SOCIAL JUSTICE IRELAND

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Social Justice Matters 2026 Annex

Taxation

Annex 4 – Taxation

To accompany Chapter 4 of our Socio-Economic Review *Social Justice Matters 2026*, in this annex we outline the background data on taxation in Ireland. The annex is split into sections on 'Taxation Outcomes' and 'Taxation Reform'.

Under outcomes, we first compare the overall level of taxation in Ireland to that of other European countries and then trace how this has changed over time. We then examine trends in income tax levels, outline and compare income tax levels across the income distribution and examine the distribution of indirect taxes on households. As part of the issue of taxation reform, the material reviews the issue of taxation and competitiveness before summarising some of the evidence supporting progressive taxation changes related to a financial transactions tax (FTT) and refundable tax credits.

Taxation Outcomes

Ireland's total tax-take up to 2024

The most recent comparative data on the size of Ireland's total tax-take has been produced by Eurostat and is detailed alongside that of 26 other EU states in table A4.1.

Table A4.1: Total Tax Revenue as a % of GDP for EU-27 Countries, 2024

Country	% of GDP	+/- from average	Country	% of GDP	+/- from average
Denmark	45.8	8.0	Spain	37.3	-0.5
France	45.3	7.5	Portugal	37.1	-0.7
Belgium	45.1	7.3	Slovakia	35.9	-1.9
Austria	43.8	6.0	Estonia	35.5	-2.3
Luxembourg	42.7	4.9	Latvia	35.5	-2.3
Italy	42.6	4.8	Hungary	35.3	-2.5
Sweden	42.4	4.6	Czechia	35.0	-2.8
Finland	42.3	4.5	Lithuania	33.3	-4.5
Greece	41.7	3.9	Bulgaria	30.5	-7.3
Germany	40.9	3.1	**Ireland GNDI**	**30.0**	**-7.8**
Netherlands	39.4	1.6	**Ireland GNP**	**29.8**	**-8.0**
Slovenia	38.8	1.0	Malta	29.3	-8.5
Croatia	38.6	0.8	Romania	28.8	-9.0
Cyprus	37.6	-0.2	**Ireland GDP**	**22.3**	**-15.5**
Poland	37.6	-0.2	**EU-27 average**	**37.8**	

Source: Eurostat online database and CSO online database: National Income and Expenditure Accounts (as per Table 4.1).

Notes: EU-27 average is the arithmetic mean. As Ireland's figures have been skewed by large multinational effects in national accounts and taxation income we use three national income measures.

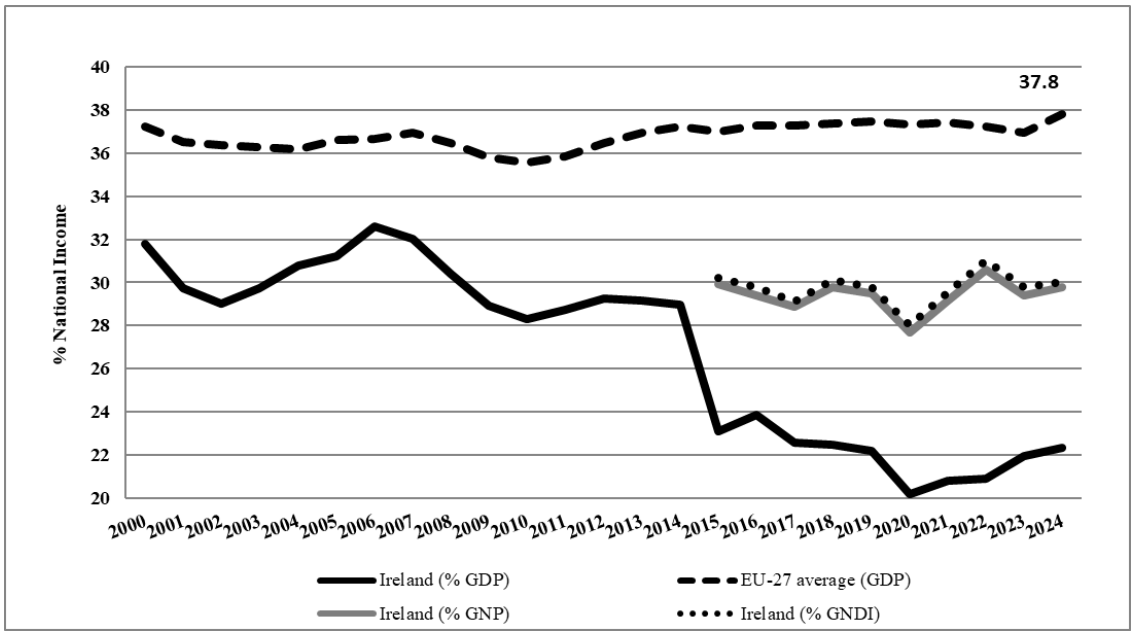
The definition of taxation employed by Eurostat comprises all compulsory payments to central government (direct and indirect) alongside social security contributions (employee and

employer) and the tax receipts of local authorities.[1] The tax-take of each country is established by calculating the ratio of total taxation revenue to national income as measured by gross domestic product (GDP). Table A4.1 also compares the tax-take of all EU member states against the average EU-27 tax-take of 37.8 per cent.

