THE OECD TAX-BENEFIT MODEL FOR IRELAND

Description of policy rules for 2020

OECD

BETTER POLICIES FOR BETTER LIVES

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Description of policy rules for 2020

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BETTER POLICIES FOR BETTER LIVES

Social Policy Division and Jobs and Income Division

www.oecd.org/social

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, 2020**.
- **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 2020

1. Reference wages

Average wage **[AW]**: The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available here).[1] If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth[2] to the latest available wage estimate.

The minimum wage **[MIN]** on the 1st of January 2020 is EUR 9.80 per hour.[3] The annual minimum wage is computed assuming a 40 hour work week (as of January 1, 2020), i.e. EUR 9.80 * 40 * 52 = EUR 20,384.

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. The Fourth unemployment benefit, Jobseeker's Benefit for the self-employed is available to people who lose their self-employment income.

2.1. Jobseeker's 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 2018 for a claim made in 2020),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

[1] Average Wages are estimated by the Centre for Tax Policy and Administration at the OECD. For more information on methodology see the latest Taxing Wages publication.

[2] Wage growth projections are based on OECD Economic Outlook and EU economic forecasts (for non-OECD countries).

[3] It was increased to EUR 10.10 per hour on the 1st of February 2020.

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 or the current tax year.

Behavioural requirements and related eligibility conditions: TaxBEN assumes that the following compulsory conditions are satisfied when simulating unemployment benefits.[4] The benefit claimant must be:

1. Unemployed for at least 4 days in any period of 7 consecutive days,
2. Capable of work,
3. Available for full time work,
4. Genuinely seeking work,
5. Prove unemployment in the prescribed manner,
6. And have 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 or day of unemployment. Increases are paid for dependent children and dependent adults.

If weekly earnings in employment were below certain amounts, reduced rates of payment are made. Jobseeker's 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	€91.10	€87.20
150.00 and less than 220.00	€131.00	€87.20
220.00 and less than 300.00	€159.00	€87.20
300.00 or more	€203.00	€134.70

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 36 per week per child under 12 and 40 for children aged 12 and over 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.

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

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	134.70	87.20
100.01-110	129.70	83.60
110.01-120	124.70	79.80
120.01-130	119.00	76.20
130.01-140	113.10	72.50
140.01-150	107.40	68.80
150.01-160	101.60	65.10
160.01-170	95.80	61.40
170.01-180	90.00	57.70
180.01-190	84.10	54.10
190.01-200	78.40	50.30
200.01-210	72.50	46.70
210.01-220	66.80	43.10
220.01-230	60.90	39.30
230.01-240	55.20	35.70
240.01-250	49.40	32.00
250.01-260	43.60	28.30
260.01-270	37.80	24.60
270.01-280	32.00	20.90
280.01-290	26.20	17.20
290.01-300	20.40	13.60
300.01-310	14.60	9.90
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 provided that they have at least 156 PRSI contribution weeks paid to allow continued payment of Jobseekers Benefit from age 65 years where benefit exhausts until reaching pension age).

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

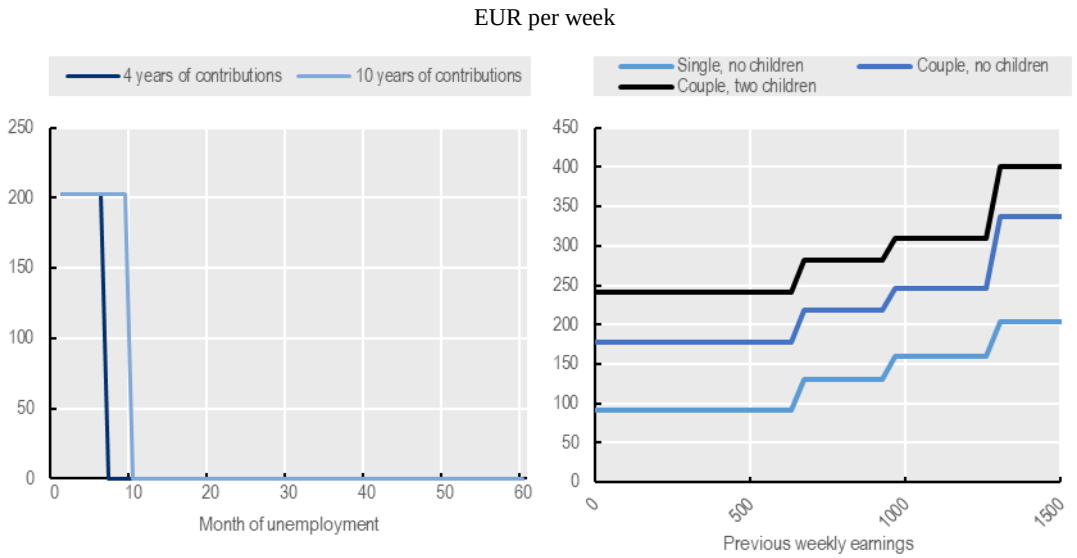
Jobseeker's Benefit cannot be received concurrently with Jobseeker's Allowance.

Jobseeker's 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 four days or more in a period of seven consecutive days.

Figure 1. Jobseeker's Benefit entitlement by unemployment duration and previous earnings . 2020



Note: In the left hand figure, single person without children with previous earnings at the average wage. In the right hand figure, for couples, other member of the couple is an adult dependent, and for the couple with children, children are aged 6 and 4.
Source: Calculations using OECD tax-benefit model

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.[5] 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 have proven unemployment in the prescribed manner.

2.2.2. Jobseeker's 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 25 years of age. For those with child dependents, these 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 Jobseeker's Allowance (EUR)

Age	25 and over	18 to 24
Maximum rate	203.00	112.70
Adult dependant	134.70	112.70
Each qualified child aged under 12	36.00	
Each qualified child aged 12 and over	40.00	

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 34.00 per week per child if they are aged under 12 and €37.00 if they are 12 or over if a person qualifies for IQA or is parenting alone. A person may receive a half-rate qualified child increase (€17.00 for under 12's and €18.50 for 12 and over) 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.

From 1 January 2020 the age related jobseeker's allowance rates do not apply to jobseekers aged 18-24 who are in receipt of Jobseeker's Allowance, living independently of the family home and are in receipt of certain state housing supports in their own right such as the Housing Assistance Payment (HAP) or Rent Supplement. They are entitled to the

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

maximum personal rate of jobseeker's Allowance (€203 per week instead of €112.70) The weekly rate of the Increase for a Qualified Adult is also €134.70 instead of €112.70 (not modelled in TaxBEN).

