

ANNEX A

Details of Tax Changes in Budget 2009 and Their Effects On Different Categories of Income Earners

Contents

- (i) **Details of Main Income Tax Changes**
- (ii) **Examples Showing the Effects of Budget Changes on Different Categories of Married and Single Income Earners**

Examples 1 to 8 attached show for various categories of income earners the income tax payable under the existing and proposed structure and the effect of the income levy. Increases in the Family Income Supplement from January 2009 are also included in the calculations. The examples are based on specimen incomes with the basic tax credits including the home carer tax credit. The examples do not take account of discretionary reliefs. Nor is any account taken of the Early Childcare Supplement. Examples showing the net impact to married two earner couples are calculated using the assumption that the higher income-earning spouse earns 65% of the couple's total income and that the lower earning spouse earns 35% of the couple's income. Variations can arise due to rounding.

- (iii) **Average Tax Rates**
Tables showing average tax rates for the years 1997 - 2009 for various household types are included.
- (iv) **Distribution of Income Earners**
A table showing the distribution of income earners both pre-Budget and post-Budget is included.
- (v) **Illustrative Cases**
A number of illustrative cases are included to show the impact of the income tax changes and the impact of the introduction of the income levy in the Budget as well as the mortgage interest relief changes, family income supplement increase and other social welfare changes on a number of different household types.

**(i) DETAILS OF TAX CHANGES
(Including Income Levy and PRSI changes)**

	Existing	Proposed	Increase
Standard Rate Tax Bands*	€	€	€
Single/Widowed Persons	35,400	36,400	1,000
Married Couples One Income	44,400	45,400	1,000
Married Couples Two Income	70,800	72,800	2,000
One Parent/Widowed Parent	39,400	40,400	1,000

*The tax band of €72,800 available to married couples with two incomes in 2009 is transferable between spouses up to a maximum of €5,400

	Existing	Proposed	Increase
Income levy **	%	%	%
Income up to €100,100	0.0%	1.0%	1.0%
Income Levy higher rate (income over €1,925 per week (€100,100 per year))	0.0%	2.0%	2.0%

**Social welfare payments, including the contributory and non-contributory pension are excluded

	Existing	Proposed	Increase
PRSI	€	€	€
PRSI Ceiling	50,700	52,000	1,300

(ii) Examples Showing the Effects of the Budget Changes on Different Categories of Single and Married Income Earners

Example 1

Married couple, one income, two children taxed under PAYE
Full rate PRSI contributor

Gross Income	Income Levy		Tax Liability		Family Income Supplement		Total Change(a)		Change as % of Net income (b)
	Existing	Proposed	Existing	Proposed	Existing	Proposed	Per year	Per week	
€	€	€	€	€	€	€	€	€	%
10,000	0	100	0	0	11804	12480	576	11	2.2
15,000	0	150	0	0	8788	9516	578	11	2.1
20,000	0	200	0	0	6136	6864	528	10	1.8
30,000	0	300	0	0	1040	1560	220	4	0.7
40,000	0	400	1,610	1,610	0	0	-400	-8	-1.0
50,000	0	500	4,786	4,576	0	0	-290	-6	-0.6
75,000	0	750	15,036	14,826	0	0	-589	-11	-1.0
100,000	0	1,000	25,286	25,076	0	0	-839	-16	-1.1
125,000	0	1,499	35,536	35,326	0	0	-1,341	-26	-1.5
150,000	0	1,999	45,786	45,576	0	0	-1,838	-35	-1.8

Variations can arise due to rounding

The total changes for modified rate PRSI contributors are broadly similar to the changes above

(a) Including impact of increase in PRSI ceiling where appropriate

(b) Net income includes Child Benefit and Family Income Supplement (FIS) less deductions of tax, income levy, health levy and

