TSG 15/09

TAX STRATEGY GROUP PAPER
INCOME TAX & UNIVERSAL SOCIAL CHARGE (USC)

Contents

I. Introduction – Programme for Government Context

1. The Programme for Government states that:

   "As part of our fiscal strategy, the new Government will:
   - Maintain the current rates of income tax together with bands and credits. We will not increase the top marginal rates of taxes on income."

2. The Statement of Priorities issued by the Government on 11 July 2014 included a tax reform plan to be delivered over a number of budgets, to reduce the 52% marginal tax rate on low and middle-income earners in a manner that maintains the highly progressive nature of the Irish tax system.

3. The Minister for Finance is on record stating his belief that the income tax burden is too high in Ireland and that it is his intention to lower it when the public finances allow.

4. An Taoiseach has given a commitment to increase to 500,000 the number of individuals taken out of liability to USC within the term of this Government.

5. Members of the TSG will be aware that the first step in a process of income tax reform was announced in Budget 2015. This reduced the marginal tax rate for incomes below €70,044 to 51% and eased the burden of USC for those on the lowest incomes, while preserving the highly progressive nature of the tax system.

6. It was estimated that a consistent series of reforms along the lines of those introduced in Budget 2015, delivered over a 3 year period, could boost employment levels by as much as 15,000 jobs when the full impact of the changes have taken effect in the economy.

7. Options to further this plan as well as discussions concerning alternative means of achieving it are set out in this paper.

II. Budget 2015

8. Budget 2015, in line with the commitment in the Programme for Government, did not increase tax rates, narrow tax bands, reduce personal tax credits nor increase the top marginal rates of income tax. As mentioned above, Budget 2015 was the first step in a process of reforming the income tax system aimed at making it more attractive to return to work, to stay in work, and to ensure that work rewards individuals adequately. These measures included:

    - An increase in the exemption threshold for USC from €10,036 to €12,012.
    - A reduction in the 2% and 4% rates of USC to 1.5% and 3.5% respectively.
    - A reduction in the higher rate of income tax from 41% to 40%.
    - An increase in the standard rate band of income tax by €1,000 from €32,800 to €33,800.
    - The benefits were targeted such that individuals with income over €70,044 received the benefit solely on their income up to €70,044. This was achieved by the introduction of an 8% rate of USC for income in excess of €70,044.
    - Retention of the exemption from higher rates of USC for medical card holders and individuals aged 70 years and over whose income does not exceed €60,000 – such individuals are liable to a maximum rate of USC of 3.5%.

    In his Budget 2015 speech, Minister Noonan stated his intention to continue easing the burden on middle-income earners in a targeted manner, without giving disproportionate benefits to those on highest incomes.

III. Current Income Tax and USC rates and bands

The current rates and bands for Income Tax and USC are set out below:

Income tax (Single Individual)
- Standard rate 20% on first €33,800
- Higher rate 40% on amounts > €33,800

Income tax (Married – One earner)
- Standard rate 20% on first €42,800
- Higher rate 40% on amounts > €42,800

Income tax (Married – Two earners)[1]
- Standard rate 20% on first €67,600
- Higher rate 40% on amounts > €67,600

USC
- Incomes of €12,012 or less are exempt. Otherwise,
- €0 to €12,012 @ 1.5%
- €12,012 to €17,576 @ 3.5%
- €17,577 to €70,044 @ 7%
- €70,045 to €100,000 @8%
- PAYE income > €100,000 @ 8%
- Self-employed income > €100,000 @11%
- Maximum rate of USC of 3.5% for individuals over 70, and for full medical cardholders (under 70), whose aggregate income does not exceed €60,000.

Yield
The total income tax yield (actual and projected) for the last ten years is set out in table 1 below.

Table 1: Income Tax Yield

	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
€bn	12.4	13.6	13.2	11.8	11.3	13.8	15.2	15.8	17.2	18.2
% Tax	27.2	28.7	32.3	35.8	35.5	40.5	41.4	41.8	41.6	42.0

USC is estimated to make up 23%, approximately €4.2 billion, of the total income tax yield in 2015.

