

Case study: Income Scenario- Lone Parent working full-time on National Minimum Wage (NMW)

	Weekly	Yearly
<u>Income from full-time work</u>		
National Minimum Wage €8.65 x 37.5hrs	324.38	16867.76
Total Income	324.38	16867.76

Assessment of earned income against OFP

Gross weekly means	324.38	
Less statutory disregard	146.50	
177.88/2 = Gross means	88.94	
Therefore, personal rate	121.80	
Dependent children (26.00 x 2)	52.00	
Total OFP	173.80	9037.60

Tax and PRSI

Total Taxable Income

Pay 16867.76; tax @ 20% = 3373.55

OFP 9037.60; tax @20% = 1807.52

Tax credits:

Personal credit	1830.00
One-parent credit	1830.00
PAYE credit	1830.00
Total credits	5490.00

Tax due minus tax credits:

5490.00 – 1807.52 = 3682.48

3682.48 is > 3373.52 therefore negative income tax liability, thus no tax due.

PRSI

Exempt from PRSI as earning less than €352.00 per week.

Net Income after tax

Earned Income	324.38	16867.76
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Income from OFP	173.80	9037.60
Net Income	498.18	25905.36

Family Income Supplement

Weekly income threshold for one parent, 2 children 590.00

Assessable income (total after tax) 498.18

FIS payable (60% of 91.82) 55.09¹

Early Childcare Supplement² 9.58 498.00

Total Income

OFP and earned income after tax	498.18	25905.36
FIS	55.09	2864.68
Child Benefit	76.62	3984.24
Early Childcare Supplement	9.58	498.00
Fuel Allowance ³	12.31	640.00

Total Cash Income 651.78 33892.28

Back to School Clothing and Footwear Allowance (BSCFA)⁴

Threshold is €433.00. Therefore, this family is not eligible to qualify

Calculation of Local Authority Rent

Total weekly income 651.78

Less disregards:

Child Benefit 76.62

Income disregard (single) 32.00

Early Childcare Supplement 9.58

Fuel Allowance 12.31

Assessable income

Rent (15% of 521.27) 78.19

- €1.00 for each dependent child⁵ **76.19**

¹ It is important to point out that in general the amount of weekly FIS entitlement is rounded up to the next full euro. In this scenario we give the precise entitlement.

² 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 each 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.

³ Fuel allowance paid early October – late April (30 weeks). It was extended by 1 week in Budget 2008

⁴ In order to be eligible for BSCFA in the first instance you have to be in receipt of FIS or a Social Welfare Payment

⁵ 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.

Eligibility for Medical Card

Weekly income limit	266.50
Allowance for 2 children (38.00 x 2)	76.00
Childcare expenses	247.34
Travel expenses	31.56
Housing rent	76.19
Total guideline	697.59
Total income	498.18

This household may qualify for a medical card