EUROMOD

COUNTRY REPORT

EUROMOD Country Report

IRELAND
(2001 TAX-BENEFIT SYSTEM)

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EUROMOD Country Report: Ireland 2001

TAX-BENEFIT SYSTEM: IRELAND

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1 TAX-BENEFIT SYSTEM – OUTLINE

1.1 Introduction

The purpose of this section of the Country Report is to document the structure of the Irish social welfare and income tax systems, and their evolution in recent years. In doing so, we draw heavily on a recently published paper analysing the Irish situation in an international context (Callan and Nolan, 2000).

Ireland on Independence inherited a social welfare system essentially identical to that of the United Kingdom at the time, and many later structural developments also mirrored those in the UK. The broad structure comprises a system of social insurance - with contributions from employers, employees and the state financing contributory benefits - and a system of social assistance - with means-tested payments for many of the same contingencies (old age, unemployment). A universal child benefit payment was introduced as early as 1944, but operates alongside payments made as "child dependant additions" to recipients of most social welfare schemes. Social welfare recipients with a dependent spouse also receive a payment. In recent years, this has been termed a "Qualified Adult Addition" (QAA), but formerly it was called an "Adult Dependant Addition" (ADA). Benefit payments are almost always flat rate rather than earnings-related.[1] The Irish tax-benefit system is quite similar to the UK system; income tax is based on gross income, employee social insurance contributions account for a relatively small proportion of taxes and social assistance is very important.

A nationally financed, locally administered safety-net scheme (Supplementary Welfare Allowance) was established in 1975 with a payment rate equal to that for short-term unemployment assistance. A number of smaller schemes were put in place during the 1960s and 1970s, including provision for deserted wives and an "Unmarried Mother's" Allowance subsequently subsumed under the broader Lone Parent's Allowance, now entitled One Parent Family payment. In the early 1980s, concerns about financial incentives to take up employment led to the introduction of an in-work benefit, the Family Income Supplement, paid to those with child dependents whose income from employment was low relative to their family size. A Carer's Allowance payable on a means-tested basis to those who live with and look after people who need full-time care was introduced in the early 1990s; an insurance based benefit for the same contingency was introduced more recently.

Social insurance contributions became pay-related in 1979, and a number of changes in the contribution structure have been made since then that we will discuss later together with income tax.

In terms of the overall scale of social welfare expenditure as a proportion of Gross National Product or Gross Domestic Product, Ireland ranked as a relatively low-spending

[1] An earnings-related supplement to Unemployment Benefit operated in the 1970s and 1980s, but was phased out due to concerns about work disincentive effects.

country even before the full effects of the economic boom were felt. In the mid-1990s, Ireland spent about 10 per cent of GDP on social insurance plus social assistance, and among our EU partners only Portugal and Greece was spending that little: the Netherlands was spending more than twice that share of GDP, but a more typical share was about 16-18 per cent. This was despite the fact that Ireland was then spending a relatively high proportion of national income on income support for the unemployed – about 3 per cent of GDP. Spending on old age and widow(ers) pensions was a substantially lower share of GDP in Ireland than in any other member state, and spending on disability-related income support was also among the lowest. While demographic factors clearly play a major role in determining pension expenditure, the fact that Ireland's social insurance system pays a flat rate rather than an earnings-related pension is also very important. By 2000, with unemployment very much lower and social welfare rates lagging behind other incomes, Ireland's total social welfare expenditure was down to about 7 per cent of GDP.

1.2 Trends in social welfare support 1994 to 2000

Moving on from structures, we now describe the rates of support provided by the main schemes in the social welfare system in 1994 (the data year) and how they evolved since then. We focus on two later years: 1998 (the year chosen as the base year for EUROMOD) and the current, 2000 situation.

We look first at how the rates payable for single adults by some of the most important social welfare schemes evolved from 1994 to 2000 in real terms. Table 1-1 shows the actual rates, while Table 1-2 shows the percentage change in the rate, deflated by the increase in consumer prices, in each sub-period and over the period as a whole.

Table 1-1 points out the variation in the levels of selected welfare payments since 1994. The margin in the rate of payment between the non-contributory social assistance schemes and the contributory social insurance schemes has been maintained over the period. In nominal terms, the largest increases have accrued to the elderly, particularly in the period since 1998.

Table 1-1 Social welfare rates 1994 -2001

Scheme	**Personal rate**				
	1994		1998	2000	2001
	IR£ per week, current prices				
Social Insurance:					
Contributory Old Age Pension	71.0		83.0	96.0	106.0
Contributory Widow's Pension	64.5		74.1	81.1	89.1
Unemployment/Disability Benefit	61.0		70.5	77.5	85.5

Invalidity Pension	62.6		72.2	79.2	89.1
Social Assistance:					
Non-contributory Old Age Pension	61.0		72.5	85.5	95.5
Non-contributory Widow's Pension	61.0		70.5	77.5	85.5
UA short-term*	58.9		68.4	76.0	84.0
UA long-term*	61.0		70.5	77.5	85.5
Supplementary Welfare Allowance	58.9		68.4	76.0	84.0
Lone Parent's Allowance, 1 child	76.2		85.7	92.7	100.7

However, previous to 1994, the elderly has fared worst in relative terms. The elderly saw real increases of only 5-6 percent in the 1987-1994 period, while the unemployed saw their support rates rise by 18-37 per cent depending on the scheme and duration. Table 1-2 points out how the elderly have gained over and above the unemployed since 1994 and particularly since 1998. This is a reflection of the changed priorities of the Irish government in recent times due to our near attainment of full-employment levels.

Table 1-2 Percentage real increase in social welfare rates 1994 -2000

Scheme	Per cent increase in Personal rate, deflated by CPI		
	1994-1998	1998-2000	1994-2000
Social Insurance:			
Contributory Old Age Pension	7.9	8.6	17.2
Contributory Widow's Pension	6.1	2.8	9.0
Unemployment/Disability Benefit	6.7	3.2	10.2
Invalidity Pension	6.5	3.0	9.7
Social Assistance:			
Non-contributory Old Age Pension	9.7	10.7	21.5
Non-contributory Widow's Pension	6.7	3.2	10.2
UA short-term*	7.2	4.3	11.9
UA long-term*	6.7	3.2	10.2
Supplementary Welfare Allowance	7.2	4.3	11.9
Lone Parent's Allowance, 1 child	3.8	1.6	5.5

Since 1998, lone parents allowance has had the lowest real increase in payment rate, only just keeping ahead of inflation. The increases for schemes for widows/widowers and those on invalidity pension were towards the bottom of the range. This pattern reflects the deliberate strategy adopted previous to 1994, to bringing up what has been the lowest rates of social welfare. This was influences by the recommendations of the government appointed Commission on Social Welfare (1986), which highlighted what is saw as the inadequacy of these lowest payment rates. There has therefore been a good deal of convergence on the rates across the different schemes. At present, the lowest basic personal rate – still for Supplementary Welfare Allowance – is 79.2 per cent of the highest one, which is the Contributory Old Age Pension.

For most of the period the ratio of the payment for a couple to the personal rate hovered around the 1.6 mark. This was consistent with the Commission on Social Welfare's suggestion that the appropriate ratio was 1.6, but that was not based on an in-depth empirical examination of the issue by the Commission or on Irish evidence. A commitment to increase this ratio back up towards 1.7 was included in the Partnership for Prosperity and Fairness. (This was not an issue for contributory old age pensions, where couples actually received larger percentage increases than single adults over the period, or for non-contributory pensions where both spouses usually receive the full personal rate).

Table 1-3 shows the social welfare benefits pertaining to children in Ireland. A monthly Child Benefit payment is paid at a lower rate for the first two children and increases for the third and subsequent child. These benefits are not means-tested as they are a universal payment to all parents/guardians.

Table 1-3 Social Welfare payments pertaining to children

Scheme				
	1994	1998	2001	2003
Child Benefit:	IR£ per month, current prices			
< 3 Children	20.0	31.5	67.5	98.92
3 + Children	25.0	42.0	86.0	123.88
Child Dependent Allowances	IR£ per week, current prices			
Social Insurance:				
Contributory Old Age Pension	15.2	15.2	15.2	15.21
Contributory Widow's Pension	17.0	17.0	17.0	17.01
Unemployment/Disability Benefit	13.2	13.2	13.2	13.23
Invalidity Pension	15.2	15.2	15.2	15.21
Social Assistance:				
Non-contributory Old Age	13.2	13.2	13.2	13.23

Pension				
Non-contributory Widow's Pension	15.2	15.2	15.2	15.21
Unemployment Assistance	13.2	13.2	13.2	13.23
Supplementary Welfare Allowance	13.2	13.2	13.2	13.23
Lone Parent's Allowance	15.2	15.2	15.2	15.21

Child dependent allowances are the amounts paid for dependent children in addition to the personal rate of payment under each of the benefit schemes shown. From Table 1-3 Social Welfare payments pertaining to children, all child dependent allowances in 2001 have remained constant at what they were in 1994 and have not been changed even to keep pace with price inflation in the intervening period. This follows from a policy focus in recent years to increase Child Benefit rates while freezing CDAs.

Finally, there was also an expansion over the period in the additional cash payments or non-cash benefits available to social welfare recipients or low-income households generally. As well as new schemes and an expansion in the coverage of some pre-existing ones, payments under the Supplementary Welfare Allowance scheme for rent and mortgage supplements and exceptional needs rose particularly rapidly. Local authority differential rents also provide a subsidy to low-income tenants that can be substantial. Analysis of the ESRI surveys suggests that these can make a significant difference to the position of certain groups, notably the elderly, and that this needs to be taken into account to get a full picture of trends over time (Nolan and Russell, 2001).

1.3 The Irish tax system

The Irish tax system incorporates the main elements familiar across industrialised countries – namely taxes on income, goods and services, capital transfers, profits, and property together with a system of social insurance contributions. Particular features of the Irish system and the balance between these types of taxation merit brief discussion before turning to a detailed examination of Irish income taxation. The most important of these is the particularly prominent role that income tax itself plays, accounting for a larger share of total tax revenue than in most other European countries. This does not reflect any disinclination to tax goods and services – value added tax and excise taxes are a more significant source of revenue in Ireland than in many other industrialised countries. Rather, Ireland is unusual in having a relatively very low share of revenue coming from social insurance contributions.

Income tax in Ireland is characterised as being a progressive and joint system and whose tax base is based on gross income. Unlike continental systems employee, social insurance contributions are not tax deductible from gross wages to get the tax base on which income tax is based. The Pay As You Earn (PAYE) system is also used, as is a relatively simple combination of rates and bands. Unlike the UK system, married couples could opt to have their income taxed as one income source in 1998. Individualisation of the treatment for personal income tax was introduced in the 2000 Budget and expanded with the most recent one.

Social insurance contributions are indeed made by both employers and employees in Ireland (unlike for example Denmark), but they account for about half as much of total revenue as in the EU as a whole. Whereas the standard contribution rate for an employee in Ireland is under 7 per cent and for an employee about 12 per cent, in many other EU countries the corresponding figure for employees is twice as high, and for employers a rate of one-third is not uncommon. This reflects the fact that much of social welfare spending in Ireland is funded directly by the Exchequer, but also the more modest level of social insurance benefits paid relative to average earnings compared with countries such as Belgium, the Netherlands, France or Germany. It also reflects the influence of the British model and the long-standing desire to maintain competitiveness of labour-intensive firms against British competition.

The Irish tax base depends on gross incomes; employee pay-related social insurance contributions are not tax deductible. In our model the tax base is the sum of earned income and unearned income less superannuation contributions made to private pension funds. Earned income comprises of employee gross income (in other words total labour costs less employer social insurance contributions), self-employment income and farm income. Unearned income consists of income from investments and property plus public and private transfers such as private pension benefits, public pensions, unemployment benefits (less a deduction), other non means tested benefits and social assistance benefits. A number of incomes are exempt from taxation. These include child benefits and the child components of social assistance and insurance benefits.

The other most striking feature of the Irish tax environment over the past two decades has been the extent of the fluctuation in the overall tax burden. Measured as a proportion of GDP, the tax burden has been falling rapidly in Ireland during the 1990s, having risen very sharply in the 1980s. Towards the end of the 1990s, when 29 OECD countries were ranked from the largest to the smallest share going on taxation, Ireland ranked 22nd, with all the other EU member states having a higher share. Taxes represented about one-third of GDP in Ireland, with the EU average over 40 per cent. Over the previous decade, the Irish figure had fallen by about 4 percentage points, whereas in the OECD area as a whole the tax burden was still trending upwards.

1.4 Trends in income tax and PRSI 1998 to 2003

Table 1-4 shows how income tax rates and basic personal allowances have evolved between 1998 and 2000. The standard tax rate has fallen from 24 per cent to 20 per cent, and the top rate from 46 per cent to 42 per cent.

Table 1-4 Income Tax Rates and Allowances 1998, 2000 and 2001

Rates and allowances	1998	2001	2003
Standard tax rate	24%	20%	20%

Top tax rate	46%	42%	42%
Standard rate band (single person)	10000	20000	22052
Standard rate band (two earner couple)	20000	40000	44104
Standard rate band (one-earner couple)	20000	29000	29139.87
Single allowance £	3150	5500*	-
Single tax credit	-	-	1197.09
Married allowance £	6300	11000*	-
Married tax credit	-	-	2394.18

*Allowable only at the standard rate of tax.

In 1999 there was a major change in the way that allowances operated, as part of a move towards a system of tax credits rather than tax allowances. Most allowances are now treated as allowing relief from tax only at the standard rate.

The pay-related social insurance (PRSI) contributions and associated levies paid by employees are also relevant, and the period saw some significant changes in their structure over the period 1994 to 1999. Changes have included the introduction of a PRSI Free Allowance, a reduction in the Employee Rate as well as the introduction of a Lower Employer rate and threshold. In particular, a lower exemption limit - below which PRSI was not payable - was introduced and an allowance structure subsequently put in place. PRSI is not payable over an earnings ceiling, and this has been increased over time broadly in line with earnings, but the corresponding ceiling over which the Health levy was payable was abolished in the early 1990s.

1.5 Structural changes in Tax and Welfare policy between 1998-2001

In the time between 1998 and 2001, there have been four major structural changes to the Irish Tax-Welfare System.

1. Introduction of the Statutory Minimum Wage
2. Move from standardised tax allowances to tax credits
3. Individualisation of tax treatment of married couples
4. Introduction of Home Carers Allowance (which interacts with tax bands of married couples)

1.5.1 Introduction of the National Minimum Wage in Ireland

A National Minimum Wage was introduced in Ireland from 1 April 2000 at a level of IR£4.40 per hour. It increased from July 2001 to IR£4.70 per hour. It applies to all employees with some exceptions. If aged under 18, the wage rate is 70 per cent of the adult minimum wage rate; if aged between 18 and 19, the wage rate is 80 per cent of the adult rate and if aged between 19 and 20, 90 per cent of the headline national minimum wage rate. The second modification covers apprentices (who are identified in the survey data using information on labour force status). In this case, 70 per cent of the general minimum rate applies.

1.5.2 Move from standardised allowances to tax credits

Between 1998 and 2001, standardised tax allowances were introduced into the Irish tax system. This meant that the value of the tax allowance was confined to the value it would deliver if the taxpayer paid income tax at the standard rate of tax. In this way, the value of the allowance given at the standard rate was the same for standard rate taxpayers as well as high rate taxpayers. The standard rate of tax also fell in the intervening period between 1998 and 2000 from 22 per cent to 20 per cent that lowered the value of the standardised allowances, all else equal. By 2000, all the main tax allowances were standardised in a move towards a tax credit system that became operational in 2001. The 2001 Euromod files has the entire tax relief system operating as tax credits operating independently of the standard rate of tax.

1.5.3 Individualisation of tax arrangements for married couples

Before Budget 2000, the Irish tax system treated couples as a unit for income tax purposes, with their combined income assessable and split for income tax purposes as the married couple decided. This was characterised as a doubling of the ‘single-person’ tax bands and personal allowances i.e. full transferability of bands and allowances within the tax unit. In practice, married couples would generally minimise their tax liability by assigning the combined allowances and rate bands to the main earner or as appropriate. This system treated the couples identically as if they had the same total resources regardless of who earned the income.

Since Budget 2000 (December, 1999), a move towards individualisation of the tax system has meant that there is greater independence in the tax treatment of husbands and wives. The stated intention was to arrive at a position after three years where each individual, whether single or married, has his/her own standard rate band that can be set off against his/her own income but cannot be transferred between spouses.

The figures for 2001 and 2003

Budget 2001 widened the single person standard rate band to £20,000, corresponding to £40,000 for a two-earner couple; but the band for a single-earner couple was restricted to £29,000.

Table 1-5 Summary chart – tax rates and tax bands (2001 and 2003)

Personal status	Full Tax year 2001	2003
Single/Widowed without dependent children	£20,000 @ 20% Balance @ 42%	£22052 @ 20% Balance @ 42%
Single Parent/Widowed with dependent children	£23,150 @ 20% Balance @ 42%	£25202 @20% Balance @ 42%
Married couple	£29,000 @ 20%	£29140 @ 20%

(one spouse with income)	Balance @ 42%	Balance @ 42%
Married couple (both spouses with income)[2]	£29,000 @ 20% [with increase of £11,000 max] Balance @ 42%	£29140 @ 20% [with increase of £14934 max] Balance @ 42%

1.5.4 Home Carers Allowance/Tax credit

As a result of the reactions to the 2000 Budget, the Irish Minister for Finance subsequently announced a new special tax allowance of IR£3,000 (at the standard rate) for couples where one partner stays at home to care for children, an elderly person or someone with a disability. This was initially payable as a standard rate allowance, and later changed to a non-refundable tax credit.

The tax credit is paid on condition that the carer does not earn more than £4,000. There is also a provision that if the minor earning spouse's income goes over £4,000, the allowance/credit will be tapered by £3 (allowance) or £0.60 (credit) for every £1 by which the carer's income exceeds £4,000, with the relief disappearing altogether just as the income reaches £5,000. The value in 2001 of the Home Carers Allowance changed due to a 1% cut in the standard rate to 20%. The credit is £600, valued as £3,000 @ 20%.

A couple whose combined taxable income exceeds the standard rate band for a one-earner married couple can opt for *either* the Home Carers Allowance *or* the extra £6,000 standard rate band (the difference between one-earner and two-earner married couple standard rate band) which is allowed to the minor earning spouse. This is not modelled in Euromod as it applies to only a small number of cases in practice.

