
IRELAND 2001

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 2001 average wage (AW) was IEP 24 474.

2. Unemployment insurance

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 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 contributed for at least **39 weeks** in the last calendar tax year or **alternative qualification since 22.3.01**, where a person must 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:

Personal rate	IEP 85.5
Qualified Adult increase	IEP 54
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 (in IEP)	Personal Rate (in IEP)	Qualified Adult Increase (in IEP)
Less than 35	38.4	35
35 and less than 50	55.2	35
50 and less than 70	67	35

Any increases due for dependent children are not earnings related.

2.2.2 Income and earnings disregards

- Where an adult dependant has earnings below IEP 70 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 70 and IEP 145 per week reduced Qualified Adult increases are paid. Where an Adult Dependand has earnings in excess of IEP 145 per week no increase is payable. The Qualified Child Allowance is halved once the income of the claimant's spouse exceeds IEP 145 per week.
- 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 IEP 10 per week of Unemployment Benefit payments are disregarded for taxation purposes from 6.4.95 to 5.4.99.

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*

A person under 18 years of age is entitled to 156 days Unemployment Benefit (26 weeks Only), after which entitlement is expired. If however, he/she reaches age 18 on or before expiry of 156 days, 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 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

Weekly rates (in IEP)

Personal	
Short Term	84
Long Term	85.5
Adult dependant	54
Child dependant	13.2

* 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*

1. 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.)
2. b) Where an adult dependant has earnings below IEP 70 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 70 and IEP 145 per week reduced Qualified Adult increases are paid. Where Adult Dependant has earnings in excess of IEP 145 per week no increase is payable.
3. 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 (in IEP)
Personal	84
Adult Dependand	54
Child Dependand	13.2

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 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 42.5 per month for each of the first two children, and IEP 56 per month for each subsequent child.

From June 2001, , for each of the first two children IEP 67.5 monthly and for the third and subsequent children, IEP 86 per month.

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*

4. a) Back To Work Allowance - (BTWA)

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

5. 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

6. 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.

7. 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

8. 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).

9. 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 10 is payable.

Family size	Weekly net earnings limit (in IEP)
1 Child	258
2 Children	278
3 Children	298
4 Children	318
5 Children	343
6 Children	363
7 Children	380
8 Children	397

10. c) CCDP

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

11. d) PTJI

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

Single person	IEP 54
Couple	IEP 90

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 85.5 (maximum rate) if the weekly means are less than IEP 6

Assessable Means	Benefit Rate
(In IEP per week)	
Up to 6	85.5
6 to 8	83.5
each 2 increase	2 decrease
95 to 97	3
97 or over	0.00

Dependent child increase	15.2
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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 to a maximum of IEP 230.76 earnings are counted as means. Benefit income is disregarded. Where earnings exceed IEP 230.76, half rate payment continues for a further 12 months. 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 6th April 1999 to 6th April 2000)*

Standard relieves:

- Basic relief: The single person's credit is IEP 1 100 per year.
- Standard marital status relief: The married person's credit is IEP 2 200 per year (i.e. twice the basic credit of IEP 1 100).
- 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 IEP 400.
- Single-Parent Family Relief: The single parent family credit is IEP 1 100.

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 2001:

	First Time Mortgage holders	Other Mortgage holders
married couple	IEP 5 000	IEP 4 000
widowed person	IEP 5 000	IEP 4 000
single person	IEP 2 500	IEP 2 000

- 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 and is paid to 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 IEP 600 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 IEP 4000. A reduced measure of relief is granted for income between IEP 4000 and IEP 5000. 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 99/00 Tax schedule

<u>Band of taxable Income (IEP)</u>			Rate(%)	
Single/Widow(er)	Married Couple (One Income)	Married Couple (Two Incomes)	One-Parent Families	
20 000	29 000	40 000	23 150	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:

Single/Widowed	IEP
Under 65	4 100
65 and over	8 500
Married	
Under 65	8 200
65 and over	17 000

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.

10.1.4 *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 280 of weekly earnings are exempt from the social insurance contribution. If the employee is not exempt, then an allowance of IEP 100 per week is applicable for social insurance contribution purposes. This weekly exemption is non-cumulative. The following is a breakdown of the 2001 rate of contribution together with ceilings where applicable:

Description	Rate	Ceiling (IEP)
Health contribution	2.00	No ceiling
Pension and social insurance	<u>4.00</u>	28 250
TOTAL	6.00	

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