[1] Maximum transferability of band of €9,000 between spouses

IV. Distribution and Burden of Income Tax Tables

Table 2a: Distribution of Income earners 2013 – 2016[2][3] (Income Tax)

Income Tax	2013	2014	2015	2016
Total	2,265,664	2,304,339	2,354,339	2,404,937
Higher Rate	403,714 (18%)	429,215 (19%)	434,794 (18%)	474,593 (20%)
Standard Rate	979,320 (43%)	1,002,600 (43%)	1,050,760 (45%)	1,070,439 (45%)
Exempt	882,630 (39%)	872,524 (38%)	868,785 (37%)	859,875 (36%)[4]

Table 2b: Distribution of Income earners 2013 – 2016 (Universal Social Charge)

USC	2013	2014	2015	2016
Total	2,265,664	2,304,339	2,354,339	2,404,937
3% Surcharge	25,937 (1%)	27,832 (1%)	30,318 (1%)	28,731 (1%)
8.0%	n/a	n/a	154,035 (7%)	172,957 (7%)
7.0%	1,191,131 (53%)	1,221,252 (53%)	1,058,882 (45%)	1,083,256 (45%)
4%/3.5%*	475,692 (21%)	483,469 (21%)	447,905 (19%)	456,433 (19%)
Exempt	572,904 (25%)	571,786 (25%)	663,199 (28%)	663,560 (28%)

*Includes medical card holders qualifying for exemption from the 7% USC rate.

[2] Includes those benefiting from the system of marginal relief taxation.
[3] Higher or standard rate liability not fully offset by credits.
[4] The number of income tax exempt cases has fallen when migrating from Base Year 2012 to Base Year 2013 as the Tax Modeller code has been upgraded and now takes account of Deposit Interest Retention Tax (DIRT), thus diminishing the number of tax exempt cases.

Table 3: Estimated burden of Income Tax for 2016 (pre-Budget) base year 2013

Gross Earnings	% Income Earners 2016	% of the Total Income Tax Paid in the State in 2016
< €50,000 (including those exempt)	75%	20%
> €50,000	25%	80%
of which:		
> €75,000	12%	60%
> €100,000	6%	45%
> €200,000	1%	21%

Table 4: Estimated burden of USC for 2016 (pre-Budget) base year 2013

Gross Earnings	Number of Income Earners	% Income Earners	% of the Total USC Paid in the State in 2016
> €200,000	26,500	1%	19%
> €100,000	137,700	6%	39%
> €75,000	305,760	13%	56%
> €50,000	557,800	23%	72%
> €35,000	903,700	38%	87%
> €17,576	1,535,200	64%	99%
> €12,012	1,753,900	73%	100%

It is estimated that about:

- 447,900 income earners will pay a maximum USC rate of 3.5% in 2015
- 1,058,900 income earners will pay a maximum USC rate of 7% in 2015
- 154,000 income earners will pay a maximum USC rate of 8% in 2015
- 30,300 income earners will pay a maximum USC rate of 11% in 2015

Table 5: Estimated Cumulative Burden of Income Tax and USC for 2016

Gross Earnings	% Income Earners 2016	% of the Total Income Tax & USC Paid in the State in 2016
< €50,000 (including those exempt)	75%	20%
> €50,000	25%	80%
of which:		
> €70,000	14%	64%
> €80,000	10%	56%
> €100,000	6%	45%
> €200,000	1%	21%

Notes for tables 2-5:

1. Distributions for 2016 are estimates from the Revenue tax-forecasting model using actual data for the year 2013, adjusted as necessary for income and employment trends in the interim.
2. Figures are provisional and likely to be revised.
3. A jointly assessed married couple/civil partnership is treated as one tax unit.
4. Percentages are rounded to the nearest percentage point.

