

**Taxation Annexes to the Summary  
of 2012  
Budget and Estimates Measures**



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## ANNEX A

### **The Effect of Budget 2012 Measures On Different Categories of Income Earners**

#### **Contents**

**(i) Examples Showing the Effects of Budget Changes on Different Categories of Married/Civil Partners and Single Income Earners**

Examples 1 to 6 show the impact on various categories of income earners of the changes to the Universal Social Charge. Family Income Supplement payments are also included in the calculations, where relevant. The examples are based on specimen incomes with the basic tax credits including the home carer tax credit, where relevant. The examples do not take account of additional tax reliefs such as Mortgage Interest Relief. Variations can arise due to rounding.

**(ii) Average Tax Rates**

Tables showing average tax rates for the years 2001 to 2012 for various household types are included.

**(iii) Distribution of Income Earners**

A table showing the distribution of income earners for 2011 and for 2012 on a pre-Budget basis.

**(iv) Illustrative Cases**

A number of illustrative cases to show the impact of the changes to the Universal Social Charge and to some social welfare payments on a number of different household types. The cases also show the effects of the increase in the Student Contribution charge and the new Household Charge. Changes to Capital Gains Tax and Capital Acquisitions Tax are also demonstrated.

**(i) Examples showing the effects of the Budget changes on different categories of single and married/civil partnership income earners**

**EXAMPLE 1**

Single person, no children, private sector employee taxed under PAYE  
Full rate PRSI contributor

Gross Income	Income Tax		PRSI		Universal Social Charge		Total Change		Change as % of Net Income
	Existing	Proposed	Existing	Proposed	Existing	Proposed	Per Year	Per Week	
	€	€	€	€	€	€	€	€	
10,000	0	0	0	0	200	0	200	4	2.0%
15,000	0	0	0	0	399	399	0	0	0.0%
25,000	1,700	1,700	736	736	1,069	1,069	0	0	0.0%
35,000	4,162	4,162	1,136	1,136	1,769	1,769	0	0	0.0%
45,000	8,262	8,262	1,536	1,536	2,469	2,469	0	0	0.0%
55,000	12,362	12,362	1,936	1,936	3,169	3,169	0	0	0.0%
75,000	20,562	20,562	2,736	2,736	4,569	4,569	0	0	0.0%
100,000	30,812	30,812	3,736	3,736	6,319	6,319	0	0	0.0%
125,000	41,062	41,062	4,736	4,736	8,069	8,069	0	0	0.0%
150,000	51,312	51,312	5,736	5,736	9,819	9,819	0	0	0.0%
175,000	61,562	61,562	6,736	6,736	11,569	11,569	0	0	0.0%

(a) Variations can arise due to rounding

(b) Includes the impact of the increase in the exemption limit for the Universal Social Charge

### EXAMPLE 2

Married couple/civil partnership, one income, no children, private sector employee taxed under PAYE  
Full rate PRSI contributor

Gross Income	Income Tax		PRSI		Universal Social Charge		Total Change		Change as % of Net Income
	Existing	Proposed	Existing	Proposed	Existing	Proposed	Per Year	Per Week	
	€	€	€	€	€	€	€	€	
10,000	0	0	0	0	200	0	200	4	2.0%
15,000	0	0	0	0	399	399	0	0	0.0%
25,000	50	50	736	736	1,069	1,069	0	0	0.0%
35,000	2,050	2,050	1,136	1,136	1,769	1,769	0	0	0.0%
45,000	4,722	4,722	1,536	1,536	2,469	2,469	0	0	0.0%
55,000	8,822	8,822	1,936	1,936	3,169	3,169	0	0	0.0%
75,000	17,022	17,022	2,736	2,736	4,569	4,569	0	0	0.0%
100,000	27,272	27,272	3,736	3,736	6,319	6,319	0	0	0.0%
125,000	37,522	37,522	4,736	4,736	8,069	8,069	0	0	0.0%
150,000	47,772	47,772	5,736	5,736	9,819	9,819	0	0	0.0%
175,000	58,022	58,022	6,736	6,736	11,569	11,569	0	0	0.0%

(a) Variations can arise due to rounding

(b) Includes the impact of the increase in the exemption limit for the Universal Social Charge

**EXAMPLE 3**

Married couple/civil partnership, one income, two children, private sector employee taxed under PAYE  
Full rate PRSI contributor

Gross Income €	Income Tax		PRSI		Universal Social Charge		Family Income Supplement		Total Change		Change as % of Net Income
	Existing €	Proposed €	Existing €	Proposed €	Existing €	Proposed €	Existing €	Proposed €	Per Year €	Per Week €	
10,000	0	0	0	0	200	0	12,948	12,792	44	1	0.2%
15,000	0	0	0	0	399	399	10,036	10,036	0	0	0.0%
25,000	0	0	736	736	1,069	1,069	4,888	4,888	0	0	0.0%
35,000	1,240	1,240	1,136	1,136	1,769	1,769	1,040	1,040	0	0	0.0%
45,000	3,912	3,912	1,536	1,536	2,469	2,469	0	0	0	0	0.0%
55,000	8,012	8,012	1,936	1,936	3,169	3,169	0	0	0	0	0.0%
75,000	16,212	16,212	2,736	2,736	4,569	4,569	0	0	0	0	0.0%
100,000	26,462	26,462	3,736	3,736	6,319	6,319	0	0	0	0	0.0%
125,000	36,712	36,712	4,736	4,736	8,069	8,069	0	0	0	0	0.0%
150,000	46,962	46,962	5,736	5,736	9,819	9,819	0	0	0	0	0.0%
175,000	57,212	57,212	6,736	6,736	11,569	11,569	0	0	0	0	0.0%