2.2.3. Jobseeker's Allowance Duration

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

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

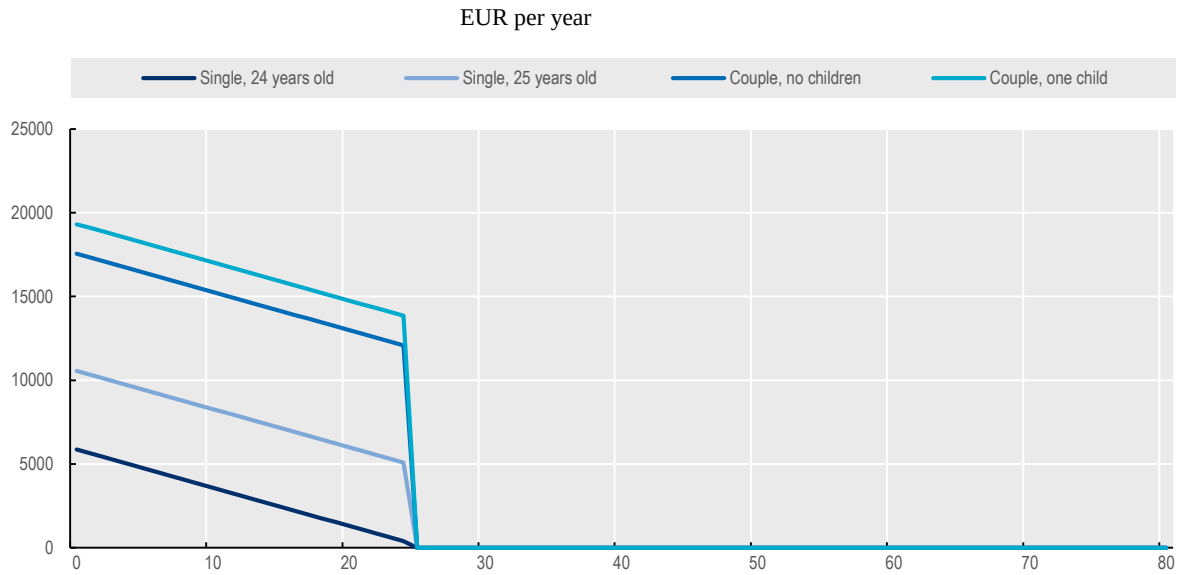
It is possible for one member of a couple to claim Jobseeker's Allowance without an Increase for a Qualified Adult (IQA) and for the other to claim the Working Family Payment. In this case, half of the couple's income is taken into account in the Jobseeker's Allowance means test and only half of any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

Jobseeker's 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 Jobseeker's 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.

Figure 2. Jobseeker's Allowance entitlement by hours worked at minimum wage, 2020



Note: Entitlements in the 12th month of unemployment. For couples, both members of the couple are unemployed, and for the couple with children, the child is aged 6.
Source: Calculation using OECD tax-benefit model.

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

Jobseeker's Transitional Payment is available to lone parents whose youngest child is aged between 7 and 13 (inclusive). 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 203 per week plus EUR 36 for each dependent child under 12 and EUR 40 for each dependent child over 12

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 is deducted from the benefit amount, but the first EUR 165 per week of earnings and 50% of earnings above this amount are disregarded.

2.3.5. Tax treatment

Not taxable.

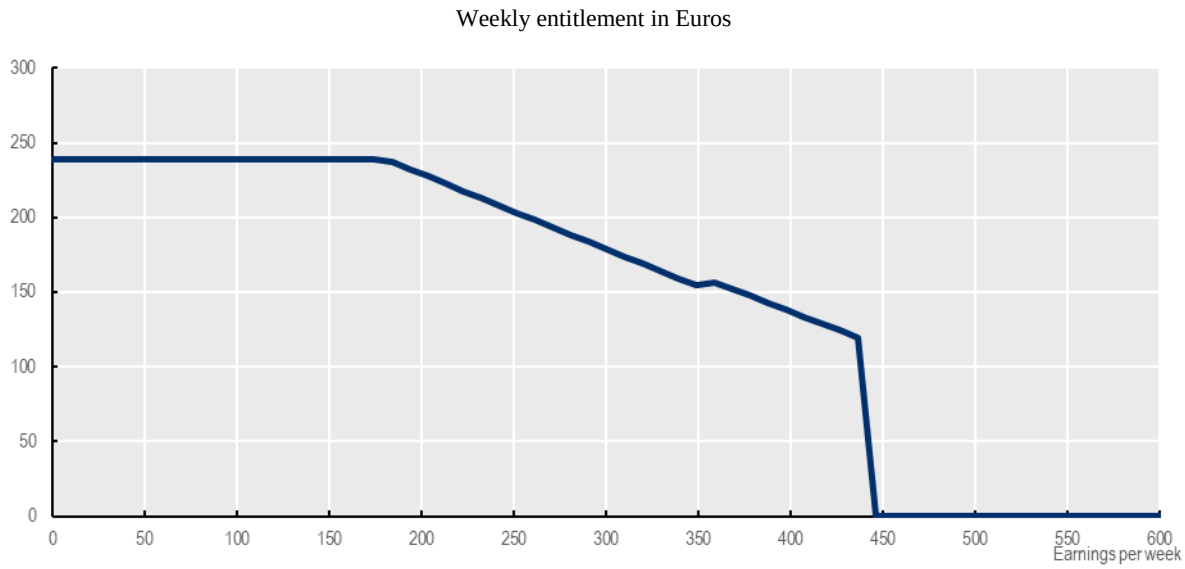
2.3.6. Interactions with other components of the tax-benefit system

Jobseeker's Transition Payment cannot be received at the same time as other unemployment benefits, basic Supplementary Welfare Allowance or Working Family Payment (formerly called Working Family Payment). It is possible to receive Rent Supplement, Housing Assistance Payment and Child Benefit at the same time as Jobseeker's 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.

Figure 3. Jobseeker's transitional payment entitlement by weekly earnings



Note: Lone parent with one child aged 10.
Source: OECD TaxBEN model.

2.4. Pandemic unemployment payment (not modelled in TaxBEN)

The COVID-19 Pandemic Unemployment Payment was introduced on 15th March 2020 as an emergency social welfare payment of €350 a week for employees and self-employed people who satisfy the qualifying conditions and who have lost all their (self-)employment income involuntarily due to the downturn in economic activity caused by the COVID-19 public health emergency. In the case of self-employed people they must have suffered a collapse of income due to the pandemic and are available to take up other full time employment if it was available to them. The payment was introduced as a flat rate of

EUR 203 per week and was increased to EUR 350 per week from 24th March. It is in place from the 13th/24th of March to the 30th of June 2021.[6]

2.4.1. Eligibility conditions

Age: Claimants must be between 18 and 66 years old.

Contribution/employment history: The claimant must have paid PRSI contributions. They must have at least 156 weeks of PRSI self-employed contributions paid at class S or at least 104 PRSI employment contributions paid at class A or H and 52 self-employed (Class S) contributions paid in the last Governing Contribution Year (which is two years prior to the year in which the claim is made, so 2018 for a claim made in 2020).