V. International Comparisons

Tax Wedge

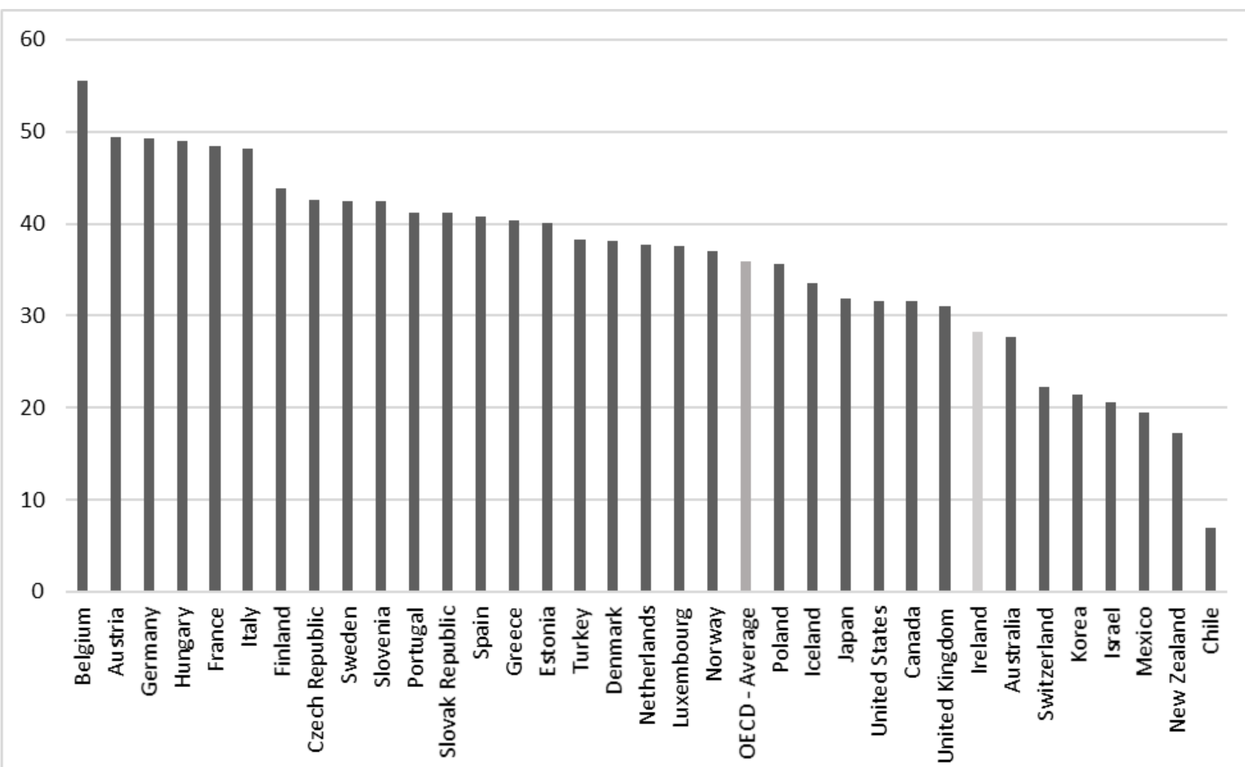
8. The Tax Wedge is defined as the sum of personal income tax plus employee and employer social security contributions together with any payroll taxes less cash transfers, expressed as a percentage of labour costs. It is the difference between what an employer has to pay in terms of gross wages plus taxes to hire an employee and the net income received by that employee after deduction of all taxes on their wages.

9. A competitive tax wedge is considered vital in encouraging employment growth across all income categories and to incentivise individuals to remain in or return to the labour market.

10. In terms of international comparisons, according to the OECD "Taxing Wages report 2015", based on wage and tax levels for 2013 and 2014, Ireland had the eighth lowest tax wedge (28.2) of the 34 members in the OECD for a single worker on average earnings and the lowest of the 21 EU members of the OECD, a position which has been maintained for the last 12 years. These figures also take into account social insurance payments made by employers, so the rate of employers' PRSI would be a factor influencing the result.