(a) Variations can arise due to rounding

(b) Includes the impact of the increase in the exemption limit for the Universal Social Charge

(c) Includes the impact of Family Income Supplement where relevant

### EXAMPLE 4

Single person, no children, taxed under Schedule D

Gross Income	Income Tax		PRSI		Universal Social Charge		Total Change		Change as % of Net Income
	Existing	Proposed	Existing	Proposed	Existing	Proposed	Per Year	Per Week	
	€	€	€	€	€	€	€	€	
10,000	350	350	400	400	200	0	200	4	2.2%
15,000	1,350	1,350	600	600	399	399	0	0	0.0%
25,000	3,350	3,350	1,000	1,000	1,069	1,069	0	0	0.0%
35,000	5,812	5,812	1,400	1,400	1,769	1,769	0	0	0.0%
45,000	9,912	9,912	1,800	1,800	2,469	2,469	0	0	0.0%
55,000	14,012	14,012	2,200	2,200	3,169	3,169	0	0	0.0%
75,000	22,212	22,212	3,000	3,000	4,569	4,569	0	0	0.0%
100,000	32,462	32,462	4,000	4,000	6,319	6,319	0	0	0.0%
125,000	42,712	42,712	5,000	5,000	8,819	8,819	0	0	0.0%
150,000	52,962	52,962	6,000	6,000	11,319	11,319	0	0	0.0%
175,000	63,212	63,212	7,000	7,000	13,819	13,819	0	0	0.0%

(a) Variations can arise due to rounding

(b) Includes the impact of the increase in the exemption limit for the Universal Social Charge

**EXAMPLE 5**

Married couple/civil partnership, one income, no children, taxed under Schedule D

Gross Income	Income Tax		PRSI		Universal Social Charge		Total Change		Change as % of Net Income
	Existing	Proposed	Existing	Proposed	Existing	Proposed	Per Year	Per Week	
	€	€	€	€	€	€	€	€	
10,000	0	0	400	400	200	0	200	4	2.1%
15,000	0	0	600	600	399	399	0	0	0.0%
25,000	1,700	1,700	1,000	1,000	1,069	1,069	0	0	0.0%
35,000	3,700	3,700	1,400	1,400	1,769	1,769	0	0	0.0%
45,000	6,372	6,372	1,800	1,800	2,469	2,469	0	0	0.0%
55,000	10,472	10,472	2,200	2,200	3,169	3,169	0	0	0.0%
75,000	18,672	18,672	3,000	3,000	4,569	4,569	0	0	0.0%
100,000	28,922	28,922	4,000	4,000	6,319	6,319	0	0	0.0%
125,000	39,172	39,172	5,000	5,000	8,819	8,819	0	0	0.0%
150,000	49,422	49,422	6,000	6,000	11,319	11,319	0	0	0.0%
175,000	59,672	59,672	7,000	7,000	13,819	13,819	0	0	0.0%

(a) Variations can arise due to rounding

(b) Includes the impact of the increase in the exemption limit for the Universal Social Charge

**EXAMPLE 6**

Married couple/civil partnership , one income, two children, taxed under Schedule D

Gross Income	Income Tax		PRSI		Universal Social Charge		Total Change		Change as % of Net Income
	Existing	Proposed	Existing	Proposed	Existing	Proposed	Per Year	Per Week	
	€	€	€	€	€	€	€	€	
10,000	0	0	400	400	200	0	200	4	2.1%
15,000	0	0	600	600	399	399	0	0	0.0%
25,000	890	890	1,000	1,000	1,069	1,069	0	0	0.0%
35,000	2,890	2,890	1,400	1,400	1,769	1,769	0	0	0.0%
45,000	5,562	5,562	1,800	1,800	2,469	2,469	0	0	0.0%
55,000	9,662	9,662	2,200	2,200	3,169	3,169	0	0	0.0%
75,000	17,862	17,862	3,000	3,000	4,569	4,569	0	0	0.0%
100,000	28,112	28,112	4,000	4,000	6,319	6,319	0	0	0.0%
125,000	38,362	38,362	5,000	5,000	8,819	8,819	0	0	0.0%
150,000	48,612	48,612	6,000	6,000	11,319	11,319	0	0	0.0%
175,000	58,862	58,862	7,000	7,000	13,819	13,819	0	0	0.0%

(a) Variations can arise due to rounding

(b) Includes the impact of the increase in the exemption limit for the Universal Social Charge

**(ii) AVERAGE TAX RATES ON ANNUAL EARNINGS IN % TERMS\***  
**FULL RATE PRSI**

FULL RATE PRSI Gross Income €	SINGLE											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011	2012
15,000	9.5%	7.7%	6.8%	5.2%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	2.7%
20,000	15.2%	13.8%	13.1%	11.9%	8.4%	7.1%	5.1%	4.4%	5.4%	6.4%	9.8%	9.8%
25,000	17.3%	16.2%	15.7%	14.7%	13.5%	12.5%	10.9%	8.3%	9.3%	10.3%	14.0%	14.0%
30,000	22.2%	19.3%	18.9%	18.1%	16.0%	14.7%	13.4%	12.9%	13.9%	16.9%	16.8%	16.8%
40,000	28.3%	26.4%	26.1%	25.5%	24.0%	21.9%	19.7%	18.6%	19.1%	22.1%	24.2%	24.2%
60,000	33.6%	32.4%	32.3%	32.0%	31.1%	29.8%	28.1%	27.5%	28.2%	31.7%	33.4%	33.4%
100,000	37.9%	37.1%	37.0%	36.9%	36.3%	35.6%	34.2%	33.8%	34.6%	39.2%	40.9%	40.9%
120,000	38.9%	38.3%	38.2%	38.1%	37.6%	37.0%	35.7%	35.4%	36.5%	41.1%	42.7%	42.7%

