



Budget 2022

The Covid Recovery Budget





BUDGET OVERVIEW

The Government has unveiled a multi-billion-euro Budget 2022 package aimed at reducing the cost of living for families, the elderly, workers and younger people while temporarily extending key lifelines for businesses.

Announcing a €4.7 billion package of new spending measures, the Minister for Public Expenditure and reform Michael McGrath said that Budget 2022 was “anchored in a conviction that we can take the learnings from Covid-19 and help to build a country with a better quality of life for our people.”

The headline measures include an across-the-board €5 increase in welfare payments from January, a €5 increase in the fuel allowance from midnight on Wednesday, a full payment of the Christmas bonus, €520 million in income tax reductions, an increase in carbon tax by €7.50 per tonne to €41, nearly 1000 extra teachers and 800 extra gardaí, an extension of free GP care for children up to the age of eight, an extension of the State’s business support EWSS, an extension of the 9 % VAT rate, 50 cent on a pack of cigarettes and a €4 billion contingency fund.

Speaking in the Dáil chamber on Tuesday, Minister for Finance Paschal Donohue said: “In framing this Budget, we have been conscious of the cost of living pressures that are currently confronting citizens and businesses ... Budget 2022 meets the twin goals of investing in our future, of meeting the needs of today, while putting the public finances on a sustainable path.”



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WELFARE & PENSIONS

- €5 increase in fuel allowance to take effect immediately.
- €5 increase for pensioners, jobseekers and other welfare recipients from January.
- Christmas bonus will be paid in full.
- Back-to-school allowance to increase by €10.
- Carers' allowance to increase by €5 and more carers will qualify for payments.
- €3 extra for the living alone allowance.
- Hot meals programme will expand to about 100 Deis schools.
- €10 increase in the income threshold for the working family payment.
- Reduction in no. of PRSI contributions young people make to access dental treatment, from 260 to 39 weeks.
- Qualified child payment will increase by €2 to €40 for under-12s, and by €3 to €48 for over-12s.

HEALTH

- Less than €1 billion for Covid-19 funding, down from €2 billion in Budget 2021.
- €200 million to tackle waiting lists.
- €30 million for palliative care and mental health.
- Spending on women's health package worth €31 million.
- Free GP care for children up to the age of seven.
- €10 million package for free contraception.
- Drug Repayment Scheme limit to come down to €100 from €114 per month.
- Changes to children's hospitality charges.
- New funding of around €100m in disability services.



HOUSING

- €6 billion will be allocated to Department of Housing, a 15.5 per cent increase on 2021 allocation.
- 9,000 new build social housing units.
- €174 million for 4,000 affordable homes, including cost rental and affordable purchase.
- Help-to-buy scheme to be extended for 2022 but a review will be carried out over the year.
- €194 million for homeless services.
- €18 million for Traveller accommodation schemes.
- €65 million for housing adaptation grants.
- €85 million for retrofitting.
- A zoned land tax will be introduced to encourage building of homes.
- Tax applies to land zoned for residential use, but not developed for housing.

EDUCATION

- Extra 980 teachers in special education.
- 1,165 more special needs assistants.
- Increase in Susi student grant.
- Pupil/teacher ratio will be reduced by one point at primary level.
- €50 million in ICT grants for schools.

AGRICULTURE

- Two per cent increase in overall funding, down from 11 % last year.
- €650 million in funding for various farm support schemes, such as Glas, the Areas of Natural Constraint (ANC) scheme and beef cow supports will be maintained.
- Range of new programmes under the Targeted Agriculture Modernