THE OECD TAX-BENEFIT MODEL FOR IRELAND

Description of policy rules for 2018

OECD

BETTER POLICIES FOR BETTER LIVES

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OECD team: James Browne (lead author), Marion Bachelet, James Browne, Herwig Immervoll, Dirk Neumann, Daniele Pacifico, Olga Rastrigina.

National team: Joanne Keenan and Máire Ní Chuirc, Department of Employment Affairs and Social Protection

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BETTER POLICIES FOR BETTER LIVES

Social Policy Division and Jobs and Income Division

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Directorate for Employment, Labour and Social Affairs

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Preface

The OECD Tax-Benefit model (**TaxBEN**) incorporates detailed policy rules for tax liabilities and benefit entitlements as they apply to individual families across OECD member countries. Its main use is to calculate the amount of taxes that people are liable to pay, and the government transfers they are likely to receive, in different family and labour-market situations. The model includes legal policy rules that are relevant for people of **working age** (from 18 years old until the statutory retirement age) and their dependent children. Income tax liabilities and benefit entitlements are calculated for a broad set of *stylised* families ("vignettes", e.g. a married couple of 40 years old adults with two children aged 4 and 6 respectively). Model users are free to change many of these characteristics, including the age and number of children, activity status of adult members, hours of work, current and past earnings levels, unemployment duration, social contribution records, and housing-related costs. The model has been updated annually since the early 2000s for most OECD countries.

TaxBEN's policy scope includes the main taxes on employment income (earnings), social contributions paid by individuals and by employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits and support for non-parental childcare are included for a sub-set of countries and years. The most important policy areas that are outside the scope of the model include taxes on wealth (e.g. taxes on immovable and unmovable properties, including local taxes), indirect taxes (e.g. VAT), early-retirement benefits, sickness benefits and in-kind transfers (e.g. free school meals, subsidised transport and free health care).

This report describes the taxes and benefits that are included in the model and focuses on the rules that are relevant for family, individual and labour-market circumstances that are within its scope. The **Annex** provides information on other cash benefits and taxes on employment incomes that can be relevant for some members of the working-age population, but which are not included in the TaxBEN model.

Reading notes and further details on the scope and content of this report

- The **reference date** for policy rules described in this report is **January 1, 2018**.
- **Guidelines for completing and updating this report** are provided here.
- Further information on the model, model results, and references to reports and analytical uses is available on the project website. A methodology document provides a full description of the assumptions underlying the model as well as the model choices that users can make. The symbol ⓘ in the text provides a link to a glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- In order to facilitate transparency between the policy descriptions and the associated code in the model, the variable names are indicated in the text in square brackets using the following format: **[variable name]**, for instance: **[AW]** for the average wage.

The OECD tax-benefit model for Ireland: Policy rules in 2018

1. Reference wages

The 2018 average wage **[AW]** is EUR 48,533.[1]

The minimum wage **[MIN]** in 2018 is EUR 9.55 per hour. The annual minimum wage is computed assuming a 40 hour work week (as of January 1, 2018), i.e. EUR 9.55 * 40 * 52 = EUR 19,864.

2. Unemployment benefits

There are two main unemployment benefits in Ireland, Jobseekers' Benefit and Jobseekers' Allowance. Jobseekers' Benefit is a contributory benefit and is not means tested, whereas Jobseekers' Allowance is not dependent on past social security contributions and is means tested. A third unemployment benefit, Jobseekers' Transition Payment, is available to lone parents whose youngest child is aged between 7 and 13.

2.1. Jobseekers' Benefit

Variable names: **[UI_p; UI_s]**

This is an unemployment insurance benefit. It is contributory, not means-tested and is partly taxable.

2.1.1. Eligibility conditions

Age: The claimant must be between 16 and 66 years old.

Contribution/employment history: The claimant must have paid 104 weekly social insurance contributions since starting work, and have 39 paid social insurance contributions in the last Governing Contribution Year (which is two years prior to the year in which the claim is made, so 2016 for a claim made in 2018),or have at least 26 reckonable contributions paid in both the Governing Contribution Year and the year immediately preceding the Governing Contribution Year. At least 13 of these contributions must have been paid contributions, If a person does not have 13 paid contributions in the Governing Contribution Year they must have 13 paid contributions in either the 2 years before the relevant tax year or in the last complete tax year of the current tax year.

Behavioural requirements and related eligibility conditions: TaxBEN assumes that the following compulsory conditions are satisfied when simulating unemployment benefits.[2] The benefit claimant is:

1. Unemployed for at least 4 days in any period of 7 consecutive days,

[1] AW refers to the Average Wage estimated by the Centre for Tax Policy and Administration. For more information on methodology see the latest Taxing Wages publication.

[2] Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see Immervoll and Knotz (2018, forthcoming), Langenbucher (2015) and Venn (2011).

2. Capable of work,
3. Available for full time work,
4. Genuinely seeking work,
5. Prove unemployment in the prescribed manner,
6. And has suffered a substantial loss of employment and a resulting loss of earnings.

2.1.2. Benefit amount

Benefit amount: Flat rate payments are made for each week/day of unemployment. Increases are paid for dependent children and dependent adults.

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

Jobseekers Benefit rates are graduated according to earnings in the Governing Contribution Year as follows:

Average weekly earnings (in EUR)	Personal rate (in EUR/week)	Qualified adult increase (in EUR/week)
Less than 150.00	86.70	83.00
150.00 and less than 220.00	124.60	83.00
220.00 and less than 300.00	151.20	83.00
300.00 or more	193.00	128.10

Additional amounts are paid in respect of a dependent spouse or partner (called an 'Increase for a Qualified Adult(IQA) ', paid where the spouse/partner's income is less than EUR 310 per week. The full IQA is paid when the spouse or partner's income is less than EUR 100 per week, and the amount gradually declines until it reaches zero when the partner's income is EUR 310 per week according to the table below. An increase is paid for a Qualified Child (IQC) for any dependent child of EUR 29.80/week per child for those who receive an IQA or are parenting alone. Half the full IQC amount is paid to those who have a partner with income between EUR 310 and EUR 400 per week.

Spouse or partner's income (EUR/week)	IQA amount	
	Earnings of at least EUR 300 /week	Earnings of less than EUR 300/week
Up to 100	128.10	83.00
100-110	123.10	79.40
110-120	118.10	75.60
120-130	112.40	72.00
130-140	106.50	68.30
140-150	100.80	64.60
150-160	95.00	60.90
160-170	89.20	57.20
170-180	83.40	53.50
180-190	77.50	49.90
190-200	71.80	46.10
200-210	65.90	42.50
210-220	60.20	38.90
220-230	54.30	35.10
230-240	48.60	31.50
240-250	42.80	27.80
250-260	37.00	24.10
260-270	31.20	20.40
270-280	25.40	16.70
280-290	19.60	13.00
290-300	13.80	9.40
300-310	8.00	5.70
310 or above	Nil	Nil

2.1.3. Benefit duration

The benefit duration depends on the claimant's contribution record. If they have less than 260 paid weekly contributions, the benefit can be paid for a total of 6 months (156 days, the benefit is paid for only six days per week). If they have at least 260 paid weekly contributions, the benefit can be paid for a total of 9 months (234 days).