Behavioural requirements and related eligibility conditions: TaxBEN assumes that the following compulsory conditions are satisfied when simulating unemployment benefits for the self employed.[7] The benefit claimant must be:

- Unemployed for at least 4 days in any period of 7 consecutive days (they may work as an employee for up to 3 days each week),
- Capable of work,
- Available for full time work,
- Genuinely seeking work,
- Prove unemployment in the prescribed manner,
- Not engaged in self -employment (a person whose business continues to trade is engaged in self -employment, even if there is no immediate work available or the business is trading at a loss),
- Have been in employment or self-employment immediately before Friday 13th of March 2020
- Have lost their jobs or have been temporarily laid off or have been asked to stay home from work because of the COVID-19 crisis (or suffered a collapse of income if they are self-employed and available to take up other full time work if available).

2.4.2. Benefit amount

Jobseekers Benefit for the self- employed is paid at the same rates of payment as Jobseekers Benefit and is made up of a personal rate and increases for a qualified adult and qualified child(ren).

Pandemic unemployment payment is a flat rate payment of EUR 350 per week from the 24th of March to the 28th of June 2020. After the 29th of June, the pandemic unemployment payment will be reduced to EUR 203 for those whose previous employment earnings were below EUR 200 per week.

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6 https://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/unemployed_people/covid19_pandemic_unemployment_payment.html [accessed 9th of March 2021]

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

2.4.3. Benefit duration

Jobseeker's Benefit (self- employed) may be paid for up to 234 days (9 months) for people with 260 or more class S PRSI contributions or 156 days (6 months) for those with less than 260 class S PRSI contributions.

Claimants aged 65 who have exhausted their entitlement, may receive Jobseeker's Benefit for the Self Employed beyond 234 days /156 days up to date on which they reach pensionable age. (66 years).

2.4.4. 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.

2.4.5. Tax treatment

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

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

Jobseeker's Benefit for self -employed cannot be received concurrently with Jobseeker's Allowance.

Jobseeker's Benefit for self- employed 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).This benefit can be combined with carer's payment, Jobseeker's Transitional Payment, Working Family Payment or one-parent family payment, as long as claimants have lost their jobs because of the COVID-19 pandemic. The pandemic employment payment is regarded as employment income for any means-tests of these benefits. The same is true if recipients of pandemic unemployment payments are "qualified adults" of a partner who receives social welfare payments – if the pandemic unemployment is higher than the lost earnings, this will be taken into account in the means-test for other benefits.

2.4.7. 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 four days or more in a period of seven consecutive days.

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. 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 minimum contribution for single persons and lone parents is €30 per week, for couples and families with two adults the minimum contribution is €40 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 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 (effective 6 January[8] 2020)

Family situation	26 or over, or with children	18-24, no children
Maximum personal rate	201.00	112.70
Increase Qualified Adult	134.70	112.70
Each Qualified Child -		
Under 12 years	36.00	
12 years and over	40.00	

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:

[8] Implemented in the TaxBEN model although the reference date is the 1st of January.

1. Those aged 18 - 24 years inclusive with a qualified child(ren).
2. Persons aged 18 - 24 who were in the care of the Child and Family Agency (TUSLA) during the period of 12 months before they reached the age of 18 (not modelled in TaxBEN).
3. 18 to 24 year olds who are living independently of the family home and are in receipt of certain housing supports (Rent Supplement, Housing Assistance Payment (HAP) and social housing support, not modelled in TaxBEN).

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 Jobseeker's Benefit, Jobseeker's Allowance, Jobseeker's Transitional Payment, One-Parent Family Payment and Working Family Payment). However, Child Benefit is excluded from the means test.

3.1.5. Tax treatment

The benefit is not taxable.

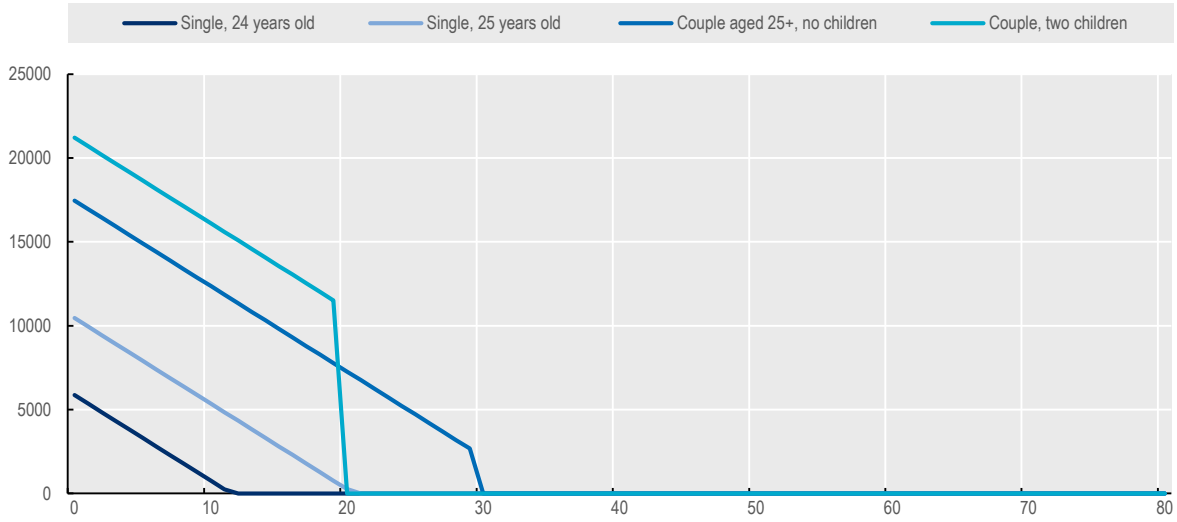
3.1.6. Interaction with other components of the tax-benefit system

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.

Figure 4. Basic Supplementary Welfare Allowance entitlement by hours worked at the minimum wage (EUR per year), 2020



Note: In couples, only one member is employed. In couple with 2 children, children are aged 6 and 4, and family claims Working Family Payment rather than Basic Supplementary Welfare Allowance when entitled.
Source: Calculations using OECD tax-benefit model.

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 continues its vital role in supporting families and individuals in private rented accommodation, with the scheme currently supporting some 21,000 recipients.

The scheme provides short-term income support, to eligible people living in private rented accommodation whose means are insufficient to meet their accommodation costs and who do not have accommodation available to them from any other source. The scheme ensures that for those who were renting and experience a temporary loss of employment, can continue to meet their rental commitments.

In view of the difficulties created for many people in the private rented sector who have lost significant employment income due to Covid-19, the full flexibility available within the scheme is being used to provide the necessary support, including

- adaptations to the application process to ensure that claims can be processed as efficiently as possible, while respecting social distancing etc. guidelines,
- assigning additional resources, where necessary, and
- an increase in the income disregards where one of the household continues in full-time or part-time employment, but on significantly reduced earnings (not modelled in TaxBEN).

The strategic goal of returning rent supplement to its original purpose, that of a short-term income support, has been primarily facilitated by the introduction of the Housing

Assistance Payment (HAP). The "Rebuilding Ireland - Action Plan for Housing and Homelessness (July 2016), reiterated in the "Housing First National Implementation Plan 2018-2021" (September 2018), is to provide 87,000 flexible housing supports through HAP and Rental Accommodation Scheme between 2016 and 2021.

