

## **ANNEX A**

### **The Effect of Budget 2013 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 3 show the impact on various categories of income earners of the changes to PRSI and the introduction of the local property tax. 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 2013 for various household types are included.

**(iii) Distribution of Income Earners**

A table showing the distribution of income earners on the income tax file for 2012 and for 2013 on a pre-Budget basis.

**(iv) Illustrative Cases**

A number of illustrative cases to show the impact of the changes to PRSI and the Universal Social Charge and to some social welfare payments (child benefit) on a number of different household types. The cases also show the effects of the Household Charge in 2012 and the new Local Property Tax in 2013.

### EXAMPLE 1

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

Gross Income	Income Tax		PRSI		Universal Social Charge		Property Value	Property Tax in 2013	Net Income		Total Change		Change as % of Net Income
	Existing	Proposed	Existing	Proposed	Existing	Proposed			Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	€	€	%
<b>10,000</b>	0	0	0	0	0	0	0	0	10,000	10,000	0	0	0.0%
<b>15,000</b>	0	0	0	0	399	399	0	0	14,601	14,601	0	0	0.0%
<b>25,000</b>	1,700	1,700	736	1,000	1,069	1,069	93,750	23*	21,495	21,208	-287	-6	-1.3%
<b>35,000</b>	4,162	4,162	1,136	1,400	1,769	1,769	131,250	112	27,933	27,557	-377	-7	-1.3%
<b>45,000</b>	8,262	8,262	1,536	1,800	2,469	2,469	168,750	157	32,733	32,312	-422	-8	-1.3%
<b>55,000</b>	12,362	12,362	1,936	2,200	3,169	3,169	206,250	202	37,533	37,067	-467	-9	-1.2%
<b>75,000</b>	20,562	20,562	2,736	3,000	4,569	4,569	281,250	247	47,133	46,622	-512	-10	-1.1%
<b>100,000</b>	30,812	30,812	3,736	4,000	6,319	6,319	375,000	337	59,133	58,532	-602	-12	-1.0%
<b>125,000</b>	41,062	41,062	4,736	5,000	8,069	8,069	468,750	427	71,133	70,442	-692	-13	-1.0%
<b>150,000</b>	51,312	51,312	5,736	6,000	9,819	9,819	562,500	517	83,133	82,352	-782	-15	-0.9%
<b>175,000</b>	61,562	61,562	6,736	7,000	11,569	11,569	656,250	607	95,133	94,262	-872	-17	-0.9%

### 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		Property Value	Property Tax in 2013	Net Income		Total Change		Change as % of Net Income
	Existing	Proposed	Existing	Proposed	Existing	Proposed			Existing	Proposed	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	€	€	%
<b>10,000</b>	0	0	0	0	0	0	0	0	10,000	10,000	0	0	0.0%
<b>15,000</b>	0	0	0	0	399	399	0	0	14,601	14,601	0	0	0.0%
<b>25,000</b>	50	50	736	1,000	1,069	1,069	0	0	23,145	22,881	-264	-5	-1.1%
<b>35,000</b>	2,050	2,050	1,136	1,400	1,769	1,769	131,250	56*	30,045	29,725	-320	-6	-1.1%
<b>45,000</b>	4,722	4,722	1,536	1,800	2,469	2,469	168,750	157	36,273	35,852	-422	-8	-1.2%
<b>55,000</b>	8,822	8,822	1,936	2,200	3,169	3,169	206,250	202	41,073	40,607	-467	-9	-1.1%
<b>75,000</b>	17,022	17,022	2,736	3,000	4,569	4,569	281,250	247	50,673	50,162	-512	-10	-1.0%
<b>100,000</b>	27,272	27,272	3,736	4,000	6,319	6,319	375,000	337	62,673	62,072	-602	-12	-1.0%
<b>125,000</b>	37,522	37,522	4,736	5,000	8,069	8,069	468,750	427	74,673	73,982	-692	-13	-0.9%
<b>150,000</b>	47,772	47,772	5,736	6,000	9,819	9,819	562,500	517	86,673	85,892	-782	-15	-0.9%
<b>175,000</b>	58,022	58,022	6,736	7,000	11,569	11,569	656,250	607	98,673	97,802	-872	-17	-0.9%