Claimants aged 65 can continue to receive benefits until their 66th birthday (at which point they may be entitled to a contributory state pension).

2.1.4. Means test

The benefit is not means-tested, but if the claimant works for any part of a day, they do not receive payment for that day.

2.1.5. Tax treatment

The benefit is taxable, but the first EUR 13 per week and the dependent child element are disregarded for tax purposes.

2.1.6. Interactions with other components of the tax-benefit system

Jobseekers' Benefit cannot be received concurrently with Jobseekers' Allowance.

Jobseekers' Benefit is included in the means test for Supplementary Welfare Allowance and the income measure used to determine entitlement to Housing Assistance Payment and the contribution claimants have to make towards the rent (see Section 3).

2.1.7. Combining benefit receipt and employment/starting a new job

The benefit is not paid for any days when the claimant does any paid work. Payment is stopped if the claimant works for more than 4 days in a period of 7 consecutive days.

2.2. Jobseeker's Allowance

Variable name: **[UA]**

This is a non-contributory, means-tested scheme and the jobseeker's allowance payment is not taxable.

2.2.1. Eligibility conditions

Age: The claimant must be between 18 and 66 years old.

Behavioural requirements and related eligibility conditions: TaxBEN assumes that the following compulsory conditions are satisfied when claiming unemployment assistance.[3] The claimant must be:

1. Habitually resident in Ireland,
2. Fully unemployed for at least 4 days in any period of 7 consecutive days,
3. Capable of work,
4. Available for full time work,
5. Genuinely seeking work,
6. And has proven unemployment in the prescribed manner.

2.2.2. Jobseekers Allowance Amount

The payment is made up of a personal rate with extra amounts payable for a dependant spouse or partner and any dependent children. Reduced rates are payable for those aged under 26 years of age. For those with child dependents the reductions do not apply. A young person who is getting reduced age-related Jobseeker's Allowance and engages in Further Education & Training will have their current rate of payment suspended and get a Further Education and Training (FET) allowance of €198 (equivalent to full rate Jobseeker's Allowance) . Any means that were deducted from their Jobseeker's Allowance payment will also be deducted from their FET training allowance. The weekly rates for Jobseeker's Allowance vary by age as follows:

Weekly rates of Jobseekers' Allowance (EUR)

Age	26 and over	25	18 to 24

[3] Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see Immervoll and Knotz (2018, forthcoming), Langenbucher (2015) and Venn (2011).

Maximum rate	193.00	147.80	102.70
Adult dependant	128.10	128.10	102.70
Each qualified child:			
Full rate			
	29.80	N/A	N/A

Additional amounts are paid in respect of a dependent spouse or partner (called an Increase for a Qualified Adult (IQA). An increase is paid for a Qualified Child (IQC) for any dependent child of EUR 29.80/week per child if a person qualifies for IQA or is parenting alone. A person may receive a half-rate qualified child increase if they do not qualify for IQA. This would occur if the claimant's spouse or partner was in receipt of their own social welfare payment, if they were in prison or living outside the State.

2.2.3. Jobseeker's Allowance Duration

Jobseeker's Allowance is payable subject to satisfying a means test. It can be paid up the age of 66.

2.2.4. Means test

An earnings disregard of €20 per day for a maximum of 3 days per week is allowed for each member of a couple. The remainder of the earnings are assessed at 60% to give the weekly means amount. The weekly means amount is then deducted from the maximum jobseeker's allowance applicable to the person's situation to calculate the appropriate jobseeker's allowance payment.

2.2.5. Tax treatment

Not taxable.

2.2.6. Interactions with other components of the tax-benefit system

Jobseekers' Allowance cannot be paid concurrently with Jobseekers' Benefit.

It is possible for one member of a couple to claim Jobseekers' Allowance without an Increase for a Qualified Adult (IQA) and for the other to claim the Working Family Payment. In this case, half of the couple's income is taken into account in the Jobseekers' Allowance means test and only half of any Increase for a Qualified Child.

Jobseekers' Allowance enters into the means test for Supplementary Welfare Allowance and the income measure used to determine entitlement to Housing Assistance Payment and the contribution claimants have to make towards the rent (see Section 3).

2.2.7. Combining benefit receipt and employment/starting a new job

It is possible to work for up to 3 days a week and still claim Jobseekers' Allowance, but earnings are taken into account in the means test (see section 2.2.4 above). No payment can be received if the claimant works more than 3 days a week.

2.3. Jobseeker's Transitional Payment

Variable name: **[UA]**

This is a non-contributory benefit, means-tested and not taxable.

2.3.1. Eligibility conditions

Jobseekers' Transition Payment is available to lone parents whose youngest child is aged between 7 and 13. They do not have to be actively looking for work, but must attend meetings with a case officer to identify and access supports (such as education, training and employment schemes) to help them towards employment.

2.3.2. Benefit amount

The benefit amount is EUR 193 per week plus EUR 29.80 for each dependent child.

2.3.3. Benefit duration

The benefit can be received until the youngest child is aged 14, at which point the recipient can claim Jobseeker's Allowance.

2.3.4. Means test

Any income (other than income from is deducted from the benefit amount, but the first EUR 110 per week of earnings and 50% of earnings above this amount are disregarded.

2.3.5. Tax treatment

Not taxable.

2.3.6. Interactions with other components of the tax-benefit system

Jobseekers' Transition Payment cannot be received at the same time as other unemployment benefits, basic Supplementary Welfare Allowance or Family Income Supplement. It is possible to receive Rent Supplement, Housing Assistance Payment and Child Benefit at the same time as Jobseekers' Transition Payment, but it is included in the income measure used in the Rent Supplement means test and that used to determine entitlement to Housing Assistance Payment and the contribution claimants have to make towards the rent.

2.3.7. Combining benefit receipt and employment/starting a new job

It is possible to work and receive Jobseeker's Transitional Payment, but earnings from work reduce benefit entitlement as set out in Section 2.3.4 above.

3. Social assistance and housing benefits

Basic Supplementary Welfare Allowance (SWA) provides financial support to those whose means are insufficient to meet their needs and those of their dependants.

SWA can consist of a basic weekly payment and/or a supplement in respect of certain expenses a person may not be able to meet. The supplements include Rent and Mortgage Interest Supplements.

Rent Supplement, which is payable under the Supplementary Welfare Allowance scheme, is paid to people living in private rented accommodation who cannot provide for the cost of their accommodation from their own resources. There is also a Mortgage Interest Supplement, which provides short term support to eligible people who are unable to meet mortgage interest repayments in respect of a house which is their sole place of residence,

however this is not included in TaxBEN. Rent and Mortgage Interest Supplements ensure that the recipient's income after paying rent/mortgage interest is not less than the Supplementary Welfare Allowance rate less a weekly minimum contribution. The weekly contribution for single persons and lone parents is €30 per week, for couples and families with two adults the minimum contribution is €35 per week.

3.1. Basic Supplementary Welfare Allowance (SWA)

Variable name: **[SA]**

This is a non-contributory benefit, means-tested and not taxable.

3.1.1. Eligibility conditions

Subject to the legislation governing the scheme, every habitually resident person in the State whose means are insufficient to meet his/her needs and the needs of his/her qualified adult or child(ren) shall be entitled to Supplementary Welfare Allowance.

