TSG 11/04

Income Tax

I. Summary

- The overall economic and fiscal context has been set out in paper Economic Framework for the Budget (TSG11/XXX)

- This paper outlines the development of the Income Tax system in the last decade and the current state of play.

2000 – 2008 Policy

- Between 2000 and 2008, in line with Government policy at the time, tax rates were reduced, the standard rate band widened and tax credits introduced.

- The result was that a large number of taxpayers were exempt from income tax with single income earners earning at or below the minimum wage and married one income families with €31,950 in earnings or less (42% of total taxpayers) outside the income tax net.

Table 1: Distribution of income earners 2001 - 2008

	2001	2002	2003	2004	2005	2006	2007	2008
Total	1,790,000	1,885,000	1,927,200	2,013,700	2,175,000	2,370,700	2,489,100	2,459,200
Higher Rate	30%	18%	20%	23%	21%	18%	16%	16%
Standard Rate	41%	47%	46%	43%	43%	43%	42%	42%
Exempt	29%	34%	34%	34%	36%	39%	42%	42%

- Marginal rates also reduced – to zero in the case of those on the minimum wage and from 28.5% to 26% for those on the average industrial wage while those on higher salaries reduced from 46% to 43.5%.
- In terms of international comparisons, our tax wedge (payroll taxes as a percentage of labour costs) reduced and our ranking improved from 11th in the OECD to 5th between 2000 and 2008 while we assumed 1st place in terms of OECD's EU members.
- By 2008, our tax system was the second most progressive in the OECD and first in terms of EU members of the OECD.
- The policies pursued led to a significant narrowing of the income tax base.

2008 - 2011 Response

- From 2008 onwards the yield from Income Tax declined as unemployment rose and wages declined.

- Measures were introduced in successive Budgets in 2009, 2010 and 2011 to widen the tax base and improve the yield while still seeking to maintain progressivity and support employment.
- An Income Levy was introduced in 2009 (later replaced by the Universal Social Charge); the PRSI ceiling was abolished in 2011 and the rate increased for the self-employed; all credits and bands were reduced in 2011.
- These changes, in effect, returned credits and bands to 2006/2007 levels and reduced the numbers exempt from income tax and increased the marginal rates.
- Therefore, the position currently is that in relation to income distribution is set out below.

Table 2: Evolution of distributions 2006 - 2011

	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Total	2,370,700	2,489,100	2,459,200	2,287,200	2,220,300	2,224,800
Standard rate	18%	16%	16%	14%	14%	18%
Higher Rate	43%	42%	42%	42%	42%	44%
Exempt	39%	42%	42%	44%	44%	38%

- Marginal rates are now 52%, up from 43.5% in 2008 (for self assessed tax payers 55%).
- For those on the average industrial wage (AIW) it has increased from 26% in 2008 to 31% in 2011, while for those on twice the AIW it has gone from 43% to 52% in the same period.
- As regards the tax wedge, we have dropped from 5th lowest wedge in 2008 to 11th in the OECD although we still remain the highest ranked in terms of EU members of the OECD.
- In terms of progressivity, our system remains the most progressive of the EU members of the OECD.

Budget 2012

- In approaching Budget 2012, the Programme for Government commits to maintaining current rates, bands and credits and to not increasing the top marginal rate.
- The agreement with the Troika is based on further reducing bands and credits.
- A 2 ½ reduction in income tax credits and bands would yield €315m in a full year (€240m in 2012).
- If Income Tax changes are not made then the necessary revenue/expenditure changes will be needed elsewhere to meet the fiscal targets.
- Appendix 3 sets out, in approximate form, the yield from various changes (Ready Reckoner).

II. Reforms and Developments Pre Economic Crisis years 2000 to 2008

1. The main thrust of tax policy in these years was:

    - To keep the minimum wage out of the tax net
    - To keep the average industrial wage out of the liability to pay tax at the higher rate
    - To keep the overall tax burden low to enhance the rewards for work.

2. The income tax burden was reduced significantly in the years 2000 to 2008. Tax rates were reduced and the standard rate band widened. The move from allowances to a more equitable tax credits system was completed in 2001 and in almost every year since then tax credits had been increased.

3. The standard tax rate was reduced from 22% in 2000 to 20% by 2001 while the higher rate was reduced from 44% in 2000 to 41% by 2007. The standard rate band was increased by 64% from €21,590 in 2000 to €35,400 in 2008. Since its conversion to a credit in 2001, the PAYE tax credit had increased by 260% from €508 to €1,830 by 2008. The personal tax credit has increased by 31% in the same period. The other tax credits relating to specific circumstances of individuals were also increased significantly in this period.

4. By 2008 the national minimum wage at €17,542 was below the entry point to income tax and PRSI at €18,300 and €18,304 respectively. The average industrial wage for 2008 (€33,804) was well below the liability to tax at the higher rate.

Minimum wage

5. The minimum wage was introduced in 2000 at a rate of €5.59 per hour. At that time, the minimum wage was subject to an effective tax rate of 36%. By 2008, the value of the minimum wage had increased six times by almost 55% to €8.65 per hour which is equivalent to a little over €17,542 on an annualised basis.

6. In line with income tax policy, the tax burden on the minimum wage was reduced progressively from 2000 by increasing the value of the personal and PAYE credits. By 2006, the minimum wage was entirely outside of the income tax net. From 2000 to 2008, the entry point to income tax increased from €7,238 to €18,300.