In order to simplify the modelling to capture just the essential features of the scheme, the EUROMOD implementation treats this as a benefit. But this benefit should only be payable when there is a tax liability against which to offset it. At present this is not satisfactorily implemented in EUROMOD, and users are therefore advised against modelling this policy change until later this year.

[2] Note: in 2000/01 a similar situation prevailed. For a single earner couple, the first £28,000 was taxed at 22% and the balance at 44%. For a two earner couple, the first £28,000 with an increase of £6,000 max was taxed at 22% and the balance at 44%.

2 TAX AND BENEFIT SYSTEM: DETAILED DESCRIPTION

2.1 Introduction

This chapter describes the principal features of the Irish tax-transfer system and describes how the system is simulated in the Irish module in EUROMOD. The rules and rates of payment presented below relate to the 1998 policy situation. Updates relating to 2001 and 2003 are also included.

Table 2-1 Policies included in the policy spine (policy spine order)

SECTION OF REPORT	POLICY	DESCRIPTION
National Minimum Wage		
5.1	WAGES_MIN_IR	National Minimum Wage
Social Insurance Contributions: Pay Related Social Insurance (PRSI)		
3.2	ERSIC_IR	Employer contributions to Pay Related Social Insurance (PRSI class A, PRSI class B (modified) & PRSI class S (self employed))
3.1	EESIC_IR	Employee contributions to Pay Related Social Insurance (PRSI class A, PRSI class B (modified) & PRSI class S (self employed))
Income Tax		
6.1	VIRTUAL_IT_IR	Preliminary tax assessment before eligibility to social assistance payments can be determined
6.2	IT_IR	Income tax
Universal Payments		
2.4.1	Ir_benchb	Child Benefit (Children's Allowance) universal payment
Social Welfare schemes		Non-contributory=Social Assistance Contributory = Social Insurance
2.3.12	IR_BEN (note *)	Optimisation routine across selected payment types
2.2.1	Ir_benbpp *	Blind persons pension (non-contributory)
2.2.2	Ir_bencar *	Carers allowance (non-contributory)

2.3.11	Ir_bendib *	Disability Benefit (now Sickness Benefit) (contributory)
2.2.4	Ir_bendma *	Disabled persons maintenance allowance (non-contributory)
2.3.10	Ir_bendsb *	Disablement pension (contributory)
2.3.3	Ir_beninp *	Invalidity pension (contributory)
2.3.2	Ir_beninb *	Injury benefit (contributory)
2.2.9.2	Ir_benlua *	Long term unemployment assistance (non -contributory)
2.2.7	Ir_benoan *	Old age non- contributory pension
2.3.5	Ir_benocp *	Old age contributory pension
2.2.11	Ir_benprt *	Pre-retirement allowance
2.2.3	Ir_bendwa	Deserted wives allowance (non contributory)
2.2.5	Ir_bendca	Domiciliary maintenance allowance
2.3.9	Ir_benret *	Retirement pension (contributory)
2.2.9.1	Ir_bensua *	Short term unemployment assistance (non- contributory)
2.3.7	Ir_benunb *	Unemployment benefit (contributory)
2.2.10	Ir_benwnc	Widows non-contributory pension
2.2.6	Ir_benlpa	Lone parents allowance (non-contributory)
2.3.1	Ir_bendwb	Deserted wives benefit (contributory)
2.2.8	Ir_benswa	Supplementary welfare allowance (non-contributory)
Levies		
4.1	polLevySic_IR_hc	Health contribution levy
4.2	polLevySic_IR_etl	Employment and training levy
In-Work Benefit		
2.5	Ir_benfis	Family Income Supplement
Other Benefits		
2.6	benhb_IR	Housing benefit (means tested)

* These schemes are entered into an optimisation routine [polIR_BEN] to ensure the most beneficial outcome for the family unit. Only one of these schemes can be claimed at once.

There are broadly four types of social welfare payments operating in Ireland namely non-contributory (social assistance), contributory (social insurance), universal payments and in-work benefits.

2.2 Non-Contributory Benefits simulated by EUROMOD

Social assistance (non-contributory) schemes are contingency-based and PRSI (social insurance) contributions are not necessary or required. Stricter eligibility criteria apply and in most cases a means test is undertaken before eligibility is certified. There are two components to the means test for non-contributory benefits: an asset means test and an income means test. The actual income from investments, property (not including home) and savings is not used as part of the income means test. A formula is applied to the value of the assets to get a value of asset means. The formula depends on the benefit entitled to. Once the asset means are calculated, they are added to other sources of income in order to calculate a unit's means. Incomes counted towards means include all sources of earnings, while social welfare incomes do not count as means (in most cases). For applicants for Unemployment Assistance who are living with their parents, means are augmented by a formula ("benefit and privilege") based on parental income.

The means test is not the same across the following benefits. The Lone Parent allowance has a unique means test, while the Disabled Persons Maintenance Allowance and Unemployment Assistance have a similar income means test (based on gross income) but their asset means test is different. Net income is used in the means test for the Old Age Non-Contributory Pension. Different withdrawal rates also apply across social assistance schemes. Some also allow working spouses to exempt part of their income from the means test. The individual means test for each allowance is outlined below.

2.2.1 Blind Person's Pension [Ir_benbpp]

Blind Person's Pension is payable to blind people and certain people with low vision. To qualify, the applicant must undergo an eye test, be aged 18 or over, be living in the State and satisfy a means test. Items counted as means include: gross income earned by the applicant or his/her spouse, property (except their home) and other assets that could bring in means or provide an income. If a spouse/partner is getting a social welfare payment in his/her own right, this is not counted as means. Investments and savings are assessed as the cash value of investments and property (except one's home), money in a savings account and cash-in-hand or in a current account. A means-test formula is applied as follows:

> The first £2,000 is ignored. A rate of 7.5% of the next £20,000 is calculated and the remainder in excess of £22,000 is assessed at 15%. This gives a yearly value that is divided by 52 to give the weekly value. Double these amounts apply if the applicant is married/cohabiting.

If working, a blind person can have £6 per week for self, £4 per week for a qualified adult and £2 per week for each child dependant disregarded when working out the family means. Payment is payable as a personal rate [SingPay=£70.50] with extra amounts for dependants. The amount of the pension depends on the applicant's means, calculated as above. If earning over a certain limit, approximately £80 per week, the personal payment is nil with no additional dependant allowances. The withdrawal rate up to this limit from £6 per week is 100 percent [wdrl_rt=1]. An additional allowance is payable if the blind person is aged 66 or over and living alone or aged 80 and over. If getting a blind pension, you are entitled to free travel and butter vouchers. Other addition non-cash benefits may be also received.

2.2.2 Carers Allowance [Ir_bencar]

The Carer's Allowance is a means-tested payment for carers on low incomes who live with and look after certain people who need full-time care and attention. Carers who are providing care to more than one person may be entitled to up to 50% extra of the maximum rate of Carer's Allowance each week depending on the weekly means assessed.

To qualify, the carer must be aged 18 or over, satisfy a means test, live with the person looked after, care for this person on a full-time basis, not be employed or self-employed outside the home and not living in a hospital, convalescent home or other similar institution. The person cared for must be so disabled to need full-time care and attention, not normally living in a hospital, home or other institution aged 66 or over. If under age 66, the person must be receiving a Blind Person's Pension, Invalidity Pension or Disability Allowance. Carer's Allowance is not payable in addition to another social welfare payment.

Items counted as means includes any income the carer or spouse/partner may have or property (except his/her home) or an asset that could bring in money or provide an income, for example, an occupational pension. The actual income from investments and money in a savings account is not taken as means. Instead investment items are added together and a formula (as above) is applied to impute a notional flow of money from the value of the principal.

Items not counted as means include the family home, Child Benefit, a spouse/partner's payment from the Department of Social Welfare or a portion of earned income if spouse/partner is in paid employment. The first £150 of the spouse/partner's weekly income will not be taken into account when assessing the carer's means. The payment under the Carer's Allowance Scheme is made up of a personal rate plus extra amounts for child dependants. The amount received depends on the means of the carer. If the carer's spouse or partner is getting a social welfare payment that includes an increase for the carer as a qualified adult, s/he will no longer be entitled to this increase. However, his/her payment will not be assessed as means against the carer and the carer may qualify for Carer's Allowance at the full rate.

2.2.3 Deserted Wife's Allowance [Ir_bendwa]

The personal rate for this allowance was £70.50 per week [SingPay] with an additional £2 if the recipient was aged 66 or over [ge_Age1]. The relevant child dependent allowance was £15.20 per qualified child [es_ch=0.21560 i.e. 15.20/70.50]. An additional £6 per week is payable if the recipient lives alone [es_livealone=0.08510 i.e. 6.00/70.50]. Payment is reduced on a pound-for-pound basis if the claimant has additional income [wdrl_rt=1].

2.2.4 Disabled Persons Maintenance Allowance [Ir_bendma]

The Health Board overseeing the region where the application resides makes this payment. It is a weekly allowance paid to people with a disability who are aged 16 or over and under age 66. The disability must be expected to last for at least one year and the allowance is subject to both medical suitability and a means test. DPMA is not payable to a person who is considered to be in full-time residential care but a partial payment may be paid if a person spends part of a week in such a facility. The disability must be expected to last at least one year.

Items counted as means includes gross income, property (except the principal private residence) or an asset that could bring in money and provide the applicant with an income. Investments and savings are assessed as above on the principal sum and are added together with savings, cash-in-hand or in a current account. Social welfare payments received by other members of the household, an exemption on spouse/partner’s earnings, capital assets valued up to £2,000 and higher education grants are exempted from consideration as means for the purposes of this allowance. The allowance is made up of a personal rate plus additional amounts for a qualified adult and child dependants, if any. Where there are means assessed against the applicant, the weekly amount of the allowance is reduced. If the applicant’s spouse is getting an Invalidity or Old Age (Non contributory) Pension or Disability Allowance in his or her own right, the applicant will receive the personal rate only. If awarded a Disability Allowance, a Free Travel Pass will be issued automatically to the recipient.

The payment is made up of a personal rate payment [SingPay=£70.50]. An adult dependant allowance of £41.10 is also paid, if qualifying [es_depad_num1=0.58439 i.e. 41.1/70.5]. The relevant child dependant allowance is an additional increase of £13.20 per week [es_ch=0.187234 i.e. 13.2/70.5].

2.2.5 Domiciliary Care Allowance [polir_bendca]

The personal rate of payment under this scheme was £106.70 per week [SingPay] in 1998. The Health board overseeing the region where the application resides makes this payment.

2.2.6 Lone Parents Allowance [polir_benlpa]

Lone Parents Allowance is payment for both men and women who, for a variety of reasons, are bringing up a child(ren) without the support of a partner. A person who is unmarried, widowed, a prisoner’s spouse, separated, divorced or whose marriage has been annulled and who is no longer living with his/her spouse is eligible to apply for this payment [IsLP1]. To qualify, the applicant must have the main care and charge of at least one child who is living with them. The applicant cannot be cohabiting, that is, living with someone as husband and wife. They must not have gross earnings of greater than £12,000 per year and satisfy a means test based on gross income per week [netorgross=1]. All income is included as claimant’s means [Sp1OwnPerInc=1]. If applying for the first time and weekly earnings are more than £230.76 per week [ge_inc_lt], the applicant is not entitled to this allowance. If awarded the allowance and earnings later exceed £230.76 per week, payment is not stopped immediately. One half of the allowance is paid for one year from the date that earnings increased [EarningsDisregard=115.38]. Payment then stops completely.

If separated/divorced, the applicant must have been separated for at least 3 months and have made efforts to get maintenance from his/her spouse/former spouse. Maintenance payments are then assessed, whether voluntary or paid because of a court order. However, housing costs may be disregarded up to a maximum of £75 per week. This payment is regarded as income for income tax purposes. If in employment while receiving Lone Parents Allowance, the recipient is exempt from the Health Contribution Levy irrespective of the level of earnings, for as long as Lone Parent Allowance is received. Originally known as Lone Parent Allowance, the name was changed to One Parent Family Payment in January 1997.[3] The personal rate of payment under this scheme was £70.50 [SingPay] in 98/99 plus £15.20 [es_ch=0.21560 i.e. 15.20/70.50] for at least one child dependant.

2.2.7 Old Age Non-Contributory Pension [polIr_benoan]

OANCP applies when it has been established that the applicant is not eligible for the Old Age (Contributory) Pension. In order to qualify, an applicant must be aged 66 or over, living in Ireland and satisfy a means test. The means test covers any income the applicant and his/her spouse including property (except the family home) or any asset that could provide an income [SP1SpPercInc=0.5]. The yearly value of any advantage the applicant and spouse have from owning or leasing a farm is also assessed as income. If a spouse/partner is getting a social welfare payment in his/her own right, this will not be counted as means.

The actual income from investments and money in a savings account is not taken directly as means. Instead, the investment items are added together and a formula is used to work out the applicable means. Investment items include cash value of investments and property, money in a savings account, cash-in-hand and monies held in a current account. If working, some of the earnings are not counted as means. If the applicant has dependent children, this earnings limit is increased slightly by £2 per week. Means are then subtracted from the maximum payment entitled to determine the amount received as an Old Age Non-Contributory Pension.

The payment is made up of a personal rate [SingPay=£72.50] plus an extra allowance for a partner provided this person is not getting a social welfare payment in his/her own right. The maximum adult dependant allowance is £41.20 [es_depad_num1=0.56828 i.e. 41.2/72.5]. The allowance for partner/spouse is graduated in line with the applicable personal rate. However, this is the only means-tested scheme which allows a spouse/partner to claim the whole personal rate if they are entitled to it in their own right (i.e. aged 66 or over). Extra increases are payable for dependent children at a weekly rate of £13.20 [es_ch=0.18207 i.e. 13.2/72.5]. Additional allowances, such as the Living Alone Allowance at £6 per week [es_livealone=0.082759 i.e. 6/72.5], an Over 80

[3] EUROMOD continues to refer to it by its old name since it was known as the Lone Parents Allowance in 1994, the year to which the original data relates.

Allowance at £5 per week [es_head_age1=0.06897 i.e. 5/72.5] and a Fuel Allowance, may also be applicable.

2.2.8 Supplementary Welfare Allowance [polIr_benswa]

The Health Board covering the region where the applicant resides administers Supplementary Welfare Allowance. Basic Supplementary Welfare Allowance is a weekly payment made to people whose means is insufficient to meet their needs and those of their dependants. To qualify, one must (a) satisfy a means test, (b) have applied for other benefits/allowances to which one might be entitled, (c) have registered with FÁS, the manpower service, if of working age and (d) be living in Ireland. Depending on means, most applicants qualify for Supplementary Welfare Allowance while their claim for a social welfare payment is being processed. The lower age limit for receiving this payment is 17 [le_Age1_Lt]. Persons aged over 66 cannot apply for SWA [ge_Age1_lt].

The means test takes all cash income, including most social welfare payments except Child Benefit and Blind Person's Allowance into account. The value of investments, savings or property is also assessed but not the value of the applicant's home. The value of any benefit or privilege, for example, free board and lodging is also considered. In the case of a married or cohabiting couple, their income is added together when working out means. A formula different to the one above is used to calculate means from property and investments held. Five percent of the first £400 is calculated and 10% of the balance is added to derive the yearly value of such assets.

The payment is made up of a personal rate and extra amounts for dependants. A spouse/partner can earn up to £45 per week while allowing the recipient to retain their maximum personal rate of SWA [SpouseEarningsDisregard]. If the applicant has no means, he/she will be entitled to the maximum rate [ge_inc_lt=0.1]. If there are means of a low level, the payment will bring the total income up to the maximum appropriate rate of Supplementary Welfare Allowance. The maximum personal rate was £68.40 from 1 June 1998 [SingPay]. A qualified adult dependant increased the total payment by £41.20 [es_depad_num1=0.6023 i.e. 41.2/68.4], while £13.20 was payable for each child dependant [es_ch=0.19129 i.e. 13.2/68.4]. If out of work due to a trade dispute, one is disqualified from any unemployment payment. However, a claim for SWA may be made for dependants.

2.2.9 Unemployment Assistance

Unemployment Assistance is a weekly payment made to unemployed people who do not qualify for Unemployment Benefit or who have used up their entitlement to that benefit. It is paid subject to a means test.

The means test defines means as any income the applicant or spouse/partner have or property (except one's home) or an asset that could bring in money or provide an income. The value of any "benefit and privilege" is also assessed for persons living with their parents.. The actual income from investments and money in a savings account is not taken as means. Instead the investment items are added together and the formula used to assess wealth for Supplementary Welfare Allowance purposes applied.

Benefit and Privilege includes, for example, the value of board and lodgings to a person living at home with his/her parent(s). The value of board and lodging is worked out by using the parents' net income that is, after deduction for tax, PRSI, superannuation, health insurance, union subscriptions, rent/mortgage payments, travel expenses and a parental allowance. The net income is allocated equally among the non-earning members of the household and becomes the weekly means of the person claiming Unemployment Assistance. The maximum means that can be assessed is 17% of the parents' net income. The parental allowance is £105 per week in the case of a two-parent family and £95 in the case of a single parent family.

If engaged in self-employment, Unemployment Assistance may be claimed if earnings are below a certain level. Any income the applicant or their partner has is assessed as means. If a landholder, qualification for Unemployment Assistance is on the basis of a factual assessment of means in the same manner as other self-employed people. The means from a farm are taken as the gross yearly income less vouched expenses incurred in earning that income. If the applicant is a seasonal worker and a claim for Unemployment Assistance is made outside of the normal seasonal employment time, the income from employment while in season is not assessed. If a claim is made during the season, means will be assessed on the basis of average weekly income from earnings as a seasonal worker. Working part-time or casually affects the rate of Unemployment Assistance as follows: if the applicant is unemployed for at least 3 days in a week, he/she is entitled Unemployment Assistance for a full week less a percentage of earnings. Where a person has child dependant(s), 60% of the average net weekly earnings are assessed as weekly means. For a person with no qualified child dependant(s), a disregard of £10 per day is deducted from the average net weekly earnings and 60% of the remaining earnings are assessed as weekly means. A certain amount of a spouse/partner's earnings will not be taken into account when assessing the means of the applicant. This amount allows for travel to work costs. This disregard does not apply if a spouse/partner is self-employed. However, an extra allowance may be made for travel expenses.