However, a number of categories are specifically excluded from receiving assistance. These are people in full-time work (working more than 30 hours per week), people in full-time education and people involved in trade disputes. The qualified spouse and qualified child(ren) of a person involved in trade dispute are not excluded from SWA for the period of the strike.

In practice, most people with low incomes are covered by another social welfare benefit. Those claiming basic SWA fall generally fall into two categories:

1. People who fail to meet the conditions for entitlement to a weekly social welfare payment (including asylum seekers and people with short-term incapacities who do not qualify for contributory Illness Benefit).
2. People who have applied for a social welfare payment and are getting a Basic SWA payment pending a decision on their claim.

3.1.2. Benefit amount

The payment is made up of a personal rate and extra amounts for dependants.

Weekly Rates of Basic Social Welfare Allowance (as of 1st January 2018)

Family situation	26 or over, or with children	25, no children	18-24, no children
Maximum personal rate	191.00	147.80	102.710
Increase Qualified Adult	128.10	128.10	102.70
Each Qualified Child	29.80	N/A	N/A

The reduced personal and qualified adult rate of Supplementary Welfare Allowance for claimants under 25 years of age do not apply in the following cases:

1. People with dependent children
2. Certain children in the care of the HSE during the 12 months before reaching 18 years of age will also be assessed using the JA rate for people aged 25 or over.

3.1.3. Benefit duration

No limit.

3.1.4. Means test

There is a one-to-one income test that reduces the benefit by the entirety of net family income (including Jobseekers' Benefit, Jobseekers' Allowance, One-Parent Family Payment and Family Income Supplement). However, family benefits are excluded from the means test.

3.1.5. Tax treatment

The benefit is not taxable.

3.1.6. Interaction with other components of the tax-benefit system

Other benefits are included in the means test for SWA as defined in Section 3.1.4 above. SWA is included in the income measure used to determine entitlement to Housing Assistance Payment and the contribution claimants have to make towards the rent.

3.1.7. Combining benefit receipt and employment/starting a new job

Recipients cannot work for more than 30 hours per week. Earnings from work are included in the income definition for the means test, as defined in Section 3.1.4 above.

3.2. Rent Supplement

Variable name: **[HB]**

This is a non-contributory benefit, means-tested and not taxable.

3.2.1. Eligibility conditions

Rent Supplement has in most cases been replaced by Housing Assistance Payment (see Section 3.3). However, Rent Supplement is still available in a small number of cases. To be eligible for Rent Supplement, the claimant must:

- Have been receiving Rent Supplement in the 12 months before the date of your application, or
- Have been living in private rented accommodation for at least 6 months (183 days) of the last 12 months, been able to afford the rent at the beginning of their tenancy but are unable to continue to pay the rent because of a substantial change in their circumstances. It is possible to combine time living in more than one rented accommodation to satisfy the 6 month (183 day) period.
- Alternatively, have been living in accommodation for homeless people for at least 6 months (183 days) of the last 12 months.

In all other cases, a person who wishes to apply for rent supplement will be referred, in the first instance, for an assessment of eligibility for social housing, and then will be able to receive Housing Assistance Payment if they qualify. In the TaxBEN model, only the second of these circumstances is modelled: in the model, families only qualify for Rent Supplement if they are unemployed and they were not entitled to HAP when they were in work.

Furthermore, to qualify for rent supplement a person must:

- be in receipt of a social welfare benefit, and satisfy the conditions for SWA outlined in Section 3.1.1 above,
- be a bona fide tenant;
- and be habitually resident in Ireland.

In addition, it must be shown that:

- The accommodation is suited to the person's needs;
- The amount of rent being paid is within the limits set (see table below, note that TaxBEN uses the values for Dublin, not Fingal highlighted in the table);
- The landlord is paying tax on the rent received, either by providing a Tax Reference Number or explaining why they do not have a Tax Reference Number.

3.2.2. Benefit amount

The benefit amount is calculated such that a person, after the payment of rent or mortgage interest, has an income equal to the rate of SWA appropriate to their family circumstances, less a weekly minimum contribution payable from their own resources. The weekly minimum contribution is €30 for a single adult household and €40 for couples. There are lower minimum contribution rates for young people receiving lower rates of Jobseekers' Allowance or Basic Supplementary Welfare Allowance: those aged 25 pay a minimum contribution of €20 per week, and those aged 18-24 pay a minimum contribution of €10 per week. The means test is described in more detail in Section 3.2.4 below.

There are also maximum rent limits that vary by area according to the table below:

Maximum Rent Limits, since 1 July 2016

County	Single person in shared accommodation	Couple in shared accommodation	Single person	Couple with no children	Couple with 1 child or one-parent with 1 child	Couple with 2 children or one-parent with 2 children	Couple with 3 children or one-parent with 3 children
Dublin - Fingal	€400	€440	€660	€900	€1,150	€1,175	€1,200
Dublin - Not Fingal	**€430**	**€500**	**€660**	**€900**	**€1,250**	**€1,275**	**€1,300**
Carlow	€270	€290	€440	€510	€570	€600	€630
Cavan	€190	€220	€380	€420	€450	€470	€490
Clare	€220	€240	€360	€400	€480	€515	€550
Cork	€300	€330	€550	€650	€900	€925	€950
Donegal	€200	€230	€340	€370	€410	€470	€520
Galway	€330	€360	€575	€650	€850	€875	€900
Kerry	€200	€230	€380	€410	€525	€550	€575
Kildare	€290	€350	€500	€585	€800	€835	€870
Kilkenny	€230	€270	€480	€530	€630	€660	€690
Laois	€240	€280	€420	€433	€580	€610	€630
Leitrim	€200	€220	€340	€370	€450	€475	€500

County	Single person in shared accommodation	Couple in shared accommodation	Single person	Couple with no children	Couple with 1 child or one-parent with 1 child	Couple with 2 children or one-parent with 2 children	Couple with 3 children or one-parent with 3 children
Limerick	€270	€300	€420	€450	€650	€700	€750
Longford	€180	€200	€330	€350	€400	€425	€450
Louth	€250	€290	€460	€480	€660	€690	€720
Mayo	€200	€220	€390	€410	€480	€500	€520
Meath	€240	€310	€460	€500	€730	€740	€750
Monaghan	€200	€220	€330	€390	€500	€515	€530
Offaly	€210	€230	€380	€433	€550	€575	€600
Roscommon	€240	€260	€360	€390	€500	€525	€550
Sligo	€220	€250	€460	€490	€550	€575	€600
Tipperary	€210	€230	€380	€420	€525	€560	€600
Waterford	€240	€270	€430	€450	€550	€575	€600
Westmeath	€220	€240	€450	€470	€600	€625	€650
Wexford	€280	€300	€420	€433	€530	€565	€600
Wicklow	€250	€300	€440	€475	€700	€735	€770
M4-M1 Commuter Belt Area	€310	€350	€575	€650	€975	€1,050	€1,100
Wicklow M11 Commuter Towns	€370	€410	€660	€900	€1,150	€1,200	€1,250

3.2.3. Benefit duration

No limit.

