(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.

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

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

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

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

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

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

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

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