

The standard rate of income tax is 20% and the higher rate is 42%.
 Fiona has tax credits of €1493 for the year and a standard rate cut-off point of €30 000.
 She has a gross income of €31 650 for the year.

- (i) After tax is paid, what is Fiona's income for the year?
- (ii) What would Fiona's gross income for the year need to be in order for her to have an after-tax income of €29 379?

$$31650 \begin{cases} 30000 @ 20\% \\ 1650 @ 42\% \end{cases}$$

$$0.2 \times 30000 = €6,000$$

$$0.42 \times 1650 = €693$$

Gross tax	€6,693
Credit	- €1,493
Net tax	€5,200

Net wage €31,650 - €5,200

€31,650 gross = net = €26,450

New Net income = €29,379

Extra net income = €2,929 = keep

42% = gov 58% keep

58% = 2,929

100% = $\frac{2929}{58} \times 100$

$$\text{New gross} = \text{€ } 31,650 + \text{€ } 5,050 = \text{€ } 36,700$$

Ann pays € 4,730 in tax.
 Her credits are € 3,740. Her
 tax rates are 22% and 45%.
 Standard rate cut off is € 28,000.
 Find her gross income.

Net tax	4730
Credits	<u>3740</u>
Gross tax	€ 8470

Gross income {

 28000 @ 22%
 Rest @ 45%

$$0.22 \times 28000 = \text{€ } 6160$$

$$\begin{aligned} \text{Tax @ Higher rate} &= 8470 - 6160 \\ &= \text{€ } 2310 \end{aligned}$$

$$45\% = 2310$$

$$\text{Higher income} = \frac{2310}{0.45} = \text{€ } 5133.33$$

$$\text{Total} \quad 28000 + 5133.33$$

€ 33,133.33

USC.

In 2019, if your income is €13,000 or less you pay no Universal Social Charge (USC). (This limit was €10,036 from 2012 to 2014, €12,012 in 2015 and €13,000 from 2016 to 2019.) Once your income is over this limit, you pay the relevant rate of USC on *all* of your income. For example, if you have income of €13,000 you will pay no USC. If you have income of €13,001 you will pay 0.5% on income up to €12,012 and 2% on income between €12,012 and €13,001.

Standard rate of USC (2019)

Rate	Income band
0.5%	Up to €12,012
2%	From €12,012.01 to €19,874
4.5%	From €19,874.01 to €70,044
8%	From €70,044.01 and over
11%	Self-employed income over €100,000

I earn
€ 82,523 per
annum. Find my
USC.

19874
- 12012.01

$$0.005 \times 12.012 = €60.06$$

$$0.02 \times 7861.99 = €157.24$$

70044
- 19874.01

$$0.045 \times 50,169.99 = €2257.65$$

$$0.08 \times 12478.99 = €998.32$$

82523
- 70044.1

€ 3,473.27