Table 3: Minimum Wage and Entry Point to Tax 2000 - 2008

Year	Minimum Wage	Entry Point to Taxation (single person)	Effective Tax Rate
Apr 2000	€11,337 (€5.59/hr)	€7,238	8%
Jul 2001	€12,107 (€5.97/hr)	€9,523	5%
Oct 2002	€12,878 (€6.35/hr)	€10,900	3.1%
Jan 2003		€11,600	2%
Feb 2004	€14,196 (€7.00/hr)	€12,800	2%
May 2005	€15,514 (€7.65/hr)	€14,250	3.9%
Jan 2006		€15,600	0%
Jan 2007	€16,832 (€8.30/hr)	€17,600	0%
Jul 2007	€17,542 (€8.65/hr)	€17,600	0%
Jan 2008		€18,300	0%

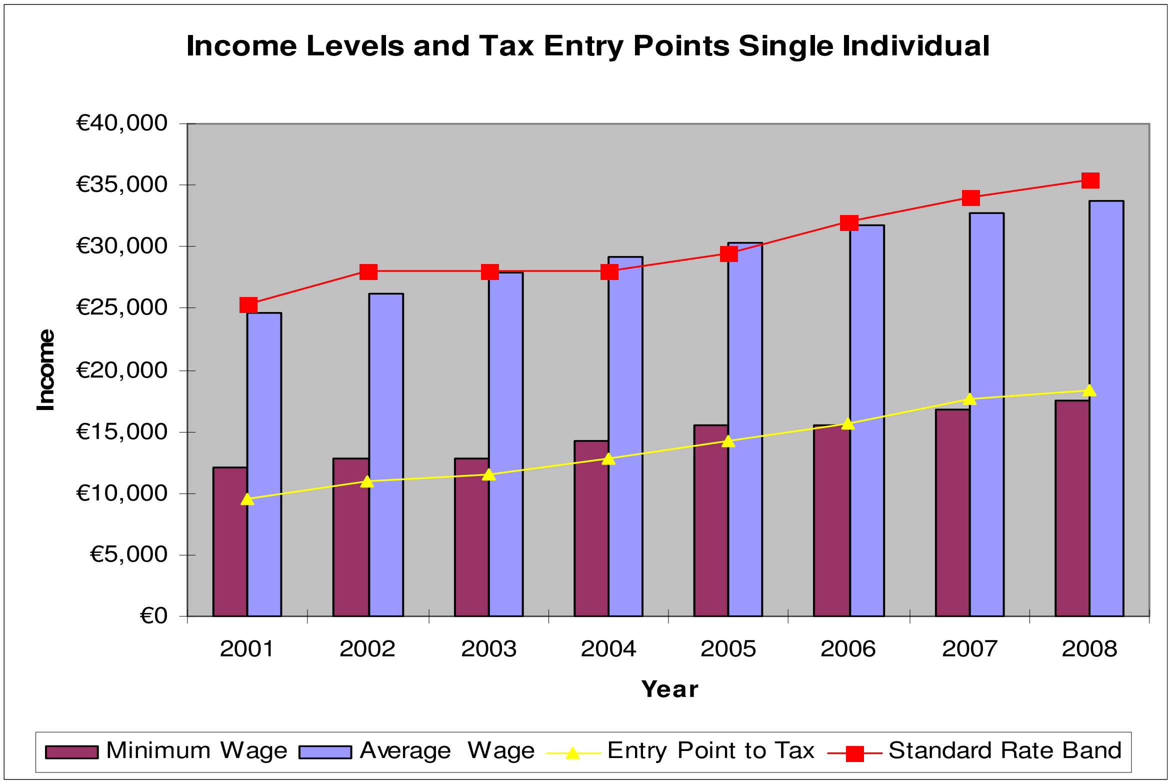
Average Industrial Wage (AIW)

7. The AIW increased from €24,557 in 2001 to €33,804 in 2008. The standard rate band for a single individual increased from €25,395 in 2001 to €35,400 in 2008. Through the increases in the standard rate band, the AIW was removed from the liability to tax at the higher rate by 2006.

Table 4: Credits, Bands and Average Industrial Wage 2001 - 2008

Year	Standard Rate Band (Single)	Credits (Personal and PAYE)	Average Industrial Wage
2001	€25,395	€1,905	€24,557
2002	€28,000	€2,180	€26,150
203	€28,000	€2,320	€27,935
2004	€28,000	€2,560	€29,240
2005	€29,400	€2,850	€30,288
2006	€32,000	€3,120	€31,680
2007	€34,000	€3,520	€32,730
2008	€35,400	€3,660	€33,804

Chart 1: Income levels and Tax Entry Point 2001 – 2008 for a single individual



Distribution of income earners

8. The table below illustrates that between 2001 and 2008 the proportion of income earners exempt from income tax had increased from 29% to 42%. The minimum wage was outside the tax net, the average industrial wage was outside the liability to the higher rate and 80% of income earners were paying tax at no more than the standard rate.