FULL RATE PRSI Gross Income €	MARRIED/CIVIL PARTNERSHIP ONE INCOME TWO CHILDREN											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011	2012
15,000	2.2%	2.2%	2.2%	2.2%	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	2.7%
20,000	4.7%	4.7%	4.7%	4.7%	2.7%	2.7%	2.7%	2.7%	3.7%	4.7%	6.3%	6.3%
25,000	8.7%	7.1%	6.5%	5.5%	4.9%	4.9%	4.9%	2.9%	3.9%	4.9%	7.2%	7.2%
30,000	11.6%	10.2%	9.8%	9.0%	7.8%	6.7%	5.1%	5.1%	6.1%	9.1%	8.6%	8.6%
40,000	16.6%	15.7%	15.5%	14.9%	13.2%	11.5%	10.2%	9.4%	10.4%	13.4%	14.2%	14.2%
60,000	25.9%	25.3%	25.1%	24.8%	23.9%	22.5%	20.8%	19.8%	20.5%	24.0%	26.2%	26.2%
100,000	33.2%	32.8%	32.8%	32.6%	32.0%	31.2%	29.7%	29.2%	30.0%	34.6%	36.5%	36.5%
120,000	35.0%	34.7%	34.6%	34.5%	34.0%	33.3%	32.0%	31.6%	32.6%	37.2%	39.1%	39.1%

FULL RATE PRSI Gross Income €	MARRIED/CIVIL PARTNERSHIP TWO INCOMES** TWO CHILDREN											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011	2012
15,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%
20,000	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	2.3%
25,000	6.3%	4.1%	3.0%	1.5%	1.5%	1.5%	0.0%	0.0%	0.0%	1.3%	2.5%	2.5%
30,000	10.3%	8.5%	7.6%	6.0%	2.7%	1.7%	1.7%	1.7%	2.4%	3.0%	4.7%	4.7%
40,000	13.7%	12.3%	11.6%	10.4%	9.0%	7.6%	5.6%	3.6%	4.3%	4.9%	9.2%	9.2%
60,000	22.0%	19.3%	18.9%	18.1%	16.0%	14.0%	12.7%	12.2%	13.2%	15.5%	16.8%	16.8%
100,000	31.4%	29.9%	29.6%	29.2%	28.8%	26.5%	24.6%	23.8%	24.4%	27.9%	29.7%	29.7%
120,000	33.6%	32.4%	32.2%	31.9%	31.0%	29.7%	27.9%	27.2%	27.9%	31.7%	33.4%	33.4%

\* Average Tax Rates 2001-2010: Total of Income Tax, Levies (Income and Health) and PRSI as a proportion of gross income.  
Average Tax Rates 2011-2012: Total of Income Tax, PRSI and Universal Social Charge as a proportion of gross income.  
Includes only the standard employee credit, personal income tax credit and home carer credit, where relevant.

\*\* The Married two-incomes figures assume that the joint income is divided 65% and 35% between spouses.

(s) Supplementary Budget 2009

**AVERAGE TAX RATES ON ANNUAL EARNINGS IN % TERMS\***  
**MODIFIED RATE PRSI**

MODIFIED RATE PRSI	SINGLE												
	Gross Income €	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011	2012
15,000	8.1%	6.3%	5.4%	3.8%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	2.7%
20,000	13.3%	11.9%	11.2%	10.0%	6.6%	5.2%	3.2%	2.5%	3.5%	4.5%	7.9%	7.9%	
25,000	15.2%	14.1%	13.6%	12.6%	11.5%	10.4%	8.8%	6.2%	7.2%	8.2%	11.9%	11.9%	
30,000	19.9%	17.1%	16.6%	15.8%	13.8%	12.5%	11.1%	10.7%	11.7%	14.7%	14.6%	14.6%	
40,000	26.1%	24.0%	23.7%	23.0%	21.6%	19.5%	17.2%	16.1%	16.6%	19.6%	21.7%	21.7%	
60,000	32.0%	30.7%	30.5%	30.1%	29.1%	27.8%	25.9%	25.3%	25.9%	29.0%	30.8%	30.8%	
100,000	36.8%	36.0%	35.9%	35.7%	35.1%	34.3%	32.8%	32.4%	33.2%	37.1%	38.8%	38.8%	
120,000	38.0%	37.3%	37.2%	37.0%	36.6%	35.9%	34.6%	34.2%	35.2%	39.3%	41.0%	41.0%	

MODIFIED RATE PRSI	MARRIED/CIVIL PARTNERSHIP ONE INCOME TWO CHILDREN												
	Gross Income €	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011	2012
15,000	0.8%	0.8%	0.8%	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	2.7%
20,000	2.8%	2.8%	2.8%	2.8%	0.8%	0.8%	0.8%	0.8%	1.8%	2.8%	4.4%	4.4%	
25,000	6.6%	5.0%	4.4%	3.5%	2.9%	2.9%	2.9%	0.9%	1.9%	2.9%	5.1%	5.1%	
30,000	9.3%	8.0%	7.5%	6.7%	5.5%	4.5%	2.9%	2.9%	3.9%	6.9%	6.4%	6.4%	
40,000	14.4%	13.3%	13.0%	12.4%	10.8%	9.1%	7.7%	6.9%	7.9%	10.9%	11.8%	11.8%	
60,000	24.3%	23.6%	23.3%	23.0%	21.9%	20.5%	18.6%	17.6%	18.2%	21.3%	23.5%	23.5%	
100,000	32.2%	31.8%	31.6%	31.4%	30.7%	29.9%	28.4%	27.7%	28.5%	32.5%	34.4%	34.4%	
120,000	34.1%	33.8%	33.7%	33.5%	32.9%	32.2%	30.9%	30.4%	31.4%	35.4%	37.3%	37.3%	

