

Appendix B

Tax Wedge and position for Ireland in 2009

	OECD 2007 latest data for Ireland	OECD 2007 AVERAGE	Ireland's position after Budget 2008	Scenario 1 No change 2009	Scenario 2 - credits only to CPI 3%	Index credits and bands to CPI 3%	Scenario 3 - Increase standard rate by 1%	Scenario 4 - increase higher rate by 1%	Scenario 5 – Introduce 1% income levy
Single	22.30% (4 th OECD) (1 st EU)	37.70%	22.8% (4 th OECD) (1 st EU)	23.0% (4 th OECD) (1 st EU)	22.7% (4 th OECD) (1 st EU)	22.7% (4 th OECD) (1 st EU)	23.9% (4 th OECD) (1 st EU)	23.0% (4 th OECD) (1 st EU)	23.9% (4 th OECD) (1 st EU)
Married one-earner 2 children	-1.10% (1 st OECD)	27.30%	-0.8% (1 st OECD)	-0.1% (1 st OECD)	-0.5% (1 st OECD)	-0.5% (1 st OECD)	0.8% (1 st OECD)	-0.1% (1 st OECD)	0.8% (1 st OECD)
Married Two-earner 2 children	12.80% (1 st OECD)	32.40%	10.2% (1 st OECD)	10.7% (1 st OECD)	10.3% (1 st OECD)	10.3% (1 st OECD)	11.6% (1 st OECD)	10.7% (1 st OECD)	11.6% (1 st OECD)

Notes

Tax Wedge = Income tax plus employee and employer contributions less cash benefits, by family type (as % of labour cost)

Single and Married one earner on average earnings

Married two-earner with one spouse on average earnings and the other earning 67% of the average wage

Our ranking within OECD countries is shown in brackets.

In the case of single worker the position in relation to other EU countries is shown.

As can be seen, assuming other countries tax wedges remain constant, for all categories examined Ireland continues to have the lowest tax wedge in the EU and in the case of married couples with two children the lowest in the entire OECD.