

## **IRELAND 1999**

### **1. Overview of the system**

Unemployment Insurance 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 Insurance 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 couples income is jointly assessed for income tax. The 1999 average production worker (APW) earned IEP 16 200.

### **2. Unemployment insurance**

#### ***2.1 Conditions for receipt***

to be aged 16 or over, and under 66;

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 contributed for at least 39 weeks in the last calendar tax 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:

Personal rate	IEP 73.50
Qualified Adult increase	IEP 43.20
Dependent Child Supplement	IEP 13.20

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

Reduced Weekly Rates	Personal Rate	Qualified
Less than IEP 35.00	IEP 33.00	IEP 28.00
IEP 35.00 and less than IEP 50.00	IEP 47.40	IEP 28.00
IEP 50.00 and less than IEP 70.00	IEP 57.60	IEP 28.00

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 IEP 60.00 per week all earnings are disregarded and a Qualified Adult increase is paid at the relevant maximum rate. Where adult dependant has earnings between IEP 60.00 and IEP 105.00 per week reduced Qualified Adult increases are paid. Where an Adult Dependand has earnings in excess of IEP 105.00 per week no increase is payable. The Qualified Child Allowance is halved once the income of the claimant's spouse exceeds IEP 105 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

Taxable, but not liable to social security contributions. The first IEP 10 of the weekly payment is tax free. Any increases for child dependants are also exempt from tax.

### 2.4 Benefit duration

Payable for 15 months (390 days – 6 days per week), after a 3-day waiting period.

### 2.5 Treatment of particular groups

#### 2.5.1 Young Persons

None

### 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 66;

- be fully unemployed for at least 3 days in any period of 6 consecutive days.

### 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

#### **Weekly rates (in IEP)**

Personal	
Short Term	72.00
Long Term	73.50
Adult dependant	43.20
Child dependant	13.20

\* The long-term rate applies after 15 months of unemployment (with or without UI-entitlements)

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.

#### 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% of average net weekly earnings will be made. (If recipient has

no child dependants, IEP 10 per day worked is first deducted from the average net weekly earnings and then 60% of the balance is assessed as the weekly means.)

b) Where an adult dependant has earnings below IEP 60.00 per week all earnings are disregarded and a Qualified Adult increase is paid at the relevant maximum rate. Where adult dependant has earnings between IEP 60.00 and IEP 105.00 per week reduced Qualified Adult increases are paid. Where Adult Dependand has earnings in excess of IEP 105.00 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.

#### **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

Family situation	Rates
Personal	IEP 72.00
Adult Dependant	IEP 43.20
Child Dependant	IEP 13.20

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 IEP 6.00 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.

#### **4.4 Benefit duration**

As long as the conditions are fulfilled.

#### **4.5 Treatment of particular groups**

##### **4.5.1 Young persons**

None.

##### **4.5.1 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***

IEP 34.50 per month for each of the first two children, and IEP 46.00 per month for each subsequent child.

**6.2.2 *Income and earnings disregards***

Not means-tested.

**6.3 *Tax treatment of benefit***

Not taxable.

**6.4 *Treatment of particular groups***

None.

**7. Child-care 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 12 months and be aged 23 or over

b) Family Income Support - (FIS)

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

c) Continued Child Dependant Payment - (CCDP)

Must have been unemployed for 12 months or more and be receiving a full rate increase for dependent children.

d) Part Time Job Incentive - (PTJI)

Must have been receiving long-term Unemployment Assistance

### **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% of social welfare payment for the first year, 50% of the payment for the second year and 25% 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% of your weekly social welfare payment).

b) FIS

Pays 60% of the difference between the net family income and an earnings limit. The earnings limit varies with family size. A minimum supplement of IEP 5.00 is payable.

Family size	Weekly net earnings limit (in IEP)
1 Child	220.00
2 Children	240.00
3 Children	260.00
4 Children	280.00
5 Children	305.00
6 Children	325.00
7 Children	342.00

8 Children	359.00
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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	IEP 46.50
Couple	IEP 76.50

### 8.2.2 *Income and earning disregards*

a,b,c,d: 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.

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 IEP 73.50 (maximum rate) if the weekly means are less than IEP 6.00.