PRSI (where appropriate) and so may be higher than the gross income

Example 2

Married couple, one income, no children taxed under PAYE

Full rate PRSI contributor

Gross Income	Income Levy		Tax Liability		Total Change *		Change as % of Net Income
	Existing	Proposed	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	%
10,000	0	100	0	0	-100	-2	-1.0
15,000	0	150	0	0	-150	-3	-1.0
20,000	0	200	0	0	-200	-4	-1.0
30,000	0	300	510	510	-300	-6	-1.1
40,000	0	400	2,510	2,510	-400	-8	-1.1
50,000	0	500	5,686	5,476	-290	-6	-0.7
75,000	0	750	15,936	15,726	-589	-11	-1.1
100,000	0	1,000	26,186	25,976	-839	-16	-1.2
125,000	0	1,499	36,436	36,226	-1,341	-26	-1.6
150,000	0	1,999	46,686	46,476	-1,838	-35	-1.9

Variations can arise due to rounding

The total changes for modified rate PRSI contributors are broadly similar to the changes above

*Including impact of increase in PRSI ceiling where appropriate

Example 3

Married couple, two incomes, two children taxed under PAYE

Full rate PRSI contributors

Gross Income	Income Levy		Tax Liability		Family Income Supplement		Total Change (a)		Change as % of Net income (b)
	Existing	Proposed	Existing	Proposed	Existing	Proposed	Per year	Per week	
€	€	€	€	€	€	€	€	€	%
10,000	0	100	0	0	11804	12480	576	11	2.2
15,000	0	150	0	0	8788	9516	578	11	2.1
20,000	0	200	0	0	5824	6552	528	10	1.8
30,000	0	300	0	0	1040	1040	-300	-6	-0.9
40,000	0	400	680	680	0	0	-400	-8	-0.9
50,000	0	500	2,680	2,680	0	0	-500	-10	-1.0
75,000	0	750	8,594	8,384	0	0	-540	-10	-0.8
100,000	0	1,000	18,812	18,392	0	0	-627	-12	-0.8
125,000	0	1,250	29,062	28,642	0	0	-877	-17	-0.9
150,000	0	1,500	39,312	38,892	0	0	-1,177	-23	-1.1

Variations can arise due to rounding

The total changes for modified rate PRSI contributors are broadly similar to the changes above

(a) Including impact of increase in PRSI ceiling where appropriate

(b) Net income includes Child Benefit and Family Income Supplement (FIS) less deductions of tax, income levy, health levy and PRSI (where appropriate) and so may be higher than the gross income

Example 4
Single person taxed under PAYE
Full rate PRSI contributor

Gross Income	Income Levy		Tax Liability		Total Change*		Change as % of Net income
	Existing	Proposed	Existing	Proposed	Per year	Per week	
€	€	€	€	€	€	€	%
10,000	0	100	0	0	-100	-2	-1.0
15,000	0	150	0	0	-150	-3	-1.0
20,000	0	200	340	340	-200	-4	-1.0
30,000	0	300	2,340	2,340	-300	-6	-1.1
40,000	0	400	5,306	5,096	-190	-4	-0.6
50,000	0	500	9,406	9,196	-290	-6	-0.8
75,000	0	750	19,656	19,446	-589	-11	-1.1
100,000	0	1000	29,906	29,696	-839	-16	-1.3
125,000	0	1499	40,156	39,946	-1,341	-26	-1.7
150,000	0	1999	50,406	50,196	-1,838	-35	-1.9

Variations can arise due to rounding

The total changes for modified rate PRSI contributors are broadly similar to the changes above

*Including impact of increase in PRSI ceiling where appropriate

Example 5

Married couple, one income, two children
Taxed under Schedule D

Gross Income	Income Levy		Tax Liability		Total Change		Change as % of Net income*
	Existing	Proposed	Existing	Proposed	Per year	Per week	
€	€	€	€	€	€	€	%
10,000	0	100	0	0	-100	-2	-0.7
15,000	0	150	0	0	-150	-3	-0.8
20,000	0	200	0	0	-200	-4	-0.9
30,000	0	300	1,440	1,440	-300	-6	-1.0
40,000	0	400	3,440	3,440	-400	-8	-1.0
50,000	0	500	6,616	6,406	-290	-6	-0.6
75,000	0	750	16,866	16,656	-540	-10	-0.9
100,000	0	1,000	27,116	26,906	-790	-15	-1.1
125,000	0	1,499	37,366	37,156	-1,289	-25	-1.5
150,000	0	1,999	47,616	47,406	-1,789	-34	-1.8

Variations can arise due to rounding

*Net income includes Child Benefit less deductions of tax, income levy, health levy and PRSI (where appropriate) and so may be higher than the gross income.

