Annexes to the Summary

of 2011

Budget Measures

Annexes to the Summary of 2011 Budget Measures

Contents

ANNEX A

Details of Tax Changes in Budget 2011 and the Effects On Different Categories of Income Earners

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(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 12 show the impact on various categories of income earners of the Income Tax and PRSI liabilities under the existing and proposed structure and the effect of the new Universal Social Charge which replaces the Income and Health Levies. They take account of the abolition of the PRSI ceiling, where relevant. The examples also demonstrate the effect of the abolition of employee PRSI relief on pension contributions and the Pension Related Deduction, where relevant. Family Income Supplement payments are also included in the calculations where relevant. The examples are based on specimen incomes with the basic tax credits including the home carer tax credit, where relevant. The examples do not take account of additional tax reliefs such as Mortgage Interest Relief. Variations can arise due to rounding.

(iii) **Average Tax Rates**

Tables showing average tax rates for the years 1997 to 2011 for various household types are included.

(iv) **Distribution of Income Earners**

A table showing the distribution of income earners for 2010 and for 2011 on a pre-Budget and a post-Budget basis.

(v) **Illustrative Cases**

A number of illustrative cases to show the impact of the Income Tax changes, PRSI changes, the abolition of the Income and Health levies and the introduction of the Universal Social Charge in the Budget on a number of different household types. The cases also show the effects of the abolition of employee PRSI relief on pension contributions, where relevant.

(i) DETAILS OF MAIN INCOME TAX CHANGES
(Including PRSI changes and Universal Social Charge)

Tax Credits	Existing €	Proposed €	Decrease €
Personal Credit - Single Persons	1,830	1,650	-180
Personal Credit - Married Persons	3,660	3,300	-360
Employee Credit	1,830	1,650	-180
Additional One-Parent Family Credit	1,830	1,650	-180
Home Carer credit	900	810	-90
Widowed person bereaved in year of assessment	3,660	3,300	-360

Standard Rate Tax Bands*	Existing €	Proposed €	Decrease €
Single/Widowed Persons	36,400	32,800	-3,600
Married Couples One Income	45,400	41,800	-3,600
Married Couples Two Incomes	72,800	65,600	-7,200
One Parent/Widowed Parent	40,400	36,800	-3,600

*The tax band of €65,600 available to married couples with two incomes in 2011 is transferable between spouses up to a maximum of €41,800.

Exemption Limits	Existing €	Proposed €	Decrease €
65 years and over			
Single	20,000	18,000	-2,000
Married	40,000	36,000	-4,000

Other credits	Existing €	Proposed €	Decrease €
Incapacitated child tax credit	3,660	3,300	-360
Dependent relative tax credit	80	70	-10
Blind persons tax credit:			
Single	1,830	1,650	-180
Married (both blind)	3,660	3,300	-360
Additional credit for certain widowed persons	600	540	-60
Widowed parent tax credit:			
Year 1	4,000	3,600	-400
Year 2	3,500	3,150	-350
Year 3	3,000	2,700	-300
Year 4	2,500	2,250	-250
Year 5	2,000	1,800	-200
Age Credit:			
Single	325	245	-80
Married	650	490	-160

Universal Social Charge (USC)**	Existing €	Proposed €	Decrease €
Total income below €4,004 per annum	n/a	0%	n/a
Income up to €10,036 per annum	n/a	2%	n/a
Income between €10,037 and €16,016 per annum	n/a	4%	n/a
Income over €16,016 per annum	n/a	7%	n/a

* *The USC replaces the Income Levy and the Health Contribution which are abolished with effect from 1 January 2011

PRSI	Existing €	Proposed €	Difference €
Abolition of PRSI Ceiling with effect from 1 January 2011	75,036	n/a	n/a
Class S PRSI rate increased from 3% to 4%	3%	4%	+1% point
Modified PRSI rate (certain public servants) increased on incomes in excess of €75,036	0%	4%	+4% points
Office holders: Introduction of a 4% rate for persons who hold certain offices of State	n/a	4%	+4% points

(ii) Examples showing the effects of the Budget changes on different categories of single and married income earners

EXAMPLE 1

Single person, no children, private sector employee taxed under PAYE

Full rate PRSI contributor

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges			Total Change		Change as % of Net Income
						Health Levy	Income Levy	Universal Social Charge			
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	
10,000	600	0	0	0	0	0	0	200	-200	-4	-2.1%
15,000	900	0	0	0	0	0	0	399	-399	-8	-2.8%
25,000	1,500	1,040	1,400	676	736	0	500	1,069	-989	-19	-4.6%
35,000	2,100	2,920	3,301	1,052	1,136	1,316	700	1,769	-218	-4	-0.8%
45,000	2,700	6,039	7,155	1,428	1,536	1,692	900	2,469	-1,101	-21	-3.4%
55,000	3,300	9,893	11,009	1,804	1,936	2,068	1,100	3,169	-1,249	-24	-3.4%
75,000	4,500	17,601	18,717	2,556	2,736	2,820	1,500	4,569	-1,545	-30	-3.4%
100,000	6,000	27,236	28,352	2,788	3,736	3,950	2,499	6,319	-1,934	-37	-3.4%
125,000	7,500	36,871	37,987	2,834	4,736	5,125	3,499	8,069	-2,463	-47	-3.6%
150,000	9,000	46,506	47,622	2,859	5,736	6,300	4,499	9,819	-3,013	-58	-3.7%
175,000	10,500	56,141	57,257	2,880	6,736	7,475	5,500	11,569	-3,567	-69	-3.9%

(a) Variations can arise due to rounding

(b) *Assumes a pension contribution of 6% of gross income

(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011

(d) Includes the impact of the abolition of the PRSI ceiling where relevant

(e) Includes the impact of the abolition of employee PRSI relief on pension contributions where relevant.

EXAMPLE 2

Married couple, one income, no children, private sector employee taxed under PAYE

Full rate PRSI contributor

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges			Total Change		Change as % of Net Income
						Health Levy	Income Levy	Universal Social Charge			
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	
10,000	600	0	0	0	0	0	0	200	-200	-4	-2.1%
15,000	900	0	0	0	0	0	0	399	-399	-8	-2.8%
25,000	1,500	0	0	676	736	0	500	1,069	-629	-12	-2.8%
35,000	2,100	1,090	1,630	1,052	1,136	1,316	700	1,769	-377	-7	-1.3%
45,000	2,700	2,970	3,615	1,428	1,536	1,692	900	2,469	-630	-12	-1.8%
55,000	3,300	6,173	7,469	1,804	1,936	2,068	1,100	3,169	-1,429	-27	-3.5%
75,000	4,500	13,881	15,177	2,556	2,736	2,820	1,500	4,569	-1,725	-33	-3.5%
100,000	6,000	23,516	24,812	2,788	3,736	3,950	2,499	6,319	-2,114	-41	-3.5%
125,000	7,500	33,151	34,447	2,834	4,736	5,125	3,499	8,069	-2,643	-51	-3.6%
150,000	9,000	42,786	44,082	2,859	5,736	6,300	4,499	9,819	-3,193	-61	-3.8%
175,000	10,500	52,421	53,717	2,880	6,736	7,475	5,500	11,569	-3,747	-72	-3.9%

(a) Variations can arise due to rounding

(b) *Assumes a pension contribution of 6% of gross income

(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011

(d) Includes the impact of the abolition of the PRSI ceiling where relevant

(e) Includes the impact of the abolition of employee PRSI relief on pension contributions where relevant.

EXAMPLE 3

Married couple, one income, two children, private sector employee taxed under PAYE

Full rate PRSI contributor

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges: Health Levy	Other Charges: Income Levy	Other Charges: Universal Social Charge	Family Income Supplement		Total Change		Change as % of Net Income
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	€	€	
10,000	600	0	0	0	0	0	0	200	13,156	13,312	-44	-1	-0.2%
15,000	900	0	0	0	0	0	0	399	10,348	10,608	-139	-3	-0.6%
25,000	1,500	0	0	676	736	0	500	1,069	5,408	5,772	-265	-5	-1.0%
35,000	2,100	190	820	1,052	1,136	1,316	700	1,769	1,040	1,300	-207	-4	-0.7%
45,000	2,700	2,070	2,805	1,428	1,536	1,692	900	2,469	0	0	-720	-14	-2.0%
55,000	3,300	5,273	6,659	1,804	1,936	2,068	1,100	3,169	0	0	-1,519	-29	-3.7%
75,000	4,500	12,981	14,367	2,556	2,736	2,820	1,500	4,569	0	0	-1,815	-35	-3.6%
100,000	6,000	22,616	24,002	2,788	3,736	3,950	2,499	6,319	0	0	-2,204	-42	-3.5%
125,000	7,500	32,251	33,637	2,834	4,736	5,125	3,499	8,069	0	0	-2,733	-53	-3.7%
150,000	9,000	41,886	43,272	2,859	5,736	6,300	4,499	9,819	0	0	-3,283	-63	-3.8%
175,000	10,500	51,521	52,907	2,880	6,736	7,475	5,500	11,569	0	0	-3,837	-74	-4.0%

(a) Variations can arise due to rounding

(b) *Assumes a pension contribution of 6% of gross income

(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011

(d) Includes the impact of the abolition of the PRSI ceiling where relevant

(e) Includes the impact of the abolition of employee PRSI relief on pension contributions where relevant.