The payment is made up of a personal rate for the recipient plus extra amounts for dependants. For people with means, the rate of payment is calculated by subtracting weekly means from the maximum rate payable. Where a husband and wife or a couple living together both claim Unemployment Assistance, the maximum amount payable to the couple is the personal rate plus the amount for qualified adult and child dependant(s) if applicable. Each will receive half of this combined rate. Where one of the couple is getting a benefit or pension and the other claims Unemployment Assistance, the maximum amount payable is the personal rate of the benefit/pension or assistance plus the amount for a qualified adult and child dependant(s), where applicable, whichever is the highest. In this case, the rate of Unemployment Assistance will be reduced so that the maximum amount payable to the couple is not exceeded. Payment is made for as long as the applicant is unemployed and satisfies the qualifying conditions for receipt of payment. On reaching 55 years of age and the applicant considers themselves retired from the labour force, a Pre-Retirement Allowance may be paid instead of Unemployment Assistance. A school leaver will not receive unemployment assistance for

13 weeks following completion of school. Third level students are not entitled to unemployment assistance during holiday periods. The amount received depends on means and how long the recipient has been unemployed.

2.2.9.1 Short term unemployment assistance [polIr_bensua]

This rate of payment applies to those who new applicants of any form of unemployment payment (i.e. Previous time receiving Unemployment Benefit counts as time receiving an unemployment payment) and those who have been receiving Unemployment Assistance for less than 390 days (15 months) [geirLua_lt=1.249 years]. Minimum age is 17 [le_Age1_Lt] and maximum age is 66 years [ge_Age1_Lt]. The basic rate for the applicant is £68.40 per week [SingPay]. The relevant qualified adult dependant rate was £41.20 per week [es_depad_num1=0.602339 i.e. 41.2/68.4]. The child dependant rate applying in 1998/99 was £13.20 per week [es_ch=0.192982 i.e. 13.2/68.4].

2.2.9.2 Long term unemployment assistance [polIr_benlua]

If a recipient has been getting an unemployment payment for 390 days (15 months) [le_irLUA_Lt=1.5years], the long-term rate of Unemployment Assistance applies. A slightly higher personal rate applies for those receiving Long Term Unemployment Assistance. A lower age limit of 17 is in place [le_Age1_Lt] and an upper age limit of 66 applies [ge_Age1_Lt].

Spouses/partners' earnings of up to £45 per week are disregarded to allow the recipient to continue to receive the maximum personal rate payment (adult dependant amount is not paid in these circumstances) [SpouseEarningsDisregard]. The maximum personal rate payment is £70.50 per week [SingPay]. A person who is getting Long Term Unemployment Assistance (at least £42.70 per week (single) or £70.30 (couple)) for at least 15 months can take up part-time work for less than 24 hours a week and get a special income supplement each week. This supplement is not affected by the wages from the part-time job. The maximum adult dependant amount receivable is £41.20 per week [es_depad_num1=0.58439 i.e. 41.2/70.5]. Only one adult dependant amount can be associated with each claim [es_depad_num1_lt]. The relevant per child allowance is £13.20 per week [es_ch=0.187234 i.e. 13.2/70.5].

A person who has been unemployed for a year or more may, on taking up work, continue to receive a payment in respect of their children for 13 weeks. (Applicants must have been in receipt of the full-rate Child Dependant Allowance.) This is in addition to the monthly Child Benefit that is not affected by the employment status of the parent(s).

Table 2-2 Child Dependant Amounts retained after taking up employment

Family Size	Weekly Amount	Family Size	Weekly Amount
1 Child	£13.20	5 Children	£66.00
2 Children	£26.40	6 Children	£79.20
3 Children	£39.60	7 Children	£92.40
4 Children	£ 52.80	8 Children	£105.60

2.2.10 Widows Non-Contributory Pension [polIr_benwnc]]

This pension is payable if a person is widowed and not entitled to a Widow’s or Widower’s (Contributory) Pension and can meet the other qualification requirements. These qualifications include the stipulations that one cannot be cohabiting, must satisfy a means test and be living in Ireland. The items counted as means include gross cash income, the value of any property held, but not a person’s own home and the value of any investments and capital held. The actual income from investments and money in a savings account is not taken as an applicant’s means. Investment items include the cash value of investments and property (except one’s home), money in a savings account, cash-in-hand and money in a current account. Investments and savings are summed and assessed using the following formula: First £2,000 is ignored. The next £20,000 is assessed at a rate of 7.5% and 15% of the balance is calculated to give the yearly value of such investments and savings. The yearly value is divided by 52 to give the weekly value. Any other payment from the Department of Social and Family Affairs does not count as means as well as some other minor income exceptions. If a person who lives with the recipient is paying rent, this will not be counted as means if otherwise the recipient would be living alone. The Widows Non-Contributory Pension payment depends on the recipient’s means. The payment is made up of a personal payment [SingPay] at £70.50 per week plus £15.20 per qualified child dependant [es_ch=0.215603 i.e. 15.2/70.5]. An additional weekly supplement of £2 is paid if the widowed recipient is aged over 66 [es_head_age1_min] with a second addition of £5 per week if aged over 80 [es_head_age2_min]. There is also a living alone allowance of £6 per week that can be claimed when the recipient is aged 66 or over. In addition to payments under this pension; a recipient may also claim half the personal rate of Unemployment Benefit, Disability Benefit, Maternity Benefit and other related schemes.

2.2.11 Pre-Retirement Allowance [polIr_benprt]

Pre-Retirement Allowance is an allowance that allows an individual aged 55 or over to opt to retire from the labour force and receive a weekly allowance. To qualify the applicant must have been getting Unemployment Benefit/Assistance for at least 390 days or are no longer entitled to Lone Parents Allowance or Carer’s Allowance or are separated from his/her spouse and not worked (or been self-employed) in the previous 15 months. The applicant must also satisfy a means test and retire from the labour force. Both incomes of a couple are included when applying the means test [Sp1OwnPercInc=1]. However, the eligible means bands within the means test are doubled, respectively. The means test is largely the same as that Unemployment

Assistance. However, the method for assessing means from investments and savings for Pre-Retirement Allowance differs. The actual income from investments and money in a savings account is not taken as means. Instead, a cash value of investments, savings and property (not his/her home) is calculated by ignoring the first £2,000, taking 7.5 per cent of the next £20,000 and 15 per cent of the balance to give a yearly value. There is a disregard of £45 per week on spouse's earnings [SpouseEarningDisregard].

The payment is made up of a personal rate [SingPay=£72.50] plus extra amounts for dependants (if any). The withdrawal rate is 100 per cent on additional means over and above the means test limit [wdrl_rt=1]. A maximum adult dependant amount of £41.20 per week is payable [es_depaf_num1=0.568276 i.e. 41.2/72.5]. Child dependant increases are £13.20 per week [es_ch=0.18207 i.e. 13.2/72.5]. Pre-Retirement Allowance payments are paid up to the date of qualification of Retirement Pension (age 65) or Old Age Pension (age 66) as long as the individual does not engage in employment and continues to satisfy the above means test.

Table 2-3 Social Assistance Payments

-	**Weekly Personal Rate**	-	**Increase for Qualified Adult**	**Each Child Full Rate**
-	**£**	-	**£**	**£**
Old Age (Non-Contributory)/Blind Person's Pension	-	-	-	-
Under Age 66 (Blind Person's Pension only)	**70.50**	-	41.20	13.20
Aged 66 and Under Age 80	**72.50**	-	41.20	13.20
Aged 80 or over	**77.50**	-	41.20	13.20
Widow(er)'s (Non-Contributory) Pension/Deserted Wife's/Prisoner's Wife's Allowance	-	-	-	-
Under Age 66	**70.50**	-	-	-
Aged 66 and Under Age 80	**72.50**	-	-	-
Aged 80 or over	**77.50**	-	-	-
Carer's Allowance	**73.50**	(66 or over)	-	-
One-Parent Family Payment	**70.50**	(66 or over)	-	-
Pre-Retirement/Disability	**70.50**	-	41.20	13.20

Allowance				
Supplementary Welfare Allowance	**68.40**	-	41.20	13.20
Unemployment Assistance: Short-term	**68.40**	-	41.20	13.20
Long-term (including Small-holders)	**70.50**	-	41.20	13.20

2.3 Contributory schemes modelled by EUROMOD

Contributory or social insurance payments are made on the basis of social insurance contributions (PRSI) in the event of certain contingencies (e.g. illness, unemployment).

2.3.1 Deserted Wife's Benefit [[polIr_bendwb]

This benefit was paid subject to having made sufficient PRSI contributions. It was not means tested.[4] The recipient could undertake paid employment while receiving this payment without losing their entitlement [wdrl_rt=0]. The personal allowance for this benefit was £74.10 in 98/99 [SingPay] with an additional £2 per week [es_head_age1=0.02699 i.e. 2/74.1] if the recipient was aged 66 or over [es_head_age1_min]. An additional over 80 allowance [es_head_age2_min] applies at a rate of £5 per week [es_head_age2=0.067476 i.e. 5/74.1]. The additional amount received per dependent child was £17 [es_ch=0.229412 i.e. 17/74.1].

2.3.2 Injury Benefit [polIr_beninb]

This payment is made weekly if an individual is unfit for work due to an accident at work or has contracted a disease due to the type of work carried out e.g. from contact with physical or chemical agents. To qualify, an individual must be in insurable employment at class A and related classes and be out of work for at least 4 days. The payment is made up of a personal rate [SingPay=72.2] with extra amounts for a qualified adult dependant [es_depad_num1=0.644044 i.e. 46.5/72.2] and child dependants [es_ch=0.21053 i.e. 15.2/72.2]. This full child dependant amount is only paid if the recipient qualifies for the full increase for a qualified adult. Half rate child increases may be payable if the qualified adult increase is not applicable [ir_cda_sp_notelig_reduction=0.5]. Additional allowances are paid if the recipient is aged over 65 [es_head_age1_min] and if a qualified adult dependant is aged 66 or over. An over 80 allowance is also provided for [es_head_age2_min] at a rate of £5 per week [es_head_age2=0.06252 i.e. 5/72.2]. A living alone allowance of £6 per week is also applicable [es_livealone]. If in receipt of other selected social welfare payments, half the personal rate is payable and no increase is payable for any child dependants. If these other payments are at a reduced rate, more than half the personal rate of injury benefit may be paid. Payment cannot be made for more than 26 weeks from the 4th day of illness. After this time, disability benefit applies.

[4] This scheme has since been integrated with selected other schemes into a single payment known as the One Parent Family Payment.

2.3.3 Invalidity Pension [polIr_beninp]

Invalidity pension is payable instead of Disability Benefit if an individual has been incapable of work for at least 12 months. To qualify, one must be regarded as permanently incapable of work and satisfy the PRSI contribution conditions. These conditions include having paid 260 weeks PRSI or 48 weeks PRSI paid or credited in the last complete tax year before application.

The payment is made up of a personal rate of £72.20 per week [SingPay] with extra amounts for adult [es_depad_num1=0.6440 i.e. 46.50/72.20] and child dependants [es_ch=0.21052 i.e. 15.20/72.20]. Additional allowances are made if aged 65 or over, with a further addition if aged 66 or over and living alone. There is also a premium paid to recipients aged 80 or over. Other non-cash benefits may also be claimed while claiming Invalidity Pension. Payment stops if the recipient is awarded any other pension from the Department of Social and Family Affairs.

2.3.4 Maternity Benefit [polIr_benmab]

Maternity Benefit is a payment for employed and self-employed women who satisfy certain PRSI contribution conditions on their own insurance record. These PRSI conditions include having paid or being credited PRSI contributions for 39 weeks in the 12 months immediately before or since started working the first day of maternity leave. If self-employed, 52 weeks PRSI contributions are required in either of the last 2 relevant tax years before the year claimed. The payment is 70% of average reckonable weekly earnings/income in the relevant tax year [rep_rt=0.7], subject to minimum [SBEN_amt_min=83.70] and maximum payment limits [SBEN_amt_max=162.80]. The rate of Maternity Benefit is compared to the rate of Disability Benefit which would be payable if absent from work due to illness. The higher of the two is paid automatically. If receiving other selected social welfare payments, half rate Maternity Benefit is payable. The benefit normally continues for a continuous period of 14 weeks.

Adoptive Benefit is a similar payment for an adopting mother or a single male who adopts a child. It is also payable to both employees and self-employed people who satisfy certain PRSI contribution conditions on their own record. The payment continues for 10 weeks.

2.3.5 Old Age Contributory Pension [polIr_benocp]

Old Age (Contributory) pension is a social insurance payment made to people aged 66 or over who satisfy certain conditions. The pension is not means-tested and is not affected by other income, such as, an occupational pension. To qualify, a person must have reached the required age and satisfy specified social insurance contribution conditions. A person may continue to work full time or part-time and get an Old Age (Contributory) pension. The conditions regarding social insurance contributions (PRSI) include having commenced paying social insurance contributions (at full or modified rate) before reaching age 56. At least 156 full rate employment contributions must have been paid to receive the maximum pension. This amounts to 260 weeks full rate employment contributions if the yearly average is between 10 and 19. Other exceptions are included if in employment for a long period. A reduced rate pension may be payable (on a graduated scale) if less contributions have been made. A Mixed Insurance Pro-Rata pension may be payable to people who have a mixture of full rate insurance and modified insurance band because of this do not qualify for a standard Old Age Contributory Pension or Retirement Pension.

The payment is made up a personal rate [SingPay=£83.00] and extra amounts for dependants. The adult dependant allowance increases from £52.50 to £56.90 if s/he is aged over 66, although at this age it may be more beneficial if the spouse claimed their own pension (Contributory or Non-Contributory). An increase of £15.20 per week is payable for each child dependant if in receipt of a payment for an adult dependant. If the applicant does not qualify for an adult dependant allowance, half rate child dependant increases may be payable. The contributory pension is not affected by other income or pension held. There are additional weekly allowances associated with this pension: A Living Alone Allowance [es_livealone], an Over 80 Allowance [es_head_age1_min] and a Fuel Allowance. The over 80 allowance is doubled if the recipient's spouse/partner is also aged over 80 and claiming the adult dependant allowance. If living in Ireland, an OAC pensioner is entitled to a Free Travel pass and may be entitled to other non-cash benefits such as energy (electricity/gas) allowance, a free television licence, Free Telephone Rental Allowance and Medical Card.

2.3.6 Orphan's Contributory Pension [polIr_benorb]

An orphan will qualify for an Orphan's (Contributory) Allowance if both parents are dead or equivalent and the PRSI condition is satisfied. The allowance continues up to age 18 or until age 22 if s/he is in full-time education by day at a recognised school or college. The personal rate of payment was £48.60 in 1998/99 [SingPay]. Withdrawal and replacement rates do not apply.

2.3.7 Unemployment Benefit [polIr_benunb]

Unemployment Benefit is a weekly payment made to insured people who are out of work. To be eligible, one must be unemployed, aged under 66, be capable of work, be available and genuinely looking for work and be fully unemployed for at least 3 days in any period of 6 consecutive days. A substantial loss in employment must be shown with evidence of a substantial reduction in earnings. Particular PRSI contribution conditions must be satisfied which include having paid 39 weeks of PRSI since starting to work and have 39 weeks PRSI paid or credited in the relevant tax year, the last complete income tax year before the benefit year, in which the claim is made. Modified or self-employment PRSI contributions are not counted. Insurance records in a country covered by EC regulations may be combined with an Irish record to qualify for benefit. The payment is made up of a personal rate [SingPay=70.5] with extra amounts for adult [es_dep_num1=0.58439 i.e. 41.2/70.5] and child dependants [es_ch=0.18723 i.e. 13.2/70.5]. The full child dependant increase is payable only if an adult dependant allowance is paid. In cases where the adult dependant amount is not paid, half rate child dependant allowances apply [ir_cda_sp_notelig_reduction=0.5]. The weekly amount of UB is graduated where average weekly earnings are above a certain limit per week. Any increases due for dependant children are not earnings related. If combined with One

Parent Family Payment, Widow's or Widower's (Contributory or Non-Contributory) Pension, Deserted Wife's Benefit/Allowance and Prisoner's Wife's Allowance, half the personal rate of benefit is payable. No increase is payable for any child dependants. Unemployment Benefit is regarded as income for income tax purposes. Since 6 April 1995, £10 of the weekly UB payment is tax-free. Any increase in respect of child dependants is also exempt from tax. UB is normally paid from the 4th day after the claim while the length of payment depends on age. If under 18, UB lasts for 6 months. If aged over 18 and under age 65, UB can continue for 15 months. If aged 65 or over and have paid at least 3 years PRSI, UB may be paid up to age 66. Having used up UB entitlement, one may re-qualify after working and paying PRSI contributions for 13 weeks. An applicant may be disqualified from getting Unemployment Benefit for up to 9 weeks if job loss occurred by reason of redundancy; the applicant is under 55 and receives a redundancy package in excess of £15,000. Some additional benefits are associated with qualification for UB. However, qualification for these is not automatic.

2.3.8 Widows Contributory Pension (now Survivor's Benefit) [polIr_benscp]

Widow's or Widower's (Contributory) Pension is a social insurance payment for both widows and widowers. The pension is not affected by any other income held, for example, an occupational pension or a pension from late spouse's employment. If widowed with dependent child, the One-Parent Family Parent Payment may be applied for. To qualify one must be widowed, not remarried/cohabiting and have satisfied the PRSI contribution conditions. This pension also applies if the late spouse was in receipt of a Retirement Pension of an Old Age (Contributory) pension with an adult dependent entitlement for the survivor. A Widow's or Widower's (Contributory) Pension may be based on with the late spouse's PRSI contributions. The two records cannot be combined for this purpose. Whichever record is used, at least 156 weeks PRSI must have been paid to the date pension age was reached or to the date of death of spouse. Otherwise, an average of 39 weeks PRSI must have been paid or credited over the 3 or 5 tax years before s/he died or reached pension age. PRSI classes contributing at the full rate (Class A) and self-employed (Class S) apply. Modified PRSI classes paid by permanent and pensionable civil and public servants (appointed before 6 April, 1995) also count. Special partial pensions apply in particular cases. The amount is made up of a personal amount [SingPay=74.10] plus extra amounts for child dependents [es_ch=0.22942 i.e. 17/74.1]. The pension is not affected by any other income held from employment or another source. Additional weekly allowances are payable if aged 66 or over [es_head_age1_min] and living alone [es_livealone=0.08097 i.e. 6/74.1] or aged 80 or over [es_head_age2_min &es_head_age2=0.06748 i.e. 5/74.10].