11. Chart 1 below compares the tax wedge for single individuals on the average wage across OECD members.

Chart 1: Tax Wedge OECD Members 2014 – Single Individual on Average Wage



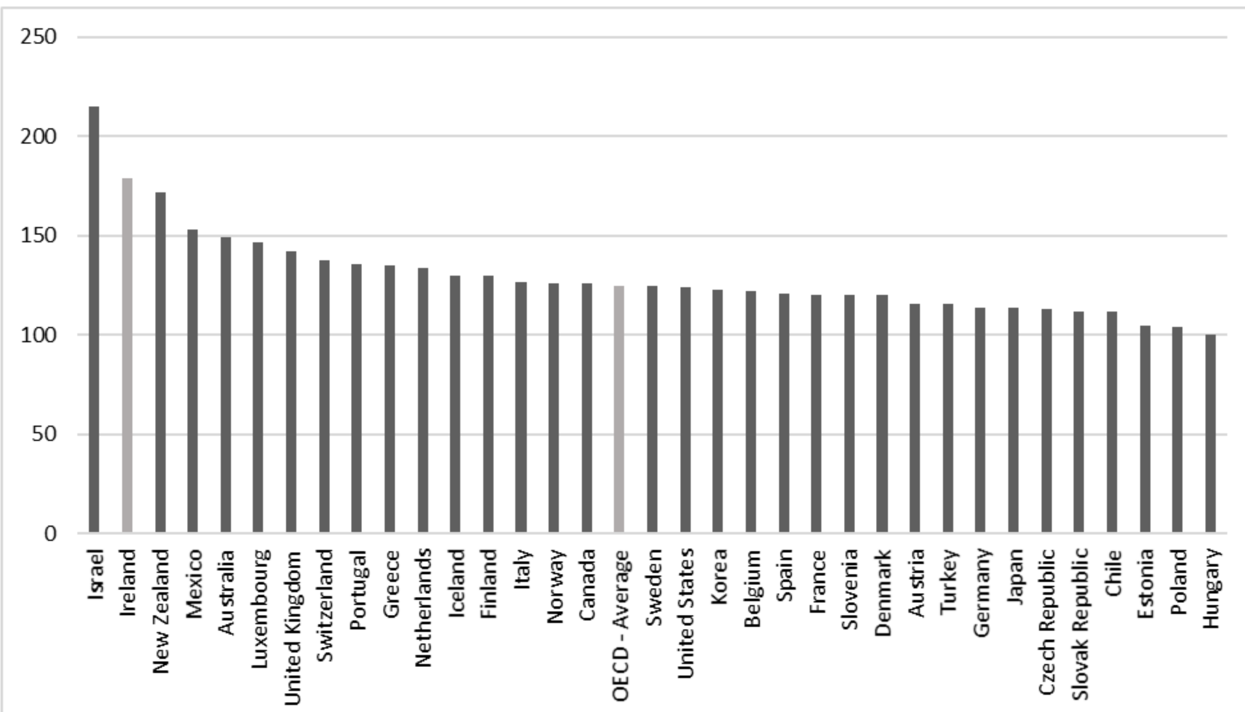
Progressivity

12. A progressive taxation system means that those on higher incomes pay proportionately higher rates of tax on their income than those on lower incomes.

13. The European Commission compares progressivity of taxation by taking the OECD tax wedge for an individual earning 167% of the average wage and dividing it by the tax wedge for an individual earning 67% of the average wage. On a rating system where less than 100 is regressive and above 100 is progressive, most EU countries have a progressivity rate of between 120 and 140. Ireland, in comparison, has a progressivity rate of 179.

14. Ireland's progressivity rate decreased from a high of 220 to 190 in 2012 following the changes introduced in Budget 2011 and 2012. Changes to PRSI in Budget 2013 reduced progressivity further to 181. This is still considerably more progressive than any other EU member of the OECD. Chart 2 below compares progressivity of taxation across OECD members.

Chart 2: Progressivity of Taxation – OECD Members 2014



Marginal Tax Rates

15. The marginal tax rate is described as the tax rate that applies to the last euro of the tax base. Marginal tax rates are important because they influence individual decisions to work more or indeed to work at all. Having a low and competitive top marginal tax rate is viewed as one of the major drivers in promoting labour force participation.