(f) Includes the impact of Family Income Supplement where relevant

EXAMPLE 4

Single person, no children, public sector employee taxed under PAYE

Modified rate PRSI contributor

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges			Total Change		Change as % of Net Income
						Health Levy	Income Levy	Universal Social Charge			
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	
10,000	150	0	0	0	0	0	0	200	-200	-4	-2.0%
15,000	225	0	0	0	0	0	0	399	-399	-8	-2.7%
25,000	1,125	1,115	1,475	203	213	0	500	1,069	-939	-18	-4.3%
35,000	2,275	2,885	3,245	282	303	1,309	700	1,769	-140	-3	-0.5%
45,000	3,425	5,742	6,858	362	393	1,663	900	2,469	-1,053	-20	-3.2%
55,000	4,575	9,370	10,486	442	483	2,017	1,100	3,169	-1,209	-23	-3.2%
75,000	6,950	16,597	17,713	600	663	2,722	1,500	4,569	-1,525	-29	-3.3%
100,000	9,950	25,617	26,733	665	1,620	3,752	2,499	6,319	-2,138	-41	-3.7%
125,000	12,950	34,637	35,753	667	2,620	4,852	3,499	8,069	-2,786	-54	-4.1%
150,000	15,950	43,657	44,773	669	3,620	5,952	4,499	9,819	-3,435	-66	-4.3%
175,000	18,950	52,677	53,793	669	4,620	7,052	5,500	11,569	-4,083	-79	-4.5%

(a) Variations can arise due to rounding

(b) *Pension contributions are based on civil service rates and includes the relevant pension related deduction

(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011

(d) Includes the impact of the abolition of the PRSI ceiling where relevant

(e) Includes the impact of the abolition of employee PRSI relief on pension contributions where relevant.

EXAMPLE 5

Married couple, one income earner, no children, public sector employee taxed under PAYE

Modified rate PRSI contributor

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges			Total Change		Change as % of Net Income
						Health Levy	Income Levy	Universal Social Charge			
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	
10,000	150	0	0	0	0	0	0	200	-200	-4	-2.0%
15,000	225	0	0	0	0	0	0	399	-399	-8	-2.7%
25,000	1,125	0	0	203	213	0	500	1,069	-579	-11	-2.5%
35,000	2,275	1,055	1,595	282	303	1,309	700	1,769	-320	-6	-1.1%
45,000	3,425	2,825	3,365	362	393	1,663	900	2,469	-477	-9	-1.3%
55,000	4,575	5,650	6,946	442	483	2,017	1,100	3,169	-1,389	-27	-3.4%
75,000	6,950	12,877	14,173	600	663	2,722	1,500	4,569	-1,705	-33	-3.4%
100,000	9,950	21,897	23,193	665	1,620	3,752	2,499	6,319	-2,318	-45	-3.8%
125,000	12,950	30,917	32,213	667	2,620	4,852	3,499	8,069	-2,966	-57	-4.1%
150,000	15,950	39,937	41,233	669	3,620	5,952	4,499	9,819	-3,615	-70	-4.4%
175,000	18,950	48,957	50,253	669	4,620	7,052	5,500	11,569	-4,263	-82	-4.5%

(a) Variations can arise due to rounding

(b) *Pension contributions are based on civil service rates and includes the relevant pension related deduction

(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011

(d) Includes the impact of the abolition of the PRSI ceiling where relevant

(e) Includes the impact of the abolition of employee PRSI relief on pension contributions where relevant.

EXAMPLE 6

Married couple, one income, two children, public sector employee taxed under PAYE

Modified rate PRSI contributor

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges: Health Levy	Other Charges: Income Levy	Other Charges: Universal Social Charge	Family Income Supplement		Total Change		Change as % of Net Income
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	€	€	
10,000	150	0	0	0	0	0	0	200	12,896	13,000	-96	-2	-0.4%
15,000	225	0	0	0	0	0	0	399	9,932	10,192	-139	-3	-0.6%
25,000	1,125	0	0	203	213	0	500	1,069	4,888	5,252	-215	-4	-0.8%
35,000	2,275	155	785	282	303	1,309	700	1,769	1,040	1,040	-410	-8	-1.3%
45,000	3,425	1,925	2,555	362	393	1,663	900	2,469	0	0	-567	-11	-1.5%
55,000	4,575	4,750	6,136	442	483	2,017	1,100	3,169	0	0	-1479	-28	-3.5%
75,000	6,950	11,977	13,363	600	663	2,722	1,500	4,569	0	0	-1795	-35	-3.5%
100,000	9,950	20,997	22,383	665	1,620	3,752	2,499	6,319	0	0	-2408	-46	-3.9%
125,000	12,950	30,017	31,403	667	2,620	4,852	3,499	8,069	0	0	-3056	-59	-4.2%
150,000	15,950	39,037	40,423	669	3,620	5,952	4,499	9,819	0	0	-3705	-71	-4.4%
175,000	18,950	48,057	49,443	669	4,620	7,052	5,500	11,569	0	0	-4353	-84	-4.6%

(a) Variations can arise due to rounding

(b) *Pension contributions are based on civil service rates and includes the relevant pension related deduction

(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011

(d) Includes the impact of the abolition of the PRSI ceiling where relevant

(e) Includes the impact of the abolition of employee PRSI relief on pension contributions where relevant.

(f) Includes the impact of Family Income Supplement where relevant

EXAMPLE 7

Single person, no children, public sector employee taxed under PAYE
Full rate PRSI contributor

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges			Total Change		Change as % of Net Income
						Health Levy	Income Levy	Universal Social Charge			
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	
10,000	300	0	0	0	0	0	0	200	-200	-4	-2.1%
15,000	450	0	0	0	0	0	0	399	-399	-8	-2.7%
25,000	1,537	1,033	1,393	674	736	0	500	1,069	-990	-19	-4.7%
35,000	3,187	2,703	3,063	1,008	1,136	1,273	700	1,769	-284	-5	-1.1%
45,000	4,837	5,163	6,279	1,342	1,536	1,607	900	2,469	-1,272	-24	-4.1%
55,000	6,487	8,586	9,702	1,676	1,936	1,941	1,100	3,169	-1,504	-29	-4.3%
75,000	9,862	15,403	16,519	2,341	2,736	2,606	1,500	4,569	-1,974	-38	-4.6%
100,000	14,112	23,910	25,026	2,773	3,736	3,544	2,499	6,319	-2,354	-45	-4.4%
125,000	18,362	32,418	33,534	2,813	4,736	4,582	3,499	8,069	-3,026	-58	-4.8%
150,000	22,612	40,925	42,041	2,844	5,736	5,619	4,499	9,819	-3,708	-71	-5.0%
175,000	26,862	49,433	50,549	2,869	6,736	6,657	5,500	11,569	-4,395	-85	-5.3%

(a) Variations can arise due to rounding
(b) *Pension contributions are based on civil service rates and includes the relevant pension related deduction
(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011
(d) Includes the impact of the abolition of the PRSI ceiling where relevant
(e) Includes the impact of the abolition of employee PRSI relief on pension contributions where relevant.

EXAMPLE 8

Married couple, one income earner, no children, public sector employee taxed under PAYE

Full rate PRSI contributor

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges			Total Change		Change as % of Net Income
						Health Levy	Income Levy	Universal Social Charge			
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	
10,000	300	0	0	0	0	0	0	200	-200	-4	-2.1%
15,000	450	0	0	0	0	0	0	399	-399	-8	-2.7%
25,000	1,537	0	0	674	736	0	500	1,069	-630	-12	-2.8%
35,000	3,187	873	1,413	1,008	1,136	1,273	700	1,769	-464	-9	-1.7%
45,000	4,837	2,543	3,083	1,342	1,536	1,607	900	2,469	-696	-13	-2.1%
55,000	6,487	4,866	6,162	1,676	1,936	1,941	1,100	3,169	-1,684	-32	-4.3%
75,000	9,862	11,683	12,979	2,341	2,736	2,606	1,500	4,569	-2,154	-41	-4.6%
100,000	14,112	20,190	21,486	2,773	3,736	3,544	2,499	6,319	-2,534	-49	-4.5%
125,000	18,362	28,698	29,994	2,813	4,736	4,582	3,499	8,069	-3,206	-62	-4.8%
150,000	22,612	37,205	38,501	2,844	5,736	5,619	4,499	9,819	-3,888	-75	-5.0%
175,000	26,862	45,713	47,009	2,869	6,736	6,657	5,500	11,569	-4,575	-88	-5.2%

(a) Variations can arise due to rounding

(b) *Pension contributions are based on civil service rates and includes the relevant pension related deduction

(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011

(d) Includes the impact of the abolition of the PRSI ceiling where relevant

(e) Includes the impact of the abolition of employee PRSI relief on pension contributions where relevant.

EXAMPLE 9

Married couple, one income, two children, public sector employee taxed under PAYE

Full rate PRSI contributor

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges: Health Levy	Other Charges: Income Levy	Other Charges: Universal Social Charge	Family Income Supplement		Total Change		Change as % of Net Income
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	€	€	
10,000	300	0	0	0	0	0	0	200	13,000	13,104	-96	-2	-0.4%
15,000	450	0	0	0	0	0	0	399	10,088	10,296	-191	-4	-0.8%
25,000	1,537	0	0	674	736	0	500	1,069	5,460	5,824	-266	-5	-1.0%
35,000	3,187	0	603	1,008	1,136	1,273	700	1,769	1,508	1,820	-214	-4	-0.7%
45,000	4,837	1,643	2,273	1,342	1,536	1,607	900	2,469	0	0	-786	-15	-2.3%
55,000	6,487	3,966	5,352	1,676	1,936	1,941	1,100	3,169	0	0	-1774	-34	-4.5%
75,000	9,862	10,783	12,169	2,341	2,736	2,606	1,500	4,569	0	0	-2244	-43	-4.7%
100,000	14,112	19,290	20,676	2,773	3,736	3,544	2,499	6,319	0	0	-2624	-50	-4.5%
125,000	18,362	27,798	29,184	2,813	4,736	4,582	3,499	8,069	0	0	-3296	-63	-4.9%
150,000	22,612	36,305	37,691	2,844	5,736	5,619	4,499	9,819	0	0	-3978	-77	-5.1%
175,000	26,862	44,813	46,199	2,869	6,736	6,657	5,500	11,569	0	0	-4665	-90	-5.3%

(a) Variations can arise due to rounding

(b) *Pension contributions are based on civil service rates and includes the relevant pension related deduction

(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011

(d) Includes the impact of the abolition of the PRSI ceiling where relevant

(e) Includes the impact of the abolition of employee PRSI relief on pension contributions where relevant.