MODIFIED RATE PRSI	MARRIED/CIVIL PARTNERSHIP TWO INCOMES** TWO CHILDREN												
	Gross Income €	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011	2012
15,000	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	2.0%
20,000	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%	2.3%
25,000	5.3%	3.1%	2.0%	0.5%	0.5%	0.5%	0.0%	0.0%	0.0%	1.3%	2.5%	2.5%	
30,000	9.2%	7.3%	6.4%	4.8%	1.5%	0.5%	0.5%	0.5%	1.2%	1.8%	3.6%	3.6%	
40,000	12.3%	11.0%	10.3%	9.1%	7.6%	6.3%	4.3%	2.3%	2.9%	3.6%	7.8%	7.8%	
60,000	19.8%	17.1%	16.6%	15.8%	13.8%	11.8%	10.4%	10.0%	11.0%	13.3%	14.6%	14.6%	
100,000	29.6%	28.0%	27.7%	27.2%	26.1%	24.4%	22.4%	21.6%	22.2%	25.3%	27.1%	27.1%	
120,000	32.0%	30.7%	30.5%	30.1%	29.1%	27.7%	25.9%	25.2%	25.8%	29.1%	30.8%	30.8%	

\* Average Tax Rates 2001-2010: Total of Income Tax, Levies (Income and Health) and PRSI as a proportion of gross income.  
Average Tax Rates 2011-2012: Total of Income Tax, PRSI and Universal Social Charge as a proportion of gross income.  
This measure includes only the standard employee credit, personal income tax credit and home carer credit, where relevant.

\*\* The Married two-incomes figures assume that the joint income is divided 65% and 35% between spouses.

(s) Supplementary Budget 2009

**AVERAGE TAX RATES ON ANNUAL EARNINGS IN % TERMS\***  
**SELF EMPLOYED**

SELF EMPLOYED Gross Income €	SINGLE											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011	2012
15,000	13.7%	12.9%	12.9%	12.9%	12.5%	12.1%	11.3%	10.8%	10.8%	10.8%	15.7%	15.7%
20,000	18.0%	17.4%	17.4%	17.4%	15.1%	14.9%	14.2%	13.9%	14.9%	15.9%	19.3%	19.3%
25,000	19.4%	18.9%	18.9%	18.9%	18.7%	18.5%	18.0%	15.7%	16.7%	17.7%	21.7%	21.7%
30,000	23.7%	21.4%	21.4%	21.4%	20.2%	19.6%	19.1%	18.9%	19.9%	22.9%	23.2%	23.2%
40,000	29.5%	27.8%	27.8%	27.8%	26.9%	25.3%	23.8%	22.8%	23.3%	26.3%	29.0%	29.0%
60,000	35.4%	34.2%	34.2%	34.2%	33.6%	32.6%	31.2%	30.6%	31.2%	34.2%	36.6%	36.6%
100,000	40.0%	39.3%	39.3%	39.3%	39.0%	38.3%	37.1%	36.7%	37.5%	41.3%	42.8%	42.8%
120,000	41.2%	40.6%	40.6%	40.6%	40.3%	39.8%	38.7%	38.4%	39.4%	43.2%	44.8%	44.8%

SELF EMPLOYED Gross Income €	MARRIED/CIVIL PARTNERSHIP ONE INCOME TWO CHILDREN											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011	2012
15,000	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	6.7%	6.7%
20,000	7.2%	6.0%	6.0%	6.0%	3.4%	3.0%	3.0%	3.0%	4.0%	5.0%	7.6%	7.6%
25,000	10.8%	9.8%	9.8%	9.8%	9.3%	8.9%	7.8%	4.8%	5.8%	6.8%	11.8%	11.8%
30,000	13.2%	12.3%	12.3%	12.3%	11.9%	11.6%	10.7%	9.8%	10.8%	13.8%	15.0%	15.0%
40,000	17.9%	17.1%	17.1%	17.1%	16.1%	14.9%	14.3%	13.6%	14.6%	17.6%	19.0%	19.0%
60,000	27.6%	27.1%	27.1%	27.1%	26.4%	25.3%	23.8%	22.9%	23.5%	26.5%	29.4%	29.4%
100,000	35.3%	35.1%	35.1%	35.1%	34.6%	34.0%	32.7%	32.1%	32.9%	36.7%	38.4%	38.4%
120,000	37.3%	37.0%	37.0%	37.0%	36.7%	36.1%	35.0%	34.5%	35.5%	39.4%	41.2%	41.2%

