings limit (in EUR)
1 Child	490
2 Children	570
3 Children	655
4 Children	760
5 Children	870
6 Children	970
7 Children	1,090
8 Children	1,170

c) CCDP

Recipient will continue to be paid for their children for 13 weeks if they get work for at least 4 weeks.

d) PTJI

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Instead of Unemployment Assistance, recipients receive a flat rate weekly payment.

Single person	EUR 125.30
Couple	EUR 204.90

8.3 *Tax treatment of benefit and interaction with other benefits*

Once an entitlement to the relevant benefit is established, it is not affected by income

8.4 *Benefit duration*

- a) BTWA: 3 years. BTWEA: 4 years.
- b) FIS: 52 weeks (renewable).
- c) CCDP: 13 weeks.
- d) PTJI: indefinitely.

8.5 *Treatment of particular group*

8.5.1 *Young persons*

None

8.5.2 *Older workers*

None

8.5.3 *Others if applicable*

None

9. Lone-parent benefits

One-Parent Family Payment

9.1 Conditions for receipt

To have at least one dependent child.

9.2 Calculation of benefit amount

9.2.1 Calculation of gross benefit

The amount depends on the Lone Parent income: the weekly benefit rate is EUR 197.80 (maximum rate) if the weekly means are less than EUR 7.60.

In EUR per week Age 65 or under

Assessable Means	Benefit Rate
Up to 7.60	197.80
7.60 to 10.10	195.30
Each 2.50 increase	2.50 decrease
Dependent child increase	24.00

9.2.2 Income and earnings disregards

From May 2008:

For those who are working, there is a EUR 146.50 per week disregard. In addition, only half of any earned income (minus income and social security taxes) in excess of the disregard to a maximum of EUR 425 earnings are counted as means. Benefit income is disregarded. Where earnings exceed EUR 425, half rate payment continues for a further 6 months. (This payment was dropped for 2004 but re-instated in 2005) Those in work can only receive half of the personal rate of unemployment benefit can be obtained, and there are no increases for child dependants

9.3 Tax treatment of benefit and interaction with other benefits

Taxable, but not liable to social security contributions.

9.4 Benefit duration

As long as conditions are fulfilled.

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9.5 *Treatment of particular group*

9.5.1 *Young persons*

None

9.5.2 *Older workers*

See 9.2.1 above

9.5.3 *Others if applicable*

None

10. Tax system

Tax is levied on the combined income of both spouses. Either spouse may, however, opt for separate assessment, in which case the tax payable by both spouses must be the same as would be payable under joint taxation. A further option allows either spouse to opt for assessment as single persons in which case they are treated as separate units. The calculations presented in this Report are based on family taxation.

10.1 Income tax**10.1.1 Tax allowances and credits****10.1.1.1 Standard allowances****10.1.1.2 Standard tax credits**

- Basic reliefs: The single person's credit is € 1830 per year.
- Standard marital status reliefs: The married person's credit is €3660 per year (i.e. twice the basic credit of €1830).
- Employee credit: With the exception of certain company directors and their spouses and the spouses of partners in partnership cases, all employees, including (subject to certain conditions) children who are full-time employees in the business of their parents, are entitled to an employee credit of € 1830.
- Single-Parent Family Relief: The single parent family credit is € 1830
- Home Carers Allowance: This is a tax credit of €900 for families where one spouse works at home to care for children, the aged or incapacitated persons, where the carer spouse's income does not exceed €5079. A reduced measure of relief is granted for income between €5080 and €6620. This credit and the increased standard rate tax band for two income couples (see tax schedule below) are mutually exclusive but the person may opt for whichever is the more beneficial. The calculations within this Report take into consideration the New Carers Allowance.

10.1.2 Income tax schedule

Band of taxable Income (€)				Rate (%)
Single/ Widow(er)	Married Couple (One Income)	Married Couple (Two Incomes)	One-Parent Families	
Up to 35 400	Up to 44 400	Up to minimum of 44 400 to a maximum of 70 800 (threshold is increased by the amount of the lowest income to a maximum of 26 400)	39 400	20
Balance	Balance	Balance	Balance	41

Low income exemption and marginal relief tax

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Where total income is less than or equal to the income exemption limit that income is exempt from tax.