16. The measures introduced in Budgets from 2009 to 2011 resulted in significant increases in the effective marginal tax rates, and Budget 2011 also significantly reduced the point of entry to the top rate of income tax.

17. The top marginal tax rate for employees, including USC and PRSI, is now 52% (which applies to incomes in excess of €70,044). The top marginal tax rate for self-assessed is now 55% which applies to self-assessed income in excess of €100,000. These top marginal rates have increased significantly and they now apply at lower income levels. For example, the top marginal tax rate for high-earning employees in 2008 was 43.5% and took effect at an income level of €100,101 and above[5]. In 2015, the top marginal tax rate for employees is 52% and takes effect at an income level of €70,044 (for a single individual) and above. In relation to self-assessed individuals the top marginal tax rate in 2008 was 46.5% and took effect at an income level of €100,101 and above. In 2015, their top marginal rate is 55% and takes effect at an income level of €100,000 and above.

18. Comparisons of marginal tax rates between 2008 and 2015 are shown for single PAYE and self-assessed individuals in Tables 6 and 7.

Table 6: Marginal Rates for Single Employees

Income Earners	2008	Income Earners	2015
Minimum Wage €17,542	0%	Minimum Wage €17,542	23.5%
Average Wage €32,550*	26%	Average Wage €34,466*	51%
2 x Average Wage €65,100	43%	2 x Average Wage €68,932	51%
€100,101	43.5%	€100,101	52%

*** OECD data.**
Note: Average wage for 2014 was used in 2015 marginal rates as it is the latest figure available.

[5] The highest marginal tax rate for employees in 2008 was 47%, which applied up to the PRSI ceiling of €50,700. Employment income above this amount was liable to income tax and the health levy only, at marginal rates of 43% up to €100,100 and 43.5% for income over €100,100.

Table 7: Marginal Rates for Single Individuals Self-Employed

Income Earners	2008	Income Earners	2015
Minimum Wage €17,542	23%	Minimum Wage €17,542	25.5%
Average Wage €32,550*	25%	Average Wage €34,466*	51%
2 x Average Wage €65,100	46%	2 x Average Wage €68,932	51%
€100,101	46.5%	€100,101	55%

*** OECD data.**
Note: Average wage for 2014 was used in 2015 marginal rates as it is the latest figure available.

19. From an international perspective, Ireland is already considered to have a high top marginal rate of tax on income. According to the latest data, Ireland has the 10th highest marginal tax rate out of the 34 members of the OECD. Although Ireland ranks 10th highest internationally, when compared with other OECD members with a similar marginal tax rate, the top marginal tax rate for PAYE income in Ireland in 2014 took effect at an extremely low income level (€32,800 for a single individual) i.e. below the average wage of €34,466.[6] To illustrate, the UK had a marginal tax rate of 47% in 2014. However, the threshold for its application is approximately €200,000 or approximately 4.2 times the average wage, while Spain's marginal tax rate of 52% applies at 11.7 times the average wage of €26,162 or approximately €300,000.

20. It should be noted that the latest OECD data relates to 2014 information, and therefore does not incorporate changes introduced in Budget 2015. These changes resulted in the top 52% marginal rate of income tax for employees, including USC and PRSI, taking effect where income exceeds €70,044 rather than the €32,800 threshold which applied in 2014. A lower marginal rate of 51% applies where income exceeds €33,800. However, the marginal income tax rate, including USC and PRSI, taking effect at income levels of €70,044, still kicks in at well below the corresponding threshold level in the United Kingdom and Spain. A comparison of the top marginal tax rates across OECD countries is set out in table 8 below.

[6] As calculated by the OECD in 2014.

