

(V) ILLUSTRATIVE CASES

These cases deal with the basic personal tax credit, the employee tax credit and the standard rate band. *Discretionary tax reliefs such as mortgage interest relief, or relief on rent paid, or charges such as benefits in kind are not taken into account.* However, the gain from child benefit and the first full year of the Early Childcare Supplement are also included. Some of the figures in the following examples are rounded to the nearest euro.

Patrick

Patrick is single, employed as a waiter and is earning €8.65 an hour. He will gain €825 from the Budget.

	2006	2007
	€	€
Gross Income	17,542	17,542
Standard Rate Band	32,000	34,000
Income Tax liability	3,508	3,508
Less Tax Credits	3,120	3,520
Total Income Tax Due	388	0
PRSI	437	0
Levies	0	0
Total Liability	825	0
Net Cash Income	16,717	17,542
Deductions as a % of Gross Income	4.7%	0%

Siobhan

Siobhan is single and employed as a shop assistant, earning €24,960 per annum. The increase in the Health Levy threshold, along with the increase in credits, means that she will gain €899 from the Budget.

	2006	2007
	€	€
Gross Income	24,960	24,960
Standard Rate Band	32,000	34,000
Income Tax liability	4,992	4,992
Less Tax Credits	3,120	3,520
Total Income Tax Due	1,872	1,472
PRSI	734	734
Levies	499	0
Total Liability	3,105	2,206
Net Cash Income	21,855	22,754
Deductions as a % of Gross Income	12.4%	8.8%

Annemarie and Keith

Annemarie and Keith are a retired couple. Annemarie is aged 71 and Keith is aged 72. Keith has an occupational pension of €38,000. After the Budget they will be outside the tax net. They will gain €1,600 from the Budget as a result of the tax changes.

	2006	2007
	€	€
Gross Income	38,000	38,000
Exemption Limits	34,000	38,000
Income Tax (€4,000@40%*)	1,600	0
Net Cash Income	36,400	38,000
Deductions as a % of Gross Income	4.2%	0%

*marginal relief rate of 40% payable on income in excess of the exemption limits

Note: like the majority of those over 65 it is assumed that there is no liability for PRSI

Aoife and Liam

Aoife and Liam are married with two children. Sean is 4 years old and Michael is six months. Aoife works in the home and Liam is employed as a credit controller earning €43,000. They will gain €970 from the Budget in income tax and PRSI/levy changes. As well as gaining €180 from child benefit increases, they will also receive the early childhood supplement of €250 per quarter per child for Sean and Michael for the full four quarters of the year.

	2006	2007
	€	€
Gross Income	43,000	43,000
Standard Rate Band	41,000	43,000
Income Tax liability	9,040	8,600
Less Tax Credits	5,520	6,050
Total Income Tax Due	3,520	2,550
PRSI	1,456	1,456
Levies	860	860
Total Liability	5,836	4,866
Net Cash Income	37,164	38,134
Deductions as a % of Gross Income	13.6%	11.3%
Gain from Child Benefit Increases (9 months of increase)		180
Gain from Early Childcare Supplement applicable for first full year in 2007		500
Total Gain		1,650

Lorna and Paul

Lorna and Paul are a married couple with two children. Jack is 4 years old and Ciara is 8 years old. Paul is an engineer earning €50,000 and Lorna is employed as a teacher earning €34,000. They will gain €1,762 from the Budget in income tax and PRSI/levy changes. As well as gaining €180 from child benefit increases, they will also receive the early childhood supplement of €250 per quarter for Jack for the full four quarters of the year.

	2006	2007
	€	€
Gross Income	84,000	84,000
Standard Rate Band	64,000*	68,000**
Income Tax liability	21,200	20,160
Less Tax Credits	6,240	7,040
Total Income Tax Due	14,960	13,120
PRSI	2,711	2,789
Levies	1,680	1,680
Total Liability	19,351	17,589
Net Cash Income	64,649	66,411
Deductions as a % of Gross Income	23%	20.9%
Gain from Child Benefit Increases (9 months of increase)		180
Gain from Early Childcare Supplement applicable for first full year in 2007		250
Total Gain		2,192

*With maximum transferability between spouses of €41,000 in 2006.

** With maximum transferability between spouses of €43,000 in 2007.

Eddie

Eddie is single and self employed, earning €120,000 per annum. He will gain €1,330 from the Budget in income tax and PRSI/levy changes.

	2006	2007
	€	€
Gross Income	120,000	120,000
Standard Rate Band	32,000	34,000
Income Tax liability	43,360	42,060
Less Tax Credits	1,630	1,760
Total Income Tax Due	41,730	40,300
PRSI	3,600	3,600
Levies	2,400	2,500
Total Liability	47,730	46,400
Net Cash Income	72,270	73,600
Deductions as a % of Gross Income	39.8%	38.7%

Mary

Mary is a widow aged 69, with a pension from her late husband's employment of €15,000. She is also in receipt of a widow's contributory pension of €10,052 which will increase to €10,884 in the Budget. She will gain €1,140 as a result of the tax and social welfare changes in the Budget.

	2006	2007
	€	€
Gross Income	25,052	25,884
Standard Rate Band	32,000	34,000
Income Tax liability	5,010	5,177
Less Tax Credits	3,870	4,345
Total Income Tax Due	1,140	832
PRSI	0	0
Levies	0	0
Total Liability	1,140	832
Net Cash Income	23,912	25,052
Deductions as a % of Gross Income	4.6%	3.2%

John

John is single and has a son, Vincent who is 4 years old. John works as a clerk and earns €38,000. He will gain €970 from the Budget in income tax and PRSI/levy changes. As well as gaining €90 from child benefit increases, he will also receive the early childhood supplement of €250 per quarter for Vincent for the full four quarters of the year.

	2006	2007
	€	€
Gross Income	38,000	38,000
Standard Rate Band	36,000	38,000
Income Tax liability	8,040	7,600
Less Tax Credits	4,750	5,280
Total Income Tax Due	3,290	2,320
PRSI	1,256	1,256
Levies	760	760
Total Liability	5,306	4,336
Net Cash Income	32,694	33,664
Deductions as a % of Gross Income	14%	11.4%
Gain from Child Benefit Increases (9 months of increase)		90
Gain from Early Childcare Supplement applicable for first full year in 2007		250
Total Gain		1,310