Table 5: Distribution of income earners 2001 - 2008

	2001	2002	2003	2004	2005	2006	2007	2008
Total	1,790,000	1,885,000	1,927,200	2,013,700	2,175,000	2,370,700	2,489,100	2,459,200
Higher Rate	30%	18%	20%	23%	21%	18%	16%	16%
Standard Rate	41%	47%	46%	43%	43%	43%	42%	42%
Exempt	29%	34%	34%	34%	36%	39%	42%	42%

NOTE: Figures are rounded. Estimates, using actual data for the year 2008 and adjusted as necessary to take account of the most recent data available for income and employment trends for the year in question, are used for 2009 onwards. It should be noted that a married couple who has elected or has been deemed to have elected for joint assessment is counted as one tax unit.

Marginal Tax Rates

9. The marginal tax rate is described as the tax rate that applies to the last euro of the tax base. Marginal tax rates are important because they influence individual decisions to work more or indeed to work at all. Having a low and competitive top marginal tax rate is viewed as one of the major drivers in promoting labour force participation.

10. The marginal tax rates were reduced for all income earners over this period (2000 - 2008). For example the marginal tax rates for income earners on the minimum wage and the average industrial wage decreased from 22% to 0% and from 28.5% to 26% respectively, even though the income levels had increased significantly for both categories of income earners over this period by 55% and 49% respectively. In addition, the highest marginal tax rate for employees in Ireland in 2008 was 43.5% compared to 46% in 2000.

Table 6: Marginal Rates for PAYE employees

Income Earners 2000	2000	Income Earners 2008	2008
Minimum Wage €11,332	22%	Minimum Wage €17,542	0%
Average Wage €22,745	28.5%	Average Wage €33,804	26%
2* Average Wage €45,490	46%	2* Average Wage €67,608	43%
€76,000	46%	€76,000	43%
€100,101	46%	€100,101	43.5%
€176,000	46%	€176,000	43.5%

International Comparisons

11. The Tax Wedge is defined as sum of personal income tax plus employee and employer social security contributions together with any payroll taxes less cash transfers, expressed as a percentage of labour costs.

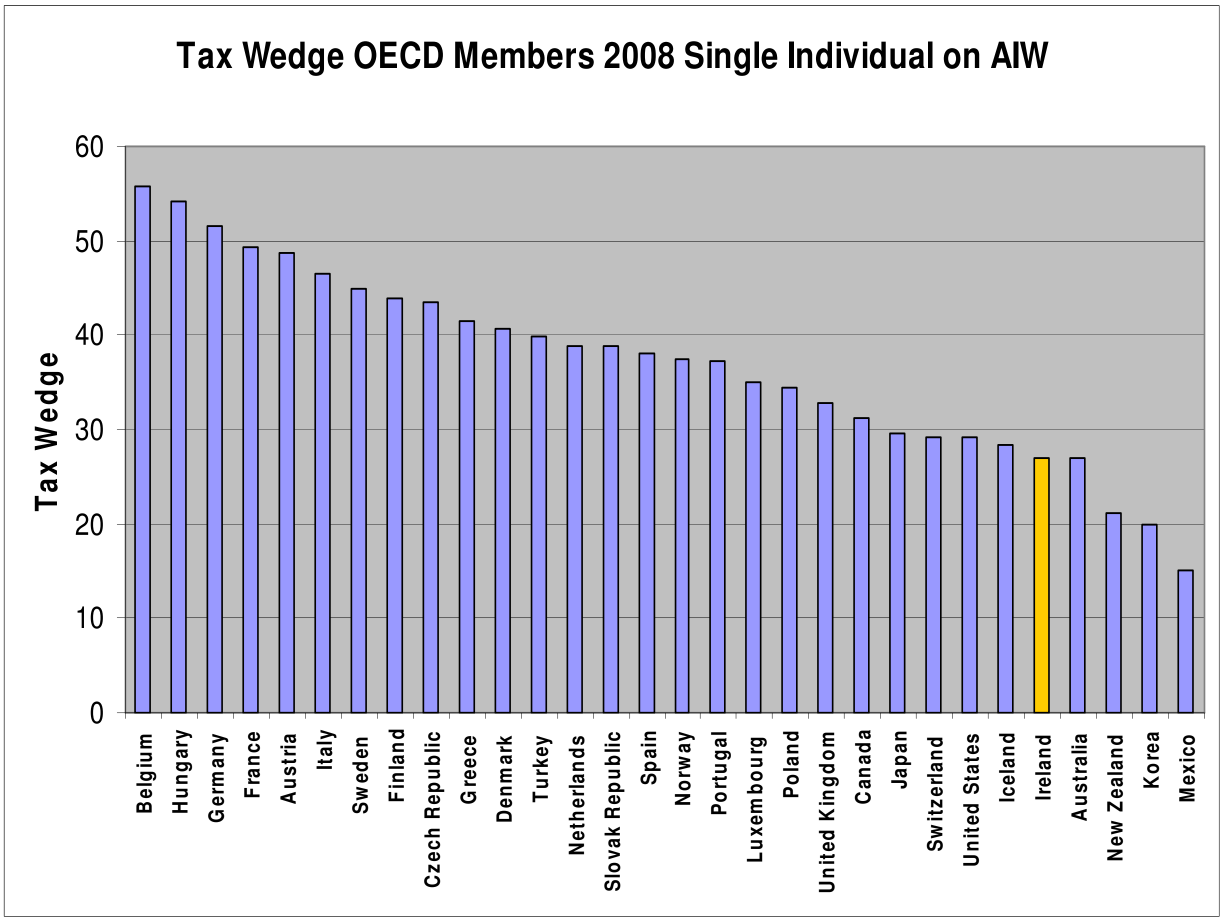
12. A competitive tax wedge is considered vital in encouraging employment growth across all income categories and to incentivise people to remain in or return to the labour market.