Example 6

Married couple, one income, no children

Taxed under Schedule D

Gross Income	Income Levy		Tax Liability		Total Change		Change as % of Net income
	Existing	Proposed	Existing	Proposed	Per year	Per week	
€	€	€	€	€	€	€	%
10,000	0	100	0	0	-100	-2	-1.0
15,000	0	150	0	0	-150	-3	-1.0
20,000	0	200	340	340	-200	-4	-1.0
30,000	0	300	2,340	2,340	-300	-6	-1.1
40,000	0	400	4,340	4,340	-400	-8	-1.2
50,000	0	500	7,516	7,306	-290	-6	-0.7
75,000	0	750	17,766	17,556	-540	-10	-1.0
100,000	0	1,000	28,016	27,806	-790	-15	-1.2
125,000	0	1,499	38,266	38,056	-1,289	-25	-1.6
150,000	0	1,999	48,516	48,306	-1,789	-34	-1.9

Variations can arise due to rounding

Example 7

Married couple, two incomes, two children
Taxed under Schedule D

Gross Income	Income Levy		Tax Liability		Total Change		Change as % of Net income *
	Existing	Proposed	Existing	Proposed	Per year	Per week	
€	€	€	€	€	€	€	%
10,000	0	100	0	0	-100	-2	-0.7
15,000	0	150	0	0	-150	-3	-0.8
20,000	0	200	340	340	-200	-4	-0.9
30,000	0	300	2,340	2,340	-300	-6	-1.0
40,000	0	400	4,340	4,340	-400	-8	-1.0
50,000	0	500	6,340	6,340	-500	-10	-1.1
75,000	0	750	12,254	12,044	-540	-10	-0.9
100,000	0	1,000	22,472	22,052	-580	-11	-0.8
125,000	0	1,250	32,722	32,302	-830	-16	-0.9
150,000	0	1,500	42,972	42,552	-1,080	-21	-1.0

Variations can arise due to rounding

*Net income includes Child Benefit less deductions of tax, income levy, health levy and PRSI (where appropriate) and so may be higher than the gross income.

Example 8

Single person taxed under Schedule D

Gross Income	Income Levy		Tax Liability		Total Change		Change as % of net income
	Existing	Proposed	Existing	Proposed	Per year	Per week	
€	€	€	€	€	€	€	%
10,000	0	100	170	170	-100	-2	-1.0
15,000	0	150	1,170	1,170	-150	-3	-1.1
20,000	0	200	2,170	2,170	-200	-4	-1.2
30,000	0	300	4,170	4,170	-300	-6	-1.2
40,000	0	400	7,136	6,926	-190	-4	-0.6
50,000	0	500	11,236	11,026	-290	-6	-0.8
75,000	0	750	21,486	21,276	-540	-10	-1.1
100,000	0	1,000	31,736	31,526	-790	-15	-1.2
125,000	0	1,499	41,986	41,776	-1,289	-25	-1.7
150,000	0	1,999	52,236	52,026	-1,789	-34	-2.0