Since the introduction of HAP, those relying on Rent Supplement as a long term housing support are in the process transferring over to this local authority sponsored scheme. Rent Supplement continues to provide and target those who have short term income support needs, generally through the loss of employment and have rental commitments to meet whilst they seek alternative employment..

You are eligible for Rent Supplement if you are a genuine (bona fide) tenant and you:

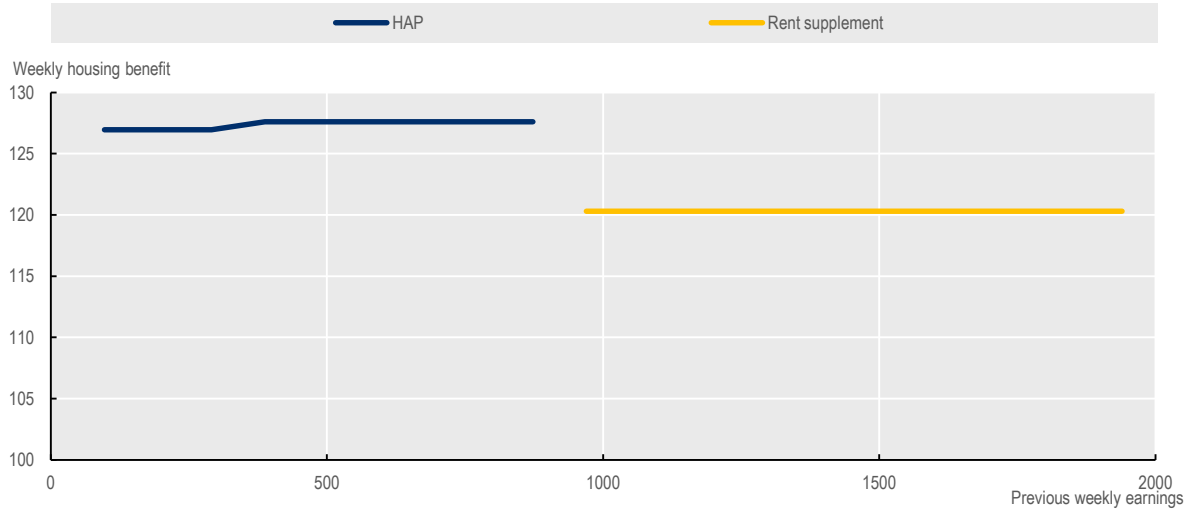
- Have been receiving Rent Supplement in the 12 months before the date of your application, or
- Have been living in private rented accommodation for at least 6 months (183 days) of the last 12 months, and been able to afford the rent at the beginning of their tenancy but are unable to continue to pay 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.

In limited circumstances rent supplement is also available to those who have been residing in accommodation for homeless people or an institution for at least 6 months (183 days) of the last 12 months. This applies only if they have not been provided a Housing Needs Assessment prior to release. For the majority of cases a Housing Needs Assessment will have been provided with the customer applying directly for HAP for their housing needs.

Where rent supplement does not apply to a person's circumstances they will be referred, to their local authority for a Housing Needs Assessment, allowing them 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 (see Figure 5).

Figure 5. Rent supplement vs. Housing Assistance Payment in the TaxBEN model

Entitlement to either Housing Assistance Payment or Rent supplement for an unemployed single adult without children, by previous weekly earnings, 2020



Note: Households are only entitled to rent supplement if they were not entitled to HAP while they were still employed.
Source: OECD TaxBEN model, 2020

Furthermore, to qualify for rent supplement a person must:

- satisfy the conditions for SWA outlined in Section 3.1.1 above, and will generally be in receipt of a social welfare benefit
- 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);
- Under the rules of the scheme Landlords must supply a Tax Reference Number (TRN) or explain why they do not have a TRN to ensure that rent supplement can continue to support the tenancy. The level of compliance on this is extremely high, where there are difficulties in obtaining a TRN, the customer's housing needs remain a priority.

3.2.2. Benefit amount

The benefit amount is calculated such that a person, after the payment of rent 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 Jobseeker's 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.[9]

The means test is described in more detail in Section 3.2.4 below. Many recipients pay more than this amount as they are required, subject to income disregards, to contribute any additional assessable means over and above their appropriate SWA rate towards their accommodation costs.

The rent supplement assessment provides for a gradual withdrawal of payment as hours of employment or income increase. Income from employment and Working Family Payment (WFP) in excess of the standard SWA weekly rate of payment attract an additional income disregard and are assessed as follows; the first €75 of such additional income together with 25% of any additional income above €75 can be disregarded for means assessment purposes.

There are also maximum rent limits that vary by area according to the table below. However, in recognition of the on-going rental market difficulties, the Department continues to implement a targeted case-by-case flexible payment policy approach that allows for flexibility where landlords seek rents in excess of the rent limits. To date, approximately 15,900 cases have been provided additional flexible payment arrangements, i.e. have received support in excess of the prevailing rent limits.

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
Limerick	€270	€300	€420	€450	€650	€700	€750

[9] In 2020, for Rent Supplement customers aged 18 – 24 who are living independently of the family home and are receiving a standard rate Jobseekers Allowance or Supplementary Welfare Allowance on this basis, the reduced rate minimum contribution will no longer apply, with standard minimum contribution rules applicable. The TaxBEN model does not model this case however: it assings JA / SWA recipients under the age of 25 lower rates, hence, also lower SWA rates are assumed.

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
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

Rent supplement is a statutory means tested scheme, payable at differentiated rates of payment according to the applicant's means and accommodation requirements, and is normally calculated to ensure that a person, after the payment of rent, has an income equal to the rate of supplementary welfare allowance (SWA) appropriate to their family circumstances, less a weekly minimum contribution. See also Section 3.2.2.

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, for the purpose of calculating a rent supplement, income from the following sources will not be taken into account:

- Child Benefit or a corresponding payment from another EU member state.
- Domiciliary Care Allowance.
- Foster Care Allowance.
- Guardian's Payment – contributory or non-contributory.

- Carers Support Grant.
- Back To Work Family Dividend.
- Reasonable travel to work.
- Mobility Allowance.
- Home Care Grant/ Consumer Directed Home Support.
- Blind Welfare Allowance.
- Half-rate Carer's Allowance.
- Higher Education Grants.
- Home Tuition Scheme.
- Travel, meal, childcare and bonus payments to participants on certain training courses.
- HSE payments from boarding out of children.
- Payments from the HSE in respect of persons boarded out of adults.
- Income from the provision of accommodation to Gaeltacht students (Bean an Tí)
- Monies received from charitable organisations.
- Compensation awards received in respect of Haemophilia/Hepatitis, C/Thalidomide/Residential Institutions, Redress Board awards/ Awards paid to people following the publication of the Magdalen Commission Report.
- Payments awarded under the Symphysiotomy ex Gratia Scheme, the Lourdes Hospital Redress Scheme 2007, and the Lourdes Hospital Payment Scheme.
- Payments awarded under the Stardust Victims' Compensation Tribunal.
- Any ex gratia payments made by the Minister for Health in accordance with recommendations proposed by the Scoping Inquiry into the Cervical-Check Screening Programme.
- Any payments made directly or indirectly by or on behalf of the Minister for Health under the package of support measures established in 2018 for women diagnosed with cervical-cancer since 2008.
- Any payments received under the Department of Education and Skills 1916 Bursary Fund.
- Any payments made by Sport Ireland under the International Carding Scheme.
- Any payment made by the Northern Ireland Victim and Survivor Service (VSS) in accordance with the Victims and Survivors (Northern Ireland) Order 2006.
- Any other income that may be prescribed received by a person or his or her spouse and in the circumstances that may be prescribed.

