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## IRELAND 2003

### 1. Overview of the system

Unemployment 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 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. A couple's income is jointly assessed for income tax. The 2003 average production worker (APW) earned EUR 25 951.

### 2. Unemployment 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.
- To have 39 paid social insurance contributions in the 2<sup>nd</sup> last Governing Contribution Year, or have at least **26 reckonable contributions** paid in both the Governing Contribution Year and the year immediately preceding the GCY.

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) 2003**

Personal rate	124.80
Qualified Adult increase	82.80
Dependent child supplement	16.80

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

Reduced weekly rates	Personal rate (in EUR)	Qualified adult increase (in EUR)
Less than 44.44	56.10	53.70
44.44 and less than 63.49	80.60	53.70
63.49 and less than 88.88	97.80	53.70

Any increases due for dependent children are not earnings related.

2.2.2 *Income and earnings disregards*

- a) Where an adult dependant has earnings below EUR 88.88 per week all earnings are disregarded and a Qualified Adult increase is paid at the relevant maximum rate. Where adult dependant has earnings between EUR 88.88 and EUR 203.16 per week reduced Qualified Adult increases are paid. Where an Adult Dependand has earnings in excess of EUR 203.16 per week no increase is payable. The Qualified Child Allowance is halved once the income of the claimant's spouse exceeds EUR 203.16 per week.
- b) Where a person in receipt of Unemployment Insurance is employed for a day or part of a day no payment is made for that day. Earnings from employment are not assessed.

2.3 *Tax treatment of benefit*

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.

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**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 390 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 Lone Parents**

Those in receipt of lone parent allowance receive half of the personal rate, and no dependants' allowance (see Section 9).

**3. Unemployment Assistance**

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 benefit**

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

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**Weekly rates**

Personal rate	EUR
Short term	124.80
Long term	124.80
Adult dependant	82.80
Child dependant	16.80

\* Note that if both partners claim unemployment assistance, the maximum amount payable to the couple is the personal rate plus the amount for an adult dependant and child dependants (if applicable). Each will receive half of this combined rate. However, since 26 December 2001, short term and long term rates are the same.

**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 is first deducted from the average net weekly earnings and then 60 per cent of the balance is assessed as the weekly means.)
- b) Where an adult dependant has earnings below EUR 88.88 per week all earnings are disregarded and a Qualified Adult increase is paid at the relevant maximum rate. Where adult dependant has earnings between EUR 88.88 and EUR 203.16 per week reduced Qualified Adult increases are paid. Where Adult Dependant has earnings in excess of EUR 203.16 per week no increase is payable.
- 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***

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.

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3.5.3 *Lone Parents*

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)
Personal	124.80
Adult dependant	82.80
Child dependant	16.80

Supplementary support for rent and mortgage interest payments exists, ensuring the recipient's income after paying rent/mortgage is not less than the Supplementary Welfare Allowance rate less an amount of EUR 7.62 per week.

**4.2.2 Income and earnings disregard**

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 (see Section 6) are excluded.

**4.3 Tax treatment of benefit**

Not taxable.

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**4.4**      *Benefit duration*

As long as the conditions are fulfilled.

**4.5**      *Treatment of particular groups*

**4.5.1**    *Young persons*

None.

**4.5.2**    *Older workers.*

None.

**5.**        **Housing benefits**

A supplement exists under the Social Welfare Allowance (see Section 4.2.1).

**6.**        **Family benefits**

**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*

EUR 117.60 per month for each of the first two children, and EUR 147.30 per month for each subsequent child.

From June 2003, for each of the first two children EUR 125.60 monthly and for the third and subsequent children, EUR 157.30 per month.

**6.2.2**    *Income and earnings disregards*

Not means-tested.

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**6.3 Tax treatment of benefit**

Not taxable.

**6.4 Treatment of particular groups**

None.

**7. Childcare benefits**

None.

**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**

a) Back To Work Allowance - (BTWA)

Must have been unemployed for at least 15 months and be aged 23 or over.

b) Family Income Support - (FIS)

A claimant must be working at least 19 hours per week or 38 hours per fortnight. Married or cohabiting couples can add their hours together.

c) Continued Child Dependant Payment - (CCDP)

Must have been unemployed for 12 months or more, in receipt of either Unemployment Benefit or Unemployment Assistance or a combination of both and be receiving a full rate increase for dependent children or have been in Community Employment. Persons in receipt of half rate CDI because, for instance, their spouse/partner is in employment Or in receipt of a social welfare payment in their own right, are not eligible for Continued Child Payment. Also, they must commence full-time employment or self-employment, which is expected to last for at least 4 weeks.

d) Part Time Job Incentive - (PTJI)

Must have been receiving long-term Unemployment Assistance.

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**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 13 is payable.