Exemption limits:

	Single/Widowed	€
Under 65		5,210
65 and over		17,000
	Married	
Under 65		10,420
65 and over		34,000
	Children	
One or two children (each)		575
Subsequent children		830

The marginal relief rate of tax applies where liability to tax at the marginal relief rate is less than that which would be chargeable under the normal tax schedule and where total income is less than twice the relevant exemption limit, otherwise tax is charged under the normal tax schedule.

– Marginal relief tax is charged, where applicable, at a rate of 40% on the difference between total income and the relevant exemption limit.

10.1.3 *State and local income taxes*

No State or local income taxes exist in Ireland

10.2 *Treatment of family income*

Tax is levied on the combined income of both spouses. Either spouse may, however, opt for separate assessment, in which case the tax payable by both spouses must be the same as would be payable under joint taxation. A further option allows either spouse to opt for assessment as single persons in which case they are treated as separate units. The calculations presented in this Report are based on family taxation

10.3 *Social security contribution schedule*

Contributions are payable as a percentage of an employee's gross earnings less allowable superannuation contributions. No distinction is made by marital status or sex. The first EUR 500 of weekly earnings are exempt from the health levy and the first EUR 352 of weekly earnings are exempt from social insurance. If the employee is not exempt, then an allowance of EUR 127 per week is applicable for social insurance contribution purposes. The first EUR 127 of weekly earnings are exempt from the social insurance contribution. This weekly exemption is non-cumulative in that the earner is no longer entitled to the weekly exemption when their cumulative annual earnings exceed the social insurance ceiling. An additional 0.5 per cent Health Levy contribution applies to income exceeding EUR 1 925 per week (EUR 100 100 p.a.). The following is a breakdown of the 2008 rate of contribution together with ceilings where applicable:

Reference date for all information is **July 1st 2008**

Country chapter for OECD series *Benefits and Wages* (www.oecd.org/els/social/workincentives)

Description	Rate	Threshold (EUR)	Ceiling (EUR)
Health Levy	2.00	26 000	100 100
	2.50	100 100	
Pension and social insurance	4.00		50 700

Like employees' contributions, employers' contributions are payable as a percentage of gross employee earnings less allowable superannuation contributions. The following is a breakdown of the 2008 rate of contribution:

Description	Rate %	Ceiling (EUR)
Occupational injuries	0.50	
Redundancy contribution	0.40	
Pension and social insurance	9.85	
TOTAL	10.75	No ceiling

The employers' contribution is reduced from 10.75 per cent to 8.5 per cent in respect of employees earning less than EUR 356 per week.

10.4 Treatment of particular group

10.4.1 Young persons

None

10.4.2 Older workers

None

10.4.3 Others if applicable

None

Reference date for all information is **July 1st 2008**

Country chapter for OECD series *Benefits and Wages* (www.oecd.org/els/social/workincentives)

11. Part-time work

11.1 Benefit rules for part-time work

Part-time workers are entitled to UI benefits under the same scheme as full-time workers, ie provided they are available for full-time work. They have to fulfil the same qualifying conditions. Part-time workers can receive Unemployment Insurance/Assistance for days not worked. Part-time workers are covered by Social Insurance where earnings are in excess of EUR 38.

11.2 Special tax and social security contribution rules for part-time work

There are no special rules relating to part-time work.

Reference date for all information is **July 1st 2008**

Country chapter for OECD series *Benefits and Wages* (www.oecd.org/els/social/workincentives)

12. Policy developments

12.1 Policy changes introduced during the previous year since 2005

The Minister for Finance announced in the Budget 2007 that an additional 0.5 per cent Health Levy contribution will apply on income exceeding EUR 1 925 per week (EUR 100 100 p.a.)

A direct payment of EUR 1 100 per year is available for all parents regardless of their labour force status, for each child up to his or her sixth birthday.

12.2 Policy changes announced