3.2.4. Means test

As for Basic SWA, all net income reduces benefit entitlement on a one for one basis. However, where a person has income in excess of the standard weekly rate of supplementary welfare allowance, the first €75 of such additional income together with 25% of any additional income above €75 is disregarded.

3.2.5. Tax treatment

Benefits are not taxable.

3.2.6. Interaction with other components of the tax-benefit system

It is possible to receive Rent Supplement alongside any other benefit with the exception of Housing Assistance Payment. However, all benefits with the exception of Child Benefit enter into the means test for Rent Supplement.

3.2.7. Combining benefit receipt and employment/starting a new job

Rent Supplement cannot be received by those working more than 30 hours per week in most cases. For those working less than 30 hours per week, earnings from work are taken into account in the means test as described in Section 3.2.4 above.

3.3. Housing Assistance Payment (HAP)

Variable name: **[HB]**

HAP[4] is a form of social housing support provided by all local authorities.

There is a Homeless HAP scheme that is different from the regular scheme. A Homeless HAP Place Finder Service was made available to each of the 31 local authorities in 2018. Local authorities may, dependant on local demand, to offer households in emergency accommodation the option to source accommodation themselves or with the assistance of local Place Finder arrangements. The Homeless HAP Place Finder Service will also assist households in emergency accommodation primarily by providing access to deposits and advance rental payments. This scheme is not simulated in the TaxBEN model. The remainder of this section discusses the regular HAP scheme.

The eligibility rules and amounts vary by municipality.

This is a non-contributory benefit, means-tested and not taxable.

3.3.1. Eligibility conditions

To be eligible for HAP, the claimant must qualify for social housing support. To qualify, the tenant:

- can only apply to one housing authority,
- must already be living in the area covered by that housing authority or have a local connection with the area – though a housing authority may agree to waive this requirement,
- the household income should be less than the threshold that applies in the housing authority's area (see Section 3.3.4 below for more details),[5]
- must also show that he/she does not have suitable alternative accommodation. The tenant will be regarded as having alternative accommodation if a member of the household has property that the household could reasonably be expected to live in. This includes property that is being rented out. A property will not be regarded as alternative accommodation if it:
    - is occupied by someone who is divorced or separated from a member of the household, or whose civil partnership with a household member has been dissolved,

[4] Relevant legislation is available here: https://www.housing.gov.ie/search/archived/current/category/housing/type/legislation?query=housing%20assistance%20payment

[5] Thresholds available here: https://www.housing.gov.ie/sites/default/files/migrated-files/en/Publications/DevelopmentandHousing/Housing/table_with_2016_income_limits.pdf.

- would be overcrowded if the household lived in it,
- is unfit for human habitation, or
- would not adequately meet the accommodation requirements of a household member with a disability.

When deciding whether a household is in need of social housing, the housing authority considers several questions on the applicant's current accommodation, situation, and household.[6] If the applicant is accepted by the housing authority as being eligible for and in need of housing, the applicant is then placed on its housing list or record of qualified households, and it will also notify any other housing authority in whose functional area the applicant has specified an area of choice. Once qualified for social housing support, the applicant is eligible to apply for HAP. Once housed under the Housing Assistance Payment (HAP), the tenant will no longer be on the housing list.

Furthermore, to benefit from HAP:

- The accommodation must meet minimum standards for rented housing, and
- All household members must not engage in anti-social behaviour.

In the TaxBEN model, it is assumed that all families with incomes below the maximum income threshold to claim HAP will qualify.

Tenants are expected to stay in the same HAP accommodation for at least 2 years, but in some situations they may be able to apply for a new HAP payment elsewhere, for example if a job is offered in another town or if the family grows too large for the property.

In general, the rent must be within the prescribed HAP rent limits for the household size and area. However, flexibility of up to 20% may be provided, on a case-by-case basis, where a household cannot find suitable accommodation within these limits. There is also additional flexibility, on a case-by-case basis, for eligible homeless households in the Dublin region. This table shows the maximum monthly rent limits allowable in each local authority area for different types of household. The TaxBEN model uses the values for Dublin City Council highlighted in the table.

Local authority	**1 adult in shared accommodation**	**Couple in shared accommodation**	**1 adult**	**Couple**	**Couple or 1 adult with 1 child**	**Couple or 1 adult with 2 children**	**Couple or 1 adult with 3 children**
Carlow County Council	€270	€290	€440	€510	€570	€600	€630
Cavan County Council	€190	€220	€380	€420	€450	€470	€490

[6] For more detail see here: http://www.citizensinformation.ie/en/housing/local_authority_and_social_housing/applying_for_local_authority_housing.html

Clare County Council	€220	€240	€360	€400	€480	€515	€550
Cork City Council	€300	€330	€550	€650	€900	€925	€950
Cork County Council	€300	€330	€550	€650	€900	€925	€950
Donegal County Council	€200	€230	€340	€370	€410	€470	€520
Dublin City Council	**€430**	**€500**	**€660**	**€900**	**€1,250**	**€1,275**	**€1,300**
Dún Laoghaire-Rathdown County Council	€430	€500	€660	€900	€1,250	€1,275	€1,300
Fingal County Council	€430	€500	€660	€900	€1,250	€1,275	€1,300
Galway City Council	€330	€360	€575	€650	€850	€875	€900
Galway County Council	€330	€360	€575	€650	€850	€875	€900
Kerry County Council	€200	€230	€380	€410	€525	€550	€575
Kildare County Council	€350	€400	€575	€750	€975	€1,050	€1,100
Kilkenny County Council	€230	€270	€480	€530	€630	€660	€690
Laois County Council	€240	€280	€420	€433	€580	€610	€630
Leitrim County Council	€200	€220	€340	€370	€450	€475	€500

Limerick City and County Council	€270	€300	€420	€450	€650	€700	€750
Longford County Council	€180	€200	€330	€350	€400	€425	€450
Louth County Council	€310	€350	€575	€650	€975	€1,050	€1,100
Mayo County Council	€200	€220	€390	€410	€480	€500	€520
Meath County Council	€310	€350	€575	€700	€975	€1,050	€1,100
Monaghan County Council	€200	€220	€330	€390	€500	€515	€530
Offaly County Council	€210	€230	€380	€435	€550	€575	€600
Roscommon County Council	€240	€260	€360	€390	€500	€525	€550
Sligo County Council	€220	€250	€460	€490	€550	€575	€600
South Dublin County Council	€430	€500	€660	€900	€1,250	€1,275	€1,300
Tipperary County Council	€210	€230	€380	€420	€525	€560	€600
Waterford City and County Council	€240	€270	€430	€450	€550	€575	€600
Westmeath County Council	€220	€240	€450	€470	€600	€625	€650

Wexford County Council	€280	€300	€420	€433	€530	€565	€600
Wicklow County Council	€370	€410	€660	€900	€1,150	€1,200	€1,250

3.3.2. Benefit amount

Under HAP, the HAP tenant pays a weekly contribution towards the rent to the local authority. This 'rent contribution' is based on the household income. It is calculated in the same way as the rent paid by a tenant of a local authority owned property. The way the rent contribution is calculated varies between local authorities; the rules for Dublin City Council (the case considered in the TaxBEN model) are outlined in Section 3.3.4 below. The local authority then pays the rent to the landlord, up to the maximum levels set out in Section 3.3.1 above.