### 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		Property Value	LPT in 2013	Net Income		Total Change		Change as % of Net Income
	Existing	Proposed	Existing	Proposed	Existing	Proposed	Existing	Proposed			Proposed	Existing	Per Year	Per Week	
€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	%
€10,000	0	0	0	0	0	0	12,792	12,792	0	0	22,792	22,792	0	0	0.0%
€15,000	0	0	0	0	399	399	10,036	10,036	0	0	24,637	24,637	0	0	0.0%
€25,000	0	0	736	1,000	1,069	1,069	4,888	5,044	0	0	28,083	27,975	-108	-2	-0.4%
€35,000	1,240	1,240	1,136	1,400	1,769	1,769	1,040	1,040	131,250	56*	31,895	31,575	-320	-6	-1.0%
€45,000	3,912	3,912	1,536	1,800	2,469	2,469	0	0	168,750	157	37,083	36,662	-422	-8	-1.1%
€55,000	8,012	8,012	1,936	2,200	3,169	3,169	0	0	206,250	202	41,883	41,417	-467	-9	-1.1%
€75,000	16,212	16,212	2,736	3,000	4,569	4,569	0	0	281,250	247	51,483	50,972	-512	-10	-1.0%
€100,000	26,462	26,462	3,736	4,000	6,319	6,319	0	0	375,000	337	63,483	62,882	-602	-12	-0.9%
€125,000	36,712	36,712	4,736	5,000	8,069	8,069	0	0	468,750	427	75,483	74,792	-692	-13	-0.9%
€150,000	46,962	46,962	5,736	6,000	9,819	9,819	0	0	562,500	517	87,483	86,702	-782	-15	-0.9%
€175,000	57,212	57,212	6,736	7,000	11,569	11,569	0	0	656,250	607	99,483	98,612	-872	-17	-0.9%

(a) Variations can arise due to rounding

(b) Includes the impact of the abolition of the Employee PRSI Allowance

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

(d) For the purpose of these calculations, in order to determine the value of the property, it is assumed (i) loan to income ratio (LTI) is three times an individual's gross income, (ii) an individual must have 20% equity.

(e) A half-year LPT charge applies for 2013. The liability is calculated at the mid-point of the band at 0.18% as outlined in Annex B of the Budget book.

(f) Properties over €1 million are charged at 0.18% of the actual value up to €1 million plus 0.25% of the excess value over €1 million.

(g) Deferrals: A system of voluntary deferral arrangements for owner-occupiers will be implemented to address cases where there is an inability to pay the LPT:

Where gross income limits do not exceed €15,000 (single) and €25,000 (couple).

For income stressed owner-occupiers who have an outstanding mortgage, an adjusted gross income limit will apply – where gross income less 80% of mortgage interest falls below €15,000/€25,000 a deferral option will be available up to end 2017 (when MIR also ends).

Marginal relief will apply for owner-occupiers where the income or adjusted income is €10,000 above the income limit of €15,000/€25,000, i.e. €25,000/€35,000 to permit deferrals of up to 50% of LPT liability.

Interest will be charged on deferred amounts but at a lower rate than the rate charged in default cases. The deferred amounts, including interest, will be a charge on the property. Deferred property taxes and interest will have to be discharged on the sale/transfer of the property.

(h) Figures do not take account of Household Charge in 2012

\* Takes into account marginal relief for property tax as outlined in Annex B of the Budget book.

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

FULL RATE PRSI	SINGLE													
	Gross Income €	2001	2002	2003	2004	2005	2006	2007	2008	2009	2009 (s)/2010	2011	2012	2013
15,000	9.5%	7.7%	6.8%	5.2%	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	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%	11.1%	
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%	15.1%	
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%	17.7%	
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%	24.8%	
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%	33.9%	
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%	41.1%	
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%	42.9%	

FULL 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	2013
15,000	2.2%	2.2%	2.2%	2.2%	2.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.7%	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%	7.6%	
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%	8.3%	
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%	9.5%	
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%	14.9%	
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%	26.6%	
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%	36.8%	
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%	39.3%	

\* Average Tax Rates 2001-2010: Total of Income Tax, Levies (Income and Health) and PRSI as a proportion of gross income.  
Average Tax Rates 2011-2013: 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.

