
IRELAND 2004

1. Overview of the tax-benefit 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

1.1. Average production worker wage (APW)

The 2004 average production worker (APW) earned EUR 27 781.

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.

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 weeks contributions paid since starting work and to have 39 weeks 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 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) 2004

Personal rate	134.80
Qualified Adult increase	89.40
Dependent child supplement	16.80

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

For Claims made before 25 December 2003

Reduced weekly rates	Personal rate (in EUR)	Qualified adult increase (in EUR)
Less than 44.44	60.60	58.00
44.44 and less than 63.49	87.10	58.00
63.49 and less than 88.88	105.60	58.00

For Claims made after 25 December 2003

Reduced weekly rates	Personal rate (in EUR)	Qualified adult increase (in EUR)
Less than 80.00	60.60	58.00
80.00 and and less than 125.00	87.10	58.00
125.00 and less than 150.00	105.60	58.00

Any increases due for dependent children are not earnings related.

2.2.2 *Income and earnings disregards*

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 210.00 per week reduced Qualified Adult increases are paid. Where an Adult Dependand has earnings in excess of EUR 210.00 per week no increase is payable. The Qualified Child Allowance is halved once the income of the claimant's spouse exceeds EUR 210.00 per week. The Child Dependand increase is not payable if the spouse/partner has an income greater than €300.00

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.

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.

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

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
Short term	134.80
Long term	134.80
Adult dependant	89.40
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 210.00 per week reduced Qualified Adult increases are paid. Where Adult Dependand has earnings in excess of EUR 210.00 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 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)
Personal	134.80
Adult dependant	89.40
Child dependant	16.80

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.

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

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

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

Not taxable

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 125.60 per month for each of the first two children, and EUR 157.30 per month for each subsequent child.

From April 2004, for each of the first two children EUR 131.60 monthly and for the third and subsequent children, EUR 165.30 per month.

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*

None

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)

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.

For parents who stay at home to care for children, the Home Carers Allowance may provide a tax credit of up to EUR 770. See section 10 for details.

¹ <http://www.cso.ie/qnhs/documents/qnhschildcare.pdf>

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

a) Back To Work Allowance - (BTWA)

Must have been unemployed for at least 5 years or more 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.

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	407
2 Children	433
3 Children	458
4 Children	483
5 Children	515
6 Children	541
7 Children	562
8 Children	584

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 85.30
Couple	EUR 142.00

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

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 134.80 (maximum rate) if the weekly means are less than EUR 7.60.

In EUR per week Age 65 and Under

Assessable Means	Benefit Rate
Up to 7.60	134.80
7.60 to 10.10	132.30
Each 2.50 increase	2.50 decrease
Dependent child increase	19.30

In EUR per week Age 66 and Over

Assessable Means	Benefit Rate
Up to 7.60	154.00
7.60 to 10.10	151.50
Each 2.50 increase	2.50 decrease
Dependent child increase	19.30

9.2.2 *Income and earnings 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 **DOES NOT** continue for a further 12 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.

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

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 €1520 per year.
- Standard marital status reliefs: The married person's credit is €3040 per year (i.e. twice the basic credit of €1520).
- 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 €1040.
- Single-Parent Family Relief: The single parent family credit is €1520
- Home Carers Allowance: This is a tax credit of €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 €5079. A reduced measure of relief is granted for income between €5080 and €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. 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 28 000	Up to 37 000	Up to minimum of 37 000 to a maximum of 56 000 (threshold is increased by the amount of the lowest income to a maximum of 19 000)	32 000	20
Balance	Balance	Balance	Balance	42

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:

Single/Widowed	EUR
Under 65	5,210
65 and over	15,500
Married	
Under 65	10,420
65 and over	31,000
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. 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 2004 rate of contribution together with ceilings where applicable:

Description	Rate (%)	Ceiling (in EUR)
Health contribution	2	No ceiling
Pension and social insurance	4	42,160
TOTAL	6	

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

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.

12. Policy developments

12.1 *Policy changes introduced during the previous year*

Habitual Residence is a condition which applicants must satisfy in order to qualify for certain social welfare assistance payments and child benefit. This condition took effect from 1 May 2004 and affects all applicants regardless of nationality. Its purpose is to restrict access to social assistance and child benefit in the case of persons newly arrived in Ireland. The social welfare payments which attract the habitual residence condition are:

Unemployment Assistance
Old Age (Non_Contributory) Pension
Blind Pension
Widow's or Widower's (Non_Contributory) Pension
Orphan's (Non Contributory) Pension
One_Parent Family payment
Carers Allowance
Supplementary Welfare Allowance (other than once off exceptional and urgent needs payments), and
Child Benefit

Habitual Residence _ National law
Section 208A inserted by Section 17 and Schedule 1 of the Social Welfare (Miscellaneous Provisions) Act 2004, provides that:

"it shall be presumed, until the contrary is shown, that a person is not habitually resident in the State at the date of the making of the application concerned unless he has been present in the State or any other part of the Common Travel Area for a continuous period of 2 years ending on that date."

Common Travel Area

Ireland is part of the Common Travel Area. The other parts of the Common Travel Area consist of the United Kingdom of Great Britain (this incl. England, Scotland and Wales) & Northern Ireland, the Channel Islands and the Isle of Man.

Habitually Resident

An applicant who has lived all his/her life in Ireland will satisfy the condition. Generally an applicant who has been present in Ireland for 2 years or more, works here and has a settled intention to remain in Ireland and make it his/her permanent home will satisfy the habitual residence condition.

Persons who have lived in other parts of the Common Travel Area for two years or more and then move to Ireland with the intention of settling here are quite likely to satisfy the habitual residence condition.

The 2 year period must largely or wholly have elapsed before a person will be regarded as habitually resident in Ireland.

There will be circumstances in which a person present in Ireland for less than 2 years will satisfy the habitual residence condition.

Residence is a more settled state than mere physical presence in a country. To be resident a person must be seen to be making a home. It need not be the only home or a permanent home but it must be a genuine home for the time being. A person who is not resident in Ireland at all cannot be habitually resident there. Also a short stay visitor or a person receiving short_term medical treatment is not habitually resident. In determining whether a person is habitually resident in Ireland, all relevant evidence is taken into account including the period before the person entered Ireland (and other parts of the Common Travel Area), the present period and the future intentions of the applicant as evidenced by his/her actions.

12.2 *Policy changes announced*