Of the EU-27 states, the highest tax ratios can be found in Denmark, France, Belgium, Austria, Luxembourg, Italy, Sweden and Finland while the lowest appear in Romania, Malta, Bulgaria, Lithuania, Czechia and Ireland. The effect of multinational company restructuring on Ireland's national accounts from 2015, and subsequent short-term corporate tax excess revenue increases, impacts on the data by inflating Ireland's GDP (and GNP) figure. Prior to this effect, Ireland's tax to GDP ratio stood at around 30.5 per cent; some way below the EU average.

Ireland's overall tax take has remained notably below the EU average over recent years (see chart A4.1). The increase in the overall level of taxation between 2002 and 2006 can be explained by short-term increases in construction-related taxation sources (in particular stamp duty and construction related VAT) rather than any underlying structural increase in taxation levels. Similarly, the increase from 2020 to 2024 is principally associated with the windfall corporate tax revenues (see discussion in Chapter 4).

Chart A4.1: Trends in Ireland and EU-27 Overall Taxation Levels, 2000-2024



Source: Calculated using data from Eurostat and CSO online databases. For Ireland figures, see Table 4.1.

In the context of the figures in table A4.1, and the trends in chart A4.1, the question needs to be asked: if we continue to expect our economic and social infrastructure to catch up to that in the rest of Europe, how can we do this while simultaneously gathering less taxation income than it takes to run the infrastructure already in place in most of those other European countries? In reality, we will never bridge the social and economic infrastructure gaps unless we

[1]See European Commission (2014:268-269) for a more comprehensive explanation of this classification.

sustainably gather a larger share of our national income and invest it in building a fairer and more successful Ireland. In response our tax target, outlined in Chapter 4, presents a realistic target for providing adequate recurring taxation income.

Effective income tax rates

To complement the trends and data outlined in Chapter 4, it is possible to focus on changes to the levels of income taxation in Ireland over most of the last decade. Central to any understanding of these personal/income taxation trends are effective tax rates. These rates are calculated by comparing the total amount of income tax a person pays with their pre-tax income. For example, a person earning €50,000 who pays a total of €10,000 in tax, PRSI and USC will have an effective tax rate of 20 per cent. Calculating the scale of income taxation in this way provides a more accurate reflection of the scale of income taxation faced by earners.

Following Budget 2026 we have calculated effective tax rates for a single person, a single income couple and a couple where both are earners. Table A4.2 presents the results of this analysis. For comparative purposes, it also presents the effective tax rates which existed for people with the same income levels ten years ago in 2016 and twenty years ago in 2006.

In 2026, for a single person with an income of €15,000 the effective tax rate will be 0.8 per cent, rising to 9.5 per cent on an income of €25,000 and 38.3 per cent on an income of €120,000. A single income couple pay 0.8% at an income of €15,000. This increases to 5.5 per cent at an income of €25,000, 15.6 per cent at an income of €60,000, and 33.5 per cent at an income of €120,000. In the case of a couple, both earning and with a combined income of €40,000, their effective tax rate is 3.9 per cent, rising to 25.5 per cent for combined earnings of €120,000.

Table A4.2: Effective Tax Rates following Budgets 2006 / 2016 / 2026

Income	Single Person			Couple 1 earner			Couple 2 Earners		
	2006	2016	2026	2006	2016	2026	2006	2016	2026
€15,000	0.0%	1.4%	0.8%	0.0%	1.4%	0.8%	0.0%	0.0%	0.0%
€20,000	7.1%	7.8%	3.6%	2.7%	4.3%	3.6%	0.0%	0.7%	0.0%
€25,000	12.5%	13.5%	9.5%	4.9%	6.7%	5.5%	1.5%	1.0%	0.6%
€30,000	14.7%	16.1%	12.3%	6.7%	7.3%	5.7%	1.7%	3.8%	2.0%
€40,000	21.9%	22.6%	16.1%	11.5%	12.9%	6.2%	7.6%	8.3%	3.9%
€60,000	29.8%	31.6%	25.1%	22.5%	24.1%	15.6%	14.0%	16.1%	12.5%
€100,000	35.6%	39.5%	35.5%	31.2%	35.0%	29.7%	26.5%	28.0%	20.7%
€120,000	37.0%	41.6%	38.3%	33.3%	37.9%	33.5%	29.7%	31.7%	25.5%

