



Costing a Basic Income for Ireland

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Structure



- Payment conditional on residency within Ireland, in line with prevailing welfare requirements
- Level of the payment is age-dependent.
- No means-test or work requirement.
- Tax-free, with all other income subject to tax at one single rate.
- All other income tax rates, as well as Employee PRSI and Universal Social Charge, are abolished.
- Replaces almost all welfare payments
- No tax credits or tax reliefs.
- The Employer PRSI rate would increase from 10.75% to 13.5%.

Selected Employer SI Rates



Country	Employer SI rate
Austria	21.48%
Belgium	35%
EU Average	25.05%
France	43.4%
Germany	19.33%
Global Average	16.85%
IRELAND	10.75%
Italy	30%
Japan	14.59%
Netherlands	18.47%
OECD Average	22.03%
Spain	29.9%
Sweden	31.42%
United Kingdom	13.8%
United States	7.65%

Rates of Payment in 2015



Payment	Weekly (€)	Annual (€)	Cost (€m)
Children (0-17)	31.05	1,620	1,978
Working Age Adults (18-65)	150	7,827	22,490
Older people (66-79)	230.30	12,017	5,027
Older people (80+)	240.30	12,539	1,803
Total			31,298

Other DSP Expenditure



Payment	Cost (€m)
Administration	296.3
Back to school clothing and footwear	41.2
Carer's payment (supplement over UBI)	135.8
Child payment (supplement over UBI)	483.9
Citizens Information Board and Pensions Ombudsman	46.9
Cost of Disability allowance	360.3
Death benefit and bereavement	8.9
Domiciliary care allowance	121.3
Free travel	77
Fuel allowance	205.9
Household benefits package	221.1
Miscellaneous Services	7.1
Mortgage interest supplement	11.4
One-parent family payment (supplement over UBI)	346.2
Other working age income supports	42.1
Redundancy and Insolvency	44.2
Rent supplement	310
Respite care grant	124.6
School meals	39
Treatment benefits	30
Working age Employment Supports	890.2
Total additional payments and administration and DSP items	3,843

The numbers



Key Figures	(€m)
Total cost of UBI payments	31,298
Cost of welfare payments maintained under UBI, and Administration	3,843
Total cost of UBI	35,141
Total savings under UBI in other Departments	729
Net cost of UBI	34,412
Total expenditure of Department of Social Protection in 2015	19,893
Current funding from Income Tax, PRSI, USC etc. in 2015	26,763
Surplus of Income Tax over DSP expenditure	6,870
Funding requirement: Net cost of UBI + surplus of existing system	41,281
Employer PRSI	7,704
Yield required from a single rate of income tax on all personal income	33,577
Rate of Income Tax required on all personal income	40%

Effective Tax Rates



Income tax, including Employee PRSI and USC, minus UBI if available; divided by Gross Income

Gross Income	Single Person	Couple (1 Earner)	Couple (2 Earner)
€ 15,000	1.9% / -12.2% / €2,112	1.9% / -64.4% / €9,939	0% / -64.4% / €9,654
€ 20,000	10.2% / 0.9% / €1,872	6.2% / -38.3% / €8,999	1.1% / -38.3% / €7,869
€ 25,000	14.4% / 8.7% / €1,422	7.6% / -22.6% / €7,599	1.3% / -22.6% / €5,983
€ 30,000	17.1% / 13.9% / €972	9% / -12.2% / €7,149	4.3% / -12.2% / €4,944
€ 40,000	23.7% / 20.4% / €1,312	14.4% / 0.9% / €6,249	9.1% / 0.9% / €3,308
€ 60,000	32.8% / 27% / €3,512	25.7% / 13.9% / €7,889	17.1% / 13.9% / €1,943

Existing system vs Basic Income



Single Person with income of	€15,000
Tax before credits	€3,000
Personal credit	€1,650
PAYE credit	€1,650
Total income tax	€0
Total USC	€285
PRSI	€0
Total Tax, USC & PRSI	€285
Current Effective Rate	1.9%
Tax under SRIT	€6,000
Basic Income payments	€7,827
Net income tax paid	-€1,827
Effective Rate under Basic Income	-12.2%
Difference in net annual income	€2,112

Existing system vs Basic Income



Single Person with income of	€60,000
Tax before credits	€17,240
Personal credit	€1,650
PAYE credit	€1,650
Total income tax	€13,940
Total USC	€3,345
PRSI	€2,400
Total Tax, USC & PRSI	€19,685
Current Effective Rate	32.8%
Tax under SRIT	€24,000
Basic Income payments	€7,827
Net income tax paid	€16,173
Effective Rate under Basic Income	27%
Difference in net annual income	€3,512

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Conclusion



“Because it can be combined with earnings, basic income provides people with a floor on which they can stand, rather than a net in which they can get stuck”