(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	2013
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%	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%	8.0%	
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%	12.0%	
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%	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%	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%	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%	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%	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	2013
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%	2.7%
20,000	2.8%	2.8%	2.8%	2.8%	0.8%	0.8%	0.8%	0.8%	0.8%	1.8%	2.8%	4.4%	4.4%	4.5%
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%	5.2%	
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%	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%	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%	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%	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%	37.4%	

- \* Average Tax Rates 2001-2010: Total of Income Tax, Levies (Income and Health) and PRSI as a proportion of gross income.  
Average Tax Rates 2011-2013: 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.
- (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	2013
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%	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%	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%	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%	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%	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%	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%	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%	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	2013
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%	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%	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%	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%	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%	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%	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%	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%	41.2%

\* Average Tax Rates 2001-2010: Total of Income Tax, Levies (Income and Health) and PRSI as a proportion of gross income.  
Average Tax Rates 2011-2013: 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.

(s) Supplementary Budget 2009



**(iii) DISTRIBUTION OF INCOME EARNERS ON THE INCOME TAX FILE FOR 2012 AND FOR 2013 ON A PRE-BUDGET**

	<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>2012</b>	847,237 39.28%	944,455 43.79%	365,138 16.93%	2,156,830
<b>2013 on a pre-budget basis</b>	841,002 39.69%	953,066 42.85%	379,362 17.46%	2,173,430

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

**Notes:**

Distributions for 2012 are estimates from the Revenue tax-forecasting model using actual data for the year 2010, adjusted as necessary for income and employment trends in the interim.

Distributions for 2013 are compiled on a similar basis as 1. above.

Figures are provisional and likely to be revised.

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 and Child Benefit are also included, where relevant. Additional tax reliefs such as Mortgage Interest Relief and Rent Relief are not taken into account. The cases also include the Household Charge and new Local Property Tax. 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

Liam is single, no children and self-employed with income of €60,000 per annum. He pays a pension contribution of 6% of his gross income. He owns his home which is valued at €250,000. He will see a loss of 0.3% or €102 in his annual net income due to this Budget.

	2012	2013
	€	€
Gross Income	60,000	60,000
Pension Contribution	3,600	3,600
Income Tax liability	14,586	14,586
PRSI liability	2,400	2,400
Universal Social Charge	<u>3,519</u>	<u>3,519</u>
Total tax liability	20,505	20,505
Household Charge	100	n/a
Local Property Tax (LPT)	n/a	202*
Net Income	35,795	35,693
Annual loss		-102
Change as a % of net income		-0.3%

\* A half- year LPT charge applies for 2013. The liability is calculated at the mid-point of the band as follows:  $(€225,000 \times 0.18\%)/2$ . (As set out in Annex B)

## 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 no change in his annual net income due to this Budget.

	2012	2013
	€	€
Gross Income	8,996	8,996
Income Tax liability	0	0
PRSI liability	0	0
Universal Social Charge	0	0
Total tax liability	<u>0</u>	<u>0</u>
Net Income	8,996	8,996
Annual change		0
Change as a % of net income		0%

### Example 3

Alan and Sinéad are married with two children, Alice and Anita who are aged 8 and 15. Sinéad works in the home. Alan works in the catering industry earning €25,000 per annum. They own their home which is valued at €125,000. Alan and Sinéad have elected to defer their property tax in full for the year 2013 and have made the necessary notification to the Revenue Commissioners. The family will see a loss of 0.8% or €248 in their annual net income due to this Budget.