Assessable Means	Benefit Rate
(In IEP per week)	
Up to 6.00	73.50
6.00 to 8.00	71.50
each 2.00 increase	2.00 decrease
74.00 to 76.00	3.50
76.00 or over	0.00
Dependent child increase	15.20

### **9.2.2 Income and earning disregards**

For those who are working, there is a IEP 115.38 per week disregard. In addition, only half of any earned income minus income and social security taxes in excess of the disregard are counted as means. Benefit income is disregarded. Only half of the personal rate of unemployment insurance can be obtained, without increases for child dependants.

## **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 (from 6<sup>th</sup> April 1999 to 6<sup>th</sup> April 2000)

Standard relieves:

Basic relieves: The single persons allowance is IEP 4 200 per year. This allowance is granted at the standard rate of tax and is the equivalent of a tax credit of IEP 1 008.

Standard marital status relieves: The married person's allowance is IEP 8 400 per year (i.e. twice the basic allowance of IEP 4 200).

Single-parent family relief: The single parent family allowance is IEP 3 150 (allowed at the marginal rate of tax), with a further allowance of IEP 1 050 granted at the standard rate of tax (this further allowance is the equivalent of a tax credit of IEP 252).

Employee allowance: 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 allowance of IEP 1 000. This allowance is granted at the standard rate of tax and is the equivalent of a tax credit of IEP 240.

#### 10.1.2 The 99/00 Tax schedule

Taxable income		Marginal tax rate
Single	Couple	
Under IEP 14,000	Under IEP 28,000	24%
IEP 14,000 and over	IEP 28,000 and over	46%

#### 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: The single/widowed person's exemption limit is IEP 4 100 per year. The married person's exemption limit is IEP 8 200 per year.

Addition to exemption limits for children: The addition to the exemption limit is IEP 450 in respect of each of the first two children and IEP 650 for each subsequent child.

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

#### *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. The first IEP 100 of weekly earnings are exempt from the social insurance contribution. This weekly exemption is non-cumulative. The following is a breakdown of the 1999 – 2000 rate of contribution together with ceilings where applicable:

<b>Description</b>	<b>Rate (%)</b>	<b>Ceiling (IEP)</b>
Health contribution	2.00	No ceiling
Pension and social insurance	<u>4.50</u>	25 400
Total	6.50	

Employees with earnings of less than IEP 217 per week are exempt from the health levy. Also exempt are employees who hold medical cards.

## 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. 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 IEP 30.00

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

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

## 12. Policy developments

### 12.1 *Policy changes in the last year*

None.

## 12.2 Policy changes announced

The 2000 tax system has been revised (6<sup>th</sup> April 2000 to 5<sup>th</sup> April 2001)

increase of basic allowance from IEP 4,200 to IEP 4,700

- increase of married persons allowance from IEP 8,400 to IEP 9,400
- increase of one-parent family allowance from IEP 4,200 to IEP 4,700
- reduction in top rate of tax from 46% to 44%
- reduction in lower rate of tax from 24% to 22%
- individualisation of standard rate band. Increase of IEP 3,000 in the tax band for a single person from IEP 14,000 to IEP 17,000. The tax band for two income married couples will be set at double this individual band, IEP 34,000 per annum with transferability of the individual bands between spouses up to a maximum band of IEP 28,000 per annum. Married band for one income couples remains unchanged at IEP 28,000 per annum.
- All employees earning less than IEP 226 per week are exempt from making an employee contribution.
- The weekly income threshold for payment of the Health Contribution is IEP 280 per week (IEP 14,560 per year).

Revised tax schedule (from 6<sup>th</sup> April 2000 to 5<sup>th</sup> April 2001)

Taxable income		Tax rate
Single	Married*	
Under IEP 17,000	Under IEP 34,000	22%
Over IEP 17,000	Over IEP 34,000	44%

\* Two income married couple

with revised exemption/marginal relief:

Family type	Marginal relief limit	Exemption limit
(in IEP)		
Single	8,200	4,100
Married	16,400	8,200
Supplement per child	900	450

(from third child)	1,300	650
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**IRELAND**