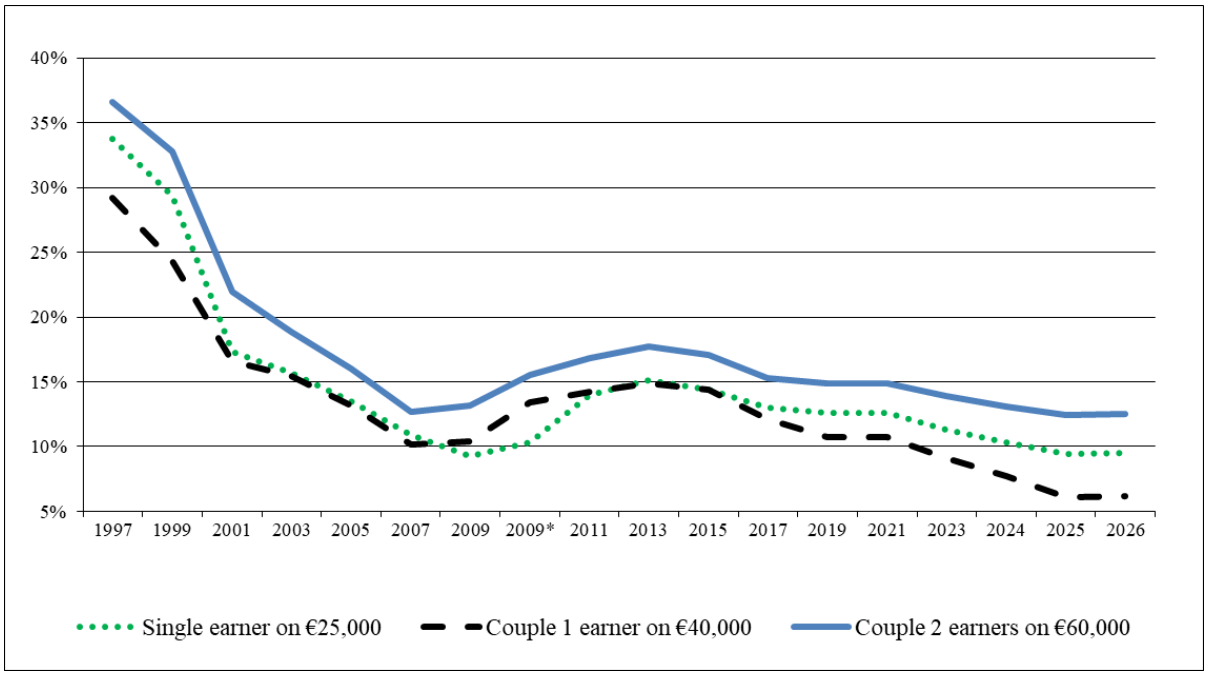
Source: Social Justice Ireland (2025: 6) and SJI Income Distribution Model.
Notes: Data calculated as the total of income tax, levies/USC and PRSI as a % of total income.
Couples with 1 earner are assumed to receive the home carer tax credit.
Couples with 2 earners are assumed to have a 65%/35% income division.
All workers are assumed to be PAYE earners.

Although these rates did rise in the 2008-2010 period of economic crisis (see Chart A4.2) the overall trend is one of dramatic reductions with rates being low today compared to those that prevailed in 2002. Few people complained at that time about income tax levels being excessive and the recent decreases should be seen in this context. Taking a longer view, chart A4.2 illustrates the downward trend in effective tax rates for three selected household types since 1997. These are a single earner on €25,000; a couple with one earner on €40,000; and a couple

with two earners on €60,000. Their experiences are similar to those on other income levels and are similar to the effective tax rates of the self-employed over that period.

The two 2009 Budgets produced notable increases in these effective taxation rates. Both Budgets required government to raise additional revenue and with some urgency - increases in income taxes providing the easiest option. Similarly, the introduction of the USC in Budget 2011 increased these rates, most notably for lower income earners. The subsequent Budget 2012 provided a welcome reduction for the lowest earners through raising the income level at which the USC applies. Despite that change, the employee PRSI increase in Budget 2013 targeted the lowest income earners hardest and increased effective taxation rate for almost all workers. Budget 2015 further raised the USC entry point and Budget's 2016-2019 decreased most USC rates, having the effect of further decreasing the effective income tax rates faced by all taxpayers. Recent Budgets, those from 2020 onwards, have seen these rates fall. However, income taxation is not the only form of taxation and, as we highlight in Chapter 4, there are many in Ireland with potential to contribute further taxation revenues.

Chart A4.2: Effective Tax rates in Ireland, 1997-2026



Source: Department of Finance (2025) and Social Justice Ireland (2025: 6).
Notes: See notes to Table A4.2. 2009*= Supplementary Budget 2009 (April 2009).

