

Result of applying the restriction of reliefs to a sample of 106 cases with income over €250,000 and an effective tax rate, without the restriction, of less than 20%

Range of Effective Tax Rates	No. of cases in each effective rate band before applying the restriction				No. of cases in each effective rate band after applying the restriction			
	Number		Cumulative		Number		Cumulative	
	No.	%	No.	%	No.	%	No.	%
0%	10	9.43	10	9.43	0	0	0	0
<1%	15	14.15	25	23.58	1	0.94	1	0.94
1% <5%	16	15.10	41	38.68	0	0	1	0.94
5% <10%	16	15.10	57	53.78	1	0.94	2	1.88
10% <15%	20	18.87	77	72.65	8	7.55	10	9.43
15% <20%	29	27.35	106	100	48	45.28	58	54.71
20% <25%	0	0	106	100	48	45.28	106	100
Total	106	100	106	100	106	100	106	100

Notes

1. This exercise reflects the application of the restriction to a sample of 106 cases selected from tax returns submitted to Revenue for the tax year 2002. Because of the information requirements on the return for that year it is not possible to distinguish between the majority of the reliefs, exemptions and deductions that could be affected by the restriction.
2. The majority of the 96 cases in the 15% < 20% and the 20% < 25% bands are clustered just above or just below an effective rate of 20%. This clustering around a 20% effective rate reflects the fact that half the income is being charged – principally at the 42% rate. Whether the effective rate is just above or just below 20% reflects the influence of the standard rate band and the personal tax credits relative to the amount of the income concerned.
3. The single case left in the <1% effective tax rate band is because full foreign tax has been paid on the income concerned displacing the Irish tax that would have been paid.
4. The single case left in the 5% < 10% band arises because the percentage by which reliefs are restricted increases from 0% to 50% over a range of income from €250,000 to €500,000. Where the total amount of reliefs is not more than €250,000, there is no restriction of reliefs.
5. The 8 cases remaining in the 10% < 15% band arise -
 - because full foreign tax has been paid on the income concerned displacing the Irish tax that would have been paid, or
 - because the percentage by which reliefs are restricted increases from 0% to 50% over a range of income from €250,000 to €500,000. Where the total amount of reliefs is not more than €250,000, there is no restriction of reliefs.