SELF EMPLOYED Gross Income €	MARRIED/CIVIL PARTNERSHIP TWO INCOMES TWO CHILDREN											
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011	2012
15,000	5.0%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%	6.3%	6.3%
20,000	9.3%	8.0%	8.0%	8.0%	7.4%	6.9%	5.6%	4.9%	4.9%	4.9%	9.8%	9.8%
25,000	11.8%	10.8%	10.8%	10.8%	10.4%	10.0%	8.9%	8.4%	8.4%	9.7%	13.3%	13.3%
30,000	15.0%	14.2%	14.2%	14.2%	12.5%	12.1%	11.3%	10.8%	11.5%	12.1%	16.0%	16.0%
40,000	17.3%	16.7%	16.7%	16.7%	16.4%	16.2%	15.5%	13.9%	14.5%	15.2%	19.5%	19.5%
60,000	23.7%	21.4%	21.4%	21.4%	20.2%	18.9%	18.4%	18.2%	19.2%	21.5%	23.2%	23.2%
100,000	33.0%	31.6%	31.6%	31.6%	30.9%	29.7%	28.2%	27.5%	28.1%	31.1%	33.6%	33.6%
120,000	35.4%	34.2%	34.2%	34.2%	33.6%	32.5%	31.2%	30.6%	31.2%	34.3%	36.3%	36.6%

\* Average Tax Rates 2001-2010: Total of Income Tax, Levies (Income and Health) and PRSI as a proportion of gross income.

Average Tax Rates 2011-2012: Total of Income Tax, PRSI and Universal Social Charge as a proportion of gross income.

Includes only the personal income tax credit and home carer credit, where relevant.

\*\* The Married two-incomes figures assume that the joint income is divided 65% and 35% between spouses.

(s) Supplementary Budget 2009

**(iii) DISTRIBUTION OF INCOME EARNERS ON THE INCOME TAX FILE FOR 2011  
AND FOR 2012 ON A PRE-BUDGET AND POST-BUDGET BASIS**

	<b>Exempt (standard rate liability fully covered by credits or age exemption limits)</b>	<b>Paying tax at the standard rate * (including those whose liability at the higher rate is fully offset by credits)</b>	<b>Higher rate liability NOT fully offset by credits</b>	<b>Total</b>
<b>2011</b>	820,400 38.08%	940,700 43.66%	393,500 18.26%	2,154,600
<b>2012 on a pre- budget basis</b>	817,100 37.74%	946,200 43.70%	401,800 18.56%	2,165,100

\* Includes those benefiting from the system of marginal relief taxation.

**Notes:**

- 1 Distributions for 2011 are estimates from the Revenue tax-forecasting model using actual data for the year 2009, adjusted as necessary for income and employment trends in the interim.
- 2 Distributions for 2012 are compiled on a similar basis as 1. above.
- 3 Figures are provisional and likely to be revised.
- 4 A jointly assessed married couple/civil partnership is treated as one tax unit.

#### (iv) ILLUSTRATIVE CASES

These cases deal with basic personal tax credits, the employee tax credit, the home carer credit, the age credit, the age exemption limits, the standard rate bands, PRSI and the Universal Social Charge (USC). Social welfare payments under the Family Income Supplement scheme (FIS), the State Pension, Child Benefit and One Parent Family Payment are also included, where relevant. Additional tax reliefs such as Mortgage Interest Relief and Rent Relief are not taken account. The cases also include the new Household Charge and the third level student contribution. Changes to Capital Gains Tax and Capital Acquisitions Tax are also demonstrated. Public Service pension contributions are based on Civil Service conditions and the Pension Related Deduction is included for public servants. Some figures are rounded to the nearest euro.

##### Example 1

Cathal is single, no children and self-employed with income of €2,000 per annum. He pays a pension contribution of 6% of his gross income. He owns his home. He will see a loss of 0.3% or €100 in his annual net income due to this Budget.

	2011	2012
	€	€
Gross Income	52,000	52,000
Pension Contribution	3,120	3,120
Income Tax liability	11,503	11,503
PRSI liability	2,080	2,080
Universal Social Charge	2,959	2,959
Total tax liability	<u>16,542</u>	<u>16,542</u>
Net Income	32,338	32,338
Household Charge	-	100
Annual loss		-100
Change as a % of net income		-0.3%

##### Example 2

Daniel is single and in third level education which his parents are funding. He works 20 hours a week as a factory worker on the minimum wage rate of €8.65 per hour. Daniel lives at home. Daniel will see a gain of 2% or €180 in his annual net income due to this Budget.

	2011	2012
	€	€
Gross Income	8,996	8,996
Income Tax liability	0	0
PRSI liability	0	0
Universal Social Charge	180	0
Total tax liability	<u>180</u>	<u>0</u>
Net Income	8,816	8,996
Annual Gain		+180
Change as a % of net income		+2%

**Example 3**

Rachael and Jason are married with two children, Elizabeth who is aged 16 and in second level education and Rosie who is aged 20 years and in full time third level education. Jason works in the home. Rachael is employed as a project manager earning €48,000 per annum. They own their home. The family will see a loss of 0.9% or €350 in their annual net income due to this Budget.

	2011	2012
	€	€
Gross Salary	48,000	48,000
Income Tax liability	5,142	5,142
PRSI liability	1,656	1,656
Universal Social Charge	<u>2,679</u>	<u>2,679</u>
Total tax liability	9,477	9,477
Child Benefit	1,680	1,680
College Student Contribution	2,000	2,250
Net Income	38,203	37,953
Household Charge	-	100
Annual loss		-350
Change as a % of net income		-0.9%

**Example 4**

Paula and Patrick are married with three children, Kerrie, Holly and Amber who are aged 8, 10 and 12 years. Both Paula and Patrick joined the public service in 1996 and are earning €7,000 and €5,000, respectively. They own their home. The family will see a loss of 0.5% or €328 in their annual net income due to this Budget.