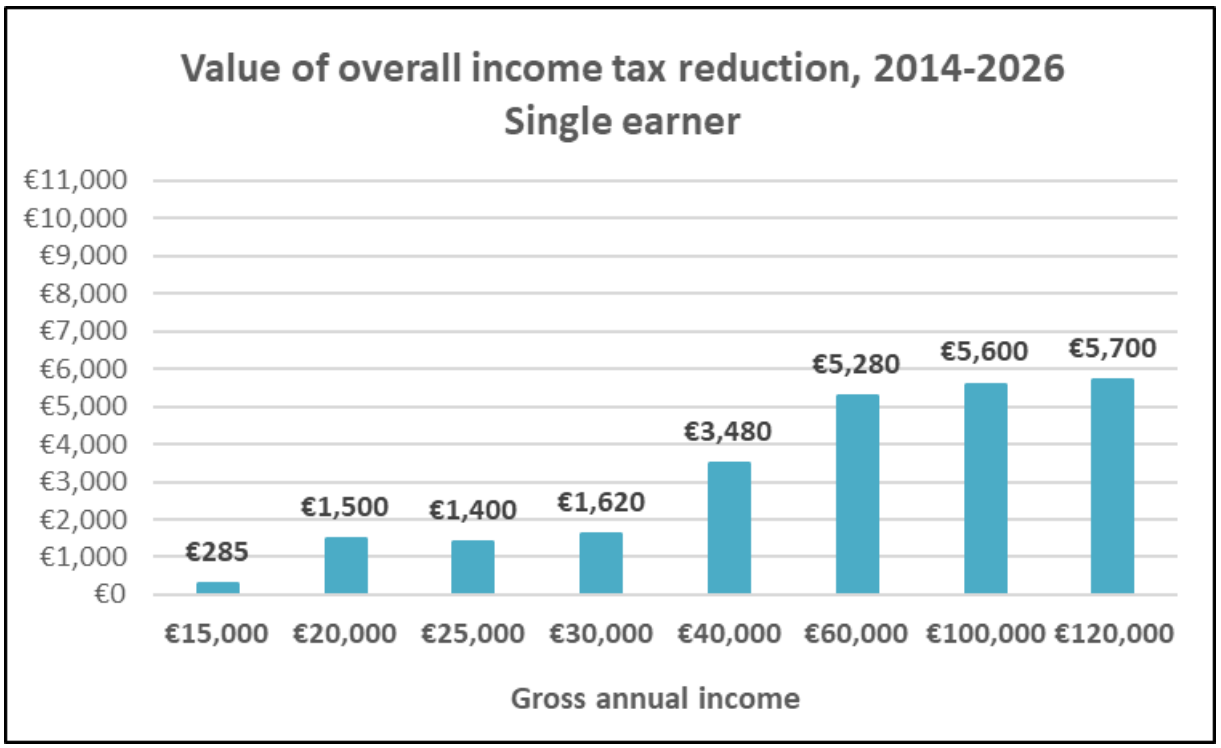
Income tax changes 2014-2026

Budget 2026 (October 2025) made limited changes to income taxes with bands, credits and rates left unchanged. Small changes to some USC thresholds were introduced alongside the planned October 2026 increase in PRSI rates. Overall, for the first time since 2013, post-tax income will (marginally) fall for most households in 2026. Following that Budget, *Social Justice Ireland* has examined who gained from it and all the other income tax decreases provided over most Budgets since 2014. We choose Budget 2014 as a starting point, as this is when the current wave of income tax reductions commenced following the economic crash (see Chart A4.2). We provide the results of that analysis here. Over three diagrams we compare

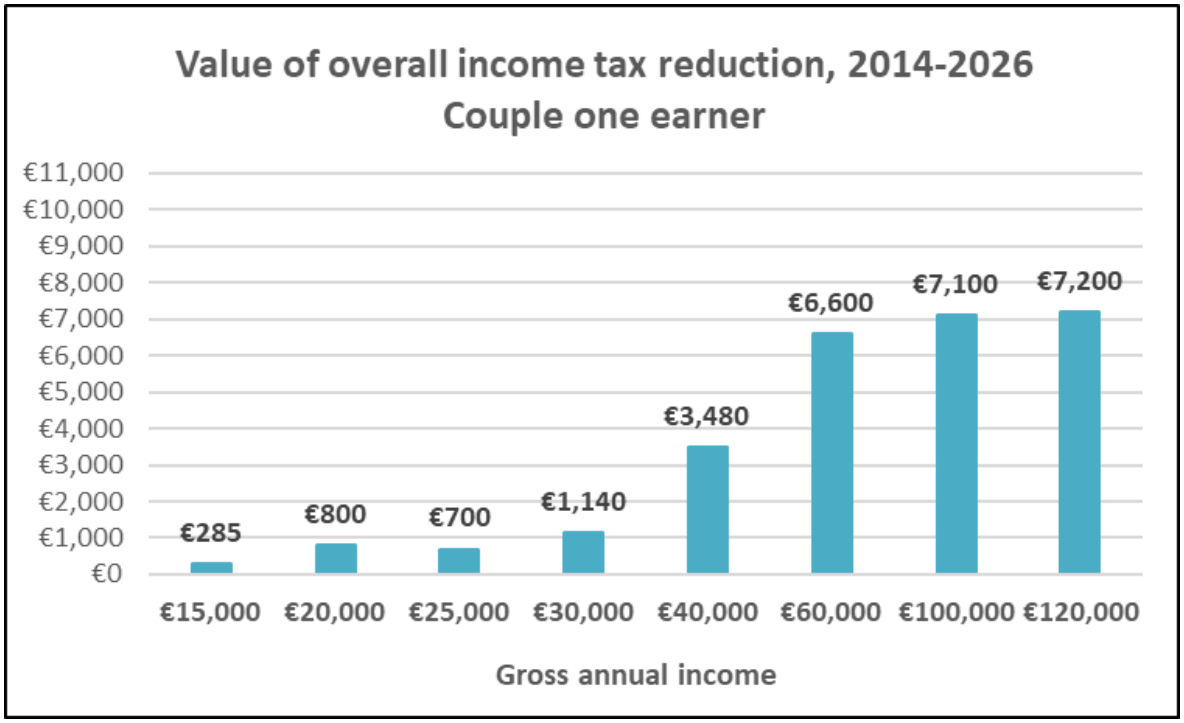
the total annual value of these reductions between 2014 and 2026. The analysis captures changes to income tax rates, USC rates, social insurance rates and structures, and income tax credits. For example, a single earner with a gross income of €40,000 paid €9,920 in income taxes, employee PRSI and USC in 2014 and paid €6,440 in 2026; a reduction of €3,480.

The analysis highlights a number of points. First, it provides evidence of the scale of the income tax reductions delivered over the last decade; these are often overlooked yet are substantial at the individual/household level and at the exchequer level. Second, the charts illustrate the distribution of these income tax decreases. As we have consistently highlighted in our annual budget documents the gains have been notably skewed to higher income earners and households.