(f) Includes the impact of Family Income Supplement where relevant

EXAMPLE 10

Single person, no children, taxed under Schedule D

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges			Total Change		Change as % of Net Income
						Health Levy	Income Levy	Universal Social Charge			
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	
10,000	600	50	230	300	400	0	0	200	-480	-9	-5.3%
15,000	900	990	1,170	450	600	0	0	399	-729	-14	-5.8%
25,000	1,500	2,870	3,050	750	1,000	0	500	1,069	-999	-19	-5.2%
35,000	2,100	4,750	4,951	1,050	1,400	1,400	700	1,769	-220	-4	-0.9%
45,000	2,700	7,869	8,805	1,350	1,800	1,800	900	2,469	-1,155	-22	-3.8%
55,000	3,300	11,723	12,659	1,650	2,200	2,200	1,100	3,169	-1,355	-26	-3.9%
75,000	4,500	19,431	20,367	2,250	3,000	3,000	1,500	4,569	-1,755	-34	-4.0%
100,000	6,000	29,066	30,002	3,000	4,000	4,250	2,499	6,319	-1,506	-29	-2.7%
125,000	7,500	38,701	39,637	3,750	5,000	5,500	3,499	8,069	-1,256	-24	-1.9%
150,000	9,000	48,336	49,272	4,500	6,000	6,750	4,499	9,819	-1,006	-19	-1.3%
175,000	10,500	57,971	58,907	5,250	7,000	8,000	5,500	11,569	-755	-15	-0.9%

(a) Variations can arise due to rounding

(b) *Assumes a pension contribution of 6% of gross income

(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011

EXAMPLE 11

Married couple, one income, no children, taxed under Schedule D

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges			Total Change		Change as % of Net Income
						Health Levy	Income Levy	Universal Social Charge			
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	
10,000	600	0	0	300	400	0	0	200	-300	-6	-3.3%
15,000	900	0	0	450	600	0	0	399	-549	-11	-4.0%
25,000	1,500	1,040	1,400	750	1,000	0	500	1,069	-1,179	-23	-5.6%
35,000	2,100	2,920	3,280	1,050	1,400	1,400	700	1,769	-379	-7	-1.4%
45,000	2,700	4,800	5,265	1,350	1,800	1,800	900	2,469	-684	-13	-2.0%
55,000	3,300	8,003	9,119	1,650	2,200	2,200	1,100	3,169	-1,535	-30	-4.0%
75,000	4,500	15,711	16,827	2,250	3,000	3,000	1,500	4,569	-1,935	-37	-4.0%
100,000	6,000	25,346	26,462	3,000	4,000	4,250	2,499	6,319	-1,686	-32	-2.9%
125,000	7,500	34,981	36,097	3,750	5,000	5,500	3,499	8,069	-1,436	-28	-2.1%
150,000	9,000	44,616	45,732	4,500	6,000	6,750	4,499	9,819	-1,186	-23	-1.5%
175,000	10,500	54,251	55,367	5,250	7,000	8,000	5,500	11,569	-935	-18	-1.0%

(a) Variations can arise due to rounding

(b) *Assumes a pension contribution of 6% of gross income

(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011

EXAMPLE 12

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

Gross Income	Pension Contribution*	Income Tax		PRSI		Other Charges			Total Change		Change as % of Net Income
						Health Levy	Income Levy	Universal Social Charge			
		Existing	Proposed	Existing	Proposed	Existing	Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	
10,000	600	0	0	300	400	0	0	200	-300	-6	-3.3%
15,000	900	0	0	450	600	0	0	399	-549	-11	-4.0%
25,000	1,500	140	590	750	1,000	0	500	1,069	-1,269	-24	-5.7%
35,000	2,100	2,020	2,470	1,050	1,400	1,400	700	1,769	-469	-9	-1.7%
45,000	2,700	3,900	4,455	1,350	1,800	1,800	900	2,469	-774	-15	-2.3%
55,000	3,300	7,103	8,309	1,650	2,200	2,200	1,100	3,169	-1,625	-31	-4.1%
75,000	4,500	14,811	16,017	2,250	3,000	3,000	1,500	4,569	-2,025	-39	-4.1%
100,000	6,000	24,446	25,652	3,000	4,000	4,250	2,499	6,319	-1,776	-34	-3.0%
125,000	7,500	34,081	35,287	3,750	5,000	5,500	3,499	8,069	-1,526	-29	-2.2%
150,000	9,000	43,716	44,922	4,500	6,000	6,750	4,499	9,819	-1,276	-25	-1.6%
175,000	10,500	53,351	54,557	5,250	7,000	8,000	5,500	11,569	-1,025	-20	-1.1%

(a) Variations can arise due to rounding

(b) *Assumes a pension contribution of 6% of gross income

(c) Includes the impact of the abolition of the Income and Health Levies and the introduction of the Universal Social Charge from 2011

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

FULL RATE PRSI

FULL RATE PRSI	SINGLE														
Gross Income €	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2009 (s)/2010**	**2011**
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%	0.0%	0.0%	2.7%
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%	6.4%	9.8%
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%	10.3%	14.0%
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%	16.9%	16.8%
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%	22.1%	24.2%
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%	31.7%	33.4%
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%	39.2%	40.9%
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%	41.1%	42.7%

FULL RATE PRSI	MARRIED ONE INCOME 2 CHILDREN														
Gross Income €	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2009 (s)/2010**	**2011**
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%	0.0%	0.0%	2.7%
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%	4.7%	6.3%
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%	4.9%	7.2%
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%	9.1%	8.6%
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%	13.4%	14.2%
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%	24.0%	26.2%
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%	34.6%	36.5%
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%	37.2%	39.1%

FULL RATE PRSI	MARRIED 2 INCOMES** 2 CHILDREN														
Gross Income €	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2009 (s)/2010**	**2011**
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%	0.0%	0.0%	2.0%
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%	0.0%	0.0%	2.3%
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%	0.0%	1.3%	2.5%
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%	2.4%	3.0%	4.7%
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%	4.3%	4.9%	9.2%
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%	15.5%	16.8%
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%	27.9%	29.7%
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%	31.7%	33.4%

* Average Tax Rates 1997-2010: Total of Income Tax, Levies (Income and Health) and PRSI as a proportion of gross income.
Average Tax Rates 2011: Total of Income Tax, PRSI and Universal Social Charge as a proportion of gross income.
This measure includes only the standard employee credit, personal income tax credit and home carer credit, where relevant. 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.

(s) = Supplementary Budget 2009

AVERAGE TAX RATES ON ANNUAL EARNINGS IN % TERMS*

MODIFIED RATE PRSI

MODIFIED RATE PRSI	SINGLE													
Gross Income €	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011
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%	0.0%	0.0%	2.7%
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%	4.5%	7.9%
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%	8.2%	11.9%
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%	14.7%	14.6%
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%	19.6%	21.7%
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%	29.0%	30.8%
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%	37.1%	38.8%
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%	39.3%	41.0%

MODIFIED RATE PRSI	MARRIED ONE INCOME 2 CHILDREN														
Gross Income €	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011
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%	0.0%	0.0%	2.7%
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%	2.8%	4.4%
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%	2.9%	5.1%
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%	6.9%	6.4%
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%	10.9%	11.8%
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%	21.3%	23.5%
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%	32.5%	34.4%
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%	35.4%	37.3%

MODIFIED RATE PRSI	MARRIED 2 INCOMES** 2 CHILDREN														
Gross Income €	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011
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%	0.0%	0.0%	2.0%
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%	0.0%	0.0%	2.3%
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%	0.0%	1.3%	2.5%
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%	1.2%	1.8%	3.6%
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%	2.9%	3.6%	7.8%
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%	13.3%	14.6%
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%	25.3%	27.1%
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%	29.1%	30.8%

* Average Tax Rates 1997-2010: Total of Income Tax, Levies (Income and Health) and PRSI as a proportion of gross income.
Average Tax Rates 2011: Total of Income Tax, PRSI and Universal Social Charge as a proportion of gross income.
This measure includes only the standard employee credit, personal income tax credit and home carer credit, where relevant. 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.

(s) = Supplementary Budget 2009

AVERAGE TAX RATES ON ANNUAL EARNINGS IN % TERMS*

SELF EMPLOYED

SELF EMPLOYED	SINGLE														
Gross Income €	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011
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%	10.8%	10.8%	15.7%
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%	15.9%	19.3%
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%	17.7%	21.7%
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%	22.9%	23.2%
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%	26.3%	29.0%
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%	34.2%	36.6%
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%	41.3%	42.8%
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%	43.2%	44.3%

SELF EMPLOYED	MARRIED ONE INCOME 2 CHILDREN														
Gross Income €	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011
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%	3.0%	3.0%	6.7%
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%	5.0%	7.6%
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%	6.8%	11.8%
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%	13.8%	15.0%
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%	17.6%	19.0%
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%	26.5%	29.4%
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%	36.7%	38.4%
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%	39.4%	40.7%

SELF EMPLOYED	MARRIED 2 INCOMES** 2 CHILDREN														
Gross Income €	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011
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%	3.6%	3.6%	6.3%
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%	4.9%	4.9%	9.8%
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%	8.4%	9.7%	13.3%
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%	11.5%	12.1%	16.0%
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%	14.5%	15.2%	19.5%
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%	21.5%	23.2%
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%	31.1%	33.6%
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%	34.3%	36.6%

* Average Tax Rates 1997-2010: Total of Income Tax, Levies (Income and Health) and PRSI as a proportion of gross income.
Average Tax Rates 2011: Total of Income Tax, PRSI and Universal Social Charge as a proportion of gross income.
This measure includes only the standard employee credit, personal income tax credit and home carer credit, where relevant. 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.