	2011	2012
	€	€
Gross Income	92,000	92,000
Pension Contribution	4,304	4,304
Pension Related Deduction	5,700	5,700
Income Tax liability	13,243	13,243
PRSI liability	3,152	3,152
Universal Social Charge	5,078	5,078
Total tax liability	21,473	21,473
Child Benefit	<u>5,364</u>	<u>5,136</u>
Net Income	65,887	65,659
Household Charge	-	100
Annual loss		-328
Change as a % of net income		-0.5%

**Example 5**

Heather is a single parent with one daughter, Sophie, aged 2 years. Heather works full time as a shop assistant earning €21,000 per annum. Taking her Family Income Supplement, One Parent Family Payment and Child Benefit into account, Heather will see a loss of 0.4% or €104 in her annual net income due to this Budget.

	2011	2012
	€	€
Gross Wages	21,000	21,000
One Parent Family Payment	<u>4,956</u>	<u>4,566</u>
Gross Taxable Income	25,956	25,566
Income Tax liability	241	163
PRSI liability	576	576
Universal Social Charge	<u>789</u>	<u>789</u>
Total tax liability	1,606	1,528
Family Income Supplement	1,196	1,404
Child Benefit	1,680	1,680
Net Income	27,226	27,122
Annual loss		-104
Change as a % of net income		-0.4%

**Example 6**

Peter is 72 and retired and is in receipt of the Contributory State Pension (€1,976 per annum). In addition, he receives €30,000 per annum from his occupational pension. He owns his home. Peter will see a loss of 0.3% or €100 in his annual net income due to this Budget.

	2011	2012
	€	€
State Pension	11,976	11,976
Occupational pension	<u>30,000</u>	<u>30,000</u>
Gross Income	41,976	41,976
Income Tax liability	6,777	6,777
PRSI liability	n/a	n/a
Universal Social Charge	999	999
Total tax liability	<u>7,776</u>	<u>7,776</u>
Net Income	34,200	34,200
Household Charge	-	100
Annual loss		-100
Change as a % of net income		-0.3%

**Example 7**

Geraldine and Brian are a retired couple. Geraldine is aged 66 and Brian is aged 69. The couple have a Contributory State Pension (€22,703) and an occupational pension of €9,000 per annum. They own their home. The couple will see a gain of 0.3% or €80 in their annual net income due to this Budget.

	<b>2011</b>	<b>2012</b>
	€	€
State Pension	22,703	22,703
Occupational pension	<u>9,000</u>	<u>9,000</u>
Gross Income	31,703	31,703
Income Tax liability	0	0
PRSI liability	n/a	n/a
Universal Social Charge	180	0
Total tax liability	<u>180</u>	<u>0</u>
Net Income	31,523	31,703
Household Charge	-	100
Annual Gain		+80
Change as a % of net income		+0.3%

**Example 8**

Frank is single, no children and is employed as a pharmacist with income of €85,000 per annum. He owns his home. He also owns assets which would achieve a chargeable gain of €200,000 on the sale (after allowable deductions and reliefs). If he sells the assets after the Budget he will pay total additional taxes/charges of €10,036 due to Budget changes.

	<b>Existing</b>	<b>Proposed</b>
	€	€
Gross Income	85,000	85,000
Income Tax liability	24,662	24,662
PRSI liability	3,136	3,136
Universal Social Charge	5,269	5,269
Total tax liability	<u>33,067</u>	<u>33,067</u>
Net Income	51,933	51,933
Household Charge	-	100
Chargeable Gain on Asset Disposal	200,000	200,000
Capital Gains Tax	49,683	59,619
Loss due to Budget changes		-10,036

**Example 9**

Colm is single, no children and earns €60,000 per annum employed as an accountant. He is about to inherit €500,000 (after all liabilities, costs and expenses) from his father. If he inherits this amount after the Budget he will pay an additional €33,021 due to changes in Capital Acquisitions Tax.

	<b>Existing</b>	<b>Proposed</b>
	€	€
Gross Income	60,000	60,000
Income Tax liability	14,412	14,412
PRSI liability	2,136	2,136
Universal Social Charge	3,519	3,519
Total tax liability	<u>20,067</u>	<u>20,067</u>
Net Income	39,933	39,933
Inheritance	500,000	500,000
Capital Acquisitions Tax	41,979	75,000
Loss due to Budget changes		-33,021

## ANNEX B

### Carbon Tax

The impact on individual fuels in terms of nominal and percentage price changes is illustrated below:

<b>Illustrative impact of a €5 increase in the carbon tax from €15 to €20 per tonne</b>					
<b>Fuel Type</b>	<b>Unit</b>	<b>Current Price €</b>	<b>Carbon Tax increase (VAT incl.)</b>	<b>% change in price</b>	<b>Revenue Yield In a Full Year (VAT incl.) €m</b>
<b>Petrol</b>	Litre	1.499	1.4 cents	0.93%	23
<b>Auto-diesel</b>	Litre	1.479	1.6 cents	1.09%	32
<b>Kerosene</b>	1,000 Litres	856.40	€14.40	1.68%	18
<b>Marked Gas Oil</b>	1,000 Litres	893.30	€15.58	1.74%	17
<b>LPG</b>	1,000 Litres	910.00	€9.33	1.03%	1
<b>Fuel Oil</b>	1,000 Litres	900.00	€17.52	1.95%	0.5
<b>Natural Gas</b>	13,750 kwh <sup>1</sup>	746.90	€4.46	1.94%	17
<b>Total</b>					<b>108.5</b>

<sup>1</sup> Average annual household consumption



## ANNEX C

### Vehicle Registration Tax (VRT) and Motor Tax

#### Public Consultation on adjusting the current CO<sub>2</sub> bands and rates in line with technological advances in motor vehicles

The Minister for Finance, Mr. Michael Noonan, T.D., and his colleague the Minister for the Environment, Community and Local Government, Mr. Phil Hogan T.D. invite interested parties to make submissions regarding the proposed revision of the current system of VRT and Motor Tax to adjust CO<sub>2</sub> bands and rates in line with technological advances in motor vehicles while maintaining a positive environmental incentive to reduce transport emissions. This document is available on the Department of Finance's website, [www.finance.gov.ie](http://www.finance.gov.ie).