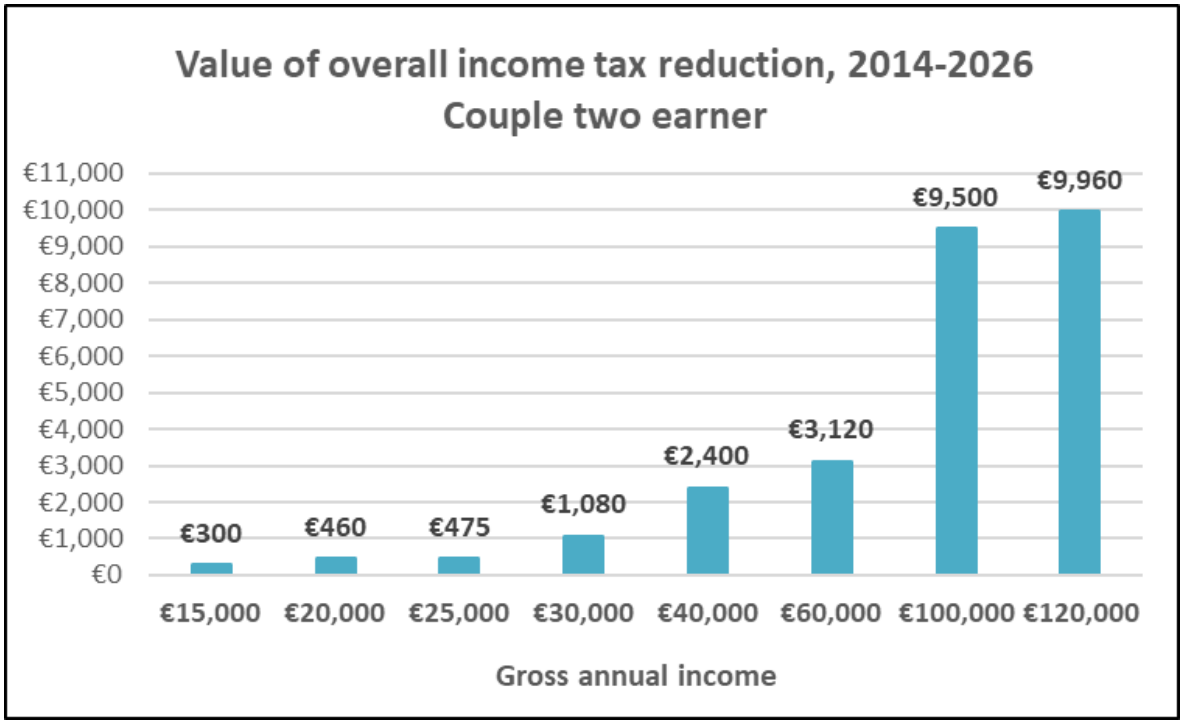
Chart A4.3a, b and c



Source: Calculated from Department of Finance Budget Documents - various years.
Note: PAYE workers.



Source: Calculated from Department of Finance Budget Documents - various years.
Notes: PAYE workers. Couples with 1 earner are assumed to receive the home carer tax credit.



Source: Calculated from Department of Finance Budget Documents - various years.
Notes: PAYE workers. For couples with 2 earners the income is assumed to be split 65%/35%.

Income taxation and the income distribution

An insight into the distribution of income tax payers across the income distribution is provided each year by the Revenue Commissioners. The Revenue's ability to profile taxpayers is limited

by the fact that it generally examines 'tax cases', or taxpayer units, which may represent either individual taxpayers or couples who are jointly assessed for tax. Similarly, Revenue are unable to distinguish between individuals working and receiving an income and those who receive pension payments in retirement. The latest data is the post-Budget 2026 projection by Revenue of the structure on income and income taxes in Ireland during 2026 (see table A4.3).

The progressivity of the Irish income taxation system is well demonstrated in Table A4.3 – as incomes increase the average income tax paid also increases. The table also underscores the issues highlighted earlier in Chapter 3; that a large proportion of the Irish population survive on low incomes. Summarising the data in the table, 13.8 per cent of cases have an income below €10,000; just under half have an income below €35,000 and 80.1 per cent of cases are below €75,000. At the top of the income distribution, 12 per cent of tax cases (almost 420,000) receive an income in excess of €100,000. The data also highlights the dependence of the income taxation system on higher income earners, with 20.1 per cent of all income tax coming from cases with incomes of between €60,000 and €100,000 and 66.3 per cent of income tax coming from cases with incomes above €100,000. While such a structure is not unexpected, a symptom of progressivity rather than a structural problem, it does underscore the need to broaden the tax base beyond income taxes – a point we have made for some time.

Table A4.3: Income Taxation and Ireland's Earnings Distribution, 2026

From €	To €	No. of cases	Av. income	Av. Tax & USC	Effective Tax Rate
-	10,000	481,000	€4,613	€0.21	0.0%
10,000	13,000	138,800	€11,628	€1	0.0%
13,000	15,000	154,000	€14,117	€61	0.4%
15,000	18,000	189,000	€16,386	€90	0.5%
18,000	20,000	94,000	€19,000	€170	0.9%
20,000	25,000	230,600	€22,446	€559	2.5%
25,000	27,000	86,800	€25,991	€1,141	4.4%
27,000	30,000	148,100	€28,535	€1,445	5.1%
30,000	35,000	194,500	€32,396	€2,103	6.5%
35,000	40,000	205,800	€37,420	€3,120	8.3%
40,000	50,000	351,100	€44,628	€4,674	10.5%
50,000	60,000	249,300	€55,030	€7,657	13.9%
60,000	70,000	196,600	€64,797	€10,422	16.1%
70,000	75,000	82,800	€72,331	€12,476	17.2%
75,000	80,000	70,900	€77,475	€14,076	18.2%
80,000	90,000	111,200	€84,775	€16,016	18.9%
90,000	100,000	89,200	€94,675	€18,901	20.0%
100,000	150,000	243,400	€120,296	€29,260	24.3%
150,000	200,000	85,800	€171,084	€51,923	30.3%
200,000	275,000	46,600	€231,094	€80,515	34.8%
Over	275,000	43,800	€517,123	€217,489	42.1%
Totals		**3,493,300**	**€53,076**	**€10,731**	**20.2%**

Source: Calculated from Revenue Commissioners (2025) based on projections for the 2026 income tax structure.

