

## (V) ILLUSTRATIVE CASES

These cases deal with the basic personal tax credit, the employee tax credit, the home carer tax credit, the age tax credit, the age exemption limits 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 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 €18,300 per annum. He will gain €608 from the Budget as a result of tax and PRSI changes.

	<b>2007</b>	<b>2008</b>
	€	€
<b>Gross Income</b>	18,300	18,300
<b>Standard Rate Band</b>	34,000	35,400
<b>Income Tax liability</b>	3,660	3,660
<b>Less Tax Credits</b>	3,520	3,660
<b>Total Income Tax Due</b>	140	0
<b>PRSI</b>	468	0
<b>Levies</b>	0	0
<b>Total Liability</b>	608	0
<b>Net Cash Income</b>	17,692	18,300
<b>Deductions as a % of Gross Income</b>	3.3%	0.0%

### Siobhán

Siobhán is single and works in a bank, earning €26,000 per annum. The increase in the Health Levy threshold, along with the increase in credits, means that she will gain €660 from the Budget as a result of tax and health levy changes.

	<b>2007</b>	<b>2008</b>
	€	€
<b>Gross Income</b>	26,000	26,000
<b>Standard Rate Band</b>	34,000	35,400
<b>Income Tax liability</b>	5,200	5,200
<b>Less Tax Credits</b>	3,520	3,660
<b>Total Income Tax Due</b>	1,680	1,540
<b>PRSI</b>	776	776
<b>Levies</b>	520	0
<b>Total Liability</b>	2,976	2,316
<b>Net Cash Income</b>	23,024	23,684
<b>Deductions as a % of Gross Income</b>	11.4%	8.9%

### Lorna & Paul

Lorna and Paul are a retired couple. Lorna is aged 71 and Paul is aged 72. Paul has an occupational pension of €40,000. After the Budget they will be outside the tax net. They will gain €800 from the Budget as a result of the tax changes.

	2007	2008
	€	€
<b>Gross Income</b>	40,000	40,000
<b>Exemption Limits</b>	38,000	40,000
<b>Income Tax (€2,000@40%*)</b>	800	0
<b>Net Cash Income</b>	39,200	40,000
<b>Deductions as a % of Gross Income</b>	2.0%	0.0%

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

Note: like the majority of those aged 66 and over there is no liability for PRSI. In addition, those aged 70 and over are not liable for the health levy by virtue of their entitlement to a medical card.

### Rachel & David

Rachel and David are married with two children. Keith is 4 years old and Colm is six months. Rachel works in the home and David is employed as a civil engineer earning €45,000. They will gain €634 from the Budget in income tax changes. As well as gaining €200 from the increase in the early childcare supplement, they will also gain €108 from child benefit increases.

	2007	2008
	€	€
<b>Gross Income</b>	45,000	45,000
<b>Standard Rate Band</b>	43,000	44,400
<b>Income Tax liability</b>	9,420	9,126
<b>Less Tax Credits</b>	6,050	6,390
<b>Total Income Tax Due</b>	3,370	2,736
<b>PRSI</b>	1,536	1,536
<b>Levies</b>	900	900
<b>Total Liability</b>	5,806	5,172
<b>Net Cash Income</b>	39,194	39,828
<b>Deductions as a % of Gross Income</b>	12.9%	11.5%
<b>Gain from Child Benefit Increases (9 months of increase)</b>		108
<b>Gain from Early Childcare Supplement</b>		200
<b>Total Gain</b>		942

### Ciara & Joe

Ciara and Joe are a married couple with two children. Jack is 4 years old and Laura is 8 years old. Joe is an engineer earning €50,000 and Ciara is employed as a teacher earning €36,000. They will gain €825 in net terms from the Budget taking account of income tax and PRSI/levy changes. As well as gaining €100 from the increase in the early childcare supplement for Jack, they will also gain €108 from child benefit increases.

	2007	2008
	€	€
<b>Gross Income</b>	86,000	86,000
<b>Standard Rate Band</b>	68,000*	70,800**
<b>Income Tax liability</b>	20,980	20,392
<b>Less Tax Credits</b>	7,040	7,320
<b>Total Income Tax Due</b>	13,940	13,072
<b>PRSI</b>	2,869	2,912
<b>Levies</b>	1,720	1,720
<b>Total Liability</b>	18,529	17,704
<b>Net Cash Income</b>	67,471	68,296
<b>Deductions as a % of Gross Income</b>	21.5%	20.6%
<b>Gain from Child Benefit Increases (9 months of increase)</b>		108
<b>Gain from Early Childcare Supplement</b>		100
<b>Total Gain</b>		1,033

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

\*\* With maximum transferability between spouses of €44,400 in 2008.

### Garrett

Garrett is single and self employed, earning €120,000 per annum. He will gain €364 from the Budget in income tax changes.

	2007	2008
	€	€
<b>Gross Income</b>	120,000	120,000
<b>Standard Rate Band</b>	34,000	35,400
<b>Income Tax liability</b>	42,060	41,766
<b>Less Tax Credits</b>	1,760	1,830
<b>Total Income Tax Due</b>	40,300	39,936
<b>PRSI</b>	3,600	3,600
<b>Levies</b>	2,500	2,500
<b>Total Liability</b>	46,400	46,036
<b>Net Cash Income</b>	73,600	73,964
<b>Deductions as a % of Gross Income</b>	38.7%	38.4%

**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 €10,884 which will increase to €11,612 in the Budget. She will gain €823 as a result of the tax and social welfare changes in the Budget.

	<b>2007</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
<b>Gross Income</b>	25,884	26,612
<b>Standard Rate Band</b>	34,000	35,400
<b>Income Tax liability</b>	5,177	5,322
<b>Less Tax Credits</b>	4,345	4,585
<b>Total Income Tax Due</b>	832	737
<b>PRSI</b>	0	0
<b>Levies</b>	0	0
<b>Total Liability</b>	832	737
<b>Net Cash Income</b>	25,052	25,875
<b>Deductions as a % of Gross Income</b>	3.2%	2.8%

**John**

John is single and has a son, Liam who is 4 years old. John works as a Sales Manager and earns €40,000. He will gain €504 from the Budget income tax changes. In addition, he will gain €100 from the increase in the early childcare supplement for Liam and he will also gain €54 from child benefit increases.

	<b>2007</b>	<b>2008</b>
	<b>€</b>	<b>€</b>
<b>Gross Income</b>	40,000	40,000
<b>Standard Rate Band</b>	38,000	39,400
<b>Income Tax liability</b>	8,420	8,126
<b>Less Tax Credits</b>	5,280	5,490
<b>Total Income Tax Due</b>	3,140	2,636
<b>PRSI</b>	1,336	1,336
<b>Levies</b>	800	800
<b>Total Liability</b>	5,276	4,772
<b>Net Cash Income</b>	34,724	35,228
<b>Deductions as a % of Gross Income</b>	13.2%	11.93%
<b>Gain from Child Benefit Increases (9 months of increase)</b>		54
<b>Gain from Early Childcare Supplement</b>		100
<b>Total Gain</b>		658