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

Rent Supplement cannot generally 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[10] is a form of social housing support provided by all local authorities. The eligibility rules and amounts vary by local authority. A key principle of the HAP scheme is that eligible households source their own accommodation in the private rented sector and the

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

tenancy agreement is between the tenant and the landlord; the local authority is not a party to the tenancy. The accommodation sourced by tenants should be within the prescribed maximum HAP rent limits, which are based on household size and the rental market within the area concerned.

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, offer households in emergency accommodation the option to source accommodation themselves or with the assistance of local Place Finder services. The Homeless HAP Place Finder Service also assists households leave emergency accommodation by providing access to deposits and advance rental payments. The operation of local homeless services, including the Place Finder Service, is determined by each local authority. This scheme is not simulated in the TaxBEN model. The remainder of this section discusses the regular HAP scheme.

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),[11]
- 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,
    - 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

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

household.[12] 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 immediately eligible for housing support through the HAP scheme. Once housed under the Housing Assistance Payment (HAP), the tenant will no longer be on the housing list. However, HAP recipients can a move to other forms of social housing support by putting themselves on a transfer list.

Furthermore, to benefit from HAP:

- The accommodation must meet minimum standards for rented housing, and
- 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
Clare County Council	€220	€240	€360	€400	€480	€515	€550
Cork City Council	€300	€330	€550	€650	€900	€925	€950

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

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's 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

HAP is 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[13] on how household income is to be assessed for this purpose. There are 3 maximum income thresholds that apply to different housing authorities.[14] 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 €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

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

[14] 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

€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

Since the introduction of HAP, those relying on Rent Supplement as a long term housing supporting are in the process transferring over to this local authority sponsored scheme. Rent Supplement continues to provide and target those who have short term income support needs, generally through the loss of employment and have rental commitments to meet whilst they seek alternative employment..

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. HAP tenants can participate in full-time work and retain their housing support, with an adjustment in their differential rent contribution.

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, as the model 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 does not 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.[15] 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 2020 is EUR 203.00 per week, 36 for each dependent child under 12 and EUR 40 for each dependent child over 12 (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 165 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 165 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 Working Family Payment (WFP) (formerly called Family Income Supplement, FIS). The OFP rate payable is counted as income when calculating the WFP 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 will also receive Child Benefit.

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

No limit, but earnings in excess of EUR 165 per week reduce benefit entitlement (see Section 4.2.4).

[15] 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.

5. Net costs of Early Childhood Education and Care

The **reference date** for the policy rules described in this section is **January 1, 2020.**

Childcare Service providers in Ireland are not operated or run by the State; they are all privately run enterprises, but most of them take advantage of and administer State funded childcare programmes. Centre-based childcare providers and larger scale home-based child minders are obliged to register with Tusla, the National Child and Family Agency. Childcare fees are set by the private childcare service operators and are not regulated by the State.

One aspect in Irish childcare is that parents often choose care provided by home-based childminders, many of whom are small-scale operators.

5.1. Gross childcare fees

Variable name: **[IRcc_cost]**

TaxBEN uses a gross childcare cost of EUR 184.36 per week, corresponding to the average cost for a full-time childcare place for a child aged one or over for the 2017–18 academic year.[16] This value is indexed in line with the CPI inflation for January 2018 (0.7%) to obtain the value for January 2019.

5.1.1. Discounts for part-time usage

The average cost of a part time place for a child aged 1 and over for the 2017–18 academic year was EUR 109.98 (3.5-5 hours a day), and EUR 73.3 for "sessional" childcare of up to 3.5 hours a day.

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 programme year, for two years for all eligible children from the age of two years eight months to 5 years 6 months.

5.2.1. Eligibility

The programme is provided for three hours per day, five days per week over 38 weeks per year and the programme year runs from September to June. A child must have turned 2 years and 8 months on or before the 31st August in the programme year in order to be eligible (and cannot turn 5 years and 6 months during that programme year).[17]

[16] Annual early years sector profile report 2018/19, https://www.pobal.ie/app/uploads/2019/12/Annual-Early-Years-Sector-Profile-Report-AEYSPR-2018-19.pdf

[17] In TaxBen, all children are born on the 1st of January. Given this birthday, a child who is 2 year old on the 1st of January is just not eligible for the ECCE programme, and the same holds for a 5 year old. Hence, only 3 and 4 year old children are eligible for ECCE in TaxBen.

5.2.2. Amount of discount or free provision

15 hours per week, 38 weeks per year.

5.2.3. Variation by income

The ECCE programme is a universal programme available to all children within the eligible age range.

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

Variable name: **[cc_benefit]**

The 'Community Childcare Subvention Plus' programme (CCS Plus) subsidises places in community-run and private Early Learning Care (ELC) and/or School Age Childcare (SAC) facilities for low-income parents in receipt of certain DEASP benefits and/or holding a medical or GP card for over 6yr olds. Alongside this programme , the Community Childcare Subsidy Universal (CCSU) exists for children aged from 6 months to the first eligible point of entry to the ECCE programme who do not qualify for subsidies under the CCSP programme. Both the CCSP programme and the CCSU subsidy are included in the TaxBEN model from 2018 onwards.

In November 2019, a new childcare benefit – the National Childcare Scheme (NCS) was introduced. This scheme provides financial support for parents towards the cost of their childcare and is intended to streamline schemes to make them more accessible for both parents and providers. In addition the NCS will provide a fair and consistent system of progressive financial support towards the cost of childcare, with a particular focus on low income families, and provide a robust and flexible platform for future investment in childcare in Ireland.The NCS replaces the CCS plus and TEC programmes, however under the Budget 2020, the existing "saver" arrangement was extended beyond August 2020. This means that persons who are registered on the CCS or TEC, and who retain their eligibility, will be able to remain on them until August 2021. Alternatively, they can switch to the NCS from November 2019 onwards. **In TaxBEN, the NCS is implemented, as TaxBEN considers the rules applicable to new claimants.**

The ECCE programme will not be affected by the NCS and will continue to operate alongside the NCS.