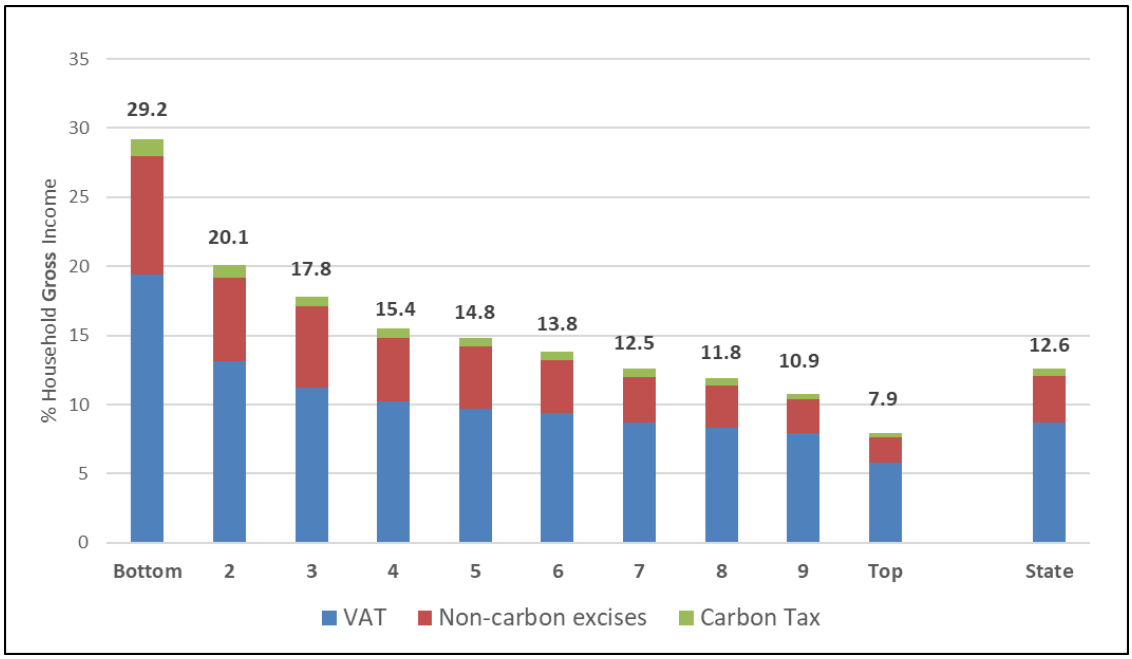
Indirect taxation and the income distribution

Department of Finance (2025: 25) tax forecasts for 2026 project that after income tax (€38.9bn) and corporation tax (€33.9bn) the third and fourth largest source of taxation revenue will be

VAT (€23.3bn) and excise duties (€6.7bn). These latter two categories are indirect taxes and they tend to be regressive – meaning they fall harder on lower income individuals and households (Barrett and Wall, 2006:17-23; Collins, 2014; Regan, 2024).

An assessment of how these indirect taxes impact on households across the income distribution is possible using data from the CSO's Household Budget Survey (HBS), which collects details on household expenditure and income every five years. Chart A4.4 presents the results of an examination by Regan (2024) of the 2015/16 HBS data. It shows that indirect taxation consumes more than 29 per cent of the lowest decile's income and more than 13 per cent of the income of the bottom six deciles. These findings reflect the fact that lower income households tend to spend almost all of their income while higher income households both spend and save. Consequently, *Social Justice Ireland* has highlighted that Budget increases in VAT, excise and carbon taxes are regressive and without compensation unnecessarily undermined the living standards of low-income households. Other, fairer approaches to increasing taxation are available.

Chart A4.4: Indirect Taxes as a % of Household Gross Income, by decile



Source: Regan (2024: 21, 37)

An earlier study by Collins, using the 2009/10 HBS data, found similar results and also brought together data for both the indirect and direct (income taxes) payments by households across the income distribution – see Table A4.4. That analysis showed that although income taxes are progressive, indirect taxes are regressive and the combined picture of overall household contributions offers a more nuanced understanding of the taxes people pay. While the indirect taxes for the bottom decile are somewhat skewed by households recording zero incomes (yet still spending, such as self-employed households), the picture from the 2nd decile upwards is one of a flat taxation system for most households, with increases only noticeable for the top three deciles.

Table A4.4: Direct, Indirect and Total Household Taxation as a % of Gross Income

Decile	Direct	Indirect	Total
Bottom	0.72%	29.93%	30.64%
2	0.49%	17.85%	18.34%
3	1.00%	15.66%	16.66%
4	2.62%	14.20%	16.82%
5	3.97%	13.05%	17.03%
6	7.38%	12.57%	19.95%
7	10.67%	10.53%	21.20%
8	14.12%	9.62%	23.74%
9	17.27%	8.50%	25.77%
Top	23.99%	5.70%	29.69%
State	**13.60%**	**10.36%**	**23.95%**

Source: Collins (2014: 19), equivalised data using national scale.