Variations can arise due to rounding

(iii) AVERAGE TAX RATES ON ANNUAL EARNINGS IN % TERMS*

FULL RATE PRSI	SINGLE												
	€	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
15,000	23.0%	20.8%	18.0%	13.9%	9.5%	7.7%	6.8%	5.2%	3.2%	0.0%	0.0%	0.0%	1.0%
20,000	28.5%	25.8%	23.5%	19.1%	15.2%	13.8%	13.1%	11.9%	8.4%	7.1%	5.1%	4.4%	5.4%
25,000	33.7%	31.2%	29.3%	24.0%	17.3%	16.2%	15.7%	14.7%	13.5%	12.5%	10.9%	8.3%	9.3%
30,000	37.1%	34.8%	33.2%	28.4%	22.2%	19.3%	18.9%	18.1%	16.0%	14.7%	13.4%	12.9%	13.9%
40,000	40.6%	38.4%	37.3%	33.3%	28.3%	26.4%	26.1%	25.5%	24.0%	21.9%	19.7%	18.6%	19.1%
60,000	43.9%	41.8%	41.0%	37.7%	33.6%	32.4%	32.3%	32.0%	31.1%	29.8%	28.1%	27.5%	28.2%
100,000	46.5%	44.4%	43.9%	41.1%	37.9%	37.1%	37.0%	36.9%	36.3%	35.6%	34.2%	33.8%	34.6%
120,000	47.1%	45.1%	44.6%	41.9%	38.9%	38.3%	38.2%	38.1%	37.6%	37.0%	35.7%	35.4%	36.5%

FULL RATE PRSI	MARRIED ONE INCOME 2 CHILDREN												
	€	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
15,000	15.0%	14.0%	9.4%	2.5%	2.2%	2.2%	2.2%	2.2%	2.2%	0.0%	0.0%	0.0%	1.0%
20,000	20.7%	18.5%	14.7%	8.3%	4.7%	4.7%	4.7%	4.7%	2.7%	2.7%	2.7%	2.7%	3.7%
25,000	23.1%	20.9%	17.9%	12.3%	8.7%	7.1%	6.5%	5.5%	4.9%	4.9%	4.9%	2.9%	3.9%
30,000	24.6%	22.6%	20.0%	15.0%	11.6%	10.2%	9.8%	9.0%	7.8%	6.7%	5.1%	5.1%	6.1%
40,000	29.2%	26.8%	24.3%	20.2%	16.6%	15.7%	15.5%	14.9%	13.2%	11.5%	10.2%	9.4%	10.4%
60,000	36.3%	34.1%	32.3%	29.0%	25.9%	25.3%	25.1%	24.8%	23.9%	22.5%	20.8%	19.8%	20.5%
100,000	42.0%	39.8%	38.7%	35.9%	33.2%	32.8%	32.8%	32.6%	32.0%	31.2%	29.7%	29.2%	30.0%
120,000	43.3%	41.2%	40.2%	37.6%	35.0%	34.7%	34.6%	34.5%	34.0%	33.3%	32.0%	31.6%	32.6%

FULL RATE PRSI	MARRIED 2 INCOMES** 2 CHILDREN												
	€	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
15,000	11.1%	8.5%	3.4%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
20,000	15.9%	13.5%	9.7%	6.1%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
25,000	20.3%	18.0%	14.7%	11.0%	6.3%	4.1%	3.0%	1.5%	1.5%	1.5%	0.0%	0.0%	1.0%
30,000	22.2%	20.0%	17.3%	14.6%	10.3%	8.5%	7.6%	6.0%	2.7%	1.7%	1.7%	1.7%	2.7%
40,000	28.5%	25.8%	22.8%	17.5%	13.7%	12.3%	11.6%	10.4%	9.0%	7.6%	5.6%	3.6%	4.6%
60,000	36.6%	34.2%	32.8%	28.0%	22.0%	19.3%	18.9%	18.1%	16.0%	14.0%	12.7%	12.2%	13.2%
100,000	42.6%	40.4%	39.5%	35.9%	31.4%	29.9%	29.6%	29.2%	28.8%	26.5%	24.6%	23.8%	24.4%
120,000	43.9%	41.8%	41.0%	37.7%	33.6%	32.4%	32.2%	31.9%	31.0%	29.7%	27.9%	27.2%	27.9%

* Average Tax Rates: Total of Income Tax, Levies and PRSI as a proportion of gross income. This measure includes only the standard employee and personal income tax credits. It does not include the impact of any other allowances or reliefs.