5.3.1. Eligibility

CCSP programme eligibility is determined by the status with the Department of Employment Affairs and Social Protection (DEASP) and the HSE to determine eligibility and verify the child's entitlement to subvention. There are different band rates and levels of subvention according to the applicant's status with the DEASP. Please see the following:

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 • **Working Family Payment** • 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 • **Partial Capacity benefit**	• **Job Seekers Benefit/ Allowance** • **Supplementary Welfare Allowance** • **Job Seekers Transitional Payment** • Job Path	• **Medical Card** • Parents/guardians who are in receipt of Social Welfare payments listed under Band A/AJ but have no medical card	• **GP Visit Card** (6yrs+ only) • Parents/guardians 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 aged from 6 months to the first eligible point of entry to the ECCE programme (see Section 5.2).

For the NCS scheme, eligibility is as follows:

Universal payments will be available to all families with children between the ages of 24 weeks and 3 years, and children over three who have not yet qualified for the ECCE programme.

The income-assessed subsidy will be available for families of children aged between 24 weeks and 15 years with a net income of less than €60,000 a year.18 The subsidy rate varies depending on household income, the child's age and educational stage, and the number of children in the family (see section 5.3.2.). It can be used towards the cost of a registered childcare place for up to a maximum of 40 hours a week if a parent is working, studying, training, or meets certain criteria which makes them unavailable to care for the child. This will increase to a maximum of 45 hours from September 2020.

5.3.2. Benefit amount

CCS Plus scheme: the weekly subsidy amounts for each band are as follows.

	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 hours.31 mins to 5 hours per day)	EUR 80.00	EUR 80.00	EUR 35.00	EUR 25.00
Sessional (2 hours16 mins to 3 hours30 minsper day)	EUR 45.00	EUR 45.00	EUR 25.00	EUR 17.00
Half-session (1 hour to 2 hours15 mins 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 hours 31 mins to 5 hours per day)	EUR 10.00	EUR 2.00
Sessional (2 hours16 mins to 3 hours 30 mins per day)	EUR 7.00	EUR 1.40
Half-session (1 hour to 2 hours15 mins hours per day)	EUR 3.50	EUR 0.70

NCS universal benefit: this subsidy is not means-tested and provides 50c per hour towards the cost of a registered childcare place for up to a maximum of 40 hours per week. this will increase to a maximum of 45 hours from September 2020). This is €20 a week (or €1,040 a year).

NCS income assessed subsidy: depends on the household's *reckonable* income – reckonable income is total net family income, minus "allowable deductions", such as maintenance payments, pension contributions and some benefit payments.[19] In TaxBen, the following allowable deductions are implemented: multiple child allowances (4,300 Euros

[18] Note that in TaxBen, only childcare costs for children up to school-age is modelled, i.e. after-school childcare for children up to 15 years old is not included in TaxBen.

[19] See https://www.citizensinformation.ie/en/education/pre_school_education_and_childcare/national_childcare_scheme.html for details.

per year for families with two children under 15 years old, and 8,600 Euros per year for families with 3 or more children under 15) and the back to work family dividend.

The minimum and maximum subsidy rates per hour of childcare are as follows (up to 40 (45 after September 2020) hour of institutional childcare can be subsidised):

Child's age	Minimum subsidy per hour	Maximum subsidy per hour
12 months or younger*	€0.50	€5.10
12 to 35 months	€0.50	€4.35
3 years or older, and not yet qualifying for the ECCE programme	€0.50	€3.95
3 years or older and qualifying for the ECCE programme	€0.00	€3.95
At school (or older than 6 years of age and less than 15 years of age)*	€0.00	€3.75

*Note that taxben only calculates childcare for children up to school age, so the means-tested subsidies for school-age children are not implemented in taxben. Children in TaxBen are born on the 1st of January. As the policy evaluation date is the 1st of January, children are either 0 or 1 year old, so the rates for 6 -11 month old children are never observed in TaxBen.

Families with a reckonable income below the base income threshold of 26,000 Euros in 2020 receive the maximum rate per hour, families with a reckonable income in excess of the maximum income threshold 60,000 Euros receive no income-assessed subsidy. For incomes between these thresholds, the subsidy amount per child per hour is calculated according to the following formula:

$$SR = NS + \left(\frac{(XS - NS)(MT - AI)}{(MT - BT)}\right)$$

where–

SR is the subsidy rate,

NS is the minimum subsidy rate,

XS is the maximum subsidy rate,

MT is the maximum income threshold,

BT is the base income threshold, and

AI is the assessable income.

If a family's reckonable income is below EUR 60,000, they receive a minimum subsidy amount of 0.5 Euros per hour for children not qualifying for ECCE, and 0.33 Euros per hour for other children. That is, if the above formula results in a subsidy rate between €0.01 and €0,49 or €0.32 per hour depending on the age of the child, their subsidy award will be set to a rate of €0.5 or €0.33 depending on the age and educational age of the child.

5.3.3. Benefit duration

The CCS Plus scheme is available for children from 0 up to the age of 15.

The CCSU is available until children qualify for the ECCE Programme described in Section 5.2.

In case of the NCS universal subsidy it is only for children aged between 6 months (24 weeks) and 3 years (36 months), orr over 3 years (36 months) and not yet qualified for ECCE.).).

For the NCS income assessed subsidy, it is for children aged between 6 months (24 weeks) and 15 years. However, as childcare for school-age children is not simulated in the TaxBEN model, eligibility is only simulated for children under 5 in the model.

5.3.4. Means test

There is no formal means test for the CCS Plus scheme, but eligibility depends on the status of the applicant with the DEASP and/or HSE 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.

The universal subsidy of the NCS scheme is not income assessed, for more information on the income assessment methodology, please see section 5.3.2.

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.

NCS benefits and ECCE benefits can be received simultaneously, as the child can avail of NCS outside of the core ECCE hours, and parents can decide whether to receive CCS Plus, ECCE or CCSU benefits., however it is important to note that on 16th November 2019 CCSP closed to new registrations for children not previously registered on the programme. benfits. In the TaxBEN model, the NCS is therefore implemented.

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).

In case of NCS universal subsidy, employment does not affect benefit receipt. However, the number of childcare hours available in the income assessed subsidy will depend on parents' availability (i.e. if they are in work, study, or their position in certain criteria relating to availability)

- **Enhanced hours subsidy:** If both the parent (and partner, if there is one) **are** working, studying or training – they are entitled to up to 40 hours of subsidised childcare per week (this will increase to a maximum of 45 hours from September 2020).
- **Standard hours subsidy:** If the parent (and partner, if there is one) **are not** working, studying or training – they can qualify for up to 15 hours of subsidised childcare per week (this will increase to a maximum of 20 hours from September 2020). TaxBEN does not show childcare costs for non-working parents.

Any part-time hours, casual working, or hours in labour activation schemes such as Gateway and SOLAS programmes, are counted as work. Studying for a higher education course on the National Framework of Qualifications (NFQ), this is counted under studying and training.

Parents are entitled to retain enhanced hours for 4 weeks after transitioning out of work, study, and training. They are also entitled to enhanced hours four weeks prior to transitioning into work, study, and training.

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

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) (Formerly called Family Income Supplement – FIS)

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

WFP 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 their 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, 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 that varies by 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 WFP if children are living abroad and dependent on the claimant.

