

**Table 2.2: Additional discretionary tax and spending measures introduced in 2022**

€ millions

	Cost	Scheduled Expiry
<b>Measures Since Budget 2022</b>		
Pandemic Special Recognition Payment*	100	One-off
Additional Bank Holiday*	50	Permanent
Excise cuts	417	October 2022
Electricity Credit**	379	One-off
Public Transport Subsidy	54	End 2022
Fuel Allowance	86	One-off
VAT cut on gas & electricity	46	October 31
Haulier Support Scheme	18	One-off
Drugs Payment Scheme	17	Permanent
Tillage Support Scheme	12	One-off
Working Family Payment	4	Permanent
School Transport Subsidy	3	Permanent
<b>Measures Since SPU 2022</b>		
Inflation Co-operation Framework***	30-40	Not specified
Monthly payment to house refugees****	20-50	Uncertain
Extension of 9% VAT rate	250	End Feb 2023
<b>Total</b>	<b>1,506</b>	

Sources: Department of Finance and Fiscal Council workings.

Notes: \*Estimated costs as of 10/5/2022 \*\*Excludes VAT \*\*\*Costing is based on the estimated cost for Q1 2022, final costs would be higher if the payment is made again later in the year. The costs associated with this scheme are to be absorbed within the capital allocations as part of the NDP.

\*\*\*\*Estimated annual cost.

### Box C: Fiscal impacts of Ukrainian humanitarian spending

This box examines the potential fiscal impacts arising from the resettling of refugees from Ukraine. The macroeconomic and fiscal projections made in SPU 2022 are based on an assumed inflow of 80-100 thousand refugees from Ukraine.

There is considerable uncertainty surrounding what the eventual inflow will be. Migration models would typically point to distance, common language and the existing stock of migrants of that nationality (commonly referred to as network effects) as being key factors. As highlighted in Section 1.1, each of these three factors would point towards Ireland being an unlikely destination for Ukrainian refugees, in the absence of an EU burden sharing resettlement agreement. With this in mind, it is possible that significantly less than 80,000 refugees could arrive in Ireland. At the time of writing over 33,000 Ukrainian refugees have arrived.

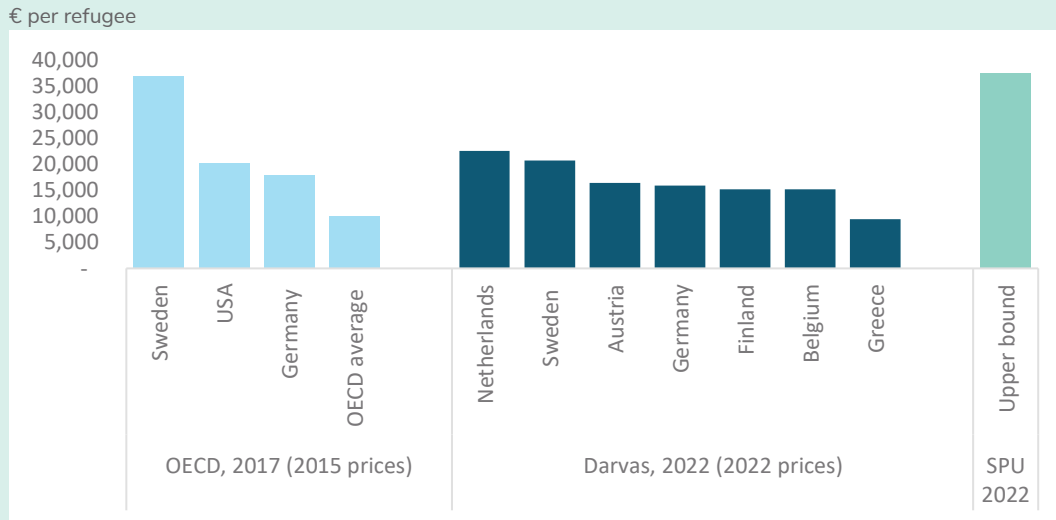
For 2022, a technical assumption is made in SPU 2022 regarding spending on resettling refugees from Ukraine. Approximately €2.5 billion of Covid contingency reserve spending is yet to be allocated for 2022. For now, it is assumed that humanitarian spending could be met within this amount. If underspends in other areas were to occur, this would also free up funds for further spending in this area while remaining within the Government Expenditure Ceiling set out in Budget 2022.

Some €3 billion has been set aside for Ukrainian humanitarian spending in 2023. With 100,000 refugees assumed to arrive in Ireland, the level of spending in 2023 per refugee would be approximately €30,000.<sup>25</sup> Historical estimates of the cost per refugee vary across countries. Recent estimates of the cost associated with the 2015-16 refugee inflows in Europe, by Darvas

<sup>25</sup>Based on 80,000 refugees arriving in Ireland, this figure would be €37,500 per refugee.

(2022), put the cost per refugee in the range of €9,000–€25,000 (Figure C1). Estimates by OECD (2017) indicate a broader range, with the costs per refugee in Sweden reaching over €36,800 (2015 prices). However, OECD (2017) finds that on average across the main recipient European countries, the costs for processing and accommodating a refugee was estimated to be €10,000 in the first year. However, this estimate increases if integration support is provided.

**Figure C1: Estimates of cost per refugee vary**



Sources: Department of Finance; OECD (2017), Darvas (2022).

Notes: Only select estimates of the cost per refugee from OECD (2017) are included here. [Get the data.](#)

In addition, the higher the proportion of vulnerable groups that arrive, like unaccompanied minors, the higher the costs of humanitarian support will tend to be. Irish-specific factors might also have a bearing. Housing market pressures were already evident before this population inflow, resulting in accommodation costs which could be higher than what other countries have experienced in the past.

Having said that, the costs assumed by the Department are on the upper bound of the spectrum, broadly in line with the experience of Sweden. Under lower assumptions, the contingency might provide considerable scope to manage an even larger number of refugees.

However, there is no provision for further spending related to Ukrainian refugees in 2024 or 2025 in the SPU projections. It would seem more likely that some level of expenditure would be required after 2023. In addition, while the Department do not assume a large labour force participation of these refugees, should they remain here for an extended period, their participation rates may exceed the Department's assumptions leading to an upside to tax revenue forecasts such as income tax.