(s) = Supplementary Budget 2009

(iv) DISTRIBUTION OF INCOME EARNERS ON THE INCOME TAX FILE FOR 2010 AND FOR 2011 ON A PRE-BUDGET AND POST-BUDGET BASIS

	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
2010	982,900 44.3%	925,500 41.7%	311,900 14%	2,220,300
2011 on a pre-budget basis	975,600 43.9%	930,400 41.8%	318,800 14.3%	2,224,800
2011 on a post-budget basis	843,400 37.9%	978,500 44%	402,900 18.1%	2,224,800

Notes:

1 The pre-budget 2011 distribution forecasts the numbers of income earners who would be in each category in 2011 if no Budget changes were introduced.

2 Distributions for 2010 are estimates from the Revenue tax-forecasting model using actual data for the year 2008, adjusted as necessary for income and employment trends in the interim.

3 Distributions for 2011 are compiled on the same basis as 2 above.

4 Figures are provisional and likely to be revised.

5 A jointly assessed married couple is treated as one tax unit.

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

(v) ILLUSTRATIVE CASES

These cases deal with basic personal tax credits, the employee tax credit, the home carer credit, the age credit, the age exemption limits, the standard rate bands, PRSI, Income and Health Levies and the new Universal Social Charge (USC). They also deal with changes to PRSI relief on pension contributions. Social welfare payments under the Family Income Supplement scheme (FIS), the State Pension, and Child Benefit are also included, where relevant. Additional tax reliefs such as Mortgage Interest Relief are not taken account. Public Service pension contributions are based on Civil Service conditions and the Pension Related Deduction is included for public servants. Some figures are rounded to the nearest euro.

Máire
Máire is single and has a son, Joe, aged 10 years. Máire works full time as a shop assistant earning €21,000 per annum. Taking her Family Income Supplement and Child Benefit payments into account, Máire will see a loss of 0.9% or €229 in her annual net income due to this Budget.

	2010	2011
	€	€
Gross Income	21,000	21,000
Income Tax liability	0	0
PRSI liability	576	576
Health Levy liability	0	n/a
Income Levy liability	420	n/a
Universal Social Charge	n/a	789
Total tax liability	996	1,365
Net Pay	20,004	19,635
Total tax liability as a % of gross income	4.7%	6.5%
Family Income Supplement	3,796	4,056
Child Benefit	1,800	1,680
Net Income	25,600	25,371
Annual loss		-229
Change as a % of net income		-0.9%

Cathal
Cathal is single and self-employed with income of €52,000 per annum. He pays a pension contribution of 6% of his gross income. He will see a loss of 3.9% or €1,295 in his annual net income due to this Budget.

	2010	2011
	€	€
Gross Income	52,000	52,000
Pension Contribution	3,120	3,120
Income Tax liability	10,567	11,503
PRSI liability	1,560	2,080
Health Levy liability	2,080	n/a
Income Levy liability	1,040	n/a
Universal Social Charge	n/a	2,959
Total tax liability	15,247	16,542
Net Pay	33,633	32,338
Total tax liability as a % of gross income	29.3%	31.8%
Annual loss		-1,295
Change as a % of net income		-3.9%

Rachael and Jason

Rachael and Jason are married with two children, Holly and Rosie who are aged 8 and 9 years. Jason works in the home and Rachael is employed as an office manager earning €32,000. The family will see a loss of 0.9% or €301 in their annual net income due to this Budget.

	2010	2011
	€	€
Gross Income	32,000	32,000
Income Tax liability	10	640
PRSI liability	1,016	1,016
Health Levy liability	1,280	n/a
Income Levy liability	640	n/a
Universal Social Charge	n/a	1,559
Total tax liability	2,946	3,215
Net pay	29,054	28,785
Total tax liability as a % of gross income	9.2%	10%
Family Income Supplement	1,352	1,560
Child Benefit	3,600	3,360
Net Income	34,006	33,705
Annual loss		-301
Change as a % of net income		-0.9%

Geraldine and Brian

Geraldine and Brian are married with two children, Katie and Sam who are aged 7 and 9 years. Both Geraldine and Brian joined the public service in 1996 and are earning €57,000 and €35,000, respectively. The family will see a loss of 4.2% or €2,830 in their annual net income due to this Budget.

	2010	2011
	€	€
Gross Income	92,000	92,000
Pension Contribution	4,304	4,304
Pension Related Deduction	5,700	5,700
Income Tax liability	11,011	13,243
PRSI liability	2,752	3,152
Health Levy liability	3,280	n/a
Income Levy liability	1,840	n/a
Universal Social Charge	n/a	5,078
Total tax liability	18,883	21,473
Net pay	63,113	60,523
Total tax liability as % of gross income	20.5%	23.3%
Child Benefit	3,600	3,360
Net Income	66,713	63,883
Annual loss		-2,830
Change as a % of net income		-4.2%

Jeanne
Jeanne is 72 and retired and is in receipt of the contributory State pension (€11,976 per annum). In addition, she receives €30,000 per annum from her occupational pension. Jeanne will see a loss of 4.5% or €1,595 in her annual net income due to this Budget.

	2010	2011
	€	€
State Pension	11,976	11,976
Occupational pension	30,000	30,000
Gross Income	41,976	41,976
Income Tax liability	5,581	6,777
PRSI liability	n/a	n/a
Income Levy liability	600	n/a
Health Levy liability	n/a	n/a
Universal Social Charge	n/a	999
Total tax liability	6,181	7,776
Net Income	35,795	34,200
Total tax liability as a % of gross income	14.7%	18.5%
Annual loss		1,595
Change as a % of net income		-4.5%

Áine and Vincent
Áine and Vincent are a retired couple. Áine is aged 66 and Vincent is aged 69. Vincent has a contributory State pension (€22,703) and an occupational pension of €17,000 per annum. They will see a loss of 5% or €1,990 in their annual net income due to this Budget.

	2010	2011
	€	€
State Pension	22,703	22,703
Occupational pension	17,000	17,000
Gross Income	39,703	39,703
Income Tax liability	0	1,481
PRSI liability	n/a	n/a
Income Levy liability	0	n/a
Health Levy liability	0	n/a
Universal Social Charge	n/a	509
Total tax liability	0	1,990
Net Income	39,703	37,713
Total tax liability as a % of gross income		5%
Annual loss		-1,990
Change as a % of net income		-5%

Úna

Úna is single and joined the public service in 1998. She is earning €120,000 per annum. Úna will see a loss of 4.7% or €2,890 in her annual net income due to this Budget.

	2010	2011
	€	€
Gross Income	120,000	120,000
Pension contribution	6,962	6,962
Pension Related Deduction	10,550	10,550
Income Tax liability	30,716	31,832
PRSI liability	2,808	4,536
Health Levy liability	4,374	n/a
Income Levy liability	3,299	n/a
Universal Social Charge	n/a	7,719
Total tax liability	41,197	44,087
Net Income	61,291	58,401
Total tax liability as a % of gross income	34.3%	36.7%
Annual loss		2,890
Change as a % of net income		-4.7%

Annex B

Budget 2011

Examination of Income Tax and Universal Social Charge measures using the poverty impact assessment guidelines of the Department of Social Protection

Considerations and context:

- unbalanced and unsustainable Income Tax system which has to be reformed
- unprecedented deterioration in the economy and the public finances
- high unemployment
- the need to meet the targets set out in the National Recovery Plan 2011-2014
- falling prices, particularly in staple goods and household services
- the need to protect the most vulnerable and to be fair and equitable in any changes brought forward

What is the primary objective of this policy/programme/expenditure proposal?

- to raise revenue to enable the Government to fund services, including those which protect those most in need and tackle disadvantage
- To rebalance the tax system to ensure it is sustainable moving forward

Who is the proposal aimed at and how will the proposal affect those persons or groups?

- the proposal is aimed at all income earners
- all income earners will see reductions in net pay

What are the differences within the target group/between the target groups which might lead to them benefiting from the policy/programme in different ways and how could these be addressed?

- differences may be identified by reference to income and personal circumstances
- the differences are addressed in the overall progressivity of the tax system e.g. the highly progressive structure of the tax system is maintained.

Consider what data is available within own organisation, other departments or agencies or from alternative sources. Identify data or indicators against which progress can be measured.

- information from Revenue tax forecasting model regarding costs/yields
- Department of Finance computer system showing impact by income level and family circumstances
- ESRI SWITCH model to show combined impact of tax/levies and social welfare changes (post Supplementary Budget)
- information derived from the Parliamentary process, representations and pre-Budget submissions from individuals and interest groups

What type of impact on poverty (either in terms of numbers in poverty or level of poverty) would the proposal have, in particular for the vulnerable groups identified?

- the proposals provide the necessary revenue to protect those most vulnerable
- the proposals provide an incentive to maintain and increase employment

If the proposals would have no effect on poverty what options might be identified to produce a positive effect?

- changes in taxation affect some income groups more than others
- it is necessary to take into account the cumulative measures taken in Budget 2009, Supplementary Budget 2009 and Budget 2010.

If the proposal would have a positive effect on poverty would it help to prevent people falling into poverty; reduce the level (in terms of number a depth) of poverty and/or ameliorate the effects of poverty?

- large numbers of the population continue to remain outside the tax net and Ireland continues to have one of the lowest tax wedges within the OECD for workers on average wages
- increased revenue will be used to maintain services for the vulnerable, including in particular the increasing numbers of unemployed

If the proposal would have a negative effect (by increasing the numbers in poverty or the level of poverty experienced) what options could be considered to ameliorate this effect?

- the changes proposed maintain the highly progressive structure of the taxation system
- the maintenance of the rates of Family Income Supplement will ameliorate the effect the measures have on families

Would the policy/programme proposed contribute to the achievement of the NAP inclusion targets (including the subsidiary targets)?