** The Married two-incomes figures assume that the joint income is divided 65% and 35% between spouses.

MODIFIED RATE PRSI	SINGLE												
	€	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
15,000	20.9%	19.1%	16.3%	12.2%	8.1%	6.3%	5.4%	3.8%	1.8%	0.0%	0.0%	0.0%	1.0%
20,000	26.0%	23.6%	21.4%	16.9%	13.3%	11.9%	11.2%	10.0%	6.6%	5.2%	3.2%	2.5%	3.5%
25,000	31.0%	28.7%	26.9%	21.5%	15.2%	14.1%	13.6%	12.6%	11.5%	10.4%	8.8%	6.2%	7.2%
30,000	34.4%	32.1%	30.5%	25.7%	19.9%	17.1%	16.6%	15.8%	13.8%	12.5%	11.1%	10.7%	11.7%
40,000	38.3%	36.2%	35.0%	30.9%	26.1%	24.0%	23.7%	23.0%	21.6%	19.5%	17.2%	16.1%	16.6%
60,000	42.3%	40.2%	39.3%	35.9%	32.0%	30.7%	30.5%	30.1%	29.1%	27.8%	25.9%	25.3%	25.9%
100,000	45.5%	43.4%	42.8%	40.0%	36.8%	36.0%	35.9%	35.7%	35.1%	34.3%	32.8%	32.4%	33.2%
120,000	46.3%	44.2%	43.7%	41.0%	38.0%	37.3%	37.2%	37.0%	36.6%	35.9%	34.6%	34.2%	35.2%

MODIFIED RATE PRSI	MARRIED ONE INCOME 2 CHILDREN												
	€	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
15,000	12.9%	12.3%	7.7%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.0%	0.0%	0.0%	1.0%
20,000	18.2%	16.3%	12.5%	6.1%	2.8%	2.8%	2.8%	2.8%	0.8%	0.8%	0.8%	0.8%	1.8%
25,000	20.4%	18.5%	15.4%	9.9%	6.6%	5.0%	4.4%	3.5%	2.9%	2.9%	2.9%	0.9%	1.9%
30,000	21.8%	19.9%	17.3%	12.4%	9.3%	8.0%	7.5%	6.7%	5.5%	4.5%	2.9%	2.9%	3.9%
40,000	27.0%	24.6%	22.0%	17.8%	14.4%	13.3%	13.0%	12.4%	10.8%	9.1%	7.7%	6.9%	7.9%
60,000	34.8%	32.5%	30.7%	27.2%	24.3%	23.6%	23.3%	23.0%	21.9%	20.5%	18.6%	17.6%	18.2%
100,000	41.0%	38.8%	37.6%	34.7%	32.2%	31.8%	31.6%	31.4%	30.7%	29.9%	28.4%	27.7%	28.5%
120,000	42.5%	40.4%	39.3%	36.6%	34.1%	33.8%	33.7%	33.5%	32.9%	32.2%	30.9%	30.4%	31.4%

MODIFIED RATE PRSI	MARRIED 2 INCOMES** 2 CHILDREN												
	€	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
15,000	10.5%	8.7%	3.6%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
20,000	14.6%	12.7%	8.9%	6.1%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
25,000	18.5%	16.6%	13.4%	9.8%	5.3%	3.1%	2.0%	0.5%	0.5%	0.5%	0.0%	0.0%	1.0%
30,000	20.1%	18.3%	15.6%	13.2%	9.2%	7.3%	6.4%	4.8%	1.5%	0.5%	0.5%	0.5%	1.5%
40,000	26.0%	23.6%	20.7%	15.9%	12.3%	11.0%	10.3%	9.1%	7.6%	6.3%	4.3%	2.3%	3.3%
60,000	34.2%	32.0%	30.4%	25.6%	19.8%	17.1%	16.6%	15.8%	13.8%	11.8%	10.4%	10.0%	11.0%
100,000	40.7%	38.6%	37.6%	33.9%	29.6%	28.0%	27.7%	27.2%	26.1%	24.4%	22.4%	21.6%	22.2%
120,000	42.3%	40.2%	39.3%	36.0%	32.0%	30.7%	30.5%	30.1%	29.1%	27.7%	25.9%	25.2%	25.8%

* Average Tax Rates: Total of Income Tax, Levies and PRSI as a proportion of gross income. This measure includes only the standard employee and personal income tax credits. It does not include the impact of any other allowances or reliefs.