3.3.3. Benefit duration

No limit.

3.3.4. Means test

HAPis a means-tested form of support. To be regarded as eligible for social housing, and thus be eligible for HAP, the applicant must:

- satisfy the income criteria.
- show that it does not have suitable alternative accommodation.

There is a maximum household income threshold above which households do not qualify for HAP. Local authorities have been provided with guidance[7] on how household income is to be assessed for this purpose. There are 3 maximum income thresholds that apply to different housing authorities.[8] The maximum threshold in Dublin City is €35,000 per year for a single person, and this is increased by 5% for each additional adult in the household (up to a maximum of 10%) and by an extra 2.5% for each child in the household (up to a maximum of 10%). The income measure used is a net income measure, which deducts income tax, Universal Social Charge and social security contributions and includes most, though not all benefits. In the context of the TaxBEN model, it includes unemployment benefits, One Parent Family Payment, Basic Supplementary Welfare Allowance and Working Family Payment, but excludes Child Benefit, Rent Supplement and Back to Work Family Dividend.

Entitlement also varies by income through the operation of the differential rent scheme. In Dublin City, the minimum contribution households have to make towards their rent is

[7] See https://www.housing.gov.ie/sites/default/files/migrated-files/en/Publications/DevelopmentandHousing/Housing/FileDownLoad%2C29413%2Cen.pdf

[8] The Department has published a table showing these maximum net income limits is available here: https://www.housing.gov.ie/sites/default/files/migrated-files/en/Publications/DevelopmentandHousing/Housing/table_with_2016_income_limits.pdf

€23.40 per week. Each member of the household has to make a contribution towards the rent. The principal (highest) earner must contribute 15% of their assessable income above €32 per week, or €64 per week if their spouse's income is below €32 per week. Any other adult living in the household must also contribution 15% of their assessable income above €32 per week, but their contribution is limited to €19 per week. Assessable income is calculated in the same manner as for the maximum income threshold above, i.e. income taxes and social security contributions are deducted, most benefits including unemployment benefits, One Parent Family Payment, Basic Supplementary Welfare Allowance and Working Family Payment are included in the measure, but Child Benefit, Rent Supplement and Back to Work Family Dividend are not.

A deduction of €1 per week from the rent contribution is made for each child in the household.

There are also maximum rent contributions, though these are not binding for the situations considered in the TaxBEN model. These vary according to the size of the property as follows:

Dwelling size	Maximum weekly rent
Bedsit (i.e. 1 room)	€257
1 Bedroom (i.e. 2 room)	€301
2 Bedroom (i.e. 3 rooms)	€313
3 Bedroom (i.e. 4 rooms)	€401
More than 3 bedrooms (i.e. more than 4 rooms)	€423

3.3.5. Tax treatment

Benefits are not taxable.

3.3.6. Interaction with other components of the tax-benefit system

HAP has largely replaced Rent Supplement and the two benefits cannot be received simultaneously.

Unemployment benefits, One Parent Family Payment, Basic Supplementary Welfare Allowance and Working Family Payment reduce HAP entitlement as described above.

3.3.7. Combining benefit receipt and employment/starting a new job

No limits, but earnings from work are taken into account when assessing eligibility for the benefit and the household's rent contribution as described above.

4. Family benefits

4.1. Child benefit

Variable name: **[FAMBEN]**

This is a non-contributory benefit, not means-tested and not taxable.

4.1.1. Eligibility conditions

Child Benefit is a payment to a qualified person (usually the mother) for a qualified child. It is paid monthly in respect of each qualified child. There are no contribution conditions

and it is not means tested or taxable. To qualify for Child Benefit the applicant must satisfy the Habitual Residence Condition.

Child Benefit is payable to the parents or guardians of children under 16 years of age. It is paid for children aged 16 and 17 years of age if they are in full-time education, full-time training or have a disability and cannot support themselves.

4.1.2. Benefit amount

Child Benefit is paid at a rate of €140 per month for each child. For those receiving Child Benefit for the first time it is paid at the start of the month following the birth of the child. It is paid up to and including the month of the child's 18th birthday.

Child Benefit is a universal payment.

Multiple births

In the case of twins, claimants receive one and a half times the normal monthly rate for each child. For triplets and other multiple births, Child Benefit is paid at double the normal monthly rate of Child Benefit is paid for each child provided at least three children remain qualified. Note that these rules are not simulated in the TaxBEN model, which does not cover multiple births.

4.1.3. Benefit duration

As long as the eligibility conditions hold.

4.1.4. Means test

The benefit is not means-tested.

4.1.5. Tax treatment

The benefit is not taxable.

4.1.6. Interaction with other components of the tax-benefit system

The benefit is universal and can be received together with any other benefit.

4.1.7. Combining benefit receipt and employment/starting a new job

The benefit is universal; employment doesn't affect benefit receipt.

4.2. ***One-Parent Family Payment*** *(OFP)*

Variable name: **[LPBEN]**

This is a non-contributory benefit, it is means-tested and taxable.

4.2.1. Eligibility conditions

To qualify for the OFP, a person must be a lone parent habitually resident in Ireland whose youngest child is under 7 years of age. (There are exemptions for lone parents who are caring and in receipt of a half-rate Carer's Allowance, or in receipt of a Blind Pension that allows payment until the youngest child reaches 16 years of age. Payment is also extended in cases of bereavement that can extend payment for 2 years or until the youngest child is

18, whichever occurs first. Note that these exemptions are not simulated in the TaxBEN model). The payment is means tested, but in addition the claimant must have gross earnings of less than EUR 425 per week.

4.2.2. Benefit amount

The OFP is made up of a personal rate for the parent and of extra amounts for dependent children. The payment rate as of 1 January 2018 is EUR 193.00 per week, with a further EUR 29.80 per week for each dependent child (called the increase for a Qualified Child or IQC).

4.2.3. Benefit duration

As long as eligibility conditions hold. When the claimant's youngest child turns 7 years old, they can claim Jobseeker's Transitional Payment (see Section 2.3) instead.

4.2.4. Means test

The first EUR 110 per week of weekly earnings net of social security contributions (but not income tax) are disregarded, but the benefit amount is reduced by 50% of any earnings between EUR 110 and EUR 425 per week. The benefit cannot be received if earnings exceed EUR 425 per week.

4.2.5. Tax treatment

Taxable.

4.2.6. Interaction with other components of the tax-benefit system

The benefit cannot be received alongside unemployment benefits and, basic Supplementary Welfare Allowance but can be received concurrently with the Family Income Supplement (FIS). The OFP rate payable is counted as income when calculating the FIS rate of payment. It is possible to receive One-Parent Family Payment and Rent Supplement or Housing Assistance Payment at the same time, however it is included in the income definition for the means test for Rent Supplement and the income measure used to determine entitlement to Housing Assistance Payment and the contribution claimants have to make towards the rent. One-Parent Family Payment recipients also receive Child Benefit.

4.2.7. Combining benefit receipt and employment/starting a new job

No limit, but earnings in excess of EUR 110 per week reduce benefit entitlement (see Section 4.2.4).