Submissions received will be published on the Department's website. Submissions may be e-mailed to: [VRT@finance.gov.ie](mailto:VRT@finance.gov.ie), or posted to 'VRT and Motor Tax Consultation', Excise Policy Unit, Budget, Taxation and Economic Division, Department of Finance, Government Buildings, Upper Merrion Street, Dublin 2.

**All submissions should be received, at the latest, by 1 March 2012.**

Table 1 below sets out the trend in sales and VRT receipts since 2007, the move to the purchase of cleaner cars, and the decline in the average price of new cars.

**Table 1**

	New car sales	Total VRT receipts €m	% of new cars purchased in top 3 emission bands	Average OMSP of a new car €
2007	181,571	1,406	41.2%	27,098
2008	146,637	1,121	49.9%	26,752
2009	54,055	375	77.4%	23,715
2010	85,264	384	90.8%	21,319
2011 (Oct)	86,004	365	95.7%	22,391 (to end Oct.)

The decline in new car sales, combined with increased competition on car prices and consumer moves towards buying cheaper and cleaner cars (almost 96% of new cars purchased were in the first 3 CO<sub>2</sub> emission bands, where the VRT rates are lower), has resulted in a fall in VRT yields from €1.4bn in 2007 to less than €400m in 2009 and 2010. Receipts at the end of October 2011 stood at €365m, with 86,004 new cars purchased.

Table 2 below sets out the trend in Motor Tax receipts from private vehicles since 2007

**Table 2**

	<b>No of cc vehicles</b>	<b>Income (€m)</b>	<b>No. of CO<sub>2</sub> vehicles</b>	<b>Income (€m)</b>	<b>Total income(€m)</b>
<b>2007 (at end Dec)</b>	1,882,901	774	--	--	774
<b>2008 (at end Dec)</b>	1,867,366	853	56,915	10	863
<b>2009 (at end Dec)</b>	1,759,881	835	142,548	37	872
<b>2010 (at end Dec)</b>	1,635,448	784	237,267	58	842
<b>2011 (to end Oct)</b>	1,551,953	641	333,634	67	708

Annual motor tax income from private vehicles has declined from €863m in 2008 to €842m at the end of 2010 (€708m to the end of October 2011). While this is attributable in part to the decline in new cars sales, as set out above, the loss of revenue due to the switch to CO<sub>2</sub> vehicles, with the attendant lower rates of taxation, has played a large part. The number of vehicles taxed on the basis of CO<sub>2</sub> emissions has increased by about 5% year on year. The average payment for vehicles in the CO<sub>2</sub> system is €218 – for those taxed on engine capacity, the average payment is €144. Once the older cars are all replaced by cars taxed on CO<sub>2</sub> over the next 15 years or so, it is estimated that total motor tax from cars will halve. At the end of October 2011, the CO<sub>2</sub> fleet of almost 335,000 cars comprised 17.6% of all cars on the road. Of these, almost 300,000 are taxed at the three lowest bands.

Table 3 shows the breakdown of the VRT take since 2007, and shows the shift in band allocation during that period. Table 4 shows the breakdown of private cars between the different CO<sub>2</sub> bands at end October 2011. In view of both the decline in VRT and Motor Tax receipts, consideration must be given to options which will generate the conditions necessary for the protection and improvement in VRT and Motor Tax revenues for the Exchequer. Accordingly, after a number of years of operation it is now worth examining the current CO<sub>2</sub> bands and rates structures for both taxes in the light of the overall reductions in CO<sub>2</sub> emission levels being made by car manufacturers and the standards set internationally, with a view to adjusting the bands and rates in line with technological advances, while simultaneously maintaining an environmental incentive for the shift to lower CO<sub>2</sub> emissions from transport through to the future.

## New Cars Purchased - broken down by CO<sub>2</sub> Emission Bands

**Table 3**

	CO <sub>2</sub> Emissions (CO <sub>2</sub> g/km)	VRT Rates	2007	2008 (a)	2009	2010	To end Oct 2011 (prov)
<b>A</b>	0 – 120g	<b>14%</b> of OMSP	1.5%	3.8%	13.0%	34.7%	42.8%
<b>B</b>	More than 120g/km up to and including 140g/km	<b>16%</b> of OMSP	16.3%	26.8%	44.7%	45.5%	48.1%
<b>C</b>	More than 140g/km up to and including 155g/km	<b>20%</b> of OMSP	23.4%	19.3%	19.7%	10.4%	4.8%
<b>D</b>	More than 155g/km up to and including 170g/km	<b>24%</b> of OMSP	24.7%	25.0%	13.4%	6.4%	2.6%
<b>E</b>	More than 170g/km up to and including 190g/km	<b>28%</b> of OMSP	21.6%	15.9%	6.7%	2.1%	1.0%
<b>F</b>	More than 190g/km up to and including 225g/km	<b>32%</b> of OMSP	8.4%	6.4%	2.0%	0.6%	0.5%
<b>G</b>	More than 225g/km	<b>36%</b> of OMSP	4.2%	2.8%	0.4%	0.3%	0.2%

**Source:** 2007 and 2008 figures – Sustainable Energy Ireland’s Energy in Transport 2009 Report.  
2009, 2010 and 2011 figures – D/Finance and Revenue data.