In addition to a Widow's or Widower's (Contributory) Pension, half the personal rates of Unemployment Benefit, Disability Benefit, Maternity Benefit etc. may be claimed for a limited period. Widow's or Widower's (Contributory) Pension is not paid in addition to Retirement/Old Age (Contributory) Pension. Some extra benefits may be claimed if receiving this benefit.

2.3.9 Retirement Pension (Contributory) [polIr_benret]

Retirement Pension is a social insurance payment made to people reaching age65 who satisfy certain conditions. The pension is not means-tested and entitlement is not affected by other income, such as an occupational pension. To qualify for this pension, one must be aged 65, have retired from insurable employment and satisfy the social insurance contribution conditions. You may be regarded as retired is earning a minimal amount per week (less than £30) or self-employed with earnings of less than £2,500 per year. The retirement condition ceases to apply on reaching age 66. The social insurance contribution conditions include having paid social insurance contributions before reaching age 55, having 156 full rate employment contributions paid and having a yearly average of at least 48 full rate contributions paid or credited since 1979 to the end of the tax year before reaching age 65. A maximum pension may also be paid under conditions where social insurance contributions were made previous to 1953. A minimum rate of pension is paid where an average of 24 contributions per year has been paid. PRSI contributions in modified and self-employed PRSI classes do not count as full rate contributions and are not included in this calculation. Voluntary contributions paid at the high rate are also counted for the yearly average. The payment is made up of a personal rate at £83 in 1998/99 [SingPay] and extra amounts for dependants (if any). The adult dependant amount was £52.50 [es_spouse_age1=0.63253 i.e. 52.50/83.00]. This was paid if the spouse was aged less than 65. An additional £4.40 was payable if the spouse was aged 66 and but under 80.[5] Each child dependant amount was £15.20 [es_ch]. Additional allowances may be payable if the recipient is living alone (which is payable from age 66 onwards) at a rate of £6 per week [es_livesalone=0.07229 i.e. 6.00/83.00], £5 per week if aged over 80 [es_head_age1_min=80 & es_head_age1=0.06024 i.e. 5.00/83.00] and in respect of fuel outgoings at certain times of the year. The over 80 allowance also applied in respect of the adult dependant amount if he/she had reached this minimum age [es_spouse_age3_min].

2.3.10 Disablement Benefit/Pension (Contributory) [polIr_bendsb]

This benefit is paid of an individual suffers a loss of physical or mental faculty as a result of an occupational injury/disease while in insurable employment. It is not means tested. Most PRSI classes cover this benefit but there may be restrictions on the amount of time in employment before cover for this benefit is in place. The payment depends on the degree of the disablement, which must be medically assessed. For assessments of less than 20 per cent, Disablement Benefit will normally be a lump sum (known as a Disablement Gratuity). The amount of the lump sum will vary depending on the degree of disablement and how long an individual expects to be disabled. For assessment of 20 per cent upwards, a Disablement Pension is payable. If getting Disablement Benefit and unfit for work, an individual may also qualify for Disability Benefit (see section 2.3.11 for details), an Unemployability Supplement if permanently incapable of work as a result of the accident or disease and not qualifying for Disability Benefit. (This is paid at the same rate as Disability Benefit.) A Constant Attendance Allowance may also apply which is paid weekly if one is so seriously disabled that a person is required to help for a considerable time during every day. Disablement benefit is paid weekly or monthly

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[5] However, if a spouse was aged 66 and over they would become eligible for either an Old Age (Contributory) or Old Age (Non-Contributory) Pension in their own right.

where the disablement is assessed at 20 per cent or more. In order to receive payment under this benefit, the applicant must first claim Injury Benefit that is paid for 26 weeks after the accident or onset of the disease. Disablement Benefit is normally paid after Injury Benefit stops at a personal rate of £94.20 per week [SingPay].

2.3.11 Disability Benefit [polIr_bendib]

Disability Benefit is a payment made to insured people who are unfit for work due to illness. To qualify one must be aged under 66, be unfit for work due to illness and satisfy the PRSI contribution conditions. These conditions include having at least 39 weeks PRSI paid since first starting work, having 39 weeks PRSI paid or credited in the relevant Tax Year (a minimum of 13 weeks must be paid contributions) and be in Class A (i.e. Modified or Self-employed PRSI classes are not applicable). The payment is made up of a personal rate [SingPay=70.50] and extra amounts for adult [es_depad_num1=0.58439 i.e. 41.2/70.5] and qualified child dependants [es_ch=0.187234 i.e. 13.2/70.5]. The full child dependant amount is payable only when also receiving the full rate for an adult dependant. Where an applicant does not qualify for an adult dependant allowance, half child rate dependant increases may be payable [ir_cda_sp_notelig_reduction=0.5]. Only one adult dependant can be included in the total payment [es_depad_num1_lt=1].

The total weekly amount of Disability Benefit received may be graduated where average weekly earnings (of recipient or spouse/partner) are above a certain amount in the Relevant Tax Year. The average earnings of an adult dependant have to be below £70 per week to ensure full payment for the recipient [irada_upper_lt]. Half the personal rate of Disability Benefit is payable if selected other social welfare payments are paid simultaneously. At the same time, no increase is payable for any child dependants. Where the other payments are at a reduced rate, more than half the personal rate of Disability Benefit may be paid. Disability Benefit excluding any increase for child dependants is regarded as income for income tax purposes after an exemption of 36 days eligible Benefit. The Benefit is paid directly to the recipient without deduction of income tax. The Revenue Commissioners take account of the amount of Disability Benefit received and adjust the tax-free allowance applicable. Disability can be paid as long as one is unfit for work and under age 66, if all social insurance contribution conditions are met.

Table 2-4 Social Insurance Payments – Contributory Schemes 1998/99 (weekly)

-	**Weekly Personal Rate**		**Increase for Qualified Adult**	**Each Child Full Rate**
-	**£**	-	**£**	**£**
Retirement/Old Age (Contributory) Pension	-	-	-	-
Under Age 80	83.00	under 66	52.50	15.20
Aged 80 or over	88.00	66 or over	56.90	15.20
Widow(er)'s (Contributory) Pension/Deserted Wife's Benefit	-	-	-	-
Under Age 66	74.10	-	-	17.00
Aged 80 or over	81.10	-	-	17.00
Invalidity Pension	-	-	-	-
Under Age 65	72.20	-	46.50	15.20
Aged 65 and Under Age 80	83.00	-	46.50	15.20
Aged 80 or over	88.00	-	46.50	15.20
Disability/Unemployment/Injury Benefit	70.50	-	41.20	13.20
Maternity/Adoptive Benefit - Minimum rate	83.70	-	-	-

Table 2-5 Social Insurance Payments – Contributory Schemes 2001 (weekly)

-	Weekly Personal Rate	Increase for Qualified Adult		Each Child Full Rate
-	£	-	£	£
Retirement/Old Age (Contributory) Pension	-	-	-	-
Under Age 80	106.00	under 66	68.20	15.20
		over 66	79.60	15.20
Over 80	110.00	-	-	-
Widow(er)'s (Contributory) Pension/Deserted Wife's Benefit	-	-	-	-
Under Age 66	89.10	-	-	17.00
Aged 66-79	102.00	-	-	17.00
Over 80	107.00	-	-	17.00
Invalidity Pension	-	-	-	-
Under Age 65	89.10	under 66	60.30	15.20
		over 66	73.00	15.20
Aged 65 and Under Age 80	106.00	under 66	60.30	15.20
		over 66	73.00	15.20
Aged 80 or over	111.00	-	-	-
Disability/Unemployment/Injury Benefit	85.50	-	54.00	13.20
Disablement Benefit	109.20	-	-	-
Maternity/Adoptive Benefit - Minimum rate	98.70	-	-	-

Table 2-5 above shows the contributory/social insurance payment rates for 2001. Personal rates for some schemes vary with age and an additional premium is often paid when a qualified adult is aged over pension age.
The corresponding figures for 2003 are shown below in Table 2-6.

Table 2-6 Social Insurance Payments – Contributory Schemes 2003 (weekly)

-	Weekly Personal Rate	Increase for Qualified Adult		Each Child Full Rate
-	£	-	£	£
Retirement/Old Age (Contributory) Pension	-	-	-	-
Under Age 80	123.88	under 66	82.54	15.21
		over 66	95.69	15.21
Over 80	128.92	under 66	82.54	-
		over 66	95.69	-
Widow(er)'s (Contributory) Pension/Deserted Wife's Benefit	-	-	-	-
Under Age 66	102.62	-	-	17.01
Aged 66-79	122.70	-	-	17.01
Over 80	127.74	-	-	17.01
Invalidity Pension	-	-	-	-
Under Age 65	102.62	under 66	73.24	15.21
		over 66	89.07	15.21
Aged 65 and Under Age 80	123.88	under 66	73.24	15.21
		over 66	89.07	15.21
Aged 80 or over	128.92	under 66	73.24	15.21
		over 66	89.07	15.21
Disability/Unemployment/Injury Benefit	98.29	-	65.21	13.23
Disablement Benefit	122.78	-	-	-
Maternity/Adoptive Benefit - Minimum rate	106.79	-	-	-

2.3.12 Optimising the social welfare outcome [PolIR_BEN]

An individual cannot receive more than one basic welfare payment, whether contributory or non-contributory. But a couple may sometimes have different options as to what benefits to apply for e.g., if one spouse claims a contributory benefit, is the couple better off if to claim an adult dependant/qualified adult payment for the spouse, or to claim a means-tested benefit in his or her own right? An optimisation routine is needed to ensure that the recipient receives the most beneficial outcome.. In Euromod the procedure

IR_BEN optimises the choice of benefit over 14 possible schemes, depending on the circumstances of the total family.

2.4 Universal payments

2.4.1 Child Benefit [polIr_benchb]

Child Benefit is paid for each qualified child normally living with and supported by the recipient. There has to be at least one child in order to receive payment [ge_nOwnCh_inHH=1]. There are no PRSI conditions and a means test does not have to be satisfied. As such both the withdrawal [wdrl_rt] and replacement rates [rep_rt] equal 0. A qualified child is one aged 16 or less or under 19 and in full-time education or disabled. Child benefit is normally paid to the child's mother or stepmother. If the child does not live with the mother or stepmother, then Child Benefit may be paid to the child's father or stepfather or to the person who is looking after the child. The payment depends on the number of qualified children. The critical number of children to claim a higher rate is three.

In 1998/99, the child benefit rate per child with less than three children was £31.50 per month [Singpay]. The amount of payment increases for the third and subsequent children [es_ch_parity1_lt=2] by 33 percent to £42 per month [es_ch_parity2=1.3333 i.e. 42/31.5]. Substantial increases were made in the rate of Child Benefit payment between 1998 and 2001.[6] The rate of payment per child per month more than doubled to £67.50 from its 1998 rate. However, the rate for the third and subsequent child did not increase by the same extent and implied that the equivalent scale parameter [es_ch_parity2] fell to 1.27404 [i.e. 86/67.50]. For 2003, the per-child rate for up to two children was £98.92 per month [Singpay]. The amount for the third and subsequent children [es_ch_parity1_lt=2] increases by 25.2 per cent to £123.88 per month [es_ch_parity2=1.3333 i.e. 123.88/98.92].

Table 2-7 Child Benefit Rates

Number of Children	1998/99 Monthly Rate	2001 Monthly Rate	2003 Monthly Rate
-	£	£	£
1 child	31.50	67.50	98.92
2 children	63.00	135.00	197.84
3 children	105.00	221.00	321.72
4 children	147.00	307.00	445.60
5 children	189.00	393.00	569.48
6 children	231.00	479.00	693.36

[6] At the same time, the child dependant allowance on contributory and non-contributory social welfare schemes were kept constant in nominal terms.

2.5 *In-Work Benefit*

2.5.1 Family Income Supplement [PolIR_benfis]

Family income supplement is an in-work benefit paid weekly to low-income families including lone parent families. Therefore, the recipient must be an employee [IsEmployee1]. The family must include at least one qualified child who is normally living in the household and supported by the recipient [ge_nOwnCh_inHH_lt]. (A qualified child is any child under age 18 or aged 18 to 22 if in full-time education.) On qualifying for FIS, the same weekly payment is received for the following 52 weeks. During this time the rate of supplement is not affected by any change in family circumstances (other than an additional child). The recipient must be an employee in full-time employment that is expected to last for 3 months while working at least 19 hours per week [le_hours_lt]. Couples (married and cohabiting) are assessed jointly and hours of work and income are added for FIS purposes. Average weekly family income must be below defined amounts (income limits) defined according to the number of children in the family. FIS is paid on the basis of net pay: assessable earnings for FIS purposes are defined as Gross Pay minus tax, employee PRSI, levies and superannuation for each partner [Means_inc_il=fislist].

In 1998/99 an increase of £20 per child was allowed for each additional child up to the fifth child [es_ch_parity2=0.10416 i.e. 20.00/192]. There was then an additional £25 for the fifth and sixth children before returning to £17 increase for the seventh and eight child of the same family. There were no additional increases given for more than eight children. In effect, a family of 10 children would face the same FIS income limit as a family of eight children. The minimum payment was £5 in 1998, £10 per week in 2001 and £10.24 in 2003.

For 2001, the rate of increase in the income limit for maximum FIS (before introduction of the withdrawal rate) was £20 for the second and third child, £25 for the fifth child, back to £20 for the sixth child and £17 for the subsequent children up to a maximum of 8 children. For 2003, the income limit marginal increases per additional child change more frequently and the details are shown below in Table 2-8.

FIS is calculated at 60 per cent of the difference between weekly income and the income limit for family size [wdrl_rt=0.6] shown as the amounts appropriate to each family size in Table 2-8. A minimum payment applies for each year [SBEN_amt_min].[7] There is no maximum amount receivable [maxfis=0]. FIS is paid as a social welfare payment a special application must be made each year. The payment amount is then fixed for 52 weeks before a reassessment is made. In this way, some of the welfare trap effects, which imply disincentives for employees to increase their take-home pay in case it affects their FIS payment, are removed.

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[7] A number of features of the Family Income Supplement are examined in Callan et al (1995) including the impact on the marginal effective tax rate of using gross income as the income base rather than after tax income.

Table 2-8 Family Income Supplement- 98/99, 2001 and 2003

Family Size £	Income Limit per week £ (1998)	Income Limit per week £ (2001)	Income Limit per week £ (2003)
1 child	212 [es_chparity2=0.1041667 i.e. 20.00/192.00]	258 [es_chparity2=0.084033 i.e. 20.00/238.00]	298.49 [es_chparity2=0.071815 i.e. 20.00/278.49]
2 children	232 [es_chparity2=0.1041667 i.e. 20.00/192.00]	278 [es_chparity2=0.084033 i.e. 20.00/238.00]	318.96 [es_chparity2=0.071815 i.e. 20.00/278.49
3 children	252 [es_chparity2=0.1041667 i.e. 20.00/192.00]	298 [es_chparity2=0.084033 i.e. 20.00/238.00]	338.65 [es_chparity2=0.070703 i.e. 19.69/278.49]
4 children	272 [es_chparity2=0.1041667 i.e. 20.00/192.00]	318 [es_chparity2=0.084033 i.e. 20.00/238.00]	358.34 [es_chparity3=0.070703 i.e. 19.69/278.49]
5 children	297 [es_chparity3=0.1302083 i.e. 25.00/192.00]	343 [es_chparity3=0.105042 i.e. 25.00/238.00]	383.54 [es_chparity4=0.090487 i.e. 25.20/278.49]
6 children	317 [es_chparity4=0.1041667 i.e. 20.00/192.00]	363 [es_chparity4=0.084033 i.e. 20.00/238.00]	404.02 [es_chparity5=0.073539 i.e. 20.48/278.49]
7 children	334 [es_chparity5=0.0885417 i.e. 17.00/192.00]	380 [es_chparity5=0.071428 i.e. 17.00/238.00]	420.56 [es_chparity6=0.059392 i.e. 16.54/278.49]
8 children or more	351 [es_chparity5=0.0885417 i.e. 17.00/192.00]	397 [es_chparity5=0.071428 i.e. 17.00/238.00]	437.89 [es_chparity7=0.064167 i.e. 17.87/278.49]

2.6 Housing benefits [pollr_co_sben_hb]

A range of additional payments, paid under the Supplementary Allowance Scheme, includes Rent and Mortgage Interest Supplements. When applying for a rent or mortgage interest supplement, account must be taken of the following:

- The size of the accommodation is appropriate for family size
- An application must be made for Local Authority housing where it is available
- There was a valid reason to leave the parental home
- The cost of the accommodation compared to rent levels for similar accommodation in the area must be examined.
- In the case of mortgage interest supplement, the mortgage must have been taken out when in a position to meet the repayments.

The Health Board covering the region of the residence determines the amount of the supplement and all circumstances must be taken into account. The supplement paid will generally ensure that one's income after paying rent or mortgage interest is not less than the Supplementary Welfare Allowance rate less a minimum contribution (currently £6). This implies that the weekly income after rent or mortgage payments should be at least £62.40 for the head of the tax unit [es_htu], £41.20 for a qualified adult dependent [es_depad_num1] (of whom there can be only one [es_depad_num1_lt]) with £13.20 allowed for each child dependant [es_ch]. The withdrawal rate is set at one because if these income limits are exceeded (for the head of the tax unit), housing benefits are withdrawn [wdrl_rt]. This also implies that there is a unique means test for this benefit [Means_inc_il=hb]. There is a maximum amount per week that can be received [RMS_LIM4=126.92].

A different Rent Allowance is payable to a much smaller number of tenants, mainly elderly, who were renting dwellings affected by the de-control of rents on 26 July 1982. Following the de-control of rent, a tenant who suffers hardship de to a rent increase may qualify for a Rent Allowance. This allowance is payable only to tenants who were *in situ* on 26 July 1982 to allow the tenant to retain possession of that dwelling. A means test must be satisfied. The most that can be received is the difference between the original rent (or a specified amount) and the new rent. This may be reduced on account of other people in the household.