- after the measures those on higher incomes still pay the most and these measures are considered to be essential if services and social welfare payments are to be maintained at appropriate levels
- the proposals raise the necessary funding for public services required to alleviate poverty

Would the policy/programme proposal address inequalities that might lead to poverty?

- Generous exemptions are retained in income tax and PRSI
- While the entry point to the income tax is lowered, this should not have any significant impact on poverty.

Will this proposal be adopted?

- Yes. It is intended that the Budget will be adopted subject to legislation approved by the Oireachtas

If the proposal is to be adopted, how will it be monitored?

- the impact of the annual Budget on the lower paid is monitored on a continuous basis as part of the annual Budget and Finance Bill cycle.

The measures taken in the Budget are balanced. The pressing need to raise revenue to continue to fund services to protect the vulnerable has meant that all income earners see a reduction in net pay. However, as mentioned before the taxation system remains highly progressive. The Figures below also illustrate the net income changes arising from the measures proposed.

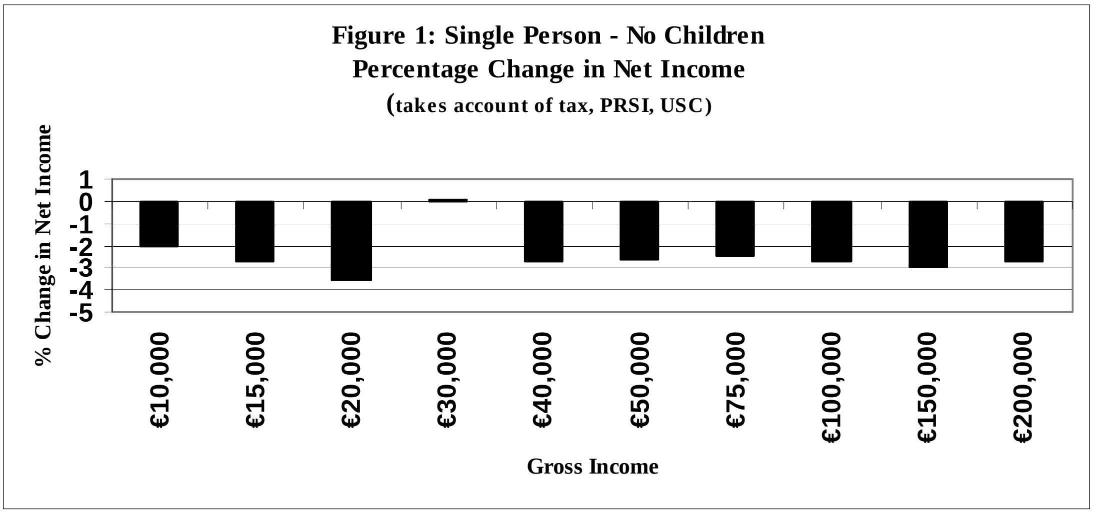


Figure 1: Single Person - No Children
Percentage Change in Net Income
(takes account of tax, PRSI, USC)
% Change in Net Income
1
0
-1
-2
-3
-4
-5
€10,000
€15,000
€20,000
€30,000
€40,000
€50,000
€75,000
€100,000
€150,000
€200,000
Gross Income

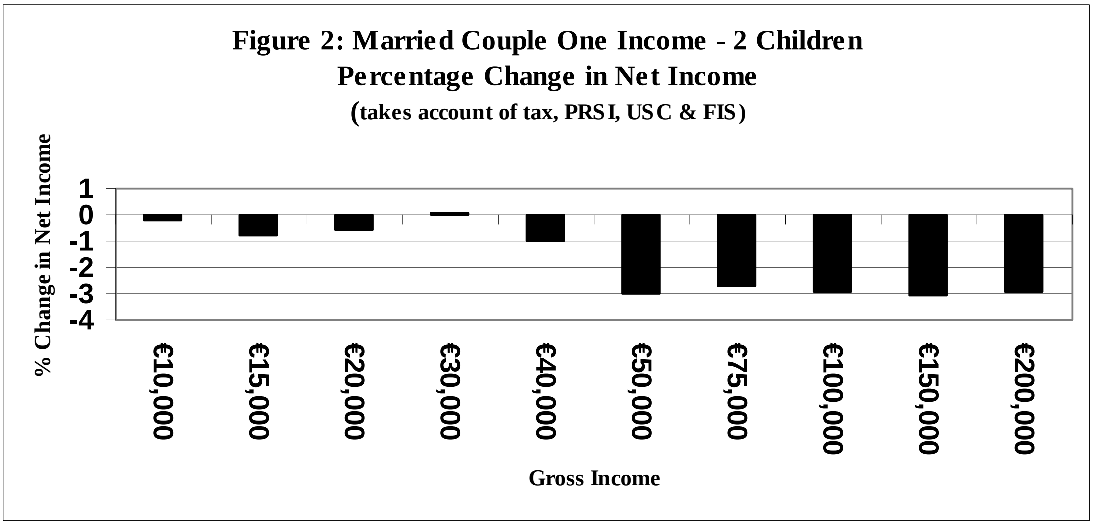


Figure 2: Married Couple One Income - 2 Children
Percentage Change in Net Income
(takes account of tax, PRSI, USC & FIS)
% Change in Net Income
1
0
-1
-2
-3
-4
€10,000
€15,000
€20,000
€30,000
€40,000
€50,000
€75,000
€100,000
€150,000
€200,000
Gross Income

Annex C

Universal Social Charge (USC)

Background

In his Budget 2010 statement, the Minister for Finance acknowledged that the income tax system has become imbalanced. Almost half of all income earners do not pay income tax and two-fifths pay at the standard rate. The structure of the Income and Health Levies and PRSI were over-complex and relied on a narrow base which differed for each charge. In addition, interaction of the levies and, to a lesser extent, PRSI with Income Tax, created a number of anomalies which discourage employment and do not fully reflect differences in gross incomes.

The Minister suggested that one option would be to introduce a Universal Social Contribution to replace the Income Levy and Health Levy along with employees' PRSI; this would apply to everyone at a low rate.

Development of a Universal Social Charge

A Group was established to examine the options of a Universal Social Charge (USC). The Group looked at two alternative, but not mutually exclusive, versions of the USC.

- *USC1 - Merger of the Income/Health Levies*. This gives some elements of the simplification objective and part of the base broadening.

- *USC2 - Merger of the Income/Health Levies and PRSI*. Gives all the simplification and base-broadening envisaged. However, broader policy complexities and practical implementation issues arise more than for USC1.

There are significant non-tax policy questions that would have to be addressed if PRSI were to be included within the USC. These relate *inter alia* to the linkage of contributions to an entitlement to benefits. USC2 is sufficiently complex that it could not be delivered in 2011.

Operation of a Universal Social Charge

Nature of Charge

The Universal Social Charge merges the existing Health Levy and Income Levy. It is a tax and does not confer a benefit to those paying the charge.

Rate of the Charge

The USC will be applied at the following rates:

- 0% < €4,004
- 2% €0 - €10,036
- 4% €10,036 - €16,016
- 7% > €16,016

The lower exemption threshold of €4,004 means that annual income below this amount will not be chargeable to the USC, but once this amount is exceeded then the USC will be applied on the entire income. This method is similar to the mechanism currently used for the Income Levy and the Health Levy.

Base of the Charge

The USC will apply on a similar base to the Income Levy with no special exemptions. However, a lower rate will be applied to income earners over 70. There will also be an exemption from the charge for 'genuine' capital allowances used in business. Pension contributions will not have an exemption from the USC.

A full list of types of income and their application to the USC will be available on the Revenue website.

Replacement of the Income Levy and Health Levy by the USC

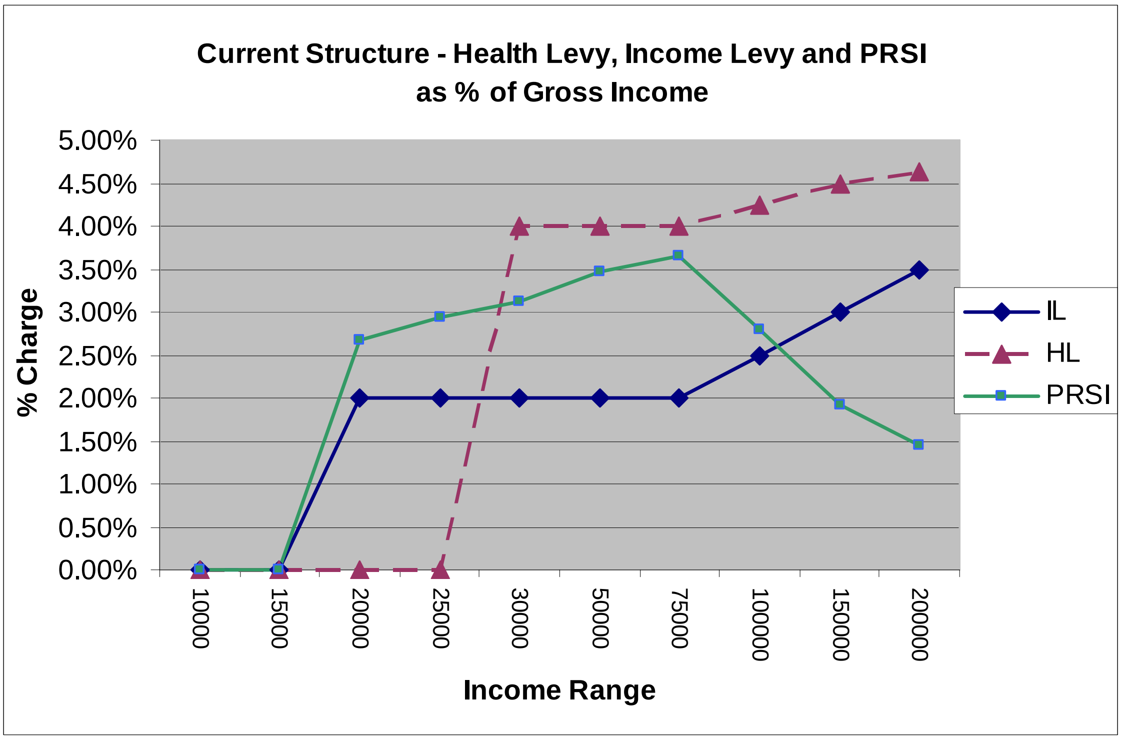
The USC replaces the Income Levy and the Health Levy and is a more equitable charge. It has a wider base and a lower rate when compared to the combined impact of Income Levy and the Health Levy.