6.1.2. Benefit amount

The amount of Working Family Payment received 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[20] (in EUR)
One child	€531
Two children	€632
Three children	€733
Four children	€834
Five children	€960
Six children	€1,076
Seven children	€1,212
Eight or more children	€1,308

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 Working Family Payment can be revised during the year:

- If the claimant starts to care for an additional child, their WFP rate can be increased.

[20] Rates are effective from 26 March 2018

- If the claimant was previously getting a One-Parent Family Payment (OFP) and the payment was stopped because the youngest child reached the relevant OFP age limit, the WFP rate can be revised by disregarding the rate of OFP assessed in the most recent WFP 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

WFP is calculated as 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 WFP income test does not assess capital, including property, bank accounts and cars. The Department of Employment Affairs and Social Protection (DEASP) does assess rental income, though it may examine bank accounts to check for other income sources and it may assess income derived from use of a car (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 WFP as well as one of the following schemes or social welfare payments:

- Community Employment Scheme, Gateway, Rural Social Scheme, or the Tús scheme.
- 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 the 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 WFP claim. Any Increase for a Qualified Child will also be affected.

Lone parents can receive WFP 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 WFP (for 6 consecutive weeks). For those who have been out of work for more than 6 consecutive weeks, payment of WFP is suspended until they return to work and send a final certificate into the Illness Benefit or Occupational Injury Benefit section or until the WFP 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 WFP (provided she meets the conditions of the WFP payment and has a family – a pregnant woman who has no other children does not qualify for WFP 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 end of year tax statement (formerly the P60). The WFP claim will then be paid for 52 weeks from the date of application. It is not possible to continue to claim WFP 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 stop claiming 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 2020:

No. of children	**1**	**2**	**3**	**4**
Under 12 years				
Year 1 weekly rate	€36	€72	€108	€144
Year 2 weekly rate (@50%)	€18	€36	€54	€72
Over 12				
Year 1 weekly rate	€40	€80	€120	€160
Year 2 weekly rate (@50%)	€20	€40	€60	€80

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, with 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
- Working Family Payment (formerly called 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. Social Insurance contributions are paid into the Social Insurance Fund from

which benefits are paid while the Universal Social Charge is paid into the central exchequer.

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 352.01 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 2020:

Description	Rate	Exemption amount (EUR)
Pension and social insurance	4.00	€352.01

A PRSI Credit of EUR 12 is applied at earnings of EUR 352.01. This credit is withdrawn at a rate of 1/6 of the difference between gross earnings and EUR 352.01. No credit is applied once earnings reach EUR 424.

Employers' contributions are payable as a percentage of gross employee earnings, with no entry threshold but the contribution rate varies according to employee earnings.

Description	Rate %	Ceiling (EUR)
National Training Fund Levy	1.00	
Pension and social insurance	10.05	
TOTAL	11.05	No ceiling

The rate of employer social insurance is 8.80% on employee earnings up to EUR 395 and 11.05% where employee earnings exceed EUR 395.

The National Training Fund Levy is paid into a separate training fund and is not used to finance social insurance benefits.

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 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
20,484	2.0
70,044	4.5
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 2020 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 35,300	Up to 44,300	Up to the lesser of: €70,600 or 44,300 plus the lower of the two spouse's incomes	39,300	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 1500. 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 1 600 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 10 400: 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.

9. Paid sick leave (not modelled in TaxBEN)

9.1. Sickness Benefit (Illness Benefit)

9.1.1. Entitlement and eligibility conditions

9.1.2. Benefit amounts

Benefit recipients receive a maximum of EUR 203 per week, for those with average earnings of EUR 300 per week or more.

There are graduated rates apply for those with average weekly earnings of less than EUR 300 per week:

- EUR 159 per week for those with average weekly earnings between EUR 220 and EUR 300;
- EUR 131 per week for those with average weekly earnings between EUR 150 and EUR 220;
- EUR 91.10 per week for those with average weekly earnings of less than EUR 150.

There are also additional family supplements:

- Each child dependant under 12 years: EUR 34 per week;
- Each child dependant 12 years and over: EUR 37 per week;
- Qualified adult dependant: EUR 134.70 per week for those on the maximum rate.

9.1.3. Benefit duration

Benefits are paid after a waiting period of 6 days, and paid for a maximum of:

- 1 year (312 payment days) if the workers has at between 104 and 259 weeks of reckonable social insurance contributions paid since first starting work,
- 2 years (624 payment days) if the workers has at least 260 weeks of reckonable social insurance contributions paid since first starting work, and
- Unlimited duration (to age 66) if the workers has paid at least 260 weeks of reckonable social insurance contributions paid prior to January 2009.

For workers infected by Covid-19, or medically required to self-isolate, the 6-day waiting period is waived. This waiving applies for the duration of the crisis. The maximum duration of sickness benefits for workers infected with Covid-19 is 10 weeks.

Workers (employees and self-employed) who have contracted Covid-19 or are medically required to self-isolate receive the Enhanced Illness Benefit. This benefit has been implemented for the duration of the Covid-19 crisis. The normal social insurance requirements for Illness Benefit are waived. The benefit has a flat-rate level of EUR 350 per week. It is possible to receive a higher payment depending on the marital status and the number of dependent children. Both private-sector employees and self-employed are eligible. Public servant instead receive continued wage.

Those who do not qualify for Enhanced Illness Benefit (e.g., do not qualify as working) receive the Supplementary Welfare Allowance (means-tested social assistance).

9.1.4. Means test

9.1.5. Tax treatment

Benefits are subject to taxation.

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

[Not pre-filled]Where persons have been in receipt of Illness Benefit (for a minimum of 6 months) and wish to return to work, they may qualify for Partial Capacity Benefit if their capacity for work is reduced by a medical condition. The restriction on capacity for work must be assessed as moderate, severe, or profound. There is no minimum level of capacity or incapacity for work specified. The Partial Capacity Benefit is voluntary and there is no restriction on earnings or number of hours the person can work. You can work in a self-employed capacity while getting Partial Capacity Benefit.

10. Job retention programmes (not modelled in TaxBEN)

10.1. Short time work scheme

Short Time Work Support is a payment to a person who is temporarily placed on a shorter working week. For example, where an employee's working week has been reduced from a five-day work pattern to a three-day work pattern, they can receive Short-time Work Support for the other two days. Employees must work 3 days per week or less to qualify, having previously been employed on a full time basis.

The pre-existing short-time has been adapted to the COVID-19 crisis: Previously, a worker who was put on short-time work by their employer could apply for redundancy if on short-time work for four weeks, or for six weeks within the previous 13. That right has been suspended for workers put on short-time because of Covid-19, until August 10 at least.

10.1.1. Entitlement and eligibility conditions

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 2018 for a claim made in 2020),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 or the current tax year.

To be eligible a person must be temporarily working 3 days or less per week having previously worked full time. They must be aged under 66 and should be available for and genuinely seeking full time work and have sufficient paid or credited social insurance contributions at Class A, H, S or P.