	2012	2013
	€	€
Gross Salary	25,000	25,000
Income Tax liability	0	0
PRSI liability	736	1,000
Universal Social Charge	<u>1,069</u>	<u>1,069</u>
Total tax liability	1,805	2,069
Child Benefit	3,360	3,120
Family Income Supplement (FIS)	4,888	5,044
Household Charge	100	n/a
Local Property Tax (LPT)	n/a	112*
Net income	31,343	31,095
Annual loss		-248
Change as a % of net income		-0.8%

\* A half year charge LPT charge applies for 2013. The LPT liability is calculated at the mid-point of the relevant band as follows:  $(€125,000 \times 0.18\%)/2$ . Alan and Sinéad qualify for a voluntary deferral as their joint annual income does not exceed the threshold of €25,000 for a couple. (As set out in Annex B)

#### Example 4

Pierce and Brenda are married with three children, Siobhan, Vincent and Kate who are aged 8, 10 and 12 years. Both Pierce and Brenda joined the public service in 1996 and are earning €60,000 and €40,000, respectively. They own their home which is valued at €350,000. The family will see a loss of 1.7% or €1,176 in their annual net income due to this Budget.

	2012	2013
	€	€
Gross Income	100,000	100,000
Pension Contribution	4,824	4,824
Pension Related Deduction	6,500	6,500
Income Tax liability	15,981	15,981
PRSI liability	3,472	4,000
Universal Social Charge	<u>5,638</u>	<u>5,638</u>
Total tax liability	25,091	25,619
Child Benefit	5,136	4,680
Household Charge	100	n/a
Local Property Tax (LPT)	n/a	292*
Net income	68,621	67,445
Annual loss		-1,176
Change as a % of net income		-1.7%

\* A half year LPT charge applies for 2013. The LPT liability is calculated at the mid-point of the band as follows:  $(€325,000 \times 0.18\%)/2$ . (As set out in Annex B)

### Example 5

Colm is single and aged 68. He is retired and is in receipt of the Contributory State Pension (€11,976 per annum). In addition, he receives €13,024 per annum from his occupational pension. He owns his home which is valued at €175,000. Colm has elected to defer 50% of his property tax for the year 2013 and has made the necessary notification to the Revenue Commissioners. Colm will see a gain of 0.1% or €21.50 in his annual net Income due to this Budget.

	2012	2013
	€	€
State Pension	11,976	11,976
Occupational pension	<u>13,024</u>	<u>13,024</u>
Gross Income	25,000	25,000
Income Tax liability	1,455	1,455
PRSI liability	n/a	n/a
Universal Social Charge	<u>320</u>	<u>320</u>
Total tax liability	1,775	1,775
Household Charge	100	n/a
Local Property Tax (LPT)	n/a	78.5*
		Paid
		78.5**
		Deferred
Net Income	23,125	23,146.5
Annual Change		21.50
Change as a % of net income		0.1%

\* A half year LPT charge applies for 2013. The LPT liability is calculated at the mid-point of the band as follows:  $(€175,000 \times 0.18\%) / 2$ . 50% of the charge has been deferred – the balance payable is shown in the table above. (As set out in Annex B)

\*\* Marginal relief will apply for owner-occupiers where the income or adjusted income is €10,000 above the full deferral income limits of €15,000 (single persons) and €25,000 (couples) – that is, €25,000 and €35,000, respectively - to permit deferrals of up to 50% of LPT liability.

### Example 6

Eric and Clare are a retired couple. Eric is aged 72 and Clare is aged 71. Eric has a Contributory State Pension (€22,703) and an occupational pension of €100,000 per annum. They own their home which is valued at €1.2 million. The couple will see a loss of 4.3% or €3,570 in their annual net income due to this Budget.

	2012	2013
	€	€
State Pension	22,703	22,703
Occupational pension	<u>100,000</u>	<u>100,000</u>
Gross Income	122,703	122,703
Income Tax liability	36,090	36,090
PRSI liability	n/a	n/a
Universal Social Charge	<u>3,799</u>	<u>6,319</u>
Total tax liability	39,889	42,409
Household Charge	100	n/a
Local Property Tax	n/a	1,150*
Net Income	82,714	79,144
Annual Loss		-3,570
Change as a % of net income		-4.3%

\* A half year LPT charge applies for 2013. The LPT liability is calculated as follows:  $((€1m \times 0.18\%) + (€200,000 \times 0.25\%)) / 2$ . [Banding does not apply because the property is valued over €1m.] (As set out in Annex B)