



To: CHIEF EXECUTIVE OFFICERS OF VOCATIONAL EDUCATION COMMITTEES

CIRCULAR LETTER PEN 9/02

TAX RELIEF ON PENSION SCHEME CONTRIBUTIONS

Vocational Education Committees are advised that the provisions for tax relief on pension scheme contributions have been amended as a result of the enactment of the Finance Act 2002. Following are the details of the amendments.

1. The maximum limit for tax relief on superannuation contributions made by employees has been increased to 30% of salary in the calendar year. Lower limits apply where the employee is under age 50.

In computing the 30%, or lower limit where appropriate, account must (as usual) be taken of all superannuation contributions (e.g.: ongoing contributions under the Superannuation Scheme, including arrears payable by instalments; arrears payable by lump sum; contributions for the purchase of notional service under the Notional Purchase Scheme; contributions for the purchase of actual service; deductions from the Retirement Lump Sum or Death Gratuity for purposes of the Spouses' and Children's Scheme; contributions made under an Additional Voluntary Contributions (AVC) scheme; etc).

2. The age-related limits for tax relief on superannuation contributions, which have been introduced under the Finance Act 2002, are:-

Age 29 years or below	15% of salary
Age 30 to 39 years	20% of salary
Age 40 to 49 years	25% of salary
Age 50 years	30% of salary

55 yrs = 35%
60 yrs = 40%

3. These limits are effective from **1 January 2002** and are applicable on the basis that a relevant birthday reached during the calendar year is treated as if it had occurred on 1 January. The limits apply to all superannuation contributions **deducted on an ongoing basis** from salary payments made on or after 1 January 2002.
4. The limits also apply to lump sum contributions. Tax relief on lump sum contributions will be determined by the Revenue Commissioners on the basis of treating the payment as if it had been spread over a number of years, up to a maximum of 10 years, and on the basis of certificates of payment which have been supplied by employers to their employees.

BUDGET 2007 SUMMARY



BIG BUDGET BOOST FOR PENSIONERS INCOMES

- ▶ The State Contributory Pension will increase by €16 in 2007 to bring it to over €209 a week.
- ▶ This means that the contributory pension has more than doubled since 1997.
- ▶ This year an €18 increase in the non-contributory pension means that it too meets the €200 per week target.
- ▶ For the first time ever Carers will be able to claim up to a half rate carers allowance in addition to their pension.
- ▶ The annual Respite Care Grant is being increased by €300 to €1,500.
- ▶ We are bringing down fuel costs with the abolition of excise on Kerosene and LPG from 1 January.
- ▶ The Fuel Allowance is being raised to €18 per week.
- ▶ We are improving the position of qualified adults of pension age. These are mainly women who, because of their commitment to home-making, may not have a record of social insurance contribution. Budget 2007 raises the rate for the qualified adult payment to €173 per week.
- ▶ The income tax exemption limits for senior citizens aged 65 and over are also being raised. This means that our senior citizens will be exempt from income tax if they earn less than €19,000 single or €38,000 married per year.
- ▶ Alongside the income tax age exemption limits there is an extra tax credit for those aged 65 and over. This extra tax credit will increase by 10 per cent to €275 for single people and €550 for married people per year.

BENEFITS CHANGES BUDGET 2007

	OLD	NEW
State Contributory Pension:		
Under 80:	€193.30	€209.30
80 or over:	€203.30	€219.30
State Non-Contributory Pension:		
Under 80:	€182.00	€200.00
80 or over:	€192.00	€210.00
Widow's/Widower's Contributory Pension:		
Under 66	€171.30	€191.30
66 and under 80	€193.30	€209.30
80 or over	€203.30	€219.30
Widow's/Widower's Non-Contributory Pension:	€165.80	€185.80
Invalidity Pension:		
Under 65:	€171.30	€191.30
Age 65 :	€193.30	€209.30
Carer's Benefit:	€180.70	€200.70
Occupational Injuries Benefit - Death Benefit Pension:		
Under 66	€194.60	€213.70
66 and under 80	€197.70	€213.70
80 or over	€207.70	€223.70
Occupational Injuries Benefit - Disablement Pension:	€196.90	€216.90
Jobseeker's Benefit/Illness/Injury Benefit/Health and Safety Benefits:	€165.80	€185.80
Guardian's Contributory Allowance/ Guardian's Non-Contributory Pension	€138.00	€158.00
Blind Person's Pension:	€165.80	€185.80
One-Parent Family Payment: (including one child)	€185.10	€207.80
Carer's Allowance:		
Under 66	€180.00	€200.00
66 or over	€200.00	€218.00
Disability Allowance/Jobseeker's Allowance/ Supplementary Welfare Allowance/ Pre-Retirement Allowance/ Child Benefit:	€165.80	€185.80
1 Child	€150.00	€160.00
2 Children	€300.00	€320.00
3 Children	€485.00	€515.00
4 Children	€670.00	€710.00

LANDMARK BUDGET FOR SOCIAL INCLUSION

- Budget 2007 has delivered the biggest ever package of support for those on low incomes.
- Those currently unemployed will get an extra €20 in their payment, bringing the lowest adult rate to €185.80 a week. This is the biggest ever increase.
- The rate change is higher than inflation which will allow people to feel real benefits in their daily lives.
- Children most in need are also at the centre of the support packages. The Back to School Clothing and Footwear Allowances are increasing to €180 and €285
- For families dependent on social welfare the existing three rates of Child Dependant Allowance will be replaced by a new standard rate of €22 per child per week.
- For people of working age, the reckonable earnings threshold for Maternity

FIRST TIME BUYERS GET BUDGET RELIEF

- Budget 2007 will double the ceiling on mortgage interest relief for first-time buyers from €4,000 for a single person per year to €8,000.
- The ceiling is being increased from €8,000 per year for a married or widowed person to €16,000.
- This support will also apply to those receiving mortgage interest relief who are in the first 7 years of their mortgage.
- About 125,000 first-time buyers will benefit directly.
- Single people will gain up to €800 per year.
- This helps existing first-time buyers who are already in their first home, as well as potential first-time buyers, without acting to inflate house prices further.
- A couple with a joint mortgage of up to €379,000 over 33 years, at an interest rate of 4.25%, will be able to claim interest relief on the full amount of the interest on their loan. They will gain up to €1,600 extra per year, or €133 per month, in mortgage interest relief.
- The ceiling on interest relief for non-first time buyers is being raised from €2,540 single and €5,080 married to €3,000 and €6,000 respectively.