

IRELAND 1997

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 couple's income is jointly assessed for income tax.

The 1997 APW level is IR£14 400.

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 dependant children and dependant adults.

2.2.1 *Calculation of gross benefit*

Weekly rates (in IR£):

Personal rate	67.50
Dependent adult supplement	40.00
Dependent child supplement	13.20

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

Reduced weekly rates	Personal rate	Qualified adult increase
Less than IR£35	30.30	25.90
IR£35 and less than IR£50	43.60	25.90
IR£50 and less than IR£70	52.90	25.90

2.2.2 *Income and earnings disregards*

a. Where an adult dependant has earnings below 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 60.00 and 90.00 per week, reduced qualified adult increases are paid. Where adult dependant has earnings in excess of 90.00 per week, no increase is payable.

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.

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.

Family situation	Rates (in IR£ per week)
Personal	
Short-term	65.40
Long-term*	67.50
Adult dependant	40.00
Child dependant	13.20

*The long-term 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 time week, less 60% of average net weekly earnings, will be made. (If recipient has no child dependants, IR£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 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 60.00 and 90.00 per week, reduced qualified adult increases are paid. Where adult dependant has earnings in excess of 90.00 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 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 (*i.e.*, more than 30 hours), 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 (in IR£ per week)
Personal	65.40
Adult dependant	40.00
Child dependant	13.20

Supplementary support for rent and mortgage interest payments exists, ensuring that the recipient's income after paying rent is not less than the Supplementary Welfare Allowance rate less an amount of IR£5 per week.

4.2.2 Income and earnings disregards

There is a one-to-one income test using on gross family income (including unemployment insurance, assistance, 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.

4.5.2 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 18 if in full-time education qualifies.

6.2 *Calculation of benefit amount*

6.2.1 *Calculation of gross benefit*

IR£30 per month for each of the first two children, and IR£39 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) BTWA:

- Must have been unemployed for at least 12 months and be aged 23 or over.

b) FIS:

- the claimant must be working at least 19 hours per week. Married or cohabiting couples can add their hours of work;

c) CCDP:

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

d) 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 (depending on location of residence) for an Area Enterprise Allowance for the first year of self employment. Payment is made at the full rate of the unemployment payment. Those persons are then entitled to receive the BTWA.
- b) FIS: Pays 60% of the difference between the gross family income (less social security contributions and superannuation contributions) and an earnings limit. The earnings limit varies with family size. A minimum supplement of IR£5.00 is payable.

Family size	Weekly earnings limit
1 child	IR£205.00
2 children	IR£225.00
3 children	IR£245.00
4 children	IR£265.00
5 children	IR£290.00
6 children	IR£310.00
7 children	IR£327.00
8 children	IR£344.00

- a) CCDP: Recipient will continue to be paid for children for 13 weeks if he/she works for at least 4 weeks.

- b) PTJI: instead of unemployment assistance benefit, he/she will receive a flat-rate weekly payment:

Single person	IR£42.70 per week
Couple	IR£70.30 per week

8.2.2 *Income and earnings disregards*

- a) For all four benefits, 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
- b) FIS: 52 weeks
- 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*

1. The payment is made up of a personal rate and extra amounts for the dependent children.

2. The amount depends on the lone parent income: the weekly benefit rate is IR£67.50 (maximum rate) if the weekly means are less than IR£6.00.

Assessable means (in IR£ per week)	Benefit rate (in IR£ per week)
Up to 6.00	67.50
6.00 - 8.00	65.50
each IR£2 increase	IR£2 decrease
68.00 - 70.00	3.50
70.00 +	0.00
Dependent child increase	15.20

9.2.2 *Income and earnings disregards*

For those who are working, there is a IR£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/assistance 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*

- basic allowance of IR£2 900 per year for a single person, of IR£5 800 per year for a married person;

- additional allowance of IR£2 900 for one-parent families;
- employee allowance of IR£800 per year per earner;

10.1.2 *The definition of taxable income*

Gross earnings minus the above tax allowances.

10.1.3 *The 1997 tax schedule*

Taxable income		Marginal tax rate
Single	Couple	
Under 9 900	Under 19 800	26%
9 900 and over	19 800 and over	48%

Exemption/marginal relief: if gross earnings are less than or equal to an exemption limit (that varies with family size) then the earnings are exempt from tax. If gross earnings are over the exemption limit and under a marginal relief limit (that also varies with family size), tax can be 40 per cent of gross earnings exceeding the exemption limit (but only if the tax thus calculated is lower than the normal tax).

Family type	Marginal relief limit (IR£ per year)	Exemption limit (IR£ per year)
Single	8 000	4 000
Couple	16 000	8 000
Supplement per child	900	450
(from the third one)	1 300	650

10.2 *Treatment of family income*

Tax is levied on the combined income of both spouses.