13. In international terms, the OECD Taxing Wages report, based on wages and tax levels for 2008, indicated that Ireland had the fifth lowest tax wedge in the OECD for a single worker on average income (27.0%). This was the lowest tax wedge of the 21 EU members of the OECD. In addition, Ireland had the second lowest tax wedge in the OECD for a married one income family with two children on average income (9.8%). This was the lowest tax wedge of the 21 EU members of the OECD.

Table 7: Ireland's Tax Wedge position for a Single person on Average Wage

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Tax Wedge	35.2	31.3	29.7	29.8	30.7	31.0	29.2	27.2	27.0.
OECD ranking	11th	9th	6th	8th	9th	9th	6th	4th	5th
EU ranking	2nd	1st	1st	1st	1st.	1st	1st	1st	1st

Chart 2: Tax Wedge OECD Comparison

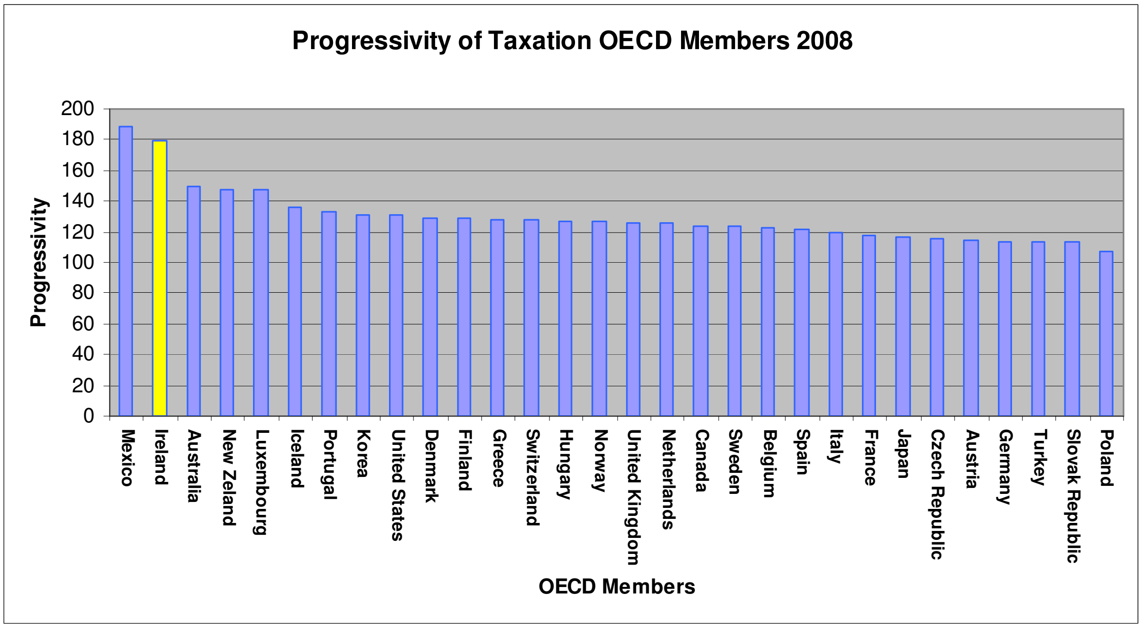


Progressive Taxation

14. A progressive taxation system ensures that the burden of taxation falls most heavily on those with a higher ability to pay. In 2008 Ireland had the second most progressive taxation system in the entire OECD and the most progressive of the EU members of the OECD.

15. The European Commission method of comparing progressivity of taxation is by taking the OECD tax wedge on 167% of average income as a percentage of the tax wedge on 67% of average income. On a rating system where less than 100 is regressive and above 100 is progressive, most EU countries had a progressivity rate of between 120 and 130. Ireland, in comparison, had a progressivity rate of 180.

Chart 3: Progressivity OCED Comparison



III. Recent Reforms and Developments - 2009 to 2011

Budget 2009, Supplementary Budget 2009 and Budget 2010

16. In Budget 2009 an income levy was introduced. The income levy applied at 1% on income up to €100,100, at 2% on income above €100,100 but below €250,120 and 3% on income in excess of this amount. In Budget 2009 the standard rate cut off point was increased by €1,000 to €36,400 for single and to €45,400 for married one earners so as to ameliorate the effect of the income levy on middle income earners.

17. In Supplementary Budget in April 2009 the income levy rates were doubled and thresholds reduced. The Health Levy was doubled from 2% to 4% and 2.5% to 5% and the higher threshold reduced from €100,100 to €75,036. The PRSI ceiling was also increased from €52,000 to €75,036.

18. Budget 2010 focused on expenditure reduction measures, consequently there were no changes to income tax credits, bands, rates or PRSI charges.

19. No significant changes were made to the income tax system in these Budgets. All revenue raising was instead done through the Income and Health Levies.

20. Income Tax yield continued to fall as a result of increasing unemployment and lowering of wages. (As a result of changes in Budget 2011 – see below- the yield for 2011 is estimated to increase to €12bn).