The short time work support is available to employees where the employer is experiencing business challenges. The payment is intended to support employers and avoid permanent layoffs. In line with normal employer legislation, industrial relations protocol and collective agreements where applicable and the employer is expected to engage with employees and representatives as part of the change in working arrangements.

10.1.2. Benefit amounts

The table below shows the maximum payment rates available based.

Days of Employment Lost	Single Person rate	Couple with no children rate	Couple with 2 children over 12 rate	Couple with 3 children (2 over 12, 1 under 12 rate)	Couple with 4 children (2 over 12, 1 under 12 rate)
2	€81.20	€135.08	€167.08	€181.48	€195.88
3	€121.80	€202.62	€250.62	€272.22	€293.82
4	€162.40	€270.16	€334.16	€362.96	€391.76

10.1.3. Benefit duration

The short time work support is paid for a maximum of 234 days and similar to jobseekers benefit it will depend on the employee's social insurance contributions.

10.1.4. Means test

This benefit is not means-tested.

10.1.5. Tax treatment

This Short Time Work Support is not taxable.

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

None.

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

N/A

11. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Ireland 2019 (Figure 6). TaxBEN by default produces the following output: 1) net household incomes (**black lines**) and 2) related income components (**coloured stacked areas**) for selected family and individual circumstances (e.g. a lone parent working at different earnings levels with two children aged 4 and 6 respectively – users are free to select many of these circumstances). The model and the related web calculator is accessible from the project website. Figure 6 shows outputs for four scenarios:

- By gross earnings (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas shows the following household income components: **GROSS** = gross earnings; **SSC** = social security contributions; **IT**= income tax; **FB** = family benefits; **HB** = Housing benefits; **SA** = social assistance / Guaranteed minimum income benefits; **IW** = in-work benefit. Note that these components may be the result of the aggregation of more than one benefit into a single component. Please refer to the table of contents to see the benefits included in each category.

Results in Figure 6 refer to a 2-adult family with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefits are assumed to be available in all the four scenarios when the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Panel A assumes that one adult family member (so-called 'spouse' using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired) whereas the other adult member (so-called 'principal') is employed full-time and full-year at different earnings levels. When earnings of the first adult are zero this person is assumed to be out of work but not receiving unemployment benefits (again, e.g. because they have expired), instead claiming social assistance or guaranteed minimum income benefits, as applicable.

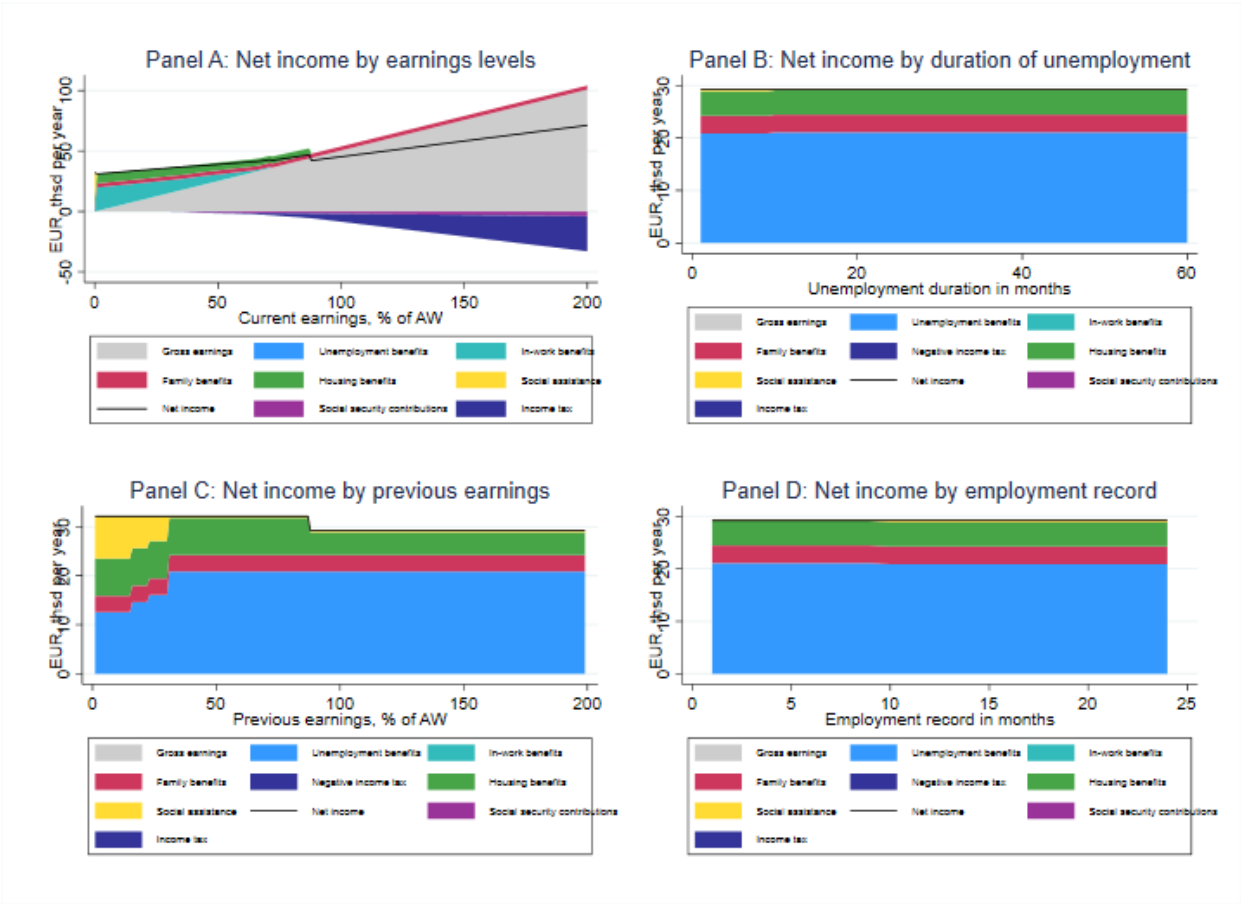
Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a 'long' employment record of 264 consecutive months before the job loss. The horizontal axis in Panel B measures the time of benefit receipt, starting from the first month. The horizontal axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit receipt whereas Panel D

consider the case of previous earnings equal to the average Wage. Previous earnings in Panel B are also equal to the average wage.

TaxBEN assumes the following logical sequence of benefit claims: 1) One-Parent Family Payment (Section 4.2), 2) Jobseekers' Benefit (Section 2.1), 3) Jobseekers' Allowance/Jobseekers' Transitional Payment (Section 2.2/2.3) 4) Working Family Payment (Section 6.1), 5) Basic Supplementary Welfare Allowance (Section 3.1), 6) Housing Assistance Payment (Section 3.2), 7) Rent Supplement (Section 3.3), 8) Child benefit (Section 4.1), 9) Back to Work Family Dividend (Section 6.2).

Figure 6. Selected output from the OECD tax-benefit model

Couple with two children



Source: Calculations based on the OECD TaxBEN model.

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.