Table 8: Top Marginal Tax Rates in 2014 in the OECD Countries

Country	Top Marginal Tax rate [Taken as Personal Income Tax & Employee Social Security Contributions (all-in-rate)]	Threshold expressed as a multiple of average wage
Portugal	61.3	16.1
Slovenia	61.1	5.3
Belgium	59.4	1
Finland	57.2	2.5
Sweden	56.9	1.5
Denmark	56.2	1.2
France	55	15
Netherlands	53.4	1.2
Spain	52	11.7
Ireland**	52	1
Japan	51	4.6
Israel	50	6.2
Canada	49.5	4.4
United States	48.6	8.2
Italy	47.8	9.8
Germany	47.5	5.7
Norway	47.2	1.6
United Kingdom	47	4.2
Australia	46.5	2.3
Greece	46	5.6
Luxembourg	45	3
Iceland	44.4	1.4
Austria	43.7	1.9
Korea	43.2	4.4
Switzerland	41.8	3.3
Chile	39.5	12.8
Poland	38.8	2.4
Turkey	35.8	3.9
Slovak Republic	35	3.9
Mexico	35	29.5
Hungary	34.5	0
New Zealand	33	1.3
Czech Republic	31.1	0.4
Estonia	22.6	0.1

**Table shows 2014 figures. In Ireland the threshold for single employees paying the highest marginal income tax rate, including USC and PRSI has increased from €32,800 in 2014 to €70,044 in 2015, which is just above twice the average wage.

VI. Policy Considerations for 2016 and Beyond

21. A number of policy considerations need to be taken into account in terms of any proposed income tax changes in the context of Budget 2016:
    - the overall fiscal position, given that income tax (including USC) currently makes up approximately 42% of tax revenue;
    - the Government Programme commitment to maintain income tax rates, bands and credits;
    - the continuation of tax reform commenced in Budget 2015;
    - the Taoiseach's statements regarding the Government increasing to 500,000 the number of people removed entirely from liability to USC, and potential reductions to USC rates;
    - the implications for jobs and growth; and
    - the efficiency of the income tax system.

22. Members will be aware that a fair, efficient and competitive income tax system is essential for economic growth and job creation. It is also appropriate for the system to be progressive i.e. that liability to taxation rises in tandem with income.

23. The Minister for Finance is on record as being interested in closing the gap in tax treatment between employees and the self-employed. This issue will also be discussed in the Tax and Entrepreneurship TSG paper. Key differences in the current tax treatment are:

    - Employees receive a PAYE tax credit to the value of €1,650 per annum whereas self-employed have no equivalent credit.

    - Self-employed income of over €100,000 is subject to a USC surcharge of 3%. In this context it should be noted that this surcharge was introduced in Budget 2011 in tandem with the removal of the PRSI ceiling for employees. Its purpose at the time was to ensure that employees did not suffer a disproportionate increase in taxation as compared to the self-employed in that year.

    - Employees pay 4% PRSI where their reckonable income exceeds €18,304 and an employer's contribution of 8.5%/10.75% is also payable. The majority of employees are classified as Class A contributors. The self-employed pay 4% PRSI where their reckonable income exceeds €5,000 per annum, subject to a minimum annual contribution of €500, and are classified as Class S contributors. Class S contributors are not insured to receive the Carer's, Health and Safety, Illness, Partial Capacity, Jobseeker's, Occupational Injuries or Treatment Benefits; or the Invalidity Pension.

    - PAYE employees pay income tax on a pay-as-you-earn basis, whilst self-employed taxpayers are taxable on profit for an accounting period ending any time within the tax year, and pay tax annually in October/November.

    - The expense deduction regime for the self-employed is more generous than that for employees – PAYE employees are allowed deductions for expenses which are incurred wholly, exclusively and necessarily for the employment, whereas self-employed individuals can claim deductions for expenses which are incurred wholly and exclusively for the trade.

24. A paper was published in June 2015 titled ‘Exploring Tax and Welfare Options – Budget Perspectives 2016 Paper 1’ by Mr. Tim Callan, Mr. Brian Colgan, Mr. Michael Savage and Mr. John R. Walsh of the Economic and Social Research Institute. The paper explores options for Budget 2016.