Table 8: Income Tax Yield

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
€ bn	9.3	9.1	9.2	10.7	11.3	12.4	13.6	13.2	11.8	11.3
% Tax	33.5	31.0	28.5	29.9	28.7	27.2	28.7	32.3	35.8	35.5

IV. Budget 2011

21. Budget 2011 introduced a number of measures to widen the tax base and raise revenue to reduce the budget deficit. In general, all tax credits and standard rate bands were reduced by approximately 10% with the exception being the age tax credits and exemptions limits which were decreased by 25% (see Appendix 1). For example the personal and PAYE tax credits were reduced from €1,830 to €1,650. In addition, the single standard rate band was reduced by approximately 10% from €36,400 to €32,800 and the relationship between the single standard rate band and the additional rate bands was maintained. Therefore, the married one-earner rate band is still €9,000 greater (€41,800) than the single standard rate band.

22. In addition, the PRSI ceiling was abolished and the self-employed PRSI rate was increased from 3% to 4%.

23. As result of the income tax adjustments, credits and bands have returned to 2006/07 levels. Furthermore, the entry point to taxation has been reduced significantly for all income earners. See table below:

Table 9: Entry Point to Tax 2011

	2008	**2010**	**2011**
Single Individual	€18,300	€18,300	€16,500
Married One-earner (no children)	€27,450	€27,450	€24,750
Married One –earner (with children)	€31,950	€31,950	€28,800

24. These changes to the income tax system meant that an estimated 144,000 more individuals will pay income tax in 2011 than 2010 and the number of individuals liable to the higher rate of tax will increase by 91,000. This is illustrated in the table below:

Table 10: Distribution of Income Earners 2010 – 2011 vs. 2008

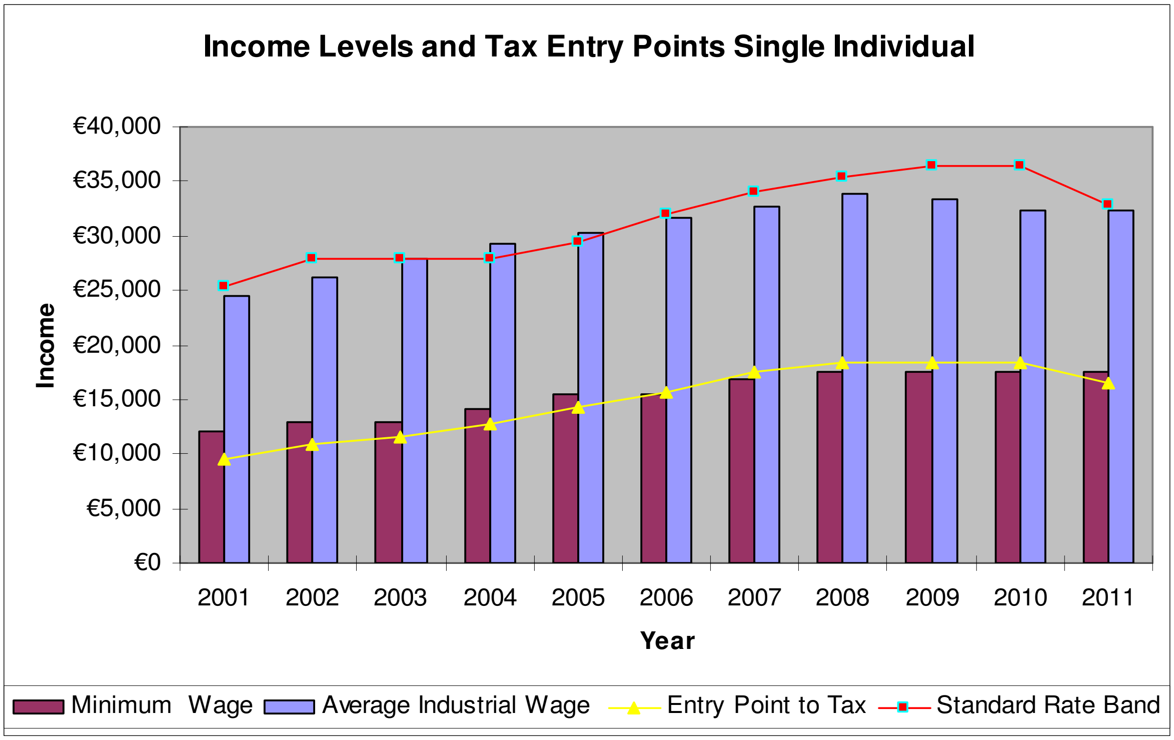
	2008	**2010**	**2011 on a post-budget basis**
Total	2,459,200	2,220,300	2,224,800
Higher Rate	397,300 (16%)	311,900 (14%)	402,900 (18%)
Standard Rate	1,031,700 (42%)	925,500 (42%)	978,500 (44%)
Exempt	1,030,200 (42%)	982,900 (44%)	843,400 (38%)

25. The income tax adjustments in Budget 2011 have redistributed the burden of income tax where the top 1% of income earners (i.e. over €200,000) are paying 22%:

Table 11: Estimated burden of income tax for 2011 vs. 2008

Gross Earnings	% Income Earners 2008	% Tax Paid 2008	% Income Earners 2011	% Tax Paid 2011
> €200,001	1%	25%	1%	22%
> €100,001	6%	50%	5%	45%
> €75,001	11%	65%	10%	61%
> €50,001	23%	84%	22%	81%
< €50,000	77%	16%	78%	19%

Chart 5: Income levels and Tax Entry Point 2001 – 2011 for a single individual



Universal Social Charge (USC)

26. In 2011 the USC was introduced to replace the Income levy and Health Levy. The USC is designed to apply across income levels in a smoother progression. The measure was intended to widen the tax base, remove poverty traps and raise revenue to reduce the budget deficit. It is a more sustainable charge than those it replaced. The USC will be revenue neutral in 2011 and is expected to yield €420 million in a full year. It is estimated that approximately 514,000 more income earners will pay the USC compared to the Income Levy.