** The Married two-incomes figures assume that the joint income is divided 65% and 35% between spouses.

SELF-EMPLOYED	SINGLE												
	€	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
15,000	26.4%	24.4%	22.0%	17.8%	13.7%	12.9%	12.9%	12.9%	12.5%	12.1%	11.3%	10.8%	11.8%
20,000	32.3%	34.5%	26.7%	22.1%	18.0%	17.4%	17.4%	17.4%	15.1%	14.9%	14.2%	13.9%	14.9%
25,000	36.9%	34.5%	32.0%	26.5%	19.4%	18.9%	18.9%	18.9%	18.7%	18.5%	18.0%	15.7%	16.7%
30,000	39.8%	37.6%	35.5%	30.6%	23.7%	21.4%	21.4%	21.4%	20.2%	19.6%	19.1%	18.9%	19.9%
40,000	42.4%	40.3%	38.9%	34.9%	29.5%	27.8%	27.8%	27.8%	26.9%	25.3%	23.8%	22.8%	23.3%
60,000	45.0%	43.0%	41.9%	38.6%	35.4%	34.2%	34.2%	34.2%	33.6%	32.6%	31.2%	30.6%	31.2%
100,000	47.1%	45.1%	44.4%	41.6%	40.0%	39.3%	39.3%	39.3%	39.0%	38.3%	37.1%	36.7%	37.5%
120,000	47.7%	45.6%	45.0%	42.3%	41.2%	40.6%	40.6%	40.6%	40.3%	39.8%	38.7%	38.4%	39.4%

SELF-EMPLOYED	MARRIED ONE INCOME 2 CHILDREN												
	€	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
15,000	16.7%	16.0%	13.5%	4.6%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	4.0%
20,000	23.4%	21.3%	17.9%	11.4%	7.2%	6.0%	6.0%	6.0%	3.4%	3.0%	3.0%	3.0%	4.0%
25,000	25.3%	23.3%	20.5%	14.9%	10.8%	9.8%	9.8%	9.8%	9.3%	8.9%	7.8%	4.8%	5.8%
30,000	26.6%	24.6%	22.3%	17.2%	13.2%	12.3%	12.3%	12.3%	11.9%	11.6%	10.7%	9.8%	10.8%
40,000	31.1%	28.8%	25.9%	21.8%	17.9%	17.1%	17.1%	17.1%	16.1%	14.9%	14.3%	13.6%	14.6%
60,000	37.5%	35.3%	33.3%	29.9%	27.6%	27.1%	27.1%	27.1%	26.4%	25.3%	23.8%	22.9%	23.5%
100,000	42.6%	40.5%	39.2%	36.3%	35.3%	35.1%	35.1%	35.1%	34.6%	34.0%	32.7%	32.1%	32.9%
120,000	43.9%	41.8%	40.1%	37.9%	37.3%	37.0%	37.0%	37.0%	36.7%	36.1%	35.0%	34.5%	35.5%

SELF-EMPLOYED	MARRIED 2 INCOMES** 2 CHILDREN												
	€	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
15,000	14.0%	13.3%	11.1%	8.6%	5.0%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	4.6%
20,000	20.8%	18.7%	15.5%	13.2%	9.3%	8.0%	8.0%	8.0%	7.4%	6.9%	5.6%	4.9%	5.9%
25,000	24.3%	22.3%	19.5%	16.0%	11.8%	10.8%	10.8%	10.8%	10.4%	10.0%	8.9%	8.4%	9.4%
30,000	25.6%	23.6%	21.3%	19.1%	15.0%	14.2%	14.2%	14.2%	12.5%	12.1%	11.3%	10.8%	11.8%
40,000	32.3%	29.8%	26.0%	21.4%	17.3%	16.7%	16.7%	16.7%	16.4%	16.2%	15.5%	13.9%	14.9%
60,000	39.1%	36.9%	34.9%	30.1%	23.7%	21.4%	21.4%	21.4%	20.2%	18.9%	18.4%	18.2%	19.2%
100,000	44.0%	41.9%	40.7%	37.1%	33.0%	31.6%	31.6%	31.6%	30.9%	29.7%	28.2%	27.5%	28.1%
120,000	45.0%	43.0%	41.9%	38.6%	35.4%	34.2%	34.2%	34.2%	33.6%	32.5%	31.2%	30.6%	31.2%

