

Case Study: Income Scenario- Two Parents and two children (3 and 10)- One adult working full-time and one adult working part-time on NMW

	Weekly	Yearly
<u>Full-time employment on NMW</u>		
Gross earned income		
National Minimum Wage	324.38	16867.76
€8.65 x 37.5 hrs		
<u>Part-time employment on NMW</u>		
Gross earned income		
National Minimum Wage	173.00	8996.00
€8.65 x 20hrs		
Total income for two adults	497.38	25863.76

Income Levy

Are not subject to income levy as the family qualifies for a medical card.

Tax due

Total Pay: 25863.76; tax @ 20% = 5172.75

Tax Credits:

Married person's tax credit: 3660.00

PAYE tax credit: 1830.00

(only 1 PAYE tax credit as they are not transferable between spouses)

Total Credits: 5490.00

5490.00 is > 5172.75, therefore negative income tax liability, thus no tax due.

PRSI due

No PRSI due as each earning less than €352.00 per week

Back to School Clothing and Footwear Allowance (BSCFA)¹

The income limit for this family is €586.00, therefore they will qualify

Rate for child aged 2-11 €200.00;

Weekly income from BSCFA	7.69
--------------------------	------

Family Income Supplement (FIS)

Weekly income threshold for two parent, two children family	590.00
--	--------

Assessable income

¹ Although one has to be receiving a social welfare payment or FIS to be eligible for BSCFA, income from FIS is ignored when assessing eligibility for the BSCFA

(total after tax)	497.38	
FIS payable (60% of 92.62)	55.57 ²	
<u>Early Childcare Supplement³</u> (Paid for children 5 and under)	9.58	498.00
<u>Total Income</u>		
Weekly Income	497.38	25863.76
FIS	55.57	2889.64
BSCFA	7.69	400.00
Early Childcare Supplement (3 year old only)	9.58	498.00
Child Benefit (€166 per child per month)	76.62	3984.00
Total Income	646.84	33635.40

Calculation of Local Authority Rent

Total weekly income (including FIS)	646.84
Less disregards:	
Child benefit	76.62
Early Childcare Supp	9.58
BSCFA	7.69
Income disregard (single)	32.00
Assessable income	
Rent (15% of 520.95)	78.14
- €1.00 for each dependent child ⁴	76.14

Eligibility for Medical Card

² It is important to point out that in general the weekly entitlement to FIS is rounded up to the next full euro. In this scenario we give the exact entitlement.

³ Changes were announced to the Early Childcare Supplement in the 2009 Supplementary Budget. As of May 2009 the amount paid was reduced from €3.00 per month to €1.50 per month for every child under 5. As the annual update of this study is carried out in June of every year the figure of €498.00 as the annual income from the Supplement is calculated on the basis of the reduced rate of €1.50 per month. The Supplement will be abolished at the end of 2009.

⁴ Dublin City Council (DCC) deducts a €1.00 for each dependent child. This deduction is particular to DCC and does not apply across all Local Authorities.

Weekly income limit	266.50
Allowance for 2 children (38.00 x 2)	76.00
Childcare Expenses	92.76
Travel Expenses	58.06
Housing Rent	76.14
Total Guideline	569.46
Total income	497.38

Therefore, this household may qualify for a medical card