27. There was a commitment to a review of the USC and this is the subject of a separate paper for the Tax Strategy Group.

Marginal Tax Rates 2011

28. The measures introduced in Budgets from 2009 to 2011 have resulted in significant increases in marginal rates.

29. The top marginal tax rate for employees is now 52%. This has increased from 43.5% in 2008. The top marginal tax rate for self-assessed is now 55%. This has increased from 46.5% in 2008. Not only have the top marginal rates increased significantly but marginal rates on lower income levels have also increased.

30. The marginal tax rates for income earners on the average industrial wage and twice the average industrial wage increased from 26% in 2008 to 31% in 2011and from 43% in 2008 to 52% in 2011 respectively.

Table 12: Marginal Rates for PAYE employees

Income Earners 2008	**November 2008**	**Income Earners 2011**	**2011**
Minimum Wage €17,542	0%	Minimum Wage €17,542	27%
Average Wage €33,804	26%	Average Wage €32,350	31%
2* Average Wage €67,608	43%	2* Average Wage €64,700	52%
€76,000	43%	€76,000	52%
€100,101	43.5%	€100,101	52%

Tax Wedge 2011

31. According to the latest OECD Taxing Wages report, based on wage and tax levels for 2010, Ireland had the eight lowest tax wedge (29.3%) of the 34 members in the OECD for a single worker on average earnings (€39,555). This demonstrates a drop of 4 places on our best position of 4th lowest tax wedge in the OECD in 2007 but maintains our position as lowest tax wedge of the 21 EU members of the OECD.

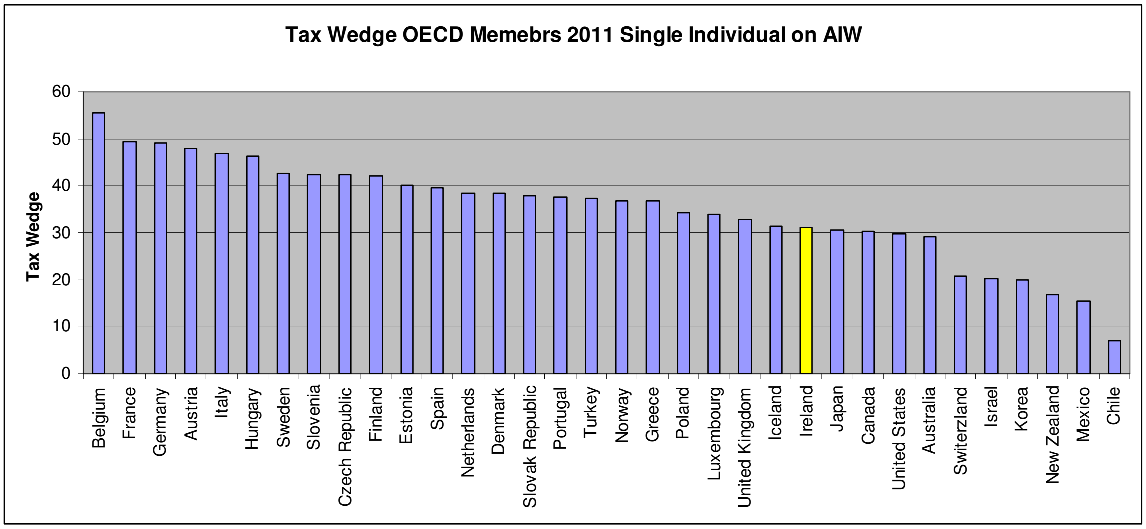
32. After Budget 2011 Ireland's tax wedge for a single person on average earnings has increased to 31.2%. Assuming no tax changes in the other OECD countries this will place us 11th lowest in the OECD and we will remain lowest of the EU members of the OECD.

Table 13: Ireland's Tax Wedge position for a single person on average wage

	2004	2005	2006	2007	2008	2009	2010	2011
Tax Wedge	30.7	31.0	29.2	27.2	27.0	28.6	29.3	31.2
OECD ranking	9th	9th	6th	4th	5th	6th	8th	11th
EU ranking	1st	1st	1st	1st	1st	1st	1st	1st

33. It is expected that our tax wedge for low income earners will reduce as a result of the reduction of the lower Employer Social Security Contribution Rate from 8.5% to 4.25% introduced in the Jobs Initiative. As stated above, a competitive tax wedge remains vital in encouraging employment growth across all income categories and to incentivise people to remain in or return to the labour market.

Chart 5: Tax Wedge OECD Comparison 2011



Progressive Taxation 2011

34. After Budget 2011 changes, Ireland's progressivity rate has decreased slightly from 180 to 178. This is still far more progressive than any other EU member of the OECD. As mentioned before, most EU countries have a progressivity rating of between 120 and 130.

V. Budget 2012

35. The Programme for Government states that:

"As part of our fiscal strategy, the new Government will:

- *Maintain the current rates of income tax together with bands and credits. We will not increase the top marginal rates of taxes on income"*

If this policy is pursued then our current tax wedge on average earnings will be maintained at the levels of preceding section.