* Average Tax Rates: Total of Income Tax, Levies and PRSI as a proportion of gross income. This measure includes only the standard employee and personal income tax credits. It does not include the impact of any other allowances or reliefs.

** The Married two-incomes figures assume that the joint income is divided 65% and 35% between spouses.

(iv) DISTRIBUTION OF INCOME EARNERS ON THE INCOME TAX FILE FOR 2009

	Exempt (Standard rate liability fully covered by credits or Age Exemption Limits)	Paying tax at the standard rate* (including those whose liability at the higher rate is fully offset by credits)	Higher rate liability NOT fully offset by credits	Total
On a Pre-Budget Basis	851,240 36.04%	997,640 42.23%	513,320 21.73%	2,362,200
On a Post-Budget Basis	851,475 36.05%	1,020,900 43.22%	489,825 20.73%	2,362,200

Notes:

The pre-Budget distribution forecasts the numbers of income earners (assuming income growth for 2009) which would be in each category in 2009 if no Budget changes were introduced.

A jointly assessed married couple is treated as one income earner.

* Includes those benefiting from the system of marginal relief taxation.

(V) ILLUSTRATIVE CASES

These cases deal with income tax, PRSI, the health levy and the new income levy. Mortgage interest relief, social welfare payments and family income supplement are also included. *Additional discretionary tax reliefs such as relief on rent paid or charges such as benefits in kind are not taken into account.* Some of the figures in the following examples are rounded to the nearest euro.

Gary

Gary is single and has a daughter, Gabby, who is 4 years old. Gary works in a factory and earns €27,000. He will remain outside the income tax net in 2009. He will pay €270 income levy but will gain €1,040 family income supplement.

	2008	2009
	€	€
Gross Income	27,000	27,000
Income Tax	0	0
PRSI	816	816
Health levy	540	540
Income Levy	0	270
Total Liability	1,356	1,626
Net Cash Income	25,644	25,374
 Deductions as a % of Gross Income	 5.0	 6.0
 Gain from Family Income Supplement		 1,040
 Total Gain		 770
 Gain as a % of Gross income		 2.9%

Denise

Denise is single, employed as a waitress, and is earning the minimum wage of €17,542 per annum. She will remain outside the income tax net in 2009. She will pay €175 income levy in 2009.

	2008	2009
	€	€
Gross Income	17,542	17,542
Income Tax	0	0
PRSI	0	0
Health levy	0	0
Income levy	0	175
Total Liability	0	175
Net Cash Income	17,542	17,367
Deductions as a % of Gross Income	0%	1%
 Total Loss		 175
 Loss as a % of Gross Income		 1%

Lorna & Paul

Lorna and Paul are married with two children. Kate is 4 years old and Michael is six months. Lorna works in the home and Paul is employed in a call centre earning €25,000. They will remain outside the income tax net in 2009. They will pay €250 income levy but will gain an additional €728 in family income supplement.

	2008	2009
	€	€
Gross Income	25,000	25,000
Income Tax	0	0
PRSI	736	736
Health Levy	0	0
Income Levy	0	250
Total Liability	736	986
Net Cash Income	24,264	24,014
Deductions as % of Gross income	2.9%	3.9%
Family Income Supplement	3,276	4,004
Total Gain		478
Gain as a % of Gross income		1.9%

Fiona & Alan

Fiona & Alan are married with two children. Siobhan is 3 years old and Garrett is 2 years old. Alan works in the home and Fiona is a Sales Manager earning €60,000 per annum. They are a non-first-time buyer couple and currently receive €1,200 per year in mortgage interest relief. However, they will see their income tax liability reduced by €10 as a result of the increase in their standard rate band. They will see a reduction of €300 in their annual mortgage interest relief in 2009 as a result of the change in the rate of mortgage interest relief for non-first-time buyers. They will pay €600 income levy.