3 SOCIAL INSURANCE CONTRIBUTIONS SIMULATED BY EUROMOD

Social insurance contributions in Ireland are known as Pay Related Social Insurance (PRSI). They are payable by individuals in work (both employed and self-employed). It is paid into the Social Insurance Fund which helps pay for Social Welfare benefits and pensions.[8] A PRSI contributor is entitled to social insurance benefits subject to conditions on the class of PRSI paid and the number of contributions made. There are fixed ceilings on the amount of Social Insurance Contributions employees and employers have to pay in any year. When this ceiling is reached, further payments are not made while still covered for benefit. In general, PRSI contribution classes are decided by the nature of the employment and the amount of the employee's gross reckonable earnings in any week. Therefore, the employee's PRSI Class can vary from week to week if earnings change but we do not have this possible complication programmed in EUROMOD.

The PRSI contribution classes are further divided into subclasses. These subclasses represent different bands of weekly earnings and categories of people within each earnings band.

3.1 Employee contributions [co_gen_eesic]

With very few exceptions, all employees pay PRSI whether working full-time or part-time. A weekly (non-cumulative) PRSI-free allowance applies to the employee’s social insurance contribution. This does not affect the employer deduction. PRSI is calculated on the employee's reckonable earnings i.e. gross pay reduced by Superannuation and Permanent Health Insurance contributions made by the employee, deducted under a net pay arrangement by the employer, which are allowable for income tax purposes.

3.1.1 Full rate PRSI (Class A)

Most workers (minimum age 16 and maximum age 65) pay PRSI contributions as Class A and are covered for all social welfare benefits and pensions. It covers people in industrial, commercial and service-type employment who are employed under a contract of service with gross earnings of £30 or more from all employments; Civil and Public Servants recruited from 6 April, 1995 and participants on Community Employment schemes. Employees covered under most classes with reckonable weekly earnings of not more than £226, continue to be exempt from paying PRSI for that week. However, the employer's share of PRSI remains payable as normal. A PRSI weekly allowance (exemption limit) of £100 applied in 98/99. An annual PRSI ceiling of £24,200 also

[8] Ireland’s Social Insurance Fund is made up of a current account and an investment account managed by the Minister for Social and Family Affairs (formerly social welfare) and the Minister for Finance, respectively. The current account consists of monies collected from people in employment. This money is then paid back to fund social insurance benefits and entitlements. The investment account is a savings account that is managed by the Minister for Finance. The Comptroller and Auditor General has responsibility for ensuring that the accounts are kept in order and reports are made to the Houses of the Irish parliament. Social Insurance remittances are collected by the Revenue Commissioners (Irish Tax Authority) and paid in to the Social Insurance Funds and make annual returns of the individual PRSI records to the Department of Social and Family Affairs.

applies. The relevant PRSI rate is 4.5% for Class A1 contributors.[9] Voluntary contributions can also be made and PRSI credits are given in specific situations where a contributor is in receipt of social benefits.

The relevant amounts for later years are: £226 PRSI weekly exemption limit [PRSI_Exemption_Limit] and the weekly allowance was maintained at £100 for 2001 and 2003. The allowance does not apply to the Health Contribution or the employer's share of PRSI. In other words, in Class A it applies in respect of the calculation of the 4 per cent employee social insurance deduction, but not to the 2 per cent Health Contribution. The allowance is non-cumulative, therefore, it only applies for weeks of insurable employment in which PRSI is payable. It is particularly important to remember that this allowance does not alter the gross reckonable weekly earnings threshold that determines the appropriate contribution subclass. There were some minor reductions in the rate of social insurance contributions made by employees: PRSI_rate_1 fell from 4.5 per cent to 4 per cent, while the rate for self-employed contributions fell from 5 per cent to 3 per cent [PRSI_rate_3]. The cumulative annual PRSI ceiling income limit (after which no PRSI contributions must be made) increased from £24,200 to £28,250 for 2001 and again to £31,833 in 2003.

3.1.2 Modified rate PRSI (Class B)

Some workers in the public sector do not have cover for all benefits and pensions so they pay a modified PRSI contribution. This class applies in most part to permanent and pensionable public and civil servants (public sector employees) recruited prior to 6 April 1995. The weekly PRSI exemption limit for those paying PRSI at the modified rate was £20 per week. These individuals pay PRSI at 0.9 per cent, which has not changed between 1998 and 2003.

3.1.3 Self-employed PRSI (Class S)

Self-employed people such as farmers, certain company directors, people in business on their own account and people with income from investments, rents and maintenance are covered for pensions and Maternity and Adoptive Benefits and pay Class S. Some exceptions exist. Income on which PRSI is calculated is net income after superannuation and does not include benefits in kind. There is no liability to PRSI where reckonable income is below £2,500. This test is applied separately to the income of husband and wife. A weekly allowance of £20 applies to self-employed persons making PRSI contributions and a rate of 5 per cent applies. This rate fell to 3 per cent for 2001 and 2003.

3.1.4 Other PRSI Classes

Class J is payable by individuals with very low incomes and by employees aged over 65.

[9] Others, such as people who are retired but receiving pensions from their former job are recorded under different classes of PRSI. These classes do not give cover for social welfare benefits and pensions.

Table 3-1 Social Insurance Benefits Entitlements by PRSI Class in 1998/9

Social Insurance Benefits - Class	A	B	S	J
Unemployment Benefit	Y			
Disability Benefit	Y			
Maternity Benefit	Y			
Invalidity Benefit	Y			
Survivor's Contributory Benefit	Y	Y	Y	
Orphan's Contributory Allowance	Y	Y	Y	
Deserted Wives Benefit	Y	Y		
Retirement Pension	Y			
Old Age Contributory Benefit	Y		Y	
Occupational Injuries Benefits	Y	Y[1]		Y
Treatment Benefit	Y			

Note 1: Partially

3.2 Employer contributions [co_gen_ersic]

It is the employers responsibility to establish if employees are medical card holders, are aged 70 or over, are recipients of a Social Welfare Widow's/Widower's Pension, One-Parent Family Payment, Deserted Wife's Benefit/Allowance or a Widow's/Widower's Pension (or EU country equivalent), as they are exempt from the 2 per cent Health Contribution irrespective of earnings.

3.2.1 Standard rate PRSI (Class A)

In the case of Employer PRSI (Class A), the threshold below which the 8½ [PRSI_Rate1] per cent rate applies was £13,500 per annum or £260 per week in 1998/99. The overall ceiling on Employer PRSI was £27,900 per annum. The most important change to have occurred in the period up to 2001 was the removal of the income ceiling on Employer PRSI. The value PRSI_ceiling appears in the parameter sheet polERSI_IR as 9999999. The rates of employer PRSI payable have not changed in the duration.

3.2.2 Modified rate PRSI (Class B)

Fewer government employees now enjoy the modified rate of PRSI as in most cases, public sector employees recruited in recent years (since April 1995) have been given full PRSI coverage and have paid social insurance contributions at the higher rate (Class A). People already paying reduced rates of PRSI were not affected.

Table 3-2 Combined Pay Related Social Insurance Rates and Levies Rates

Class A From April 1998			
	£30 - £207	**£207 - £270**	**£270 +**
Class	**AO**	**AX**	**A1**
Employer's Share (All Earnings)	8.5%	8.5%	12.0%
Employee's Share - First £100	Nil	2.25%	2.25%
- Balance	4.5%	6.75%	6.75%
Income Ceilings	**Employer**	**Employee**	
Social Insurance	£29,000 (removed from 2001 onwards)	£24,200 (£28,250 in 2001)	
Health Levy	-	No Ceiling	
Employment & Training Levy	-	No Ceiling	

Class S From April 1998				
Weekly Earning Bands	**£0 - £207**	**£207 +**		
Class	**SO**	**S1**		
			Income Ceiling	£24,200
- First £20	Nil	2.25%	Minimum Yearly Contribution:	£215
- Balance	5.0%	7.25%	Contribution Where Contributor is on Low Income:	£124

Notes
- Employer's Share Under Class A is 8.5% in Any Week That The Employee's Earnings are £270 or Less.
- A Weekly (non-cumulative) PRSI-Free Allowance of £100 (per individual employment) Applies to Employee's Social Insurance Contribution in Class A. This Allowance Does Not Affect the 2.25% Levy Deductions Where Applicable. (In the Case of PRSI Classes B, C, D and the Self-Employed the Allowance is £20 Per Week).

3.2.3 Self-employed PRSI (Class S)

A new system of PRSI coverage for those self-employed is shown as PRSI_Rate3 and in 2001 and 2003 is 3 per cent. Generally, a self-employed person pays their social insurance at the same time they make their annual returns for tax purposes to the Revenue Commissioners.

3.2.4 Situation for 2003 (EESIC and ERSIC)

Some elements of Table 3-2 above require updating to show the situation as at 2003. The 2003 contribution year started on 1 January, 2003 and ends 31 December, 2003 following rate changes announced in the December 2002 budget. These changes became effective from 1 January 2003. The annual earnings ceiling for PRSI has been increased to €40,420 for employees in Classes A, B, C, D and H. For year 2003, the minimum contribution for Class S remains at €253. The earnings threshold to determine whether people employed under a contract of service pay PRSI at Class A or J remains at €38. Employees earning between €38 and €287 inclusive in any week should be recorded under Subclass A0. Employees earning between €287.01 and €356 inclusive in any week should be recorded under Subclass AX. The annual earnings ceiling for PRSI had been increased to €40,420 for employees.

Table 3-3 PRSI RATES OF CONTRIBUTION FROM 1 JANUARY 2003

PRIVATE SECTOR EMPLOYMENTS					
CLASS A	NON CUMULATIVE			CUMULATIVE RECKONABLE EARNINGS	
	Weekly Earnings Band	How much of Weekly Earnings		First €40,420	Balance Over €40,420
A0	€38 - €287 incl.	All All	Employer Employee	8.50% Nil	8.50% Nil
AX	€ 287.01 - € 356 incl.	All First €127 Balance	Employer Employee Employee	8.50% Nil 4.00%	8.50% Nil Nil
A1	In excess of € 356	All First €127 Balance	Employer Employee Employee	10.75% 2.00% 6.00%	10.75% 2.00%
PUBLIC SECTOR EMPLOYMENTS					
CLASS B	NON CUMULATIVE			CUMULATIVE RECKONABLE EARNINGS	
	Weekly Earnings Band	How much of Weekly Earnings		First €40,420	Balance Over €40,420
B0	Up to € 287	All All	Employer Employee	2.01% Nil	2.01% Nil
BX	€ 287.01 - € 356 incl.	All First €26 Balance	Employer Employee Employee	2.01% Nil 0.90%	2.01% Nil Nil

B1	In excess of € 356	All First €26 Balance	Employer Employee Employee	2.01% 2.00% 2.90%	2.01% 2.00% 2.00%

4 LEVIES SIMULATED BY EUROMOD

If a person has a medical card or is getting a social welfare Widows or Widower's (Contributory) Pension, Deserted Wife's Benefit or One-Parent Family Payment or a social security Widow's Pension from a country covered by EU Regulations, they are exempt from payment of these levies. From July 1, 2001 all people aged 70 or over are exempt from the 2 per cent Health Contribution, regardless of whether or not they hold a medical card. There is no earnings ceiling for either of these levies.

4.1 Health Contribution Levy [`polLevySic_IR_hc`]

The Health Contribution levy goes to the Department of Health and Children to help pay for health services. In 98/99, no health contribution levy was paid on income of less than £10,750 per annum or £207 per week [HCExemptionLimit]. This increased to £280 per week for 2001. The Health Contribution levy was 1.25 per cent of income [HC_rate] for PRSI/Levy purposes [PRSIY_il]. Income for levies is calculated as net income after superannuation and capital allowances (in the case of self-employed individuals) and does not include benefits in kind or any social welfare payments [ExemptY_il]. There is no ceiling [HC_ceiling] on the amount of Health Contribution Levy payable. The unit of assessment is per individual employee [TAX_UNIT].

4.2 Employment and Training Levy [`polLevySic_IR_etl`]

The Employment and Training levy goes to the Department of Enterprise, Trade and Employment to help pay for employment and training schemes. The same income threshold applies for the Employment and Training Levy as for the Health Contribution levy [ETLExemptionLimit]. The Employment & Training Levies were not payable by employees in any week where earnings are £207 or less in 1998 and this exemption limit increased to €356 (£280) for 2001 and 2003. The Employment and Training levy was 1 percent on reckonable income for levies [PRSIY_il] which excludes the value of benefits in kind and any social welfare payment [ExemptY_il]. There is no ceiling [ETL_ceiling] on the amount of Employment and Training Levy payable. The unit of assessment is per individual employee [TAX_UNIT]. This levy did not operate for employees in 2001 or 2003. However, 0.70% National Training Fund Levy, must be included in the employer's contribution in most PRSI Classes.

Table 4-1 Social Insurance Contributions payable by Private Sector employees 1998/99

Income Range per week	Health Contribution	Employment and Training Contribution
Class J		
0-30	0	0
Class A		

30-178	0	0
178-	1.25	1

4.2.1 Levies Situation for employers as at 2003

The employer's share (Social Insurance and the 0.70% National Training Fund Levy in Classes A and H) and the 2.00% (Health Contribution) by the employee where applicable, must be paid on all reckonable earnings in excess of €40,420 (which is the employee ceiling). Class S for self-employed persons, social insurance at 3% and the 2% Health Contribution (where applicable) on all reckonable income.

Table 4-2 Levies payable by those with self-employment income 1998/99

Income Range per week	Health Contribution	Employment and Training Contribution
Class S		
0-178	0	0
178-	1.25	1

Table 4-3 Modified Social Insurance Contributions payable by Public Sector employees 1998/99

Income Range per week	Health Contribution	Employment and Training Contribution
Class B		
0-178	0	0
231-	1.25	1

5 National Minimum Wage

5.1 National Minimum Wage (2001)

Ireland introduced a statutory minimum wage on 1 April 2000. It was introduced as an income adequacy measure of the National Wage Bargaining process that includes trade unions, employer and government representatives. The minimum wage is a legal entitlement and is supported by legislation. The National Minimum Wage was initially IR£4.40 per hour as of April 2001, and was adjusted to IR£4.70 from 1 July 2001.[10] It applies to all employees with some exceptions. If aged under 18, the wage rate is 70 per cent of the statutory wage rate. This translates to IR£3.30 per hour in 2001 for employees aged under 18. If an employee is aged between 18 and 19, the wage rate is 80 per cent of the adult rate, rising to 90 per cent for those aged between 19 and 20. Similarly, a lower minimum wage applies to apprentices (who can be identified in the Living in Ireland Survey using the labour force status variable). In this case, 70 per cent of the general minimum rate applies. The National Minimum Wage applicable throughout 2003 was IR£5 per hour or €6.35 per hour with the two exception noted above maintained. These two conditions have been programmed into the Euromod policy rules for 2001 and 2003.

[10] It increased to £5 per hour from 1 October 2002 and it is this rate that applied throughout 2003.

6 TAXES SIMULATED BY EUROMOD

6.1 Introduction to the Irish taxation system

The information on income tax in the Republic of Ireland is contained in the Taxes Consolidation Act 1997. Broadly speaking, income tax is charged on all income, wheresoever it arises, accruing to a person (other than a company), resident in Republic of Ireland and on all income. To whosoever it accrues, arising in the State.[11] Income tax is charged for a year of assessment commencing on 6 April in one calendar year and ending on 5 April in the following year.[12] Subject to certain exceptions and exemptions, an individual is liable to income tax in respect of his/her total income at graduated rates. However, certain allowances, deductions and reliefs can be set against tax liability. These allowances take the form of standard allowances available to all taxpayers and discretionary reliefs that are allowable against certain personal expenditure items. The allowances and deductions depend on the personal circumstances of the taxpayer and in effect exempt the first slice of income.

For income tax purposes, income is classified under certain heads or schedules. The four schedules deal with interest (taxed at source) on certain government and other securities (Schedule C), the profits of trades, professions and vocations and certain other income such as rents, interest on loans and income from abroad (Schedule D), income from an office, employment or pension (Schedule E) and income from distributions received from a resident company (Schedule F).

A virtual tax assessment must be first run in Euromod before assessment for social assistance payments [polvirtual_IT_IR]. A social assistance means test can relate to *after-tax* income e.g. Old Age Non-Contributory Pension. It is necessary to have this calculation completed before the social assistance means test is calculated. However this is not the final taxation computation for the unit as applicable social welfare receipts must subsequently be included in the [*TaxBase]* income list.

6.2 Personal income tax [IT_IR]

The Irish income tax system is operates as a 'unified system' that makes no distinction between earned and unearned income. The system provides that having ascertained the level of income for tax purposes, various personal allowances and reliefs are deducted to arrive at a figure that represents taxable income. The taxable income is then subjected to rates of tax at a standard rate and a high rate depending on the taxable income.

6.2.1 Basis of Assessment

Joint assessment of married couples was automatic in 1998 unless either spouse gave notice of election for *single assessment* to the Revenue Commissioners [compulsory=0

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[11] The application of these principles is modified by various double taxation agreements.
[12] From 2002, the tax year will coincide with the calendar year starting on 1 January.

i.e. optional joint taxation]. Where *joint assessment* occurred [TAX_UNIT=MarrCouple], the income of each spouse was taxed as if it was the income of just one individual [joint_type=1 i.e. aggregate] but with the distinction that the bands of income chargeable at the lower rate of tax was doubled as compared to a single taxpayer [sum_allwnc=1].[13] In this cases the tax band for taxation at the standard rate was £20,000 in 98/99 [tax_band1]. *Separate assessment* was also possible. The Irish Minister for Finance first put the concept of individualisation forward in his Budget 2000 speech. Since 2000, there is a limit on the degree of transferability of income tax bands between spouses [joint_type=quotient].

An important structural change introduced after 1998 relates to the individualisation of the basis of assessment for married couples. While joint assessment still occurs, there are different rules for one-earner and two-earner married couples.

6.2.2 Determination of net amount of taxable income

Taxable income is total income, also called "net statutory income" less personal allowances and reliefs. Income from various sources is grouped for assessment purposes under various schedules. The most important of these are Schedule E (employee income usually subjected to income tax levied on a Pay As You Earn (PAYE) basis and Schedule D profit or gains arising from any trade or profession that is received by those who are self-employed. Self-assessment for Schedule D taxpayers has been in operation since 1988. Where an employee is engaged in more than one employment during the tax year, separate employee records (for tax purposes) are required for each employment.