Taxation Reforms

Arguments Around Taxation and competitiveness

Suggesting that any country's tax-take should increase often produces negative responses. People think first of their incomes and increases in income tax, rather than more broadly of reforms to the tax base such as we have highlighted throughout this document. Furthermore, proposals that taxation should increase are often rejected with suggestions that they would undermine economic growth. However, a review of the performance of a number of economies over recent years sheds a different light on this issue and shows limited or no relationship between overall taxation levels and economic growth.

One argument made against increases in Ireland's overall taxation levels is that it will undermine competitiveness. However, the suggestion that higher levels of taxation would damage our position relative to other countries is not supported by international studies of competitiveness. Earlier we have compared taxation levels in Ireland to those in other leading competitive economies and find that almost all collect a greater proportion of national income in taxation (see table A4.1 and chart A4.1).

The Institute for Management Development (IMD) published a *World Competitiveness Yearbook* ranking the most competitive economies across the world each year.[2] Table A4.5 outlines the top fifteen economies in the most recent version of this index, for 2025. In that edition Ireland was ranked 7th. It also presents the difference between the size of the tax-take in these, the most competitive economies in the world, and Ireland.

Only two of the top fifteen countries, for which there is data available, report a lower taxation level than Ireland: Switzerland and the USA. Compared to Ireland almost all other leading competitive economies collect a notably greater proportion of national income in taxation. Looking at the components of the IMD's measure, a major influence on a country's

[2] Competitiveness is measured across four pillars: Economic Performance, Government Efficiency, Business Efficiency, and Infrastructure. Each pillar consists of five subthemes and these measure 262 separate metrics. See IMD's website for further details of the methodology: https://www.imd.org/centers/wcc/world-competitiveness-center/

performance is related to investment in state funded areas such as: education; research; infrastructure; and broadband connectivity. Each of these areas is dependent on taxation revenue and they have been highlighted by the report, and by domestic bodies such as the National Competitiveness and Productivity Council, as necessary areas of investment to achieve enhanced competitiveness. As such, lower taxes do not feature as a significant priority; rather the focus is on increased and targeted efficient government spending.

Table A4.5: Differences in Taxation Levels Between the World's 15 Most Competitive Economies and Ireland

Competitiveness Rank	Country	Taxation level versus Ireland
1	Switzerland	-2.8
2	Singapore	*not available*
3	Hong Kong	*not available*
4	Denmark	+15.2
5	UAE	*not available*
6	Taiwan	*not available*
7	Ireland	-
8	Sweden	+11.4
9	Qatar	*not available*
10	Netherlands	+8.5
11	Canada	+4.9
12	Norway	+10.2
13	USA	-4.4
14	Finland	+12.2
15	Iceland	+6.9

Source: IMD (2025) and OECD (2025).
Notes: a) Taxation data from OECD (2025) for the year 2024.
b) For some non-OECD countries comparable data is *not available*.
c) The OECD's estimate for Ireland in 2024 is 21.7 per cent of GDP. The table compares GDP taxation measures for these countries with Ireland's figure for tax as a percentage of GNDI for that year (30.0 per cent). See Table A4.1.

The Case for a Financial Transactions Tax

Recurring periods of international economic chaos over the last two decades have shown that the world is now increasingly linked via millions of legitimate, speculative and opportunistic financial transactions. Similarly, global currency trading increased sharply throughout recent decades. It is estimated that a very high proportion of all financial transactions traded are speculative, with almost no economic/societal relevance, and occur completely free of taxation.

Occasional insights are provided by surveys, the most comprehensive of which is provided by the Bank for International Settlements (BIS) *Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity*. The most recent of these was conducted in April 2025 and covered 52 countries and the activities of more than 1,100 banks and other dealers.

Relating to foreign exchange transactions, the key findings from the BIS 2025 survey were:

- In April 2025 the average daily turnover in global foreign exchange markets was US$9.6 trillion; an increase from $7.5 trillion three years earlier and from $6.6 trillion in 2019
- The major components of these activities included: foreign exchange swaps (42 per cent), spot transactions (31 per cent), outright forwards (18 per cent), currency swaps (2 per cent), and foreign exchange options and other products (8 per cent).
- The vast majority of trades involved four currencies on one side of trades: US Dollar (89 per cent of all foreign exchange trades), Euro (29 per cent), Japanese Yen (17 per cent) and Pound Sterling (10 per cent).
- Most of this activity occurred in four countries with the UK, USA, Singapore and Hong Kong facilitating three quarters of all foreign exchange trades.

Relating to interest rate derivative transactions, the survey found that:

- In April 2025 the average daily turnover in global interest rate derivative markets was US$7.9 trillion; a 59 per cent increase from a value of $5.2 trillion in 2022.
- The major components of these activities included: overnight index swaps (65 per cent) and other interest rate swaps (24 per cent) with smaller shares for forward rate agreements (8 per cent) and interest rate options (3 per cent).
- 38 per cent of transactions were conducted in Euro and 31 per cent in US$. Most transactions originated in the UK (50 per cent) and USA (24 per cent).

The Central Bank of Ireland contributes to the BIS report providing specific data for the activities of reporting banks based in Ireland. However, to date it has not published an Ireland focused breakdown of the BIS for 2025 or the earlier 2022 survey. A report on the 2019 survey found that:

- The estimated daily foreign exchange turnover for Ireland was US$7.2bn up from $2.2bn in 2016 (3.3 times higher).
- The estimated daily turnover in interest rate derivative markets in Ireland was US$7.3bn up from US$1.1bn (6.8 times higher).
- The importance of Ireland in both these sectors increased between 2016 and 2019. In global terms, Ireland ranks 36th in terms of foreign-exchange contracts and 21st in terms of interest-rate derivatives.