10.3 *Social security contribution schedule*

Contribution	Rate (% of gross earnings)	Ceiling (IR£ per year)
Employment and training levy ^a	1.00	-
Health contribution ^a	1.25	-
Pension and social insurance ^b	4.50	23 200

a) Employees with weekly earnings of less than IR£197 per week (IR£10 244 per year) are exempt from the employment and training levy (from which unemployment insurance is financed) and the health levy.

b) Employees with weekly earnings of less than IR£30 per week (IR£1 560 per year) are exempt from the pension and social insurance contributions. The accumulated first £80 of weekly earnings are in any year (*i.e.*, IR£4 160) not liable to pension and social security contributions.

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 for days not worked. Part-time workers are covered by Social Insurance where earnings are in excess of IR£30.00.

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

Employees with weekly earnings of less than the lower earnings levels do not contribute.

12. **Policy developments**

12.1 *Policy changes introduced in the last year*

None.

12.2 Policy changes announced

The 1998 income tax system has been revised (6 April, 1998 to 5 April, 1999):

- increase of the basic allowance from IR£2 900 to IR£3 150;
- increase of the married person's allowance from IR£5 800 to IR£6 300;
- increase of one-parent family's allowance from IR£2 900 to IR£3 150;
- reduction in the top rate of tax from 48% to 46%;
- reduction in the lower rate of tax from 26% to 24%.

Revised tax schedule:

Taxable income		Marginal tax rate
Single	Couple	
Under 10 000	Under 20 000	24%
10 000 and over	20 000 and over	46%

with revised exemption/marginal relief:

Family type	Marginal relief limit (IR£ per year)	Exemption limit (IR£ per year)
Single	9 200	4 600
Couple	16 400	9 200
Supplement per child	900	450
(from the third one)	1 300	650

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**The annual tax/benefit position of an unemployed single person, 1997
(Pounds)**

	Unemployment insurance (15 months)	Unemployment assistance (unlimited)
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Unemployment insurance	3 510	0
Lone parent benefits	0	0
Total taxable benefits	3 510	0
B. Income tax and social security contributions		
Income tax allowances	2 900	0
Taxable income	610	0
Income tax	0	0
Income tax credit	0	0
Total income tax	0	0
Social security contributions	0	0
Total income tax and social security contributions	0	0
C. Non-taxable benefits		
Means-tested benefits		
Unemployment assistance	0	3 510
Social assistance	0	0
Non-means tested benefits		
Family benefits	0	0
Total non-taxable benefits	0	3 510
D. Net income out of work (A-B+C)	3 510	3 510
E. Net income in work	10 657	10 657
F. Net replacement rate (D/E) (per cent)	33	33

Note: The housing supplement is not included due to a very small number of recipients.

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**The annual tax/benefit position of an unemployed married couple with two children, 1997
(Pounds)**

	Unemployment insurance (15 months)	Unemployment assistance (unlimited)
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Unemployment insurance	6 963	0
Lone parent benefits	0	0
Total taxable benefits	6 963	0
B. Income tax and social security contributions		
Income tax allowances	0	0
Taxable income	0	0
Income tax	0	0
Income tax credit	0	0
Total income tax	0	0
Social security contributions	0	0
Total income tax and social security contributions	0	0
C. Non-taxable benefits		
Means-tested benefits		
Unemployment assistance	0	6 963
Social assistance	0	0
Non-means tested benefits		
Family benefits	720	720
Total non-taxable benefits	720	7 683
D. Net income out of work (A-B+C)	7 683	7 683
E. Net income in work	12 307	12 307
F. Net replacement rate (D/E) (per cent)	62	62

Note: The housing supplement is not included due to a very small number of recipients.

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**The annual tax/benefit position of a lone parent with two children, 1997
(Pounds)**

	Unemployment insurance (15 months)	Unemployment assistance (unlimited)
A. Taxable benefits		
Means-tested benefits		
Non-means tested benefits		
Unemployment insurance	1 755	
Lone parent benefits	5 091	5 091
Total taxable benefits	6 846	5 091
B. Income tax and social security contributions		
Income tax allowances	0	0
Taxable income	0	0
Income tax	0	0
Income tax credit	0	0
Total income tax	0	0
Social security contributions	0	0
Total income tax and social security contributions	0	0
C. Non-taxable benefits		
Means-tested benefits		
Unemployment assistance	0	1 755
Social assistance	0	0
Non-means tested benefits		
Family benefits	720	720
Total non-taxable benefits	720	2 475
D. Net income out of work (A-B+C)	7 566	7 566
E. Net income in work	12 307	12 307
F. Net replacement rate (D/E) (per cent)	61	61

Note: The housing supplement is not included due to a very small number of recipients.