6.2.3 Personal allowances

As in many European systems, tax free allowances [TFA] are used to leave the first part of income untaxed. It effectively operates as a tax band of zero percent. Other countries use tax credits to achieve this purpose, which prevent higher taxpayers from benefiting more. There are a number of components of tax allowances. Individuals receive the single allowance plus any others entitled to. In the case of married couples, the age allowance is paid if either is aged over 65. All allowances were deducted at the marginal rate of tax in 98/99.

The notes that follow are a summary of the conditions under which the personal allowances and reliefs are available.

6.2.3.1 Single/Married allowance

The single allowance in 1998 was £3,150 [tfa]. Married allowance was double the single allowance at £6,300 and was due in 1998, where (i) a husband and wife were assessed for tax jointly, or (ii) where the couple lives apart but one is wholly maintained by the other. A widowed person in the year of bereavement claims the married allowance for that year.

[13] This gives an advantage in terms of reduced taxation to single earning couples and to couples with unequal incomes and facing different marginal tax rates.

6.2.3.2 Widowed allowance

This is available to widowed persons following the year of bereavement and is increased if there are dependent children at a per-child rate that depends on the length of time since bereavement. The amount of widowed allowance without children was £3,650 i.e. £3,150 [tfa] plus £500 [tfa_widows]. The additional per-child increase in the widowed allowance stood at £2,650 [tfa_widch]. This allowance is given on the basis that the tax unit is a lone parent [TAX_UNIT=lp].

6.2.3.3 Single parent allowance

This allowance is granted to a person who is not entitled to the married allowance. It is separate from the widowed allowance with dependent children. In the year of assessment a qualifying child must reside with the taxpayer for the whole or part of that year of assessment. The allowance of £3,150 in 1998 [tfa_lp] was granted in addition to the personal allowance so that when the single parent and personal allowances are combined they equalled the married allowance. A qualifying child is defined as a child born in the year of assessment or is under 16 or over 16 and in full-time education. A person permanently incapacitated is also considered under the same circumstances until he/she is 21.

6.2.3.4 Age allowance

A person claims this allowance where he or his spouse is at least 65 years of age during the year of assessment [min_age]. In 1998 this allowance was £400 [tfa_age]. This per individual allowance is doubled if both spouses are aged over 66 and has income for tax purposes [TAX_UNIT=individual].

6.2.3.5 Incapacitated Child Allowance

Child allowance is available only in respect of incapacitated children.

6.2.3.6 Blind persons' allowance

A person claims this allowance of £1,000 where he or his spouse is blind during the year of assessment.

6.2.3.7 PAYE allowance (employee allowance)

A taxpayer/individual, who is in receipt of emoluments chargeable to income tax under Schedule E (Pay As You Earn), may claim this allowance [TAX_UNIT=individual]. It was £800 per employee in 1998 [tfa_ee].

6.3 Tax credits from 2001 (replacing tax allowances)

In order of calculation, tax credits operate at the end of the tax calculation procedure, whereas tax allowances operate at the beginning of the tax calculation process i.e. before the tax schedule in the case of allowances and after the tax schedule in the case of credits.

6.3.1 Personal tax credit [co_it_tariff_tfa]

The tax-free amount per employee was £5,500 in 2001 but this is allowable only at the standard rate [tax_rate2], which was 20 per cent. In effect, it's value as a tax credit is

£1,100. A married couple is allowed to double the single tax credit (i.e. £11,000 @0.2 = £2,200), where (i) a husband and wife were assessed for tax jointly, or (ii) where the couple lives apart but one is wholly maintained by the other. A widowed person in the year of bereavement claims the married tax credit for that year.

6.3.2 Widowed Tax credit

This tax credit was valued at £360 in 2001 and is calculated as an allowance of £1,800 at the standard rate of 20 per cent. The output variable in Euromod for this tax credit is co_it_widow_tfa. The conditions for receiving this tax credit stipulate that the individual is widowed. It comes into play the year following the death of a spouse.

6.3.3 Lone parent tax credit

An eligibility condition must be satisfied that the individual taxpayer is a single/lone parent and there must be children living in the household. The annual value of this tax credit in 2001 was £1,100 calculated as follows: £5,500 [tfa_amount] valued at the standard rate of tax [tax_rate2] and it is shown by the output variable co_it_lp_tfa. It is not related to the number of children.

6.3.4 Age tax credit

A person claims this allowance where he or his spouse is at least 65 years of age during the year of assessment [ge_age_lt=66]. In 2001, this tax credit was £800 [tfa_amount] at the standard rate of 0.2 giving a tax credit valued at £160 in application. This per individual allowance is doubled if both spouses are aged over 66 and has income for tax purposes [TAX_UNIT=individual]. The output variable for this tax credit is shown as co_it_age_tfa. Eligibility for the age tax credit is doubled for married couples where one spouse is aged 65 or over. The spouse does not have to be aged 65 or over. In Euromod, this is programmed as an additional eligibility condition for recipients of the age tax credit who are married and whose spouse does not qualify for the tax credit in their own right (i.e. age above the limit).

6.3.5 Incapacitated Child Allowance

Child allowance is available only in respect of incapacitated children.

6.3.6 Blind persons' allowance

A person claims this tax credit where he or his spouse is blind during the year of assessment.

6.3.7 PAYE tax credit (employee tax credit)

A taxpayer/individual, who is in receipt of emoluments chargeable to income tax under Schedule E (Pay As You Earn), may claim this allowance [TAX_UNIT=individual]. It was £400 per employee in 2001 [ir_it_eetfa]. It is not transferable across spouses in a joint assessment for tax. It was originally introduced to overcome complaints that self-employed individuals had an advantage due to self-assessment for tax which does not apply for employees who must pay as they earn.

6.4 *Exemption limits*

Exemption limits still apply after the changeover to the tax credit system, however their order in the Euromod routine must be changed as they are applied after the calculation of tax credits. Exemptions from income tax are available to individuals with small incomes. The exemption limit is increased for an individual aged 65 or over. The exemption limit is also increased by £450 for the first and second child and by £650 for the third and subsequent child. The definition of a qualifying child is the same as that applying for the Single Parent Allowance.

6.4.1 Small Income Exemption

Total exemption from income tax for the year 98/99 was available to an individual under 65 years of age whose “total income” did not exceed £4,100 in the case of a single, widowed or a married person singly assessed or £8,200 in the case of a married couple jointly assessed.

6.4.2 Age Exemption

Total exemption from income tax was available to individuals who were 65 years or over and whose incomes for the year 98/99 did not exceed £5,000 if also under 75 years and £5,500 if over 75 years. Double these limits apply if either spouse in a married couple qualifies for this allowance. The level of income for 2001 stayed the same for a single or widowed person at £4,100. The corresponding exemption limit for a married couple is doubled to £8,200 if aged under 65. For taxpayers aged between 65 and 75 [xltagelt2] the limit increased significantly from £5,000 in 1998 to £8,500 for 2001. For the third age limit category [xltagelt3] referring to individuals aged over 75, the limit was increased from £5,500 to £8,500 making it the same as the preceding age category.

6.4.3 Marginal relief[14]

Peculiarly to Ireland, the income tax schedule changes for those with low incomes. The objective is to take low earning individuals out of the tax net and to avoid tax kinks. They are therefore similar to tax allowances but are however set levels higher than the tax allowance. Figure 6-1 outlines the difference between tax allowances and tax exemption limits. The straight line is the situation under an existing tax schedule with income tax allowances. The doted lines show what happens if an exemption limit is introduced into this system; the zero rate tax band is increased. However once the tax exemption limit is exceeded, taxes are paid according to the standard schedule, thus taxation jumps form £0 to over £5 at one point. To avoid this tax kink at the exemption limit, marginal relief (the line with crosses) is used to smooth out the tax paid. In other words tax is paid at the marginal relief rate until tax paid is equal to what would have been paid under the existing system. Tax exemption limits are administratively quite simple in that those earning less than this exemption limit pay no tax. They are also a cheaper way of keeping people out of the tax net than tax allowances. However they do so at the cost of increased

[14] The marginal relief system is designed to overcome the sharp increase in taxation that would otherwise arise as a person’s income goes just over the exemption limits. It operates by taxing the excess only of income above the exemption limits at 40%; the marginal relief treatment is applied only for so long as it remains favourable to the taxpayer than normal taxation, or until the income level is twice the exemption limit, if lower.

marginal income tax rates. If a married couple was assessed jointly, marginal relief also applied jointly.

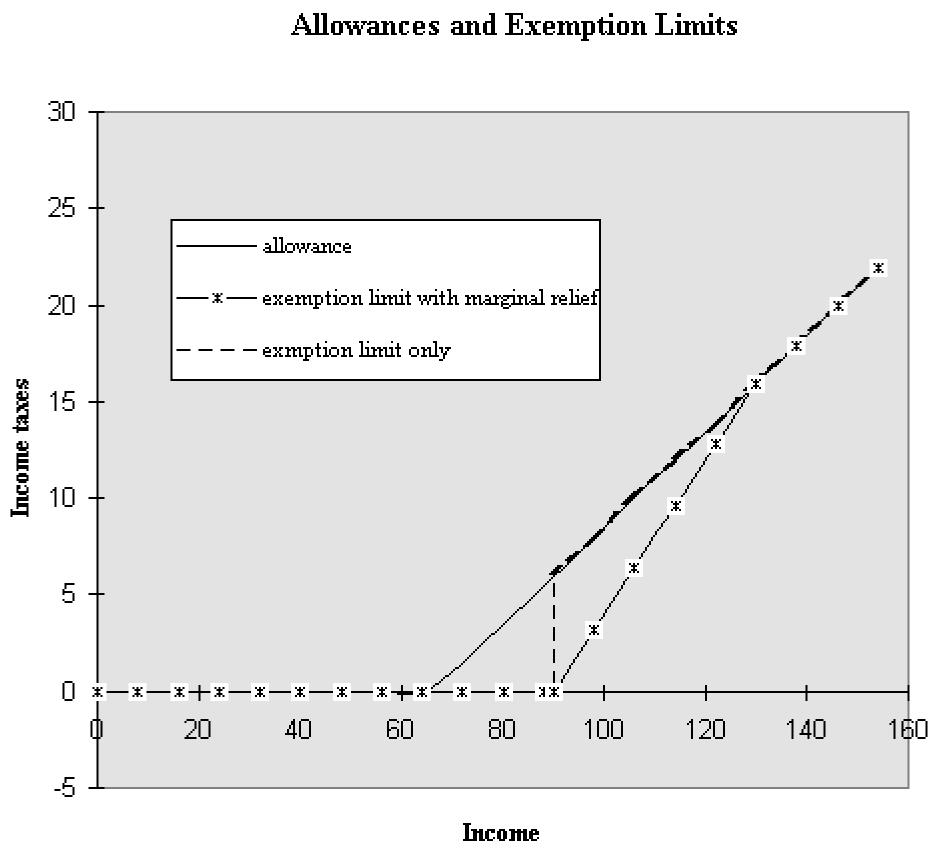
The amount of the exemption limit depends on marital status, age and number of children (See Table 6-1). The basic amount of the exemption limit depends on marital status with additional increases dependent upon age and the number of children. With three or more children [CriticalNchxlt], the increase in the exemption limit per child is £650. The income base to which income tax exemption limits are applied is the gross income list [TaxableY_IL=Grosslist].

Table 6-1 Parameters of Marginal Relief.

Exemption Limits	1998/99	2001	2003
Single aged <65 [xltagelt1]	£4,100	£4,100	£4,100
Married aged <65 [Jointxlt]	£8,200	£8,200	£8,200
1-2 Child dependants (per child) [LowerChxlt]	£450	£450	£450
3+ Child dependants (per child) [HigherChxlt]	£650	£650	£650
Aged 65-74 [xltagelt2]	£5,000	£8,500	£11,813.46
Aged 75+ [xltagelt3]	£5,500	£8,500	£11,813.46
Marginal Relief Rate [Marginal_xlt_relief_rt]	40%	40%	40%

Marginal relief is available where total income exceeds the above limits, but is less than twice the specified amount. The marginal relief restricts the maximum amount of tax payable to 40 per cent of the amount by which the individual’s total income exceeds the exemption limit [Marginal_xlt_relief_rt].

Figure 6-1 Graphical Illustration of effect of allowances and exemption limits



6.4.4 Other income tax reliefs

In addition to tax allowances, tax deductions can reduce the size of the tax base. These are reductions that depend upon certain expenditures rather than characteristics, as is the case of tax allowances. These include rent allowances, mortgage interest relief and medical insurance relief. A small allowance for rent payments is allowable but not modelled by EUROMOD or our national model SWITCH. The other two are deducted at a flat rate of tax (the standard rate). From 2001, medical insurance relief has been given at source i.e. the amount of the insurance premium payable has been reduced by the medical insurance tax credit amount. In this way, the tax credit is refundable and implies that the tax relief is given even if a taxpayer's tax liability is zero. The system of refundable tax relief at source for mortgage interest came into effect in Ireland in 2002 and operates as a refundable tax credit for the 2003 policy year onwards.

6.4.4.1 Mortgage interest relief [ir_it_mortint_tcred]

The rules for 1998/99 state that the size of the mortgage interest relief is defined as 80 per cent of the maximum of either a limit of £2,500 (single) [lt_single] or the annual mortgage interest paid, less a deduction/disregard of £100 [Disregard_Single]. The limit and deductions vary by marital status. Mortgage interest relief on a qualifying 80 per cent of mortgage interest paid at the standard rate (24%) [ded_rate] with limit of £2,500 (single) [lt_single], £3,600 (widowed) [lt_widow] and £5,000 (married). The rules were simplified by the 2001 Budget that allowed 100 per cent of the mortgage interest to be assessed [qualpc]. There is no longer a disregard [disregard_single=0]. Further, because the standard rate of tax fell from 24 per cent to 20 per cent [ded_rate], the value of the tax credit changed for this reason also. The maximum mortgage interest allowance was also reduced to £2000, which is standardised to a tax credit of £400 [£2,000@0.2]. This rate applies to single people and is doubled to £800 for married couples who are jointly assessed. The special rate for widowed persons has also been removed. These 2001 levels were maintained for 2003.

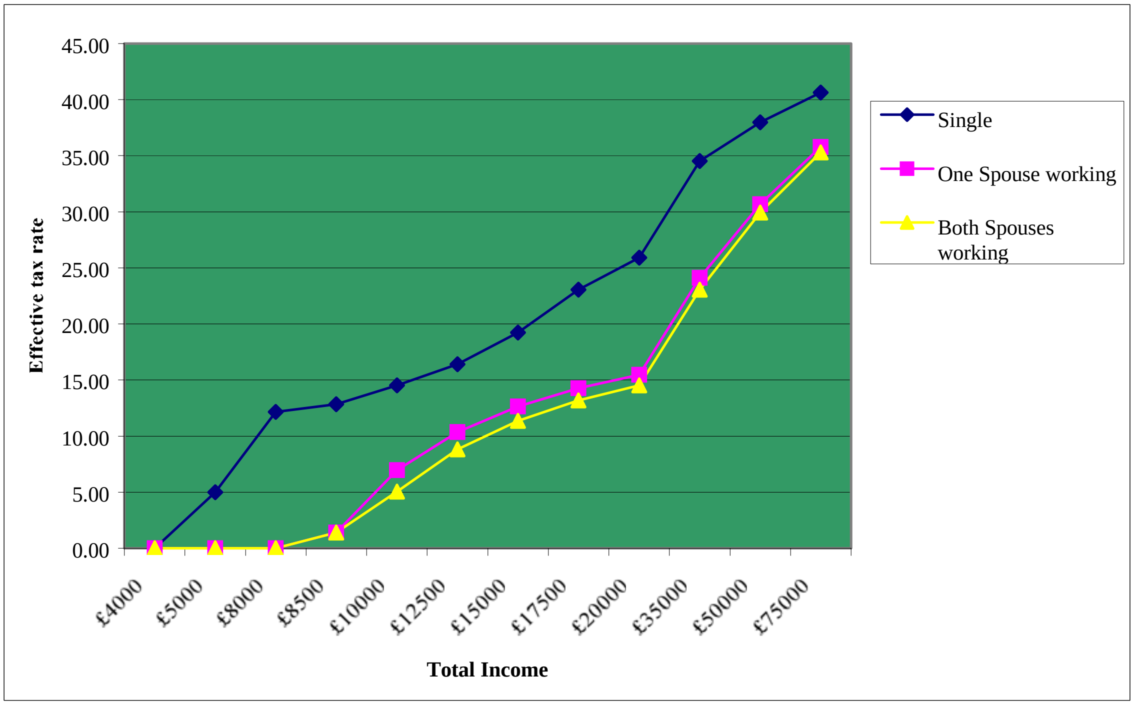
6.4.4.2 Permanent Health Insurance relief [ir_it_medins_tcred]
In 1998, permanent health insurance relief was received at the standard rate on 100 per cent of the health insurance premium. Medical insurance is completely deductible i.e. the entire premium is used in the calculation [qualpc=1]. It is allowable at the standard rate of tax which was 24% in 1998 and 20% in both 2001 and 2003 [ded_rate].

6.5 Rates and bands

6.5.1 Tax rates
In 98/99, 2001 and 2003, two rates of tax operated. In 1998, the standard rate was 24% [tax_rate1] and the high rate was 46% [tax_rate2]. In 2001 and 2003, this rates were 20% and 42% respectively. This implies a tax band structure were there are three bands of income [nbands]: i.e. a band at which zero per cent tax was paid, a band at which the standard rate of tax is payable [tax_band1] and a third band [tax_band2] representing the balance of income on which the high rate of tax applies.

For 1998, the standard rate of tax was paid on a band of taxable income up to £10,000 [tax_band1] for single/widowed persons and up to £20,000 for a married couple. The high rate of tax was levied on the balance [tax_band2]. Income tax is levied on a tax base income list [TaxableY_il] after allowances and reliefs are taken into account.