Transactions in these markets represent a mixture of legitimate, speculative and opportunistic financial transactions. Estimates continue to highlight that a very large proportion of these activities are speculative, implying that large and growing amounts of these transactions make no real or worthwhile contribution to economies and societies beyond increasing risk and instability. Taken together, the daily value of international trading in foreign exchange and interest rate derivatives markets is equivalent to 2.8 per cent of the annual GDP of Ireland, 0.5 per cent of that of the UK, and 0.06 per cent of annual GDP in the USA.

Social Justice Ireland regrets that to date Government has not committed to supporting European Union moves to introduce a Financial Transactions Tax (FTT) or Tobin Tax. The Tobin tax, first proposed by the Nobel Prize winner James Tobin, is a progressive tax, designed to target only those profiting from speculation. It is levied at a very small rate on all transactions but given the scale of these transactions globally, it has the ability to raise significant funds. In September 2011 the EU Commission proposed an FTT and its proposal has evolved since then through a series of revisions and updates.

The EU initially proposed a tax rate of 0.1% (one tenth of one percent) on the trading of bonds and shares and 0.01% (one hundredth of one percent) on the value of derivative agreements.

The rates proposed were minimums so countries could set higher rates if they wished. The proposal was also comprehensively designed such that it captured all trades involving any EU registered entity, and all trades involving any EU issued securities. The initial proposal anticipated an annual EU-wide FTT income of between €30bn-€50bn per annum.

The subsequent development of the FTT proposal has seen slow progress at EU level and regrettably the current propose may be discontinued. However, policy makers need to be reminded that the core argument for these taxes is that they are in the broader interest as they dampen irrelevant and unnecessary financial speculation and thereby underpin the stability of European states. For societies a FTT is a win-win; less needless financial speculation and more state revenue.

Researching the Introduction of Refundable Tax Credits

During 2010, *Social Justice Ireland* published a detailed study on the subject of refundable tax credits. Entitled '*Building a Fairer Tax System: The Working Poor and the Cost of Refundable Tax Credits*', the study identified that the proposed system would benefit 113,000 low-income individuals in an efficient and cost-effective manner.[3] When children and other adults in the household are taken into account the total number of beneficiaries would be 240,000. At that time, we estimated an annual cost of €140m. Since then, the labour force has grown and the rate of low-income workers has remained at a similar high proportion of the labour force. Similarly, the value of tax credits has increased. Taken together, this is likely to mean the cost of the proposal has increased by approximately 50 per cent, to around €210m in today terms.

The *Social Justice Ireland* proposal to make tax credits refundable would make Ireland's tax system fairer, address part of the working poor problem, and improve the living standards of a substantial number of people in Ireland. The following is a summary of that proposal:

Making tax credits refundable: the benefits

- Would address the problem identified already in a straightforward and cost-effective manner;
- No administrative cost to the employer;
- Would incentivise employment over welfare as it would widen the gap between pay and welfare rates;
- Would be more appropriate for a 21st century system of tax and welfare.

Details of Social Justice Ireland proposal

- Unused portion of the Personal and PAYE tax credit (and only these) would be refunded;
- Eligibility criteria in the relevant year;
- Individuals must have unused personal and/or PAYE tax credits (by definition);
- Individuals must have been in paid employment;
- Individuals must be at least 23 years of age;
- Individuals must have earned a minimum annual income from employment of €4,000;

[3]The study is available from our website: www.socialjustice.ie

- Individuals must have accrued a minimum of 40 PRSI weeks;
- Individuals must not have earned an annual total income greater than €15,600;
- Married couples must not have earned a combined annual total income greater than €31,200;
- Payments would be made at the end of the tax year.

Cost of implementing the proposal

- The total cost of refunding unused tax credits to individuals satisfying all of the criteria mentioned in this proposal is estimated at €140.1m.

Major findings

- Almost 113,300 low income individuals would receive a refund and would see their disposable income increase as a result of the proposal.
- The majority of the refunds are valued at under €2,400 per annum, or €46 per week, with the most common value being individuals receiving a refund of between €800 to €1,000 per annum, or €15 to €19 per week.
- Considering that the individuals receiving these payments have incomes of less than €15,600 (or €299 per week), such payments are significant to them.
- Almost 40 per cent of refunds flow to people in low-income working poor households who live below the poverty line.
- A total of 91,056 men, women and children below the poverty threshold benefit either directly through a payment to themselves or indirectly through a payment to their household from a refundable tax credit.
- Of the 91,056 individuals living below the poverty line that benefit from refunds, most (over 71 per cent) receive refunds of more than €10 per week with 32 per cent receiving in excess of €20 per week.
- A total of 148,863 men, women and children above the poverty line benefit from refundable tax credits either directly through a payment to themselves or indirectly (through a payment to their household. Most of these beneficiaries have income less than €120 per week above the poverty line.
- Overall, some 240,000 individuals (91,056 + 148,863) living in low-income households would experience an increase in income as a result of the introduction of refundable tax credits, either directly through a refund to themselves or indirectly through a payment to their household.

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Online databases

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Eurostat online database, web address: http://ec.europa.eu/eurostat