36. Notwithstanding this commitment, the fiscal adjustments required remain very significant. To meet the deficit target of 8.6% in 2012, policy adjustments of more than €3.6 billion will be needed. Similar adjustment will be needed in 2013 and 2014 if a deficit of less than 3% is to be achieved by 2015. The EU/IMF programme currently assumes further reductions in bands/credits in the coming years.

37. xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx.

38. Without prejudice to the Programme for Government, it might be of value to the TSG to illustrate the impact of a further 2½% reduction in bands and credits in 2012

39. This option 2 would mean -
    - Personal tax credit reduced by €50 (€1 per week) from €1,650 to €1,600
    - Married tax credit reduced by €100 (€2 per week) from €3,300 to €3,200
    - PAYE tax credit reduced by €50 (€1 per week) from €1,650 to €1,600
    - Home carer tax credit (€810 to €790)
    - Single standard rate band reduced by €900 from €32,800 to €31,900
    - Married one-earner band reduced by €900 from €41,800 to €39,900
    - Married two-earner band reduced by €1,800 from €65,600 to €63,800
    - Entry to point to taxation for a single person is reduced from €16,500 to €16,000
    - Entry Point to taxation for a married one-earner couple without children is reduced from €24,750 to €24,000
    - Entry point to taxation for a married one-earner couple with children reduced from €28,800 to €27,950
    - Estimated First Year Yield **€240m**
    - Estimated Full Year Yield **€315m**

40. The estimated effect on a single person on full PRSI at approximately the minimum wage (MW); the average industrial wage (AIW), and AIW * 2 is outlined below. A full distribution for the various income earners (Single, Married-one earner with and without children) is attached in Appendix 2.

Table 14: Distribution of a Single person (Full PRSI)

	Net Income		Total Change			Marginal Rate	
Gross Income	Existing	Proposed	Per Year	Per Week	% of Net Income	Existing	Proposed
€17,542	€16,787	€16,687	-€100	-€2	-0.6%	27%	27%
€32,350	€26,567	€26,372	-€195	-€4	-0.7%	52%	52%
€64,700	€42,189	€41,900	-€289	-€6	-0.7%	52%	52%

Table 15: Distribution of Income Earners 2011 - 2012

	2011	2012
Total	2,224,800	2,165,200
Higher Rate	402,900 (18%)	428,100 (20%)
Standard Rate	978,500 (44%)	945,500 (44%)
Exempt	843,400 (38%)	791,600 (36%)

41. There are a number of issues to consider that may arise as a result of this option.

Marginal Tax Rates: Top marginal rates are currently 52% for PAYE workers and 55% for the self-employed. A reduction in the standard rate bands would increase the number of individuals liable to the top marginal tax rate at lower income levels. For example a single individual would be liable to top marginal tax rate at an income level of €31,900.

Replacement Rates: The decrease in net incomes as a result of this package would cause current replacement rates to rise. Consideration must be given to any potential adjustments to social welfare rates.

Medical Card: Reductions in tax credits and bands would decrease net incomes and consequently increase the number of income earners entitled to medical cards under the current income qualification limits. This would have a dual effect of increasing expenditure for the Department of Health and Children and reducing the USC yield.

Family Income Supplement (FIS): Reductions in tax credits and bands would decrease net incomes and consequently increase the number of families entitled to FIS under the current income qualification limits. FIS is available to low and middle income families (with children), who are in insurable employment, subject to certain income limits. It is estimated the FIS will cost approximately €200 million in 2011.

42. The TSG may wish to discuss.

Appendix 1

INCOME TAX CHANGES BUDGET 2011

- The Income Tax Credits reduced by 10%.
- The Standard Rate Band reduced by 10%
- The Age Credit reduced by 25% (abolished over 4 years)
- The Age Exemption limits reduced (abolished over 4 years)
- These measures are expected to yield **€830m in 2011** and **€1,115m in a full year**.

Main Changes

Credits	**Existing**	**Proposed**
Personal Credit		
- single	€1,830	€1,650
- married	€3,660	€3,300
PAYE Credit	€1,830	€1,650
Home Carer Credit	€900	€810
Age Credit		
- single	€325	€245
- married	€650	€490
One Parent Family Credit	€1,830	€1,650

Bands	**Existing**	**Proposed**
Single /Widowed	€36,400	€32,800
Married One Income	€45,400	€41,800
Married Two Incomes	€72,800	€65,600
One Parent/Widowed Parent	€40,400	€36,800

Age Exemption Limits	**Existing**	**Proposed**
Single	€20,000	€18,000
Married	€40,000	€36,000

PRSI CHANGES

- Abolition of the PRSI ceiling of €75,036
- Self-Employed PRSI rate increased from 3% to 4%
- Modified PRSI rates for certain public servants increased to 4% above €75,036
- Introduction of a PRSI charge for certain Office Holders
- These measures are expected to yield **€168m in 2011** and **€243m in a full** year.

PRSI	**Existing**	**Proposed**
PRSI Ceiling	€75,036	n/a
Self-employed PRSI	3%	4%
Modified PRSI above €75,036	0%	4%
Introduction of PRSI for Office Holders	0%	4%

Appendix 2

Illustrative 2.5% reduction in income tax credits and bands.