5. Childcare for pre-school children

The **reference date** for the policy rules described in this section is **January 1, 2018.**[9]

In Ireland, centre based childcare providers and larger scale home based child minders are obliged to register with the Health Service Executive. Costs are set by operators and are not regulated by the government. However, a significant aspect in Irish childcare is that

[9] The childcare module of the tax-benefit model is updated every three year (next update: 2018).

parents often choose care provided by home-based childminders, many of whom if they are low scale operations.

5.1. Gross childcare fees

Variable name: **[IRcc_cost]**

TaxBEN uses a gross childcare cost of EUR 174.16 per week, corresponding to the average cost for a full-time childcare place for a child aged one or over for the 2016–17 academic year (source: Pobal, 2017). This value is indexed in line with the CPI inflation for January 2018 (0.2%) to obtain the value for January 2018.

5.1.1. Discounts for part-time usage (not modelled)

The average cost of a part time place for a child aged 1 and over for the 2016–17 academic year was EUR 98.58(source: Pobal, 2017).

5.2. Fee discounts and free provision

Variable name: **[cc_subsidy]**

The Early Childhood Care and Education Scheme (ECCE) provides 15 hours of free provision per week for 38 weeks a year for all children from the age of three until they start school in the September of the calendar year when they turn five.

5.2.1. Eligibility

All children aged 3 and 4.

5.2.2. Amount of discount or free provision

15 hours per week, 38 weeks per year.

5.2.3. Variation by income

None.

5.3. Child-care benefits for formal centre-based care

Variable name: **[cc_benefit]**

Until 2017, there were no general childcare benefits in Ireland, though there was a Community Childcare Subvention (CCS) programme that subsidised places in community-run childcare facilities for low-income parents in receipt of certain benefits or holding a medical or GP card. In 2017, this scheme was expanded to cover a wider range of childcare facilities. This scheme is called 'Community Childcare Subvention Plus' (CCS Plus). Alongside this scheme, a small Universal Subsidy (CCSU) was introduced for those who do not qualify for subsidies under the CCS programme. Both of these programmes are now included in the TaxBEN model for 2018.

5.3.1. Eligibility

Eligibility for CCS and CCS Plus is determined by receipt of other benefits and/or the possession of a medical or GP visit card. There are different benefit levels according to the type of payment received as follows:

Band A (with medical card)	Band AJ (with medical card)	Band B	Band D
• **One Parent Family Payment** • Widow's/Widower's Pension • Pre-retirement Allowance • Farm Assist/Fish Assist • State Pension (Contributory/Non-contributory) • Blind Pension • Guardian's Payment (Contributory/Non-contributory) • Illness/Injury Benefit • **Disability Allowance** • Carer's Benefit/ Allowance • Back to Work Enterprise/Education Allowance • Community Employment / Rural Social Scheme • Domiciliary Care Allowance • **Family Income Supplement (FIS)** • Secondary School students • **Invalidity Pension** • Disablement Pension • Official Tusla Referrals (no medical card required) • HSE Public Health Nurse referrals (no medical card required) • TÚS • Part-time Job Incentive Scheme • Gateway • Gateway • **Partial Capacity benefit**	• **Job Seekers Benefit/ Allowance** • **Supplementary Welfare Allowance**	• **Medical Card** • Parents who are in receipt of Social Welfare payments listed under Band A/AJ but have no medical card	• **GP Visit Card** (6yrs+ only) • Parents who no longer qualify for Band A/AJ this year but who were verified as being on Band A/AJ at the end of the previous school year

Note: Programmes in **bold** are simulated in the TaxBEN model.

Those who do not qualify for support under the CCS Plus programme can receive the Universal Subsidy (CCSU) for children under 3 who do not qualify for the ECCE programme (see Section 5.2).

5.3.2. *Benefit amount*

In the CCS Plus scheme, the weekly subsidy amounts for each band are as follows. Note that only full-time childcare usage is simulated in the TaxBEN model.

	Band A	Band AJ	Band B	Band D
Full-time (5 hours or more per day)	EUR 145.00	EUR 80.00	EUR 70.00	EUR 50.00
Part-time (3.5 to 5 hours per day)	EUR 80.00	EUR 80.00	EUR 35.00	EUR 25.00
Sessional (2.25 to 3.5 hours per day)	EUR 45.00	EUR 45.00	EUR 25.00	EUR 17.00
Half-session (1 to 2.25 hours per day)	EUR 22.50	EUR 22.50	EUR 12.50	EUR 8.50

The Universal Subsidy (CCSU) rates are as follows:

	Weekly subsidy	Daily subsidy
Full-time (5 hours or more per day)	EUR 20.00	EUR 4.00
Part-time (3.5 to 5 hours per day)	EUR 10.00	EUR 2.00
Sessional (2.25 to 3.5 hours per day)	EUR 7.00	EUR 1.40
Half-session (1 to 2.25 hours per day)	EUR 3.50	EUR 0.70

5.3.3. *Benefit duration*

The CCS Plus scheme is available for children until the age of 15. However, as only full time childcare is simulated in the TaxBEN model and children start school in Ireland at the age of 5, eligibility is only simulated for children under 5 in the model.

The CCSU is available until children qualify for the ECCE scheme described in Section 5.2 at the age of 3.

5.3.4. *Means test*

There is no formal means test for the CCS Plus scheme, but eligibility depends on the receipt of other benefits which are means-tested. Information on the means tests for other benefits is available in the relevant sections, and details on the income levels required to receive a Medical Card are available in Section 7.2 (as those who qualify for a Medical Card also pay a lower rate of the Universal Social Charge in some cases). To qualify for a GP Visit Card, a family must have a gross income of less than the amounts shown in the following table:

Category	Aged under 66	Aged 66-69
Single person living alone	€276	€302
Single person living with family	€246	€260
Married or cohabiting couple (or lone parent with dependent children)	€400	€447
Addition for each of first 2 children aged under 16	€57	€57
Addition for 3rd and for each subsequent child under 16	€61.50	€61.50
Addition for each of first 2 children aged over 16 (with no income)	€58.50	€58.50
Addition for 3rd and for each subsequent child over 16 (with no income)	€64	€64
Addition for each dependant over 16 years in full-time non-grant aided third-level education	€117	€117

The CCSU is a universal programme and is not means tested.

5.3.5. *Tax treatment*

Not taxable.

5.3.6. Interaction with other benefits

Receipt of support through CCS Plus, ECCE and CCSU is mutually exclusive: families cannot receive support through more than one scheme for each child. In the TaxBEN model it is assumed that parents choose whichever scheme is most beneficial.

5.3.7. Combining benefit receipt and employment/starting a new job

Some of the benefits that are used to determine eligibility for CCS Plus cannot be received by working families. In the case where a family loses entitlement on moving into work, they can continue to receive support at a lower rate for another year (see Section 5.3.1).

5.4. Child care allowance for children not using child care centers

None.

5.5. Tax concessions for childcare expenditures

None.

5.5.1. Eligibility

5.5.2. Maximum amount

5.5.3. Variation by income

5.5.4. Impact on overall income tax calculation

6. In-work benefits

6.1. Working Family Payment (WFP)

Variable name: **[IW]**

This is a non-contributory benefit, it is income-tested and not taxable. The payment is designed to preserve the incentive to take up or remain in employment in circumstances where the employee might otherwise only be marginally better off than if they were claiming other social welfare payments.