One of the distortionary effects caused by the Health Levy was as a result of its very high entry point. Income earners did not pay the Health Levy until their income exceeded €26,000 per annum and then they paid Health Levy on their entire income. In Income Tax, this is what is known as a "step". The doubling of the Health Levy in 2009 exacerbated the effect of this "step". The "step effect" has resulted in an anomalous situation where individual earning €25,500 per annum could receive a pay rise of €1,000 per annum and come out with less net pay. This type of sudden liability to a charge can lead to "poverty traps" which can discourage people from working or progressing in their place of work.

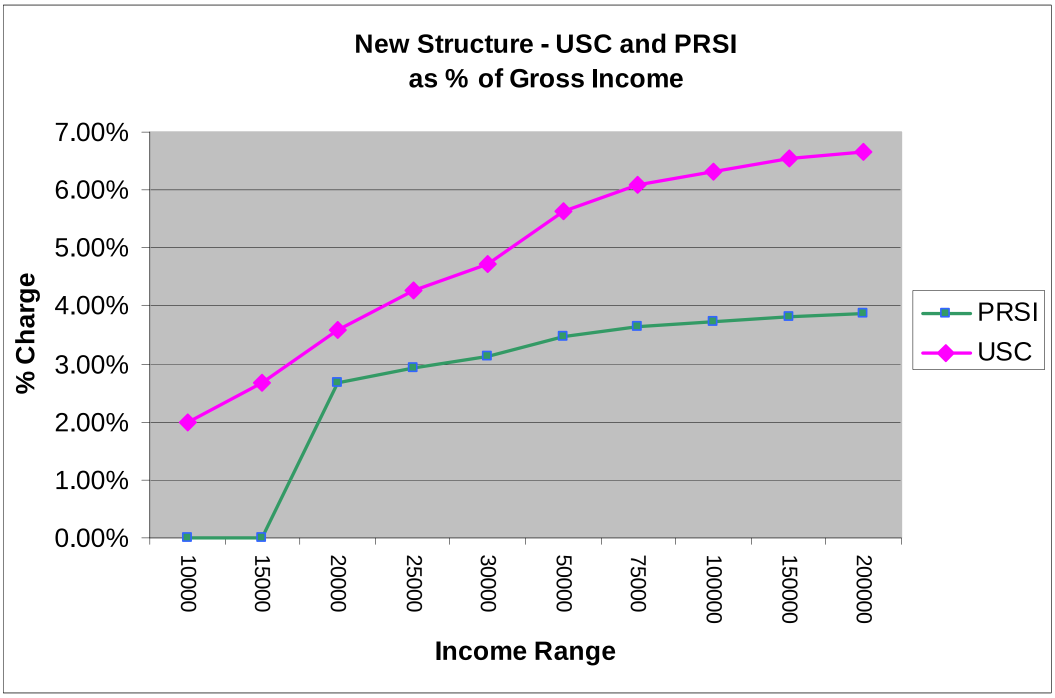
Table 1 - 2010 Income Tax, PRSI, Health Levy and Income Levy

Gross Income	Income Tax	PRSI	Health Levy	Income Levy	Net Income	Effective Tax Rate
€25,500	€1,440	€756	€0	€510	€22,794	10.6%
€26,500	€1,640	€796	€1060	€530	€22,474	15.2%

There is also a "step" in the Income Levy at €15,036. The irregular nature of these levies together with PRSI is demonstrated in the graph below.



The USC is designed to apply across income levels in a smoother progression while also addressing the irregularities caused by these ‘steps’ in the levies and PRSI. This can been seen clearly in the next graph which shows the liability to the USC increasing regularly from €20,000 to €30,000 rather than the sudden increase at €26,000 which was a trait of the Health Levy. Together with the abolition of the PRSI ceiling, it shows a more progressive and equitable combination of charges.

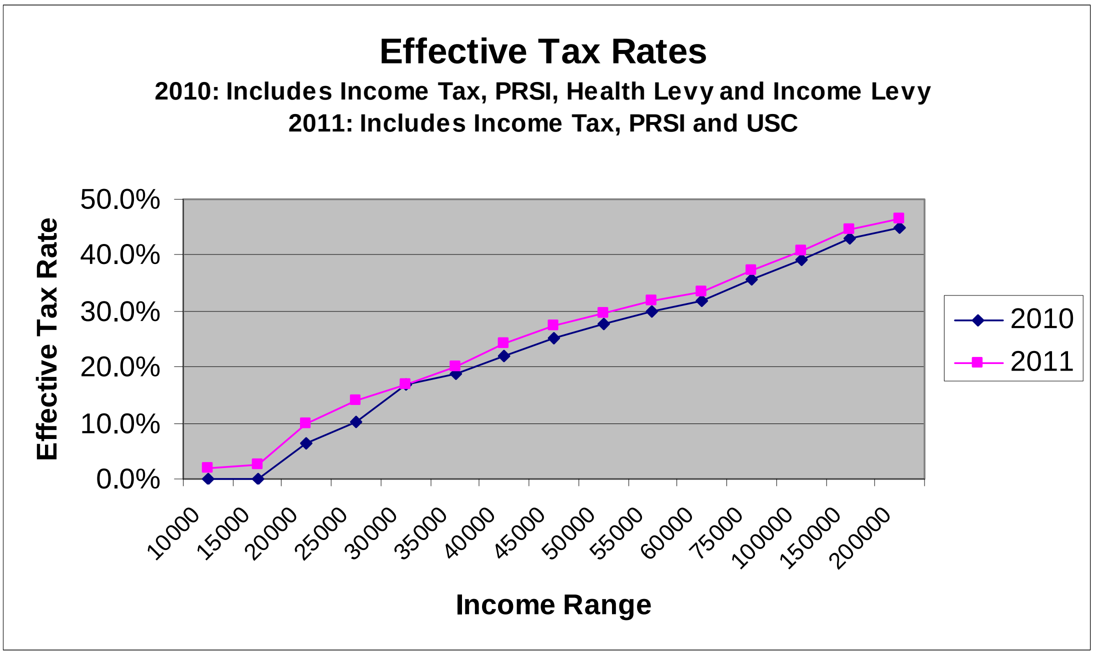


The introduction of the USC rectifies the anomalous situation previously discussed. After the introduction of the USC, this situation ceases to occur as the effective tax rates of earnings are brought closer together and more faithfully reflect the difference in gross earnings.

Table 2 - 2011 Income Tax, PRSI, Health Levy and USC[1]

Gross Income	Income Tax	PRSI	USC	Net Income	Effective Tax Rate
€25,500	€1,800	€756	€1,103	€21,841	14.3%
€26,500	€2,000	€796	€1,173	€22,531	15.0%

The overall taxation system remains highly progressive after the introduction of the USC. The graph below represents the effective tax rates over income ranges. It can be seen from this graph that an income earner on €20,000 pays 9.8% in taxes and charges while an income earner on €200,000 pays 46% in taxes and charges. The 2011 effective tax rates include the Income Tax changes in Budget 2011.



[1] Includes Income Tax changes in Budget 2011

Annex D

Table 1

Changes in Maximum Weekly Rates of Social Insurance from January 2011

	Present Rate	New Rate
Personal and Qualified Adult Rates	**€**	**€**
State Pension (Contributory)		
(i) Under 80:		
Personal rate	230.30	230.30
Person with qualified adult under 66	383.80	383.80
Person with qualified adult 66 or over	436.60	436.60
(ii) 80 or over:		
Personal rate	240.30	240.30
Person with qualified adult under 66	393.80	393.80
Person with qualified adult 66 or over	446.60	446.60
State Pension (Transition)		
Personal rate	230.30	230.30
Person with qualified adult under 66	383.80	383.80
Person with qualified adult 66 or over	436.60	436.60
Widow's/Widower's Contributory Pension		
(i) Under 66:	201.50	193.50
(ii) 66 and under 80:	230.30	230.30
(iii) 80 or over:	240.30	240.30
Note (ii) and (iii) are the same as State Pension (Contributory) Rates.		
Invalidity Pension:		
(i) Under 65:		
Personal rate	201.50	193.50
Person with qualified adult under 66	345.30	331.60
Person with qualified adult 66 or over	407.80	399.80
(i) Age 65:		
Personal rate	230.30	230.30
Person with qualified adult under 66	374.10	368.40
Person with qualified adult 66 or over	436.60	436.60
Carer's Benefit		
Personal rate	213.00	205.00
Occupational Injuries Benefit - Death Benefit Pension		
(i) Personal rate under 66	226.50	218.50
(ii) Personal rate 66 and under 80	234.70	234.70
(iii) Personal rate 80 or over	244.70	244.70
Note Death Benefit Pension is not reduced for those aged 66 and over.		
Occupational Injuries Benefit - Disablement Pension		
Personal rate	227.00	219.00
Illness/Jobseeker's Benefit		
Personal rate	196.00	188.00
Person with qualified adult	326.10	312.80
Injury Benefit/Health and Safety Benefit		
Personal rate	196.00	188.00
Person with qualified adult	326.10	312.80
Guardian's Payment (Contributory)		
Personal rate	169.00	161.00
Increases for a qualified child		
All schemes in respect of all children	29.80	29.80