Family size	Weekly net earnings limit (in EUR)
1 Child	379
2 Children	405
3 Children	430
4 Children	455
5 Children	487
6 Children	513
7 Children	534
8 Children	556

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

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

Single person	EUR 79.00
Couple	EUR 131.50

**8.2.2 Income and earning disregards**

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

**8.3 Tax treatment of benefit**

None of the benefits are taxable

**8.4 Benefit duration**

a) BTWA: 3 years. BTWEA: 4 years.

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- b) FIS: 52 weeks (renewable).
- c) CCDP: 13 weeks.
- d) PTJI: indefinitely.

## 8.5 *Treatment of particular groups*

None.

## 9. Lone-parent benefits

### 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 payment is made up of a personal rate and extra amounts for your dependent children.

The amount depends on the Lone Parent income: the weekly benefit rate is EUR 124.80 (maximum rate) if the weekly means are less than EUR 7.60.

#### In EUR per week

Assessable Means	Benefit Rate
Up to 7.60	124.80
7.60 to 10.10	122.30
Each 2.50 increase	2.50 decrease
95 to 97	4.80
97 or over	0.00
Dependent child increase	19.30

#### 9.2.2 *Income and earning disregards*

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 293 earnings are counted as means. Benefit income is disregarded. Where earnings exceed EUR 293, half rate payment continues for a further 12 months. Those in work can only receive half of the personal rate of unemployment insurance can be obtained, and there are no increases for child dependants.

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**9.3 Tax treatment of benefit**

Taxable, but not liable to social security contributions.

**9.4 Treatment of particular groups**

**9.4.1 Young persons**

None.

**9.4.2 Older workers**

None.

**10. Tax System**

**10.1 Income tax rate schedule**

**10.1.1 Tax allowances and credits for 2002 (1/1/02 – 31/12/02).**

*Standard tax credits:*

- Basic relief: The single person's credit is EUR 1 520 per year.
- Standard marital status relief: The married person's credit is EUR 3 040 per year (*i.e.* twice the basic credit of EUR 1 520).
- 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 EUR 800.
- Single-Parent Family Relief: The single parent family credit is EUR 1 520. This tax credit is given in addition to the personal tax credit so that when the single parent and single tax credits are combined they will equal the married tax credit.

*Main non-standard tax reliefs applicable to an APW:*

- Interest on qualifying loans: A qualifying loan in respect of the purchase, repair or improvement of the principal private residence. This relief is subject to the following overall limits in 2002 as follows. Since 1 January 2002 mortgage interest relief is given at source by the mortgage provider.

**Mortgage relief limits (in EUR)**

	First-time mortgage holders	Other mortgage holders
Married couple	8 000	5 079
Widowed person	8 000	5 079
Single person	4 000	2 539

- **Medical Insurance:** Relief at the taxpayer's standard rate of tax is available for taxpayers who make a payment to an authorised insurer under a contract which provides for the payment of medical expenses resulting from sickness of the person, his wife, child or other dependants. This relief is now granted at source by the insurance provider.
- **Work-related Expenses:** These are relieved to the extent that they are wholly, exclusively and necessarily incurred in the performance of the duties of an employment.
- **New Carers Allowance:** This is a tax credit of EUR 770 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 EUR 5 080. A reduced measure of relief is granted for income between EUR 5 080 and EUR 6 620. 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.

10.1.2 *The 2003 tax schedule*

Single/Widow(er)	Band of taxable income (in EUR)			Rate (%)
	Married couple (one income)	Married couple (two incomes)	One-parent families	
28 000	37 000	37 000 [with increase of 19 000 (max.)]	32 000	20
Balance	Balance	Balance	Balance	42

10.1.3 *Low income exemption and marginal relief tax*

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

**Exemption limits**

Family situation	EUR
Single/Widowed	
Under 65	5 210
65 and over	13 000
Married	
Under 65	10 420
65 and over	26 000
Children	
One or Two (each)	575
Each additional child	830

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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 per cent on the difference between total income and the relevant exemption limit.

#### *10.1.4 State and local income taxes*

No State or local income taxes exist in Ireland.

### **10.2 Social security contribution schedule**

#### *10.2.1 Employees' contributions*

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. Employees earning less than EUR 287 per week are exempt from the social insurance contribution. If the employee is not exempt, then an allowance of EUR 127 per week is applicable for social insurance contribution purposes. This weekly exemption is non-cumulative. Employees earning less than EUR 356 per week are exempt from the health contribution. The following is a breakdown of the 2003 rate of contribution together with ceilings where applicable:

Description	Rate (%)	Ceiling (in EUR)
Health contribution	2	No ceiling
Pension and social insurance	4	40 420
TOTAL	6	

## **11. Part-time work**

### *11.1 Special 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.

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**12. Policy developments**

*12.1 Policy changes in the last year*

*12.2 Policy changes announced*