Figure 6-2 Effective rates of tax on specimen incomes, 1998/999



Note: Effective rates of tax are computed by reference to personal allowances for persons aged under 65 years, which for 1998/99 include the individual PAYE allowance of £800. It also takes into account the exempt income limit of £4,100 per person and £8,200 for married couples. The calculations assume that married couples have elected for joint assessment.
Source: Revenue Commissioners (1999) *Statistical Report* Derived from Table IT5

7 DATA

7.1 Introduction

The Irish module of the EUROMOD dataset is based on the Living in Ireland Survey collected by the Economic and Social Research Institute (ESRI) in 1994. This was wave one of the Irish contribution to the European Community Household Panel (ECHP). The module simulates taxes, employee and employer social insurance contributions, child benefits and social assistance benefits. Other incomes are taken from the survey. In order to do this, an uprating procedure is used, based on the one used by the Irish static microsimulation model, SWITCH (See Callan et al. (1996) for a description.) The survey gathered information on over 4,000 households in 1994, containing about 14,500 individuals (including 4,000 children under the age of 16).[15] Detailed information was sought at individual level on labour market participation, earnings and receipt of social benefits and social assistance, along with personal characteristics such as education attainment. Detailed questionnaires were obtained for almost 10,000 adults.

There were two distinct data collection units employed in the survey, namely the household and the individual adult. Following the widely-accepted definition, a private household was defined as a group of persons who live together, share some form of communal "kitty" or other budgeting arrangement and usually meet together at least once a week for a communal meal (see for e.g. CSO, 1997, p.207). Within each household the interviewer attempted to administer a *household questionnaire* to the "Household reference person" and his/her spouse. Following Eurostat guidelines, the "Household reference person" was defined as the owner or tenant of the accommodation, or in cases of joint ownership or tenancy, the older of the two or more persons who were equally responsible for the accommodation.

The second data collection unit was each member of the household who was born in 1977 or earlier - and so was at least 16 years of age in the year of interview. About 86 per cent of individual questionnaires were completed on the basis of a personal interview (rather than telephone or self-completion), with detailed proxy information obtained for a further 9 per cent, and summary information obtained for non-responding individuals by proxy for a further 5 per cent. Households with more than two non-responding individuals were excluded from the survey database. This data was used to update our national tax-benefit model – SWITCH.

The objective of the sample design was to obtain the original sample. Those living in institutions – such as long-term hospital patients and those in prison - were excluded from the target population. This exclusion is in line with the harmonized guidelines set down by Eurostat and is in keeping with the standard practice adopted in surveys of this nature, notably the Household Budget Survey conducted by the CSO. The 1991 Census of Population showed that 3,43m persons out the total population of 3,53m lived in private households. This means that the LII target population covers just over 97 per cent of all persons in the State.

[15] The same sample was approached in subsequent years. As is usual with a panel survey, sample attrition was a feature over the period.

7.2 Sample selection

The electoral register was used to select a sample. Since larger households have a higher probability of selection than smaller ones, the sample will over-represent larger households. Keogh and Whelan (1986) concluded that it is "…. the best generally available frame from which samples of the Irish population may be selected. While it does contain some bias against young people and recent movers, this is unlikely to be serious except where the variable of interest is powerfully affected by age or recency of moving" (p. 91). They also show that the register is a relatively complete listing of the usually resident population and concurs well with census data on total population numbers within each district.

The initial target sample was 7,252 households, selected as 259 clusters each of 28 households. A target sample of 7,086 households was selected for interview.[16] Contact was not made with 609 households.[17] The total number of households interviewed that were successfully interviewed was 4,048 representing 62.5 per cent of the valid addresses contacted. The overall household response rate (as a percentage of the valid target sample) was 51.7 per cent. This household response rate is similar to that found in the Household Budget Survey carried out by the Central Statistics Office. There is a low level of internal non-response in the responding households.

7.3 Weighting

Weights were derived using procedures to compensate for two distinct sources of bias in the survey data gathered i.e., bias arising from sample design effects, and bias resulting from differential non-response among various sub-groups in the target sample. The electoral register is not a perfect sampling frame because large households have a higher probability of selection reweighting than small ones, so this must be directly addressed by the reweighting procedure. It is also the case that households in rural areas have a higher propensity to participate in sample surveys than do those in urban areas, especially in Dublin. In the 1994 round of the LII survey, there was a crude response rate of 64 per cent in rural areas, 56 per cent in urban areas outside Dublin and 46 per cent in Dublin. As such, there was an explicit regional dimension in the reweighting scheme. Differential response by characteristics such as age, social class or employment status could also be important in the context of studying income distribution and social exclusion (for fuller details, see Callan et al:1997).

The weights adjust the distribution of households with reference to independent population estimates provided by the Central Statistics Office in the form of cross-tabulations from the 1994 Labour Force Survey. A five-way weighting matrix was used,

[16] In the course of fieldwork, 166 households were identified as being invalid elements of the population in the sense that they did not constitute a current, private household: 91 were identified as being institutions, and in the remaining 75 the individual selected had been living alone and was now deceased.

[17] Of these, 450 had moved address since registering on the electoral list, a further 45 addresses had been demolished and a total of 114 addresses could not be located by the interviewer.

based on the number of adults in the household, the number of persons at work, socio-economic group, age and location. Further, a weight was derived to adjust for the distribution of individuals/persons.

7.4 Correction procedures

The unit of analysis used in the Irish module of EUROMOD is primarily the family unit, but results can be aggregated to the household level. The income unit used is weekly income.

Table 7-1 Adjustment factors applied to input income variables (to adjust for under-reporting)

Country	Variable and nature of adjustment
Ireland	None

Table 7-2 Summary of methods used to derive gross income data

Country	Method
Ireland	None (gross income variables are available in the survey data used to provide the Irish database for EUROMOD)

Table 7-3 Benefit imputations

Country	Have input benefit variables been imputed (or aggregates "split")?
Ireland	No

Table 7-4 Tax evasion and non-take-up of benefits

Country	Treatment of take-up or evasion issues
Ireland	Receipt is used for eligibility of contributory benefits 100% take-up is assumed for in-work benefits (FIS)

Table 7-5 EUROMOD and SWITCH, the Irish national model: differences in policy scope

Country	Elements simulated in National Model, not in EUROMOD	Elements simulated in EUROMOD not in National Model
Ireland	1. Back to Work Allowance 2. Back to School Allowance 3. Benefit and Privilege aspects of eligibility for Unemployment assistance 4. Part-time Job Incentive scheme	1. Employers Social Insurance Contributions 2. Housing Benefits not included in earlier versions of national model.

Table 7-6 Uprating factors

Index	*1994*	*1998*	*2001*
Wages and Salaries [coEMPY]	1	1.19	1.38
Self-employment income and income from farming [coSLFEMY]	1	1.531	2.07
Social Welfare index [irOthSW]	1	1.16	1.35
Disablement Benefit [irDSB]	1	1.16	1.35
Back to Work Allowance [irBTW]	1	1.16	1.35
Carers Allowance [irCAA]	1	1.16	1.35
Unemployment Benefit [irUNS]	1	1.16	1.35
Voluntary Health Insurance [irMedIns]	1	1.36	1.71
Mortgage Interest [coMortInt]	1	1	1
Educational grants	1	1	1
Consumer Price Index Nov 1996=100	95.2	103.1	116.1
Wholesale price index 1985=100	113.5	117.7	128.5 (mth 9)
Gross fixed Capital Formation (Current Prices €)	7673 100	17028 221.8	26642 347.2
Housing Nov 1996 =100	92.9	102.6	115.9

8 VALIDATION

Initial work on validation of the model suggested results similar to those for 1998. More recently, as is common with tax-benefit models, analyses of particular policy combinations have raised further questions about the validation. As this is currently in flux, we do not report detailed results here. One area noted already is that the Home Carer's Allowance is not yet adequately modelled and should therefore be excluded in policy analyses for 2001.

9 DATA REQUIREMENTS DOCUMENT (DRD) FOR EUROMOD (IRELAND)

9.1 Introduction

The purpose of this document is to identify and describe the basic requirements for the EUROMOD database. It defines and documents the data provided by the Irish country respondent. It does not cover expenditure data, nor indicators of social exclusion nor other data that may be needed for special purposes: just the basic requirements for direct tax-benefit modelling.

9.1.1 Common vs Country Specific Variables

Both common and country specific variable is identified in the DRD.

The *common variables* are those that were specifically asked for in the DRD. They were required for the simulation of numerous countries' tax-benefit systems and are comparable across countries. These meet the specific guidelines regarding the definition and format of these core variables. These include the variable names, how they are coded and their definition. Common variables are specified in tables 1 through 13 (except for table 7 (main state transfers), which is a special case). For each of these variables, information is provided on how it is derived.

Country specific variables are those that are not included in the common variables but are necessary/desirable for simulating Ireland's tax-benefit system. Whether a variable was included for Ireland depended on Ireland's tax-benefit system and data availability.

The following is a list of the common and country specific variables required:

<u>Common variables</u>

1. Household relationships
2. Personal and demographic information
3. Gross incomes from work
4. Gross pension, investment and property income
5. Other sources of primary income
6. Direct taxes and contributions
7. Main state transfers
8. Other state transfers
9. Labour market information
10. Value of assets
11. Expenditures attracting relief
12. Household-level information
13. Housing costs

Country specific variables

14. Country specific personal and demographic information

15. Country specific gross incomes from work
16. Country specific other state transfers
17. Country specific labour market information
18. Country specific expenditures which may attract relief on income tax or contributions
19. Other country specific person-level variables
20. Country specific household-level information

9.1.2 Person Level vs Household Level Variables

All individuals were given separate data records. Children are categorised as individuals in the dataset in their own right rather than simply as variables in their parents' data records. Person level variables are specified in tables 1 to 11 and 14 to 19.

Income variables are described as they appear in the dataset.

In addition to person level variables, variables which were the same for all individuals in the household were given in the household data file. The dataset sent to Cambridge therefore consisted of two files: One for individuals and one for households. The two files were "linked" by the common household-ID variable. Household level variables are specified in tables 12, 13 and 20.

9.2 Table headings

- **Categorisation** describes the values into which categorical variables are divided. For common variables the categories were specified. For country specific variables, categories were specified.

- **Database variable name (DVN)** is the name used in the database sent to Cambridge. For the common variables, the DVN had already been specified. For country specific variables, the naming convention described in the appropriate tables was followed.

- **Original variable name (OVN)** is the name of the original variable(s) of the original dataset used to derive the variable in the EUROMOD dataset. If the variable(s) had to be transformed in order to compute the DVN variable then, in the "Notes" column, the method used is described briefly.

- **Period** refers to the length of time in weeks over which an income variable is collected (e.g. 52, 4.33, 1 for year, month, week) in the *original* dataset. All income variables used in the EUROMOD dataset are *monthly*! Thus, if the "period" in the original dataset is different from 4.33, the income needs to be converted into a monthly figure.

- **Time** refers to the point in time to which the variable applies or, for variables which apply to a period, to the end-date of that period (to be used in conjunction with **period**).

- **Variable** is a description of the variable provided.

9.3 Tables

1. Country

IRELAND

Date:

November 2000

2. Name of original data source

LIVING IN IRELAND

3. Provider (collector, copyright-holder...) of original data source.

ESRI

4. Type of data source (Household budget survey, Income survey, Wave of panel survey, Register data, Combined source...)

WAVE I OF LIVING IN IRELAND SURVEY - IRISH ELEMENT OF ECHP

5. Period of collection of data

SUMMER/AUTUMN 1994

6. Other general information about the data

(A) DATA ON INCOME HAS BEEN RE-SCALED TO MONTHLY
(B) DURATION OF RECEIPT IS NOT AVAILABLE FOR TRANSFERS (WOULD NEED 2 WAVES AND STILL BE PATCHY)

(C) DATA SUPPLIED TO SPECIFICATION AND DVNs. OVNs ARE NOT RELEVANT

9.3.1 COMMON VARIABLES (Tables 1 to 13)

In Tables 1 through 13, please fill in the information requested for the common variables specified there (see also section 1 above).
If you are aware that additional information is necessary for the simulation of certain tax-benefit instruments, please include them in tables 14 to 20 (COUNTRY SPECIFIC VARIABLES).

Table 1. Household relationships

We need enough information to allow us to create any hierarchy or set of relationships within the household. The point of this is so that we can identify all units of assessment and so that we can be flexible about the definition of within-household units ("families") in the analysis of results.
In general, these variables will need to be derived because they may not be directly available from your data source.

Partner ID:

- Individual id (see Table 2) of spouse *or* partner if they are present in the household (this is the person who is the cohabiting or married partner of the person in question).

Parent ID:

- Individual id (see Table 2) of parent or legal guardian if they are present in the household (mother if both parents are present).
- Please code even if the person in question (1) no longer counts as a "child" or (2) has children of his/her own.
- If the person is younger than 16 and there are neither parent nor legal guardian living in the same household, then one adult living in the household has to be assigned (imputed) as guardian, i.e. there should be no "loose" children younger than 16 unless there is no adult at all living in the household (in which case parent_id can be coded as 0).

Original Variable Names (**OVN**)	Variable	Categorisation	Database variable names (**DVN**)
HSDID R10	Partner ID	0: not in household	coPARTNR
HSDID R10B R10C	Parent ID	0: not in household	coPARENT

Table 2. Personal and demographic information

OVN	Variable	Categorisation	Notes[1]	DVN
HSDID R1 HSDID	Individual ID	= coHHID * 100 + unique no of this person within the household (for coHHID see table 12) **coHHID also included in indiv file**		coPID **coHHID**
R4	Age at point of interview (years)			CoAGE
R5	Gender	1. Male; 0. Female		CoGENDER
M12	Legal marital status	1. Single; 2. Married; 3. Separated; 4. Divorced; 5. Widowed		CoMARST
M23 R9 LFSPES	Current education status	0. Not in Education 1. Primary 1.5 Special School 2. Lower Secondary 2.5 Secondary 3. Upper Secondary 4. Tertiary		CoCURED
M24	Highest Education Status achieved	0. Not completed primary level 1. Primary 2. Lower Secondary 3. Upper Secondary 4. Tertiary		CoEDUACH

Tables 3, 4 and 5 collect information on primary income.

- It is important that **gross** figures are provided for all income variables. For example earnings variables should be provided *before deduction* of employee social insurance contributions and taxes (and any other deductions), but *excluding* employer social insurance contributions. The same applies to other sources of income subject to taxes or contributions.
- In some cases gross income is recorded in the original data source. In other cases net incomes and deductions are recorded separately and must be aggregated (with adjustments if the time-periods do not match). In other cases only net income is recorded and gross incomes must be imputed. Some datasets consist of a mix of these situations, depending on the information that each survey respondent can provide. In the "net income only" cases it is necessary for country respondents to impute gross incomes. If there is no accepted national method of doing this, then we will need to develop one.

Table 3. Gross incomes from work

All Income Variables should be

- Gross
- At the Person Level
- Monthly
- if the *original* period is not "monthly" then please indicate in the "Notes" column how the monthly variable has been arrived at (i.e., for annual incomes, dividing by twelve until a "better" solution is found).
- Work related lump sum payments which are "regular" (e.g., bonuses, etc.) should be included here. Irregular one-off payments (redundancy payments, lottery winnings, etc.) should be included in the variable "Lump sum incomes" in table 5.

OVN	Gross income at individual level	Period in original source[1]	Time	Notes[2]	DVN
A27 C7	Gross income from employment. This includes 13^{th} /14^{th} monthly salaries as well as other employment incomes such as bonuses, extra holiday pay, sick pay, occasional, etc.				coEMPY
C7 J20 J25	Gross self-employment income				coSLFEMY

1. Please indicate the period to which the question in the original survey relates to.

Table 4. Gross pension, investment and property income

All Income Variables should be

- Gross,
- At the Person Level,
- Monthly.
- if the *original* period is not "monthly" then please indicate in the "Notes" column how the monthly variable has been arrived at (i.e., for annual incomes, dividing by twelve until a "better" solution is found).

OVN	Gross monthly income at individual level	Period in original source[1]	Time	Notes[2]	DVN
J60	Gross private pension income (including occupational and personal pension)				coPRVPEN
J46	Gross investment income (including dividend income, interest income)				coINVY
J51	Gross property income				coPROPY

1. Please indicate the period to which the question in the original survey relates to.

Table 5. Other sources of primary income

All Income Variables should be

- Gross,
- At the Person Level,
- Monthly.
- if the *original* period is not "monthly" then please indicate in the "Notes" column how the monthly variable has been arrived at (i.e., for annual incomes, dividing by twelve until a "better" solution is found).
- Irregular one-off payments (redundancy payments, lottery winnings, etc.) should be included in the variable "Lump sum incomes". Work related lump sum payments which are "regular" (e.g., bonuses, etc.) should be included in the work related income variables in table 3.

OVN	Gross monthly income at individual level	Period in original source[1]	Time	Notes[2]	DVN
J60	Maintenance payments received				coMAINTY
J60	Other private transfers received				coPRVTRN
B11 C7	Other regular primary income				coOTHERY
J53	Lump sum income				coLUMPY

1. Please indicate the period to which the question in the original survey relates to.
for the EUROMOD database.

Table 6. Direct taxes and contributions

Table 6 collects information on direct taxes and contributions. All tax and contribution variables should be

- At the Person Level,
- Monthly.
- if the *original* period is not "monthly" then please indicate in the "Notes" column how the monthly variable has been arrived at (i.e., for annual taxes, dividing by twelve).

OVN	Taxes and contributions at individual level	Period in original source[1]	Time	Notes[2]	DVN
A27_2 C8_2	National direct tax				coINCTAX
	Employee (and self-employed) social insurance contributions				coEESIC
	Employer social insurance contributions				
	Sub-national (local and regional) taxes				
	National wealth and property taxes				
	Other personal taxes and contributions				

1. Please indicate the period to which the question in the original survey relates to

9.3.1. COUNTRY SPECIFIC VARIABLES

Table 7a. Main state transfers

The categories of benefits will be different for each country.
The variable names (DVN) will therefore be country specific:

- `xx` is the country code (one of `at`, `be`, `dk`, `fi`, `fr`, `ge`, `gr`, `ir`, `it`, `lu`, `nl`, `pt`, `sp`, `sw`, `uk`)
- `yyy` is the appropriate code for this type of benefit (please assign your own unique `yyy` for each benefit).
- `yyy` *must* be a 3 digit code.

All Income Variables should be

- Gross
- At the Person Level,
- Monthly.