Table 2

Changes in Maximum Weekly Rates of Social Assistance from January 2011

	Present Rate	New Rate
Personal and Qualified Adult Rates	**€**	**€**
State Pension (Non-Contributory)		
(i) Under 80:		
Personal rate	219.00	219.00
Person with qualified adult under 66	363.70	363.70
(ii) 80 or over:		
Personal rate	229.00	229.00
Person with qualified adult under 66	373.70	373.70
Blind Person's Pension		
Personal rate	196.00	188.00
Person with qualified adult under 66	326.10	312.80
Widow's/Widower's Non-Contributory Pension		
Personal rate	196.00	188.00
One-Parent Family Payment		
Personal rate with one qualified child (child not aged 18)	225.80	217.80
Carer's Allowance		
(i) Under 66	212.00	204.00
(ii) 66 or over	239.00	239.00
Disability Allowance		
Personal rate	196.00	188.00
Person with qualified adult	326.10	312.80
Supplementary Welfare Allowance		
Personal rate	196.00	186.00
Person with qualified adult	326.10	310.80
Pre-Retirement Allowance/Farm Assist		
Personal rate	196.00	188.00
Person with qualified adult	326.10	312.80
Guardian's Payment (Non-Contributory)		
Personal rate	169.00	161.00
Increases for a qualified child		
All schemes in respect of all children	29.80	29.80

Table 3

Changes in Maximum Weekly Rates of Jobseeker's Allowance January 2011

	Present Rate	New Rate
	€	**€**
18 to 21 years of age		
Personal rate	100.00	100.00
Person with qualified adult	200.00	200.00
22 to 24 years of age		
Personal rate	150.00	144.00
Person with qualified adult	280.10	268.80
Over 25 years of age		
Basic Personal rate	196.00	188.00
Person with qualified adult	326.10	312.80
Where a person has a dependent child and in certain other cirumstances the basic rate (€188.00) applies to 18-24 year olds.		

Table 4

Changes in Monthly Rates of Child Benefit from January 2011

	Present Rate	New Rate
	€	**€**
Child Benefit		
(i) First and Second Children	150.00	140.00
(ii) Third Child	187.00	167.00
(iii) Fourth and Subsequent Children	187.00	177.00

Table 5

Changes in Maximum Weekly Rates of Health Allowances from January 2011

	Present Rate	New Rate
	€	**€**
Supplementary Allowance payable to Blind Persons in receipt of a Blind Pension		
(i) Blind Pensioner	61.00	58.50
(ii) Blind Married Couple	122.00	117.00

Annex E

Pension Taxation Measures

Reduction in the Standard Fund Threshold

The Taxes Consolidation Act (Chapter 2C of Part 30) imposes a limit or ceiling on the total capital value of pension benefits that an individual can draw in their lifetime from tax-relieved pension products, where those benefits come into payment for the first time on or after 7 December 2005.

This limit is called the "standard fund threshold" (SFT) and was set at €5 million when introduced from 7 December 2005. In certain circumstances, a higher threshold called the "personal fund threshold" (PFT) could apply. This could arise where the capital value of an individual's uncrystallised pension rights on 7 December 2005 (i.e. pensions rights that the individual had not become entitled to on that date) exceeded the SFT. Certain notification and certification procedures applied in relation to the claiming of a PFT. The legislation also provided for the indexation of both these thresholds over time in line with an earnings adjustment factor (the current SFT stands at €5,418,085 and was last indexed in 2008).

The SFT is being reduced as on and from Budget Day (7 December 2010) from the €5.4 million mentioned above to a new lower amount of €2.3 million. The following arrangements will also apply:

- Individuals with pension rights in excess of this lower SFT on Budget Day will be able to protect the capital value of those rights by claiming a PFT.

- The PFT will be calculated on the basis of the aggregate of the capital value of pension benefits, if any, which the individual has <u>already</u> become entitled to since 7 December 2005 and the capital value of any uncrystallised pension rights on Budget Day. Where this amount exceeds the new SFT of €2.3 million, that higher amount will be the PFT, subject to the higher threshold not exceeding the level of the previous SFT of €5.4m.

- A PFT will have to be claimed by way of a notification and certification procedure along the lines of that already set out in the existing legislation. Individuals will have a period of 6 months from Budget Day to send details of their pension schemes and the calculation of their PFT to the Revenue Commissioners, in accordance with the legislation. The Revenue Commissioners will then certify the PFT.

- The standard capitalisation factor for use in determining the value of Defined Benefit pension rights both for the purposes of estimating an individual's PFT and also for the purpose of valuing pension rights when eventually drawn down will be 20. For Defined Contribution type pension arrangements, the capital value of the pension rights on Budget Day is essentially the value of the assets in the arrangement that represent the member's accumulated rights on that date i.e. the value of the fund.

- Individuals who already have a PFT under the existing arrangements will retain that PFT

Extension of flexible options on retirement

The National Pensions Framework published in March 2010 contains, among other things, a commitment that flexible options on retirement in relation to pension funds (e.g. access to Approved Retirement Funds (ARFs) etc.) be extended to all Defined Contribution (DC) pension arrangements. As mentioned in the Budget speech, this commitment is being fulfilled in 2011.

Prior to the Finance Act 1999, any person taking a pension under a DC scheme was required to purchase an annuity with the pension fund moneys remaining after the drawdown of the appropriate tax-free lump sum. The Finance Act 1999 introduced significant changes which gave a considerable degree of control, flexibility and personal choice to certain categories of individual in relation to the drawing down of benefits from their pension plans. These choices include, for example, the options to purchase an annuity or to invest in an Approved Retirement Fund (ARF) or Approved Minimum Retirement Fund (AMRF), as appropriate.

The option to have all or part of an individual's accumulated pension fund placed in an ARF must be exercised not later than the date on which the annuity or pension would otherwise become payable and is conditional on the individual having a guaranteed pension income for life of at least €12,700 in payment at that time. Where this guaranteed income test is not met, a maximum of €63,500 of the net pension fund (after taking the tax free lump sum), or the whole of the remaining fund, if less, must be either invested in an AMRF or used to purchase an annuity. Where the AMRF route is taken the capital invested in the AMRF cannot be used by the individual until he or she reaches 75 whereupon the AMRF automatically becomes an ARF. Up to now, the fact that the owner of the AMRF may have met the guaranteed income requirement at a later stage after retirement was of no consequence. It should be borne in mind that the option to invest in an ARF or AMRF as opposed to purchasing an annuity on retirement may not be appropriate for everyone.

In the context of extending the flexible options, the following changes to the legislation and transitional arrangements will apply:

- The AMRF option is being retained but the "set-aside" requirement will now be the lesser of 10 times the maximum rate of State Pension (Contributory) – about €120,000 – or the remainder of the pension fund after taking the tax-free lump sum, as compared with €63,500 at present.

- The specified or guaranteed income limit of €12,700 per annum is being increased to 1.5 times the maximum rate of the State Pension (Contributory) bringing the "specified income" limit to close to €18,000 per annum.

- The guaranteed income requirement, if not satisfied at the time of retirement may be satisfied at any time after retirement, at which point the Approved Minimum Retirement Fund (AMRF) becomes an ARF.

- As a transitional measure, the current guaranteed income requirement of €12,700 per annum will continue to apply for a 3 year period in the case of individuals who have already retired. If they satisfy the existing requirement within 3 years (of the 2011 Finance Bill becoming law) their AMRF becomes an ARF. After this 3 year period, the new higher guaranteed income test referred to above will have to be satisfied.

- The deferral of annuity purchase arrangements for members of occupational DC schemes which is operated administratively by the Revenue Commissioners is being extended pending these changes being signed into law.

Full details of these changes will be reflected in the Finance Bill.

Annex F

Pay of Ministers

Ministers have already taken substantial reductions in their pay. From 1 January of this year, the pay of the Taoiseach was reduced by 20% and the pay of Ministers was reduced by 15%. Voluntary reductions in salary had applied before that and since late 2008.

In addition, the Taoiseach and Ministers were subject to the pension levy introduced in 2009. The combination of the pension levy and the pay cuts produced an overall reduction of 28% in the pay of the Taoiseach and 23% in the case of Ministers.

The Budget imposes further cuts on the salaries of the Taoiseach and Ministers. The salary of the Taoiseach will be reduced by over €14,000 per annum and the salary of Ministers by over €10,000 per annum. This brings the overall reduction in the gross pay of the Taoiseach to over €90,000 and over €60,000 in the case of Ministers. This does not take account of the further reductions in net pay from the measures in the Budget in relation to PRSI as it applies to office holders.

In the case of TDs, the combined effect of the pension levy and pay cuts produced a cut in gross pay of over €15,000. In addition long service increments will not be paid to any TD after the next election.

Changes in the allowance system for Oireachtas members have also been introduced this year on top of an earlier 10% reduction in all expenses other than mileage rates where a 25% reduction applied.

The Salary reduction decided upon in respect of the Taoiseach will result in the salary level for a number of Secretaries General of Government Departments being above that of the Taoiseach. The Secretaries General concerned have suggested to the Minister for Finance that their pay would be voluntarily adjusted to bring them into line with the Taoiseach's salary, and the Minister is agreeable to this course of action.

Impact of Pension Cuts on Ministers' Pensions

In 2009, office-holders' pensions paid to serving Members of the Oireachtas were reduced by 25%. No ministerial pension will be paid to serving Members after the next General Election.

During the 'Grace Period', i.e. up to end-February 2012, office-holder pensions will be reduced in accordance with the pension reduction measure provided for in the Budget. After this time, their pensions will be calculated on the basis of actual pay, i.e. pay following the reductions made to date and the further reduction in the Budget.

Revised Government Transportation Arrangements

The operational cost of the state car fleet will be reduced by one third over the next two years:

- Car usage by former office holders (ex Taoisigh and Presidents) and other users will be pooled.
- The number of Gardai assigned to this work on a daily basis will be reduced.

- Costs will contained by reducing the engine size of the state car fleet to 2 litres or less as the cars in the fleet are replaced.

Cars in the existing fleet have not been replaced in recent years and many are approaching the upper mileage level deemed safe for continued use by the relevant car manufacturers.