25. A phenomenon known as ‘fiscal drag’ is described. This is where tax credits and tax bands are frozen in nominal terms and there is wage growth. This leads to a rise in average tax rates, as wage growth shifts more income into higher tax brackets. Indexing tax credits and tax bands with wage growth would prevent ‘fiscal drag’. However it could absorb a substantial portion of the available fiscal space.

26. The paper considered the distributive effect of a number of illustrative packages. The analysis found that

> ‘… cuts in the top rates of tax and USC would have a strong impact on households with incomes in the top 10 per cent, but little effect on households at low and middle income levels. Tax reductions via the standard rate of income tax would lead to percentage gains in income which were greatest for middle and upper-middle income households. Reductions in the “main” 7 per cent rate of USC would see the greatest percentage gains go to the upper middle reaches of the income distribution, but with some benefits for the middle.’

Expenditure Benchmark

27. Ireland is expected to achieve a general government deficit of under 3% this year. This will see Ireland exit the Excessive Deficit Procedure which has been the anchor for fiscal policy over recent years. From 2016, Ireland is required to comply with the preventive arm of the Stability & Growth Pact. Compliance is assessed with reference to a minimum improvement in the structural balance and the expenditure benchmark. As there are substantial uncertainties and volatility associated with the calculation of the structural balance, Budget 2016 will focus on compliance with the expenditure benchmark. The expenditure benchmark applies to general government expenditure net of discretionary measures. It provides that general government (GG) expenditure must not grow faster in real terms than the potential growth rate of the economy when a Member State is at its Medium-Term Budgetary Objective (MTO) unless offsetting discretionary revenue measures are raised to fund the difference. Until the MTO is reached, a convergence margin is also applied. This is designed to ensure that the required annual improvement in the structural balance is delivered.

28. Based on estimates which underpinned the Stability Programme Update (SPU) published in April, fiscal space of the order €1.2 - €1.5 billion is available for Budget 2016 while still ensuring compliance with the expenditure benchmark. In the SPU, Government announced a 50:50 split of this fiscal space between expenditure and revenue measures. It should be noted that an important difference between this Budget and previous Budgets is that cyclical revenues, in other words, tax buoyancy, cannot be used to fund extra expenditure. As such, if Ireland wishes to introduce an income tax cut or change the tax bands over and above the aforementioned fiscal space, any measures will have to be paid for with either alternative discretionary revenue increases or compensating expenditure reductions.

VII. Options for consideration

29. It should be noted that the options to increase the threshold for exemption from USC in line with the Taoiseach's proposals to increase to 500,000 the number of people removed from liability to USC, would increase the step effect for those who become liable for the charge and would consequently impose a disincentive to take up work at the relevant income level. The current step effect imposes a USC liability of €180.18 when the €12,012 threshold is exceeded. Such proposals would go against the policy of applying the USC at a low rate on a broad base, and would lead to concerns around the narrowing of the tax base.

30. The Ready Reckoner in Appendix 1 allows calculation of the cost/yield of adjustments to the rates, bands and major credits in the income tax system. A number of revenue raising options are presented in Table 10 below. In addition, if the overall consideration is to alleviate the income tax burden in accordance with the Statement of Priorities, a series of other illustrative options are presented.

How best to achieve a further reduction in the marginal rate for low and middle income workers?

31. In view of the stated focus on achieving a reduction in the marginal rate for low and middle income workers, the information on the distribution of income earners across the various rates of income tax and USC contained in Tables 2a and 2b will be of relevance to the consideration of these options. It should be noted that taxpayers are individually assessed for the administration of USC, whereas married couples and civil partners have the option to elect for joint assessment for income tax purposes. As a result it is not possible to provide a consolidated breakdown by effective tax rate including both income tax and USC.