6.1.1. Eligibility conditions

FIS is a tax-free weekly payment for employees who:

- Work 38 or more hours per fortnight (any combination of hours that reaches 38 hours each fortnight is acceptable). The claimant can combine your weekly hours with their spouse, civil partner, or cohabiting partner's hours to meet this condition. Time spent in self-employment (or on Community Employment, Gateway, Tús, JobBridge or the Rural Social Scheme) cannot be used to meet this condition.
- Have an employment that is likely to last at least 3 months.
- Have one or more children who normally live with them, and
- Earn less than an amount set according to your family size.

Claimants must be employed in the Irish State and pay tax and PRSI in Ireland. Under EU regulations it is sometimes possible to claim FIS if children are living abroad and dependent on the claimant.

6.1.2. Benefit amount

The amount of Family Income Supplement is 60 per cent of the difference between the weekly family income and a weekly income limit for the family size. The income limit varies with family size, as follows.

Family size	Weekly net earnings limit (in EUR)
1 Child	511
2 Children	612
3 Children	713
4 Children	834
5 Children	960
6 Children	1076
7 Children	1212
8 Children	1308

6.1.3. Benefit duration

Generally, the payment continues for one year (52 weeks) and is not affected by, for example, an increase or a decrease in earnings. The payment is renewable.

However, in the following circumstances, the weekly rate of FIS can be revised during the year:

- If the claimant starts to care for an additional child, their FIS rate can be increased.
- If the claimant was previously getting a One-Parent Family Payment and the payment was stopped because the youngest child reached the relevant OFP age limit, the FIS rate can be revised by disregarding the rate of OFP assessed in the most recent FIS income test.

The rate of payment will not change if there is an increase or a decrease in the recipient's income or in other family income. This is to ensure that claimants can be certain that they will receive a guaranteed level of income throughout the period.

6.1.4. Income test

FIS is calculated on the basis of 60% of the difference between the income limit for the family size and the assessable income of the person(s) raising the child(ren). The combined income of a couple (married, in a civil partnership or cohabiting) is taken into account.

Income from any source (above the disregards stated below) is assessed. The FIS income test does not assess capital. This includes property, bank accounts and cars. The Department of Employment Affairs and Social Protection (DEASP) does assess rental income, it may examine

bank accounts to check for other income sources and it may assess income derived from use of a car that you own (for example as a taxi).

The main items counted as income are:

- Assessable earnings of the claimant and their spouse, civil partner or cohabiting partner. Assessable earnings are gross pay minus tax, employee PRSI, Universal Social Charge and superannuation (including the Public Service Pension Levy and contributions to Personal Retirement Savings Accounts. Income from working as a home help is included.
- Any extra income from employment (such as pay for overtime, bonuses, allowances or commission).
- Any income from self-employment.
- Income from occupational pensions.
- Social welfare payments and student grants.
- All family income from carer's payments (i.e. Carer's Allowance or Carer's Benefit).
- Rental income from the letting of property or land (the capital value is not assessed). The gross rental income is assessed and mortgage payments and other expenses are not deductable. Income from renting a room in the claimant’s own residence is included.

The following payments do not count as family income:

- Child Benefit
- Guardian's payments
- Supplementary Welfare Allowance
- Domiciliary Care Allowance
- Foster Child Allowance
- Rent Allowance for tenants affected by the de-control of rents
- Rent Supplement
- Income from a charitable organisation
- Income from providing accommodation to students studying Irish in Gaeltacht areas under a scheme administered by the Minister for Arts, Heritage and the Gaeltacht
- Any income of the children

A minimum payment of EUR 20 per week is payable: if benefit entitlements are below this amount (but greater than zero), the amount received is rounded up to EUR 20 per week.

6.1.5. Tax treatment

Non-taxable.

6.1.6. Interaction with other components of the social welfare system

It is not possible to receive FIS as well as one of the following schemes or social welfare payments:

- Community Employment Scheme, Gateway, Rural Social Scheme, the Tús scheme or JobBridge.

- Jobseeker's Benefit, Jobseeker's Allowance, Jobseeker's Transitional payment or Farm Assist
- Pre-Retirement Allowance
- Part-Time Job Incentive Scheme.

However, it is possible for the claimant's spouse, civil partner or cohabiting partner to claim one of these payments, but an Increase for a Qualified Adult (IQA) in the other benefit will no longer be paid and the amount received from one of these social welfare payments will be assessed as income in the FIS claim. Any Increase for a Qualified Child will also be affected.

Lone parents can receive FIS in addition to One-Parent Family Payment, Deserted Wife's Benefit or Widow's, Widower's or Surviving Civil Partner's (Contributory) Pension.

It is possible to receive Illness Benefit or Injury Benefit while claiming FIS (for 6 consecutive weeks). For those who have been out of work for more than 6 consecutive weeks, payment of FIS is suspended until they return to work and send a final certificate into the Illness Benefit or Occupational Injury Benefit section or until the FIS award period expires (whichever is the earlier).

Under the Maternity Protection Act 1994, a woman on maternity or adoptive leave is entitled to be treated as if she is in employment. This means that she can claim FIS (provided she meets the conditions of the FIS payment and has a family – a pregnant woman who has no other children does not qualify for FIS until the birth of the baby). Her income must be less than the income limit for her family size and is normally calculated using gross earnings to date or her P60. The FIS claim will then be paid for 52 weeks from the date of application. It is not possible to continue to claim FIS during additional unpaid maternity or adoptive leave, if the claimant loses their job after returning to work or gives up employment.

6.1.7. Combining benefit receipt and employment/starting a new job

Claimants must work at least 38 hours per fortnight. This can be split between two members of a couple.

6.2. Back to Work Family Dividend (BTWFD)

Variable name: **[BTWFD]**

This is a non-contributory benefit. It is not means-tested and not taxable.

6.2.1. Eligibility conditions

The claimant must have at least one qualified child and be/have been in receipt one of the following payments:

- Jobseeker's Allowance or Jobseeker's Benefit for at least 12 months (312 days of unemployment) of which at least 6 months (156 days of unemployment) must have been in the last year
- One-Parent Family Payment (OFP)
- Jobseeker's Transitional payment (JST)

The claimant must exit one of the qualifying payments or schemes to qualify for BTWFD. If they are not already in insurable employment or self-employment, they must take up employment within 4 weeks of leaving their original payment or scheme. The employment must be in the State. To qualify, the claimant and all members of their family (including their adult dependant) must sign off all primary social welfare payments.

6.2.2. Benefit amount

Recipients are paid the equivalent of any Increases for Qualified Children that were being paid on their jobseeker or one-parent family payment (up to a maximum of 4 children) for the first year in employment. Half that amount will be paid weekly for the second year.