Government Air Transport

Since 2008, the Government had three aircraft at its disposal. The Beechcraft has been decommissioned. The Gulfstream jet is at the end of its operational lifespan. The Government has no plans to replace or repair this aircraft. The remaining Lear jet is a smaller aircraft which will continue to be used by Ministers travelling to Europe on essential government business.

Annex G

Public Service Pay and Pensions

Public Service Pay

The Government has decided that all new recruits to the entry grades of the public service will start at a revised pay scale that is 10 per cent lower than the existing scale. In addition, all new entrants to the public service will start at the first point of that scale, reducing the cost of employing those new entrants still further. Although recruitment will necessarily be limited in order to allow the number of public servants to continue to fall, this measure will ensure a medium-term reduction in the overall cost of the public service pay bill to a sustainable level.

Salaries of Certain Office Holders

The salaries of the Taoiseach, the Tánaiste and Ministers will be reduced further, by over €14,000 in the case of the Taoiseach, over €11,000 in the case of the Tánaiste and over €10,000 for Ministers. Taken cumulatively with the reductions in salary applied in Budget 2010, the salary of the Taoiseach will have reduced by 25%, the Tánaiste by 19.5% and each Minister by 19.5%[1].

The Minister considers that there should be a maximum salary of €250,000 for persons employed in the public sector. There are issues about the contractual position of incumbent post holders in State Agencies. However, the position of the Minister for Finance as a shareholder in these companies can be used to achieve the objective of a maximum salary of €250,000 within a reasonable timeframe.

Legislation will be brought forward to provide that the future President and future appointments to the judiciary will have a salary of no greater than €250,000. The pay of future appointments to other points in the judiciary will be reduced by at least 10%.

Public Service Numbers

As outlined in the National Recovery Plan, public service numbers will be reduced by almost 25,000 over peak end-2008 levels to fewer than 295,000 by 2014. Approximately 18,500 or 75% of this reduction will be delivered by end-2011, with staffing levels being reduced to just under 301,000.

By end 2011 -

- Civil Service numbers will be 36,200 – 2002 level
- HSE numbers will be 105,300 – 2006 level
- Education numbers will be 93,300 – 2010 level
- Garda numbers will be 13,500 – 2007 level
- Defence numbers will be 10,500 – lowest level of recent years
- Local Authority numbers will be 30,750 - 2001 level

[1] These figures do not include the effect of the pension levy.

Public Service Pensions

The Government has decided that a reduction in the cost of public service pensions of €100m, or 4% in overall terms, is necessary in 2011. The reduction will apply to existing beneficiaries of public service pensions; this group includes former Presidents, other former office holders and retired members of the judiciary.

To protect those on low pensions, the first €12,000 of public service pension will be entirely exempt: all public service pensions which are equal to or less than this amount will not be reduced. Annual public service pensions above this level will be reduced in accordance with the following rates and bands:

Annual Public Service Pension €	Reduction rate %
First 12,000	0%
Between 12,001 and 24,000	6%
Between 24,001 and 60,000	9%
Balance above 60,001	12%

The following table illustrates the effect of the reduction on different levels of public service pensions:

Pension before reduction €	Annual reduction €	Annual reduction %
12,000	0	0%
15,000	180	1.2%
25,000	810	3.2%
30,000	1,260	4.2%
40,000	2,160	5.4%
80,000	6,360	8.0%

This measure will not involve any change in public service pension terms. All public service pensions will be calculated in accordance with those terms and the reduction applied to the pension calculated in the normal way. In line with the Croke Park Agreement, there is no change in the method of determining pension increases for serving public servants and existing pensioners.

In order to avoid a destabilising rate of retirements in 2011 and to manage the additional pension costs, the Government has decided to extend the period under which pensions are calculated by reference to the pre-cut rates of pay from the end of December 2011 to the end of February 2012. The Minister for Finance will make the necessary change by Statutory Instrument.

With these measures, there will be an average reduction of 4% in pension paid to some existing pensioners and to those public servants who retire on or before the end of February 2012. As the pay of public servants who retire after this date will be reduced by about 7% on average and this reduced rate of pay will be used to calculate both pension and lump sum, the Government has decided that the pension reduction will not be applied to this group.

Legislation is required to make the reduction and this will be introduced shortly to allow the reduction take effect from 1 January 2011.

Taken together these measures will reduce the Exchequer Pay and Pensions bill to €18,589m in 2011, a saving of €309m in 2011.

Annex H

Air Travel Tax

An air travel tax on passengers departing Irish airports was introduced on 30 March 2009. A general rate of €10 per passenger applies, with a lower rate of €2 for shorter journeys (300kms from Dublin airport). A single revised rate of air travel tax of €3 will come into effect on 1 March 2011, replacing the existing two rate structure.

Last year the air travel tax raised €85 million (in respect of an 8 month period). In 2010, the tax has raised €97m to end-November. The tax is currently estimated to yield around €105m in 2010 and without the impact of volcanic ash earlier this year the yield would have been closer to €110m.

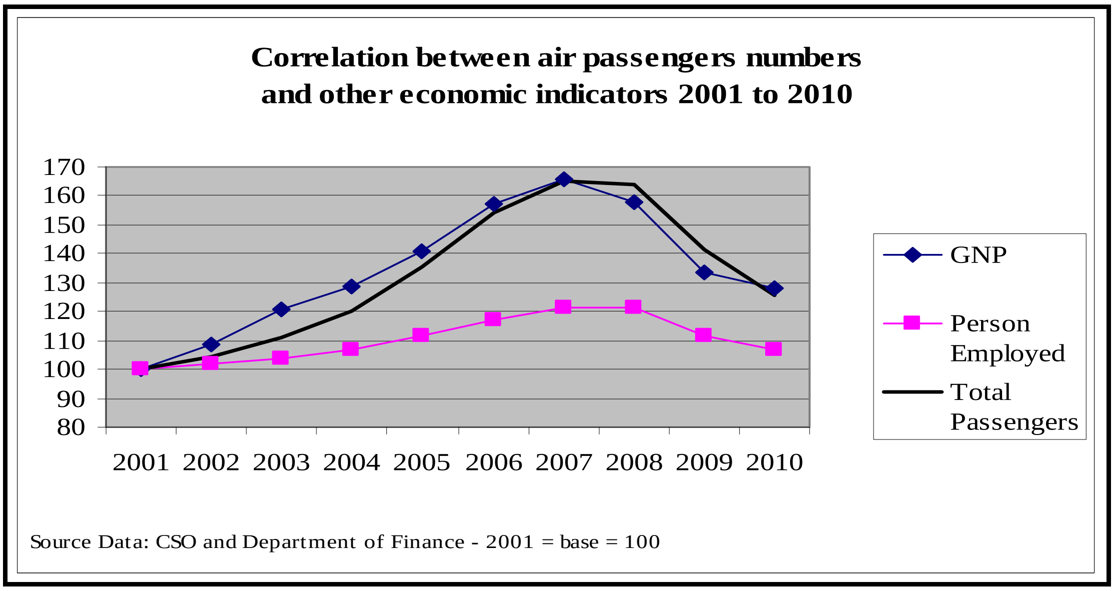
Ireland is not unique in applying a tax on air travel. The table below illustrates the situation in other countries but a clear trend is emerging towards applying air travel taxes with the US recently introducing one and Germany and Austria to follow suit in January 2011.

Country	Rates
UK	£12 (€14.20) for distances of less than 2000 miles (i.e. within EU) £60 (€71) to £85 (€100) for other destinations depending on distance.
France	€4 within EU and €7 for other destinations.
Germany*	€8 for journeys of less than 2,500km (i.e. within the EU) and €25 to €45 for longer flights depending on distance.
Austria*	€8 for flights within the EU and €40 for flights further afield.
Australia	A$33.40 (€24.50) when departing the country.
New Zealand	NZ$25 (€14.24) when departing the country.
United States	$14 (€10.68) on tourists entering the US.

* With effect from 1 January 2011

Some commentators and airlines have cited the travel tax as being influential or even the main reason for the fall in passenger numbers through Irish airports. However, analysis of available data suggests that passenger numbers are strongly influenced by a range of factors. These include especially relative income as measured by GNP and the numbers at work in the domestic economy. There is a strong correlation between these indicators and the evolution of passenger numbers (see graph below) which tends to suggest the impact on passenger numbers of the Air Travel Tax is at most small.

Domestic factors have driven down demand from Irish travellers who in the good times had utilised strong disposable incomes to travel frequently. On the other side of the equation, it should be noted that traditionally 40% of passengers coming through Irish airports are from the UK. This cohort would be influenced by the weakness in Sterling which has fallen in value by over 20% relative to the Euro over the last three years.



Annex I

Applying Betting Duty to Offshore Betting

Betting Duty has to date only applied to bets placed in betting shops with bets placed by Irish punters either online or over the phone, essentially with offshore entities, falling outside the tax. The Minister signalled some time ago that this situation needed to be addressed. In addition, work underway by the Department of Justice has been progressing on a proper licensing regime which will serve to protect vulnerable people.

The Government intends to include provisions in the Finance Bill and revise the Betting Act 1931 to ensure that all bookmakers taking bets from Ireland will pay 1% betting duty on those bets in the same way that betting shops currently do. Betting Exchanges will also be subject to tax under the new arrangements but the calculation of the tax will differ from that applying to bookmakers.

The Minister is hopeful that by including the high-growth area of the betting sector, particularly given the increasing prevalence of smart phones, the tax base from betting will be boosted significantly. In a full year it is expected that the tax yield could grow up to €20 million depending on the prevailing market conditions.

Just as important is the positive signal this measure will convey to international betting operations that have expressed an interest in or have already invested in Ireland. A location with an appropriate licensing framework coupled with relatively low taxes provides real investment and employment opportunities in this sector. The details will be contained in the Finance Bill and the proposed amendments to the Betting Act.