Single person (Full PRSI)

	Net Income		Total Change			Marginal Rate	
Gross Income	Existing	Proposed	Per Year	Per Week	% of Net Income	Existing	Proposed
€15,000	€14,601	€14,601	€0	€0	0.0%	4%	4%
€17,542	€16,787	€16,687	-€100	-€2	-0.6%	27%	27%
€20,000	€18,045	€17,945	-€100	-€2	-0.6%	31%	31%
€25,000	€21,495	€21,395	-€100	-€2	-0.5%	31%	31%
€30,000	€24,945	€24,845	-€100	-€2	-0.4%	31%	31%
€35,000	€27,933	€27,644	-€289	-€6	-1.0%	52%	52%
€45,000	€32,733	€32,444	-€289	-€6	-0.9%	52%	52%
€55,000	€37,533	€37,244	-€289	-€6	-0.8%	52%	52%
€75,000	€47,133	€46,844	-€289	-€6	-0.6%	52%	52%
€100,000	€59,133	€58,844	-€289	-€6	-0.5%	52%	52%
€125,000	€71,133	€70,844	-€289	-€6	-0.4%	52%	52%
€150,000	€83,133	€82,844	-€289	-€6	-0.3%	52%	52%
€175,000	€95,133	€94,844	-€289	-€6	-0.3%	52%	52%
€200,000	€107,133	€106,844	-€289	-€6	-0.3%	52%	52%

Married couple, one income, no children (Full PRSI)

	Net Income		Total Change			Marginal Rate	
Gross Income	Existing	Proposed	Per Year	Per Week	% of Net Income	Existing	Proposed
€15,000	€14,601	€14,601	€0	€0	0.0%	4%	4%
€17,542	€16,995	€16,995	€0	€0	0.0%	7%	7%
€20,000	€18,745	€18,745	€0	€0	0.0%	11%	11%
€25,000	€23,145	€22,995	-€150	-€3	-0.6%	11%	11%
€30,000	€26,595	€26,445	-€150	-€3	-0.6%	31%	31%
€35,000	€30,045	€29,895	-€150	-€3	-0.5%	31%	31%
€45,000	€36,273	€35,934	-€339	-€7	-0.9%	52%	52%
€55,000	€41,073	€40,734	-€339	-€7	-0.8%	52%	52%
€75,000	€50,673	€50,334	-€339	-€7	-0.7%	52%	52%
€100,000	€62,673	€62,334	-€339	-€7	-0.5%	52%	52%
€125,000	€74,673	€74,334	-€339	-€7	-0.5%	52%	52%
€150,000	€86,673	€86,334	-€339	-€7	-0.4%	52%	52%
€175,000	€98,673	€98,334	-€339	-€7	-0.3%	52%	52%
€200,000	€110,673	€110,334	-€339	-€7	-0.3%	52%	52%

Married couple, one income, with children (Full PRSI)*

	Net Income		Total Change			Marginal Rate	
Gross Income	Existing	Proposed	Per Year	Per Week	% of Net Income	Existing	Proposed
€15,000	€24,637	€24,637	€0	€0	0.0%	4%	4%
€17,542	€25,627	€25,627	€0	€0	0.0%	7%	7%
€20,000	€26,285	€26,285	€0	€0	0.0%	11%	11%
€25,000	€28,083	€28,083	€0	€0	0.0%	11%	11%
€30,000	€29,745	€29,679	-€66	-€1	-0.2%	31%	31%
€35,000	€31,895	€31,725	-€170	-€3	-0.5%	31%	31%
€45,000	€37,083	€36,724	-€359	-€7	-1.0%	52%	52%
€55,000	€41,883	€41,524	-€359	-€7	-0.9%	52%	52%
€75,000	€51,483	€51,124	-€359	-€7	-0.7%	52%	52%
€100,000	€63,483	€63,124	-€359	-€7	-0.6%	52%	52%
€125,000	€75,483	€75,124	-€359	-€7	-0.5%	52%	52%
€150,000	€87,483	€87,124	-€359	-€7	-0.4%	52%	52%
€175,000	€99,483	€99,124	-€359	-€7	-0.4%	52%	52%
€200,000	€111,483	€111,124	-€359	-€7	-0.3%	52%	52%

Appendix 3

Income Tax Ready Reckoner*

Indicative costs/yields to the Exchequer of various proposals Pre-Budget 2012 (base 2009)

Income Tax	**First Year**	**Full Year**
	€m	€m
Standard Rate		
1% point increase/decrease	350	470
Higher Rate		
1% point increase/decrease	145	205
PAYE Tax Credit		
€100 increase/decrease	105	135
Personal Tax Credit[1]		
€100 increase/decrease	140	190
Standard Rate Band		
€100 increase/decrease	10	15
Universal Social Charge	**First Year**	**Full Year**
	€m	€m
1% point increase/decrease in 2% rate	155	215
1% point increase/decrease in 4% rate	75	105
1% point increase/decrease in 7% rate[2]	325	460
Total	555	780
Age Exemption Limits	**First Year**	**Full Year**
	€m	€m
Increase/decrease limits by €500 (single/widowed) and €1000 (married)	8	12

* These are provisional figures and may be revised

[1] Includes commensurate increases/decreases in married persons credit, widowed persons personal credit and lone persons credit.
[2] Includes 1% increase/decrease for those paying 10% rate and for those whose top rate is 4% although estimates relating to these groups are tentative.