BTWFD Rates as of 1 January 2018

No. of children	**1**	**2**	**3**	**4**
Year 1 weekly rate	€29.80	€59.60	€89.40	€119.20
Year 2 weekly rate (@50%)	€14.90	€29.80	€44.70	€59.60
Total payable over 2 years	€2,324.40	€4,648.80	€6,973.20	€9,297.60

6.2.3. Benefit duration

BTWFD can be paid for up to 2 years, if the claimant remains in employment. If the person claims a primary social welfare payment at any time within the 2-year period, the BTWFD payment will stop. If the spouse, civil partner or cohabitant claims a payment the BTWFD payment will also stop.

If the claimant loses their job and claims a social welfare payment, the BTWFD stops, but it may restart if they get a new job – to a maximum of 2 restarts per claim.

6.2.4. Means test

BTWFD is not means-tested and is not contribution-based.

6.2.5. Tax treatment

Non-taxable.

6.2.6. Interaction with other components of the tax-benefit system

A person is not eligible for BTWFD if they or their spouse, civil partner or cohabitant is getting a primary social welfare payment or is on an employment or training scheme. A person cannot get BTWFD for a child on whose behalf an IQC or IQA is being paid, or who is getting a payment in their own right. BTWFD is not paid together with the Back to Work Enterprise Allowance.

BTWFD can be paid with the following payments (to the claimant or their spouse, civil partner or cohabitant):

- Back to School Clothing and Footwear Allowance
- Child Benefit

- Disablement Benefit and Death Benefit (under the OIB scheme)
- Domiciliary Care Allowance
- Family Income Supplement
- Exceptional and Urgent Needs payments under the SWA scheme
- Guardian's Payment (non-contributory)
- Illness Benefit and Injury Benefit (under the OIB scheme) for 36 days
- Mortgage Interest Supplement
- Rent Supplement
- Widowed or Surviving Civil Partner Grant

BTWFD is not assessed as means for Rent Supplement.

A person can claim BTWFD and Illness Benefit or Injury Benefit (under the Occupational Injury Benefit (OIB) scheme) for 36 days (6 weeks). BTWFD will be suspended after the 36th day of Illness or Injury Benefit claim.

7. Social security contributions and payroll taxes

Variable names: **[SOCSEC_p; SOCSEC_s; SSCR_p; SSCR_s]**

In Ireland, there are two types of social security contribution: social insurance contributions, which give rise to entitlements to contributory benefits, and the Universal Social Charge.

7.1. Social insurance contributions

Contributions are payable as a percentage of an employee's gross earnings less allowable private pension contributions. No distinction is made by marital status or sex. Those who earn less than EUR 352 per week are exempt from social insurance contributions but those who earn more than this pay contributions on all their earnings. The following is the rate of contribution applicable in 2018:

Description	Rate	Exemption amount (EUR)
Pension and social insurance	4.00	€352

Employers' contributions are payable as a percentage of gross employee earnings, with no threshold or ceiling.

Description	Rate %	Ceiling (EUR)
Occupational injuries	0.50	
Redundancy contribution	0.4	
Pension and social insurance	9.85	
TOTAL	10.85	No ceiling

The employers' contribution is reduced from 10.85 per cent to 8.6 per cent for employees earning less than EUR 376 per week.

7.2. Universal Social Charge

The Universal Social Charge (USC) applies at a low rate on a broad base. The USC applies on an individual basis. The income definition does not include any social welfare benefits, only to private incomes. In TaxBEN it applies only to gross earnings. The USC is charged from the first Euro of gross income according to the following schedule:

Ceiling (EUR/year)	Rate %
12,012	0.5
19,372	2.0
70,044	4.75
Above 70,044	8.0

A higher rate applies to those with high levels of self-employment income: if this is in excess of EUR 100,000 for a tax year, the maximum rate is 11% on the amount of the excess, or 5.5% if they have a medical card (see conditions below). As TaxBEN does not cover the self-employed, this provision is not simulated in the model.

Individuals in possession of full medical card only pay USC at a maximum rate of 2% irrespective of the level of their income (i.e. the higher rates above EUR 19,372 do not apply). A medical card is awarded if a family has total earnings of less than EUR 9,568/year for a single person or EUR 13,858 for a couple plus EUR 1,976 for each dependent child.

Those with a gross income of less than EUR 13 000 are exempt from the charge.

8. Taxes

Income Tax in Ireland is levied on the combined income of both spouses. Either spouse may, however, opt for separate assessment, but this does not affect the total amount paid. It is also possible either spouse to opt for assessment as single persons in which case they are treated as separate units. In TaxBEN, it is assumed that couples choose joint assessment as this will lead to a lower overall tax liability.

8.1. Income tax

Variable name: **[IT]**

8.1.1. Tax allowances

There are no tax allowances in Ireland, there are only tax credits (see Section 7.1.4).

8.1.2. Tax base

In terms of income components considered by TaxBEN, the tax base includes gross earnings, Jobseekers' Benefit (excluding the first EUR 13/week and the dependent child addition) and One-Parent Family Payment.

8.1.3. Income tax schedule

The income tax schedule for 2018 is set out below:

Band of taxable Income (EUR/year)	Rate (%)

Single/ Widow(er)	Married Couple (One Income)	Married Couple (Two Incomes)	One-Parent Families	
Up to 34,550	Up to 43,550	Up to the lesser of: 69,100 or 43,550 plus the lower of the two spouse's incomes	38,550	20
Balance	Balance	Balance	Balance	40

8.1.4. Tax credits

Tax credits in Ireland are as follows. These credits each reduce tax liability by the specified amount:

- Basic reliefs: The single person's credit is EUR 1650 per year.
- Standard marital status reliefs: The married person's credit is EUR 3330 per year (i.e. twice the basic credit of EUR 1650).
- 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 1650.
- Earned Income credit: Individuals in receipt of earned income are entitled to an earned income credit of EUR 1150. However, the combined employee credit and earned income credit is limited to EUR 1 650, and so this credit does not benefit those whose earned income is entirely from employment. As the TaxBEN model does not simulate forms of earned income other than employees' wages, this credit is not simulated in the model.
- Single Person Child Carer Credit: The single parent family credit is EUR 1 650.
- Home Carers Allowance: This is a tax credit of EUR 1 200 for families where one spouse works at home to care for children, the aged or incapacitated persons, so long as the carer spouse's income does not exceed EUR 7 199. A reduced measure of relief is granted if this person's income is between EUR 7 200 and EUR 9 600: if the income exceeds EUR 7 200 the tax credit is reduced by one half of the income of the Home Carer that exceeds this limit. This credit and the increased standard rate tax band for two income couples (see tax schedule in Section 7.1.3 above) are mutually exclusive: families may opt for whichever is the more beneficial. If the Home Carer earns income of up to EUR 7 200 in his/her own right for the tax year, the full tax credit may be claimed. For the purposes of this tax credit, income means any taxable income such as income from a part-time job, dividends, etc. but does not include the Carer's Allowance payable by the Department of Social Protection.

Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Ireland that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Adoptive benefit

Adoptive benefit is paid to adopting mothers or single men who adopt a child. It is paid for a continuous period of 24 weeks from the date of placement of the child. It is a contributory benefit and is only paid if the claimant is taking adoption leave.

Maternity benefit

Maternity Benefit is paid for 26 weeks, of which at least 2 weeks and not more than 16 weeks leave must be taken before the end of the week in which the baby is due. It is a contributory benefit and cannot be claimed if the recipient is engaged in paid work.