OVN	Main state transfers at individual level	Period in original source[1]	Time	Notes[2]	DVN
	Social benefits ***(insert variables, by name of benefit)***				
J35	**Child Benefit**				IrBEN001
	Unemployment Benefit				IrBEN002
	Survivors Benefit				IrBEN003
	Invalidity Pension				IrBEN004
	Injury Benefit				IrBEN005
	Disablement Benefit				IrBEN006
	Retirement Pension				IrBEN007
	Old Age Contributory Pension				IrBEN008
	Widows Contributory Pension				IrBEN009
	Deserted Wife Allowance*				IrBEN010
	Disability Benefit				IrBEN011
	Unemployment assistance				IrBEN012
	Family Income Supplement				IrBEN013
	Carers Allowance				IrBEN014
	Widows Non-Contributory Pension				IrBEN015
	Lone Parent Allowance				IrBEN016
	Orphans Allowance				IrBEN017
	Blind Persons Pension				IrBEN018
	Old Age Non Contributory Pension				IrBEN019
	Back to Work Allowance				IrBEN020
	Other Welfare Allowances				IrBEN021
	Disabled Persons Maintenance All.				IrBEN022
	Pre-Retirement Allowance				IrBEN023
					IrBEN024
					IrBEN025

Table 7b. Main state transfers (Information regarding their Simulation)

Please specify for each DVN in Table 7 (a) whether it will be possible to simulate this variable (and if not, why).

DVN	Main state transfers at individual level	Simulate?	Notes[1]
	Social benefits ***(repeat list from Table 7a)*** **Child Benefit** **Unemployment Benefit** **Survivors Benefit** **Invalidity Pension** **Injury Benefit** **Disablement Benefit** **Retirement Pension** **Old Age Contributory Pension** **Constant Attendance Allowance** **Unemployability Supplement** **Widows Contributory Pension** **Deserted Wife Allowance*** **Disability Benefit** **Unemployment assistance** **Family Income Supplement** **Carers Allowance** **Widows Non-Contributory Pension** **Lone Parent Allowance** **Oprhans Allowance** **Blind Persons Pension** **Old Age Non Contributory Pension** **Back to Work Allowance** **Other Welfare Allowances** **Disabled Persons Maintenance All.** **Pre-Retirement Allowance**		

Table 8a. Other state benefits

All Income Variables should be

- Gross,
- At the Person Level,
- Monthly.
- if the *original* period is not "monthly" then please indicate in the "Notes" column how the monthly variable has been arrived at (i.e., for annual transfers/benefits, dividing by twelve until a "better" solution is found).

OVN	Other state transfers at individual level	Period in original source[1]	Time	Notes[2]	DVN
J35	Housing benefits				coHB
J43	Student payments				coEDY
J35	Maternity payments				coMATERY
	Other regular cash payments				
J35	Other irregular lump sum benefits				coIRREGY

Table 8b. Other state benefits (Information regarding their Simulation)

Please specify for each DVN in Table 8 (a) whether it will be possible to simulate this variable (and if not, why).

DVN	Other state transfers at individual level	Simulate?	Notes[1]
	Housing benefits		
	Student payments		
	Maternity payments		
	Other regular cash payments		
	Other irregular lump sum benefits		

Table 9. Labour market information

OVN	Labour market information	Categorisation	Time	Notes:[1]	DVN
A12_3 C2_3 E4_3	Occupation (if not in employment, last occupation)	ISCO 1-Digit: 0. Armed forces 1. Senior officials and managers 2. Professionals 3. Technicians and associate professionals 4. Clerks 5. Service and sales workers 6. Skilled agricultural 7. Craft and trades workers 8. Plant and machine operators 9. Elementary occupations -1. Not Applicable[2]			coOCC
A13 C13 E5	Industry	NACE code: 1. Agriculture 2. Industry 3. Services -1. Not Applicable[2]			coINDUST
	Employment status	0. Pre-school 1. Farmer 2. Employer or self-employed 3. Employee 4. Pensioner 5. Unemployed 6. Student 7. Inactive 8. Sick or Disabled 9. Other			coEMPST

/continued

Table 9. Labour market information (continued)

OVN	Labour market information	Categorisation	Time	Notes:[1]	DVN
	Size of firm (number of workers/employees)				
`A19`	Civil servant	0. No 1. Yes			`coCIVSRV`
`A23f`	Hours worked per week or month (say which) *10.3.1.1 WEEK* Also includes ir`IMPHRS` – imputation status for `HOURS`				`coHOURS`

Table 10. Value of assets

This information is mainly required for the simulation of social assistance means tests and for certain property taxes. Please impute if the information is not directly available in your original datasets (as will often be the case).

All values should be given at the *person* level.

OVN	Variable	Time	Notes[1]	DVN
	Value of financial capital by type (e.g., cheking account, savings, bonds, stocks, diff. types of debts, etc)			
	Value of other property by source (e.g., antiques, jewels, cars, immovable property, etc.)			

Table 11. Expenditures which may attract relief on income tax or contributions

The types of expenditure that are listed are those that may be deductible in some circumstances in some countries. Please add *additional* deductible expenditures specific to your country (not included here) in table 18.

In each case indicate if the expenditure is in fact treated as a relief and if so whether, or to what extent, the variable corresponds to the definition of the relief (e.g. do all child care costs recorded in `coCHILDC` qualify for relief?).

Please also indicate whether the core dataset includes *any* information on these expenditures, using *any* definition, whether or not such reliefs or benefits apply in your country.

All such expenditure variables should be

- specified at the *person* level, and
- monthly.
- if the *original* period is not "monthly" then please indicate in the "Notes" column how the monthly variable has been arrived at (i.e., for annual expenditures, dividing by twelve until a "better" solution is found).

OVN	Expenditures attracting reliefs	Period in original source[1]	Time	Notes:[2]	DVN
`K8`	Pension contributions				`coPENCON`
	Child care costs				
	Maintenance payments				

Table 12. Household-level information

- All variables should be specified at the *household* level.
- A household **weight** is needed to provide population-level estimates. Please indicate what other adjustments are taken account of by the weight (e.g. sample design, non-response). If more than one weight is provided per household, please explain. If no weights are provided in the original dataset then it is necessary to derive such a variable.

OVN	Variable	Categorisation	Notes[1]	DVN
HSDID	Household ID			coHHID
DATE	Date of interview	As an integer number: YYYYMMDD		coDATE
AREA	Region	***(insert categories and coding at the greatest level available in your original dataset)***		coREGION
H11 H12 H21	Housing tenure	1. Social rented 2. Other rented 3. Owned on mortgage (loan) 4. Owned outright 5. Other		coTENURE
RVHW94	Grossing-up weight			coWEIGHT

Table 12. Household-level information (continued)

- All variables should be specified at the *household* level.

- Household disposable income should correspond to the central definition proposed in paper EMAG1.4. Where this is not possible it should be defined in terms that can be reconciled with the concepts used in that paper. Please explain any such deviations from the definition given in EMAG1.4.

- Please note in particular the treatment of "grey areas" such as:
  - in-kind income,
  - the period the income is averaged over,
  - lump sum income.

OVN	Variable	Notes[1]	DVN
H19 VALUE	Market value of main residence		coVALRES
	Household disposable income		coHDISPY

Table 13. Housing costs

The aim of this table is to identify housing costs that (a) are taken into account by the tax or transfer systems and (b) may be used in an output income measure indicating short-term disposable income ("after housing costs").

All expenditure related to housing should be

- specified at the *household* level, and
- monthly.
- if the *original* period is not "monthly" then please indicate in the "Notes" column how the monthly variable has been arrived at (i.e., for annual expenditures, dividing by twelve until a "better" solution is found).

- Energy payments should not be included in housing costs.

OVN	Variable	Period in original source[1]	Time	Notes[2]	DVN
	Mortgage interest				coMORINT
H22	Rent				coRENT
	Compulsory service charges				
	Other housing costs				
	Imputed rent (rental value)				

COUNTRY SPECIFIC VARIABLES (Tables 14 to 20)

Tables 14 to 20 collect information on country specific variables. Please include any variables which are not included in the “common variables” but are required for the simulation of your country’s tax-benefit system. We have included those variables which have been dropped from our list of “common variables”, since these variables will probably be required in several cases. Please disregard these variables if they are not needed / not available in your country. Other country specific variables can be included in the space provided for them (add more rows as needed).

Table 14. Country specific personal and demographic information

Insert variables which are not included as a common variable in table 2 but will be necessary/desirable for simulating your country’s tax-benefit system.

The variable names (DVN) will be country specific:

- `xx` is the country code (one of `at`, `be`, `dk`, `fi`, `fr`, `ge`, `gr`, `ir`, `it`, `lu`, `nl`, `pt`, `sp`, `sw`, `uk`)
- where specified, `yyyyyy` is the appropriate code for this type of variable (please assign your own unique `yyyyyy` for each variable).

OVN	Variable	Categorisation	Notes[1]	DVN
M8	Citizenship	(e.g.) 1. This country; 2. other EU; 3. Other		irCITIZN
	insert other country specific variable required for your country	***(insert categories and coding)***		xxyyyyyy
	insert other country specific variable required for your country	***(insert categories and coding)***		xxyyyyyy
	insert other country specific variable required for your country	***(insert categories and coding)***		xxyyyyyy
	insert other country specific variable required for your country	***(insert categories and coding)***		xxyyyyyy

Table 15. Country specific gross incomes from work

Insert variables that are not included as a common variable in table 3 but will be necessary/desirable for simulating your country's tax-benefit system. This will be necessary if the simulation of your country's tax-benefit system requires components of income from work at a more disaggregated level (e.g., because the 13th/14th monthly salaries enjoy favourable tax treatment, etc.)

The variable names (DVN) will be country specific:

- `xx` is the country code (one of `at`, `be`, `dk`, `fi`, `fr`, `ge`, `gr`, `ir`, `it`, `lu`, `nl`, `pt`, `sp`, `sw`, `uk`)
- where specified, `yyyyyy` is the appropriate code for this type of income (please assign your own unique `yyyyyy` for each variable).

All Income Variables should be

- Gross,
- At the Person Level,
- Monthly.
- if the *original* period is not "monthly" then please indicate in the "Notes" column how the monthly variable has been arrived at (i.e., for annual incomes, dividing by twelve until a "better" solution is found).

OVN	Gross monthly income at individual level	Period[1]	Time	Notes[2]	DVN
	Gross income from main employment by component (e.g., ordinary salary, 13th /14th monthly salaries, value of fringe benefits, bonuses, extra holiday pay, sick pay, occasional, etc.) **(insert variables)**				xxyyyyyy xxyyyyyy xxyyyyyy ....
	Gross income from 2nd, 3rd, etc. employment by component (e.g., ordinary salary, 13th /14th monthly salaries, value of fringe benefits, bonuses, extra holiday pay, sick pay, occasional, etc.) **(insert variables)**				xxyyyyyy xxyyyyyy ....

1. Please indicate the period to which the question in the original survey relates to.

Table 16a. Country specific Other state benefits

Insert variables which are not included as a common variable in table 8a but will be necessary/desirable for simulating your country's tax-benefit system.

The variable names (DVN) will be country specific:

- `xx` is the country code (one of `at`, `be`, `dk`, `fi`, `fr`, `ge`, `gr`, `ir`, `it`, `lu`, `nl`, `pt`, `sp`, `sw`, `uk`)
- where specified, `yyyyyy` is the appropriate code for this type of benefit (please assign your own unique `yyyyyy` for each benefit).

All benefits should be

- Gross,
- At the Person Level,
- Monthly.
- if the *original* period is not "monthly" then please indicate in the "Notes" column how the monthly variable has been arrived at (i.e., for annual transfers/benefits, dividing by twelve until a "better" solution is found).

OVN	Other state transfers at individual level	Period[1]	Time	Notes[2]	DVN
	Emergency payments				xxEMERGY
	Energy payments				xxENERGY
	Medical payments				xxMEDICY
	Non-cash payments			Medical Card	IRNONC01
	insert other country specific variable required for your country				xxyyyyyy
	insert other country specific variable required for your country				xxyyyyyy

Table 16b. Country specific Other state benefits – Information regarding their simulation

Please specify for each DVN in Table 16a whether it will be possible to simulate this variable (and if not, why).

DVN	Other state transfers at individual level	Simulate?	Notes[1]
	Emergency payments		
	Energy payments		
	Medical payments		
	Non-cash payments		
	insert other country specific variable required for your country		
	insert other country specific variable required for your country		
	insert other country specific variable required for your country		
	……		

Table 17. Country specific labour market information

Insert variables which are not included as a common variable in table 9 but will be necessary/desirable for simulating your country's tax-benefit system.

The variable names (DVN) will be country specific:

- `xx` is the country code (one of `at`, `be`, `dk`, `fi`, `fr`, `ge`, `gr`, `ir`, `it`, `lu`, `nl`, `pt`, `sp`, `sw`, `uk`)
- where specified, `yyyyyy` is the appropriate code for this type of variable (please assign your own unique `yyyyyy` for each variable).

OVN	Labour market information	Categorisation	Time	Notes:[1]	DVN
K4 A38	Pension scheme membership	0. No; 1. Yes			IRPENMEM
A23D	Days worked per week or month (say which) WEEK				IRDAYS
M28_2	Length of time in work (say if measured in days, weeks, months, etc.) YEARS				IRINWRK
B3	Length of time out of work (say if measured in days, weeks, months, etc.) YEARS				IROUTWRK
A27_7 C8_7	Union membership	0. No; 1. Yes			IRUNIONM
	insert other country specific variable required for your country	***(insert categories and coding)***			xxyyyyyy

Table 18. Country specific expenditures which may attract relief on income tax or contributions

Insert variables which are not included as a common variable in table 11 but will be necessary/desirable for simulating your country's tax-benefit system.

The variable names (DVN) will be country specific:

- `xx` is the country code (one of `at`, `be`, `dk`, `fi`, `fr`, `ge`, `gr`, `ir`, `it`, `lu`, `nl`, `pt`, `sp`, `sw`, `uk`)
- where specified, `yyyyyy` is the appropriate code for this type of expenditure (please assign your own unique `yyyyyy` for each variable).

All such expenditure variables should be

- specified at the *person* level, and
- monthly.
- if the *original* period is not "monthly" then please indicate in the "Notes" column how the monthly variable has been arrived at (i.e., for annual expenditures, dividing by twelve until a "better" solution is found).

OVN	Expenditures attracting reliefs	Period	Time	Notes:[2]	DVN
	Life assurance premia				xxLIFEAS
A27_12 C8_12 K3	Medical insurance premia				IRMEDINS
	Medical payments				xxMEDPAY
	Trade union subscriptions				IRUNSUBS
	Charitable Donations				xxCHARIT
	Energy payments				xxENERGP
	Contracted out of pension scheme				xxOUTPEN
	PRSI CODE				IRPRSIC

Table 19. Other country specific person level variables

Insert person-level variables which are not included in any of the previous tables but will be necessary/desirable for simulating your country's tax-benefit system.

The variable names (DVN) will be country specific:

- `xx` is the country code (one of `at`, `be`, `dk`, `fi`, `fr`, `ge`, `gr`, `ir`, `it`, `lu`, `nl`, `pt`, `sp`, `sw`, `uk`)
- where specified, `yyyyyy` is the appropriate code for this type of variable (please assign your own unique `yyyyyy` for each variable).

All variables should be specified at the *person* level.

OVN	Expenditures attracting reliefs	Period in original source[1]	Time	Notes[2]	DVN
	insert other country specific variable required for your country				xxyyyyyy
	insert other country specific variable required for your country				xxyyyyyy
	insert other country specific variable required for your country				xxyyyyyy
	insert other country specific variable required for your country				xxyyyyyy
	……				.....

Table 20. Country specific household-level information

Insert household variables that are not included in any of the previous tables but will be necessary/desirable for simulating your country's tax-benefit system.

The variable names (DVN) will be country specific:

- `xx` is the country code (one of `at`, `be`, `dk`, `fi`, `fr`, `ge`, `gr`, `ir`, `it`, `lu`, `nl`, `pt`, `sp`, `sw`, `uk`)
- where specified, `yyyyyy` is the appropriate code for this type of variable (please assign your own unique `yyyyyy` for each variable).

All variables should be specified at the *household* level.

OVN	Variable	Categorisation	Period in original source[1]	Notes[2]	DVN
H05	Number of rooms in house				irNOROOM
	Compulsory Service Charges				xxSRVCHR
	insert other country specific variable required for your country	***(insert categories and coding)***			xxyyyyyy
	insert other country specific variable required for your country	***(insert categories and coding)***			xxyyyyyy
	……	**……**			…..

11 REFERENCES

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Callan, T., C. O’Neill and C. O’Donoghue (1995) Supplementing Family Income, Dublin: ESRI Policy Research Series Paper No. 23

Department of Social, Community and Family Affairs (1998) Guide to Social Welfare Services, Dublin: Department of Social, Community and Family Affairs

12. ANNEXES

A. Simulation Level of Social Welfare schemes

Table 12-1 Simulation level of 14 simulated social welfare schemes

	bpp	car	dib	dma	dsb	inb	inp	lua	oan	ocp	prt	ret	sua	unb
bpp	2	1	3	2	3	3	3	2	3	3	2	3	2	3
car	1	1	3	1	3	3	3	1	3	3	1	3	1	3
dib	3	3	1	3	1	1	1	3	3	1	3	1	3	1
dma	2	1	3	2	3	3	3	2	3	3	2	3	2	3
dsb	3	3	1	3	1	1	1	3	3	1	3	1	3	1
inb	3	3	1	3	1	1	1	3	3	1	3	1	3	1
inp	3	3	1	3	1	1	1	3	3	1	3	1	3	1
lua	2	1	3	2	3	3	3	2	3	3	2	3	2	3
oan	3	3	3	3	3	3	3	3	3	3	3	3	3	3
ocp	3	3	1	3	1	1	1	3	3	1	3	1	3	1
prt	2	1	3	2	3	3	3	2	3	3	2	3	2	3
ret	3	3	1	3	1	1	1	3	3	1	3	1	3	1
sua	2	1	3	2	3	3	3	2	3	3	2	3	2	3
unb	3	3	1	3	1	1	1	3	3	1	3	1	3	1

Definitions:
1= Simulate both at individual level
2= Simulate both at family level
3= Simulate both at family level and both at individual level