**The annual tax/benefit position of an unemployed single person  
1999  
(in Irish pounds)**

	Unemployment insurance (15 months)	Social Assistance (SWA) (unlimited)
<b>A. Taxable benefits</b>		
<b>Means-tested benefits</b>		
<b>Non-means tested benefits</b>		
Unemployment insurance	3 822	0
Lone parent benefits	0	0
<b>Total taxable benefits</b>	<b>3 822</b>	<b>0</b>
<b>B. Income tax and social security contributions</b>		
Income tax allowances	0	0
Taxable income	3 822	0
Income tax (before credits)	917	0
Income tax credits	1 008	0
Total income tax	0	0
Social security contributions	0	0
<b>Total income tax and social security contributions</b>	<b>0</b>	<b>0</b>
<b>C. Non-taxable benefits</b>		
<b>Means-tested benefits</b>		
Social assistance (SWA)	0	3 744
Housing Benefits (only for SA Recipients)	0	2 928
<b>Non-means tested benefits</b>		
Family benefits	0	0
<b>Total non-taxable benefits</b>	<b>0</b>	<b>6 672</b>
<b>D. Net income out of work (A-B+C)</b>	<b>3 822</b>	<b>6 672</b>
<b>E. Net income in work</b>	<b>12 257</b>	<b>12 257</b>
<b>F. Net replacement rate (D/E) (per cent)</b>	<b>31</b>	<b>54<sup>1</sup></b>

<sup>1</sup> Without Housing Benefits: 31%

## IRELAND

**The annual tax/benefit position of an unemployed married couple  
with two children (6 and 4 years old)  
1999  
(in Irish pounds)**

	Unemployment insurance (15 months)	Social Assistance (SWA) (unlimited)
<b>A. Taxable benefits</b>		
<b>Means-tested benefits</b>		
<b>Non-means tested benefits</b>		
Unemployment insurance	7 441	0
Lone parent benefits	0	0
<b>Total taxable benefits</b>	<b>7 441</b>	<b>0</b>
<b>B. Income tax and social security contributions</b>		
Income tax allowances	0	0
Taxable income	7 441	0
Income tax (before credits)	1 786	0
Income tax credits	2 016	0
Total income tax	0	0
Social security contributions	0	0
<b>Total income tax and social security contributions</b>	<b>0</b>	<b>0</b>
<b>C. Non-taxable benefits</b>		
<b>Means-tested benefits</b>		
Social assistance	0	7 353
Housing Benefits (only for SA Recipients)	0	2 928
<b>Non-means tested benefits</b>		
Family benefits	828	828
<b>Total non-taxable benefits</b>	<b>828</b>	<b>11 109</b>
<b>D. Net income out of work (A-B+C)</b>	<b>8 269</b>	<b>11 109</b>
<b>E. Net income in work</b>	<b>14 577</b>	<b>14 577</b>
<b>F. Net replacement rate (D/E) (per cent)</b>	<b>57</b>	<b>76<sup>1</sup></b>

<sup>1</sup> Without Housing benefits: 56%

**IRELAND**

**The annual tax/benefit position of a lone parent  
with two children (6 and 4 years old)**

**1999**

(in Irish pounds)

	Unemployment insurance (15 months)	Social Assistance (SWA) (unlimited)
<b>A. Taxable benefits</b>		
<b>Means-tested benefits</b>		
<b>Non-means tested benefits</b>		
Unemployment insurance	1 911	0
Lone parent benefits	5 403	5 403
<b>Total taxable benefits</b>	<b>7 314</b>	<b>5 403</b>
<b>B. Income tax and social security contributions</b>		
Income tax allowances	3 150	3 150
Taxable income	3 973	2 253
Income tax (benefits credits)	999	541
Income tax credits	1 260	1 260
Total income tax	0	0
Social security contributions	0	0
<b>Total income tax and social security contributions</b>	<b>0</b>	<b>0</b>
<b>C. Non-taxable benefits</b>		
<b>Means-tested benefits</b>		
Social assistance	0	2 642
Housing Benefits (only for SA Recipients)	0	0
<b>Non-means tested benefits</b>		
Family benefits	828	828
<b>Total non-taxable benefits</b>	<b>828</b>	<b>3 470</b>
<b>D. Net income out of work (A-B+C)</b>	<b>8 142</b>	<b>8 873</b>
<b>E. Net income in work</b>	<b>15 774</b>	<b>15 774</b>
<b>F. Net replacement rate (D/E) (per cent)</b>	<b>52</b>	<b>56</b>