32. For example, the following could be extrapolated from the distribution projections in Tables 2a and 2b:
    - Approximately 36% of income earners are exempt from income tax, and 28% are exempt from USC. As such, these income earners would not be in a position to benefit from reductions in income tax or USC rates, or from increases in tax credits.
    - 19% of income earners are liable to USC at a maximum of the 3.5% rate only, and these income earners should fall within the exempt or standard rate bands for income tax. A reduction in the 1.5% and/or 3.5% USC rates would therefore target the income earners on the lowest taxable incomes. Individuals on higher incomes would also benefit to the same extent, due to the USC band structure.
    - A reduction in the headline marginal rates of tax, targeted equally at employees and the self-employed, could be achieved by abolishing the 8% rate of USC. As illustrated in Table 2b, projections indicate that this and reinstating the 7% rate on the relevant income band would be of benefit to approximately 8% of income earners.
    - A reduction in the top rate of income tax from 40% to 39% would be of benefit to approximately 20% of income earners.

Table 10: Summary of Income Tax and USC Options[7]

No	Element	Options	First Year Cost/Yield €m	Full Year Cost/Yield €m
1	**Tax rate**	Decrease 40% rate to 39%	-€170m	-€246m
2		Decrease 20% rate to 19%	-€400m	-€544m
3	**Rate bands**	Increase standard rate cut off point by €1,200 (single, married one-earners and two earners)	-€153m	-€207m
4	**Tax credits**	Earned income credit of €330	-€59m	-€109m
5		Earned income credit of €500	-€90m	-€165m
6		Earned income credit of €1,650	-€295m	-€544m
7		Increase the personal tax credit by 5% (from €1,650 to €1,733)	-€134m	-€184m
8		Increase home carers' credit from €810 to €1,000	-€10.1m	-€13.8m
9	**USC**	Increase USC entry point to €14,250 (1.5% rate up to €14,250, 3.5% rate next €3326.)	-€81m	-€111m
10		Increase USC entry point to €14,250 (existing rates and bands)	-€18m	-€25m
11		Increase USC entry point to €18,500 (existing rates and bands)	-€72m	-€99m
12		Reduce 3.5% to 1.5% (existing band of €12,012 to €17,576)	-€194m	-€264m
13		Reduce 3.5% to 1.5% (band €14,250 to €17,576)	-€130m	-€177m
14		Reduce 7% to 5%	-€528m	-€728m
15		*Increase 8% rate to 9% on income between €70,044 to €100,000*	*+€27m*	*+€40m*
16		*Increase 8% rate to 9% for PAYE income over €100,000*	*+€28m*	*+€36m*
17		*Increase 11% rate to 12% for Schedule D income over €100,000*	*+€20m*	*+€48m*
18		*Introduce 11% rate for PAYE income*	*+€84m*	*+€108m*

[7] For ease of reference, revenue raising options are italicised and relieving measures are in standard font.

Notes:

- Costs based on 2013 base year
- Individual element cost estimates stand alone i.e. putting 2 elements together may not simply cost the aggregate of the 2 elements as there may be interaction between the elements.

33. Members of the TSG are invited to discuss.

Appendix 1 - Income Tax Ready Reckoner

Indicative costs/yields to the Exchequer of various proposals*
2016 (base 2013)

Income Tax	**First Year**	**Full Year**
	€m	€m
Standard Rate		
1% point increase/decrease	403	548
Higher Rate		
1% point increase/decrease	170	246
PAYE Tax Credit		
€100 increase/decrease	120	154
Personal Tax Credit [8]		
€100 increase/decrease	161	220
Standard Rate Band		
€100 increase/decrease	13	18
Universal Social Charge	**First Year**	**Full Year**
	€m	€m
1% point increase/decrease in 1.5% rate	178	243
1% point increase/decrease in 3.5% rate	97	132
1% point increase/decrease in 7% rate	264	364
1% point increase in 8% rate [9]	75	125
Total	614	864
Age Exemption Limits	**First Year**	**Full Year**
	€m	€m
Increase/decrease limits by €300 (single/widowed) and €600 (married/ civil partner)	7	11

* NOTE: These are provisional figures and may be revised

[8] Includes commensurate increases/decreases in married persons' credit, widowed persons' personal credit and lone persons' credit.
[9] Includes those paying the 3% surcharge for non-PAYE income that exceeds €100,000 in a year