	2008	2009
	€	€
Gross Income	60,000	60,000
Standard Rate Band	44,400	45,400
Income Tax	8,886	8,676
PRSI	1,804	1,848
Levies	1,200	1,200
Income Levy	0	600
Total Liability	11,890	12,324
Net Cash Income	48,110	47,676
Deductions as a % of Gross Income	19.8%	20.5%
Mortgage Interest Relief	€1,200	€900
Total Loss		€734
Loss as a % of Gross Income		1.2%

Lorraine & Colm

Lorraine and Colm are a retired couple. Lorraine is aged 66 and Colm is aged 69. Colm has a contributory pension and an occupational pension of €16,000. They will gain €92 as a result of the increase in Colm's contributory pension in Budget 2009, which will bring it to €22,703. As income in the form of social welfare payments are excluded from the income levy, Colm will only have to pay the income levy on his occupational pension. After the Budget they will remain outside the income tax net. They will pay €160 income levy.

	2008	2009
	€	€
Gross Income	38,012	38,703
Income tax*	0	0
Health levy	760	774
Income levy	0	160
Total Liability	760	934
Net Cash Income	37,252	37,769
Deductions as a % of Gross income	2%	2.4%
Total Gain		517
Gain as a % of Gross Income		1.3%

*Married age exemption limit of €40,000 in 2008 & 2009 applies.

Katie & Oliver

Katie and Oliver are a married couple. Oliver works in a bank earning €40,000 and Katie is a civil servant earning €36,000. They purchased their first home in 2008 and will receive €3,306 in mortgage interest relief in 2008. They will see their income tax liability reduced by €420 as a result of the increase in the standard rate band. They will pay €760 income levy. However, they will see a reduction of €779 in their annual mortgage repayment in 2009 as a result of the increase in the rate of mortgage interest relief.

	2008	2009
	€	€
Gross Income	76,000	76,000
Standard Rate Band	70,800*	72,800**
Income Tax	8,972	8,552
PRSI	2,512	2,512
Health Levy	1,520	1,520
Income Levy	0	760
Total Liability	13,004	13,344
Net Cash Income	62,996	62,656
Deductions as a % of Gross Income	17.1%	17.6%
Mortgage Interest Relief***	3,306	4,085
Total Gain		439
Gain as a % of Gross Income		0.6%

* With maximum transferability between spouses of €44,400 in 2008.

** With maximum transferability between spouses of €45,400 in 2009.

*** Based on a mortgage of €304,000 taken out in January 2008 over 33 years at a fixed rate of 5.5% for 2 years.

Marie

Marie is a widow aged 69, in receipt of a widow's contributory pension of €1,612 which will increase to €1,976 in the Budget. She will gain €364 as a result of social welfare changes announced in the Budget. She will not be liable to the income levy.

	2008	2009
	€	€
Gross Income	11,612	11,976
Income Tax	0	0
PRSI	0	0
Health levy	0	0
Income levy	0	0
Total Liability	0	0
Net Cash Income	11,612	11,976
Total Gain		364
Gain as % of Gross Income		3.0%

Daniel

Daniel is single and self employed, earning €120,000 per annum. He is a non-first-time buyer and currently receives €600 per year in mortgage interest relief. He will gain €210 in income tax. He will pay €1,399 income levy in 2009. In addition, Daniel will see a reduction of €150 per year in his mortgage interest relief.

	2008	2009
	€	€
Gross Income	120,000	120,000
Standard Rate Band	35,400	36,400
Income Tax	39,936	39,726
PRSI	3,600	3,600
Levies	2,500	2,500
Income Levy	0	1,399
Total Liability	46,036	47,225
Net Cash Income	73,964	72,775
Deductions as a % of Gross Income	38.4%	39.4%
Mortgage Interest Relief	€600	€450
Total Loss		1,339
Loss as a % of Gross Income		1.1%