

S10. Policy costings (based on official sources)

This section gives an illustration of the expected impacts that typical tax and spending adjustments are estimated to have on the public finances.

Examples of tax & spending changes

€ million, estimated full year impact

Income tax	
Yield from 1 percentage point (pp) rise in 20% income tax rate	744
Yield from 1 pp rise in 40% income tax rate	403
PRSI	
Increase in 4% employee PRSI rate to 4.5%	377
Increase in 10.05% employer PRSI rate to 10.55%	374
VAT	
One pp change on 9% rate	99
One pp change on 13.5% rate	292
One pp change on 23% rate	481
Carbon tax	
Increase by €15 a tonne	319
Local property tax	
Additional charge of €100 on every property	183
Capital acquisitions tax	
Increase from 33% to 43%	168
Capital gains tax	
Increase in 33% rate by 1pp	42
Social insurance spending	
€1 increase in jobseekers allowance (for max rate)	8
€1 increase in jobseekers allowance (for ages 18-24)	1
€1 increase in jobseekers benefit	3
€1 increase in carer's allowance (under 66)	3
€1 increase in carer's allowance (66+)	0.5
€1 increase in disability allowance	9
€1 increase in maternity and adoptive benefit	1
€1 increase in state pension (contributory)	26
€1 increase in state pension (non-contributory)	5
€1 increase in illness benefit	3
Public investment spending	
Keeping at 2020 levels in € (avg annual savings over 2022-25)	3,915
Indexing the tax system	
A 1% wage increase is assumed to raise €178 million from not indexing income tax	178
A 1% wage increase is assumed to raise €24 million from not indexing USC	24

Sources: Most estimates are from Revenue's "Post-Budget 2022 Revenue Ready Reckoner, Nov 2020". PRSI rate changes are from the Tax Strategy Group report in July 2019. Social insurance increases are from the PBO's Pre-Budget 2022 Ready Reckoner.

Note: Estimates seldom include behavioural impacts.