(a) The new CO<sub>2</sub> related VRT system was introduced on 1 July 2008; consequently the 2008 figures are a combination of the old engine based and the new CO<sub>2</sub> related VRT systems.

OMSP = Open Market Selling Price

**Breakdown of private cars between the different CO<sub>2</sub> bands at end October 2011**

**Table 4**

<b>CO<sub>2</sub> emission band</b>	<b>No of vehicles (at end Oct 2011)</b>
A	83,034
B	153,825
C	58,128
D	24,332
E	9,744
F	3,923
G	648
<b>Total</b>	<b>333,634</b>

<b>MOTOR TAX</b>			
<b>PRIVATE VEHICLES</b>			
<b>CO2 bands</b>	<b>Current Rates</b>	<b>Proposed rates</b>	<b>Increase in rate</b>
A	€104	€160	€56
B	€156	€225	€69
C	€302	€330	€28
<b>CO2 bands</b>	<b>Current Rates</b>	<b>Proposed rates</b>	
D	€447	481	€34
E	€630	677	€47
F	€1,050	1129	€79
G	€2,100	2258	€158
<b>cc rates</b>	<b>Current Rates</b>	<b>Proposed rates</b>	
not over 1,000	€172	€185	€13
1,001 to 1,100	€259	€278	€19
1,101 to 1,200	€296	€307	€11
1,201 to 1,300	€310	€333	€23
1,301 to 1,400	€333	€358	€25
1,401 to 1,500	€357	€384	€27
1,501 to 1,600	€445	€478	€33
1,601 to 1,700	€471	€506	€35
1,701 to 1,800	€551	€592	€41
1,801 to 1,900	€582	€626	€44
1,901 to 2,000	€614	€660	€46
2,001 to 2,100	€784	€843	€59
2,101 to 2,200	€823	€885	€62
2,201 to 2,300	€860	€925	€65
2,301 to 2,400	€895	€962	€67
2,401 to 2,500	€935	€1,005	€70
2,501 to 2,600	€1,120	€1,204	€84
2,601 to 2,700	€1,164	€1,251	€87
2,701 to 2,800	€1,204	€1,294	€90
2,801 to 2,900	€1,248	€1,342	€94
2,901 to 3,000	€1,293	€1,390	€97
3,001 or more	€1,566	€1,683	€117
Electrical	€46	€57	€11

<b>GOODS VEHICLES</b>			
<b>cc rates</b>	<b>Current Rates</b>	<b>Proposed rates</b>	<b>Increase in rate</b>
not over 3,000	€88	€10	€2
3,001 to 4,000	€64	€91	€7
4,001 to 5,000	€70	€05	€5
5,001 to 6,000	€51	€700	€49
6,001 to 7,000	€82	€48	€66
7,001 to 8,000	€1,110	€1,193	€83
8,001 to 9,000	€1,371	€1,474	€103
9,001 to 10,000	€1,632	€1,755	€122
10,001 to 11,000	€1,893	€2,036	€142
11,001 to 12,000	€2,154	€2,317	€162
12,001 to 13,000	€2,415	€2,598	€181
13,001 to 14,000	€2,676	€2,879	€201
14,001 to 15,000	€2,937	€3,160	€220
15,001 to 16,000	€3,198	€3,441	€240
16,001 to 17,000	€3,459	€3,722	€259
17,001 to 18,000	€3,720	€4,003	€279
18,001 to 19,000	€3,981	€4,284	€299
19,001 to 20,000	€4,242	€4,565	€318
20,001 or more	€4,496	€4,833	€337
Electrical (Not over 1,500kg)	€80	€86	€6
<b>Large Public Service Vehicles:</b>			
9 to 20 Seats	€133	€143	€10
21 to 40 Seats	€175	€188	€13
41 to 60 Seats	€349	€375	€26
61 Seats or more	€349	€375	€26
<b>Cycles and Tricycles:</b>			
Electrical	€31	€33	€2
Not over 75 cc	€43	€46	€3
76cc to 200cc	€58	€62	€4
201cc or over	€76	€82	€6
Pedestrian - Controlled Vehicles	€76	€82	€6

<b>Off-road Dumper</b>	€766	€23	€7
<b>General Haulage Tractor</b>	€288	€10	€2
<b>Machine/workshop/contrivance (including "recovery vehicle")</b>	€288	€10	€2
<b>Island Vehicles</b>	€88	€5	€7
<b>Agriculture tractor, trench digger and excavator</b>	€88	€5	€7
<b>Motor Caravan</b>	€88	€5	€7
<b>Hearse</b>	€88	€5	€7
<b>Dumper and forklift truck</b>	€88	€5	€7
<b>Taxi and Hackney</b>	€2	€8	€6
<b>Schoolbus</b>	€2	€8	€6

<b>Veteran and Vintage:</b>			
Motorcycles	€2	€4	€2
All other vehicles	€48	€2	€4

<b>Trade Licences:</b>			
Motor Cycle (single plate)	€1	€5	€4
All other vehicles (pair of plates)	€05	€28	€23
Replacement: Motor Cycle (single plate)	€3	€5	€2
Replacement: All other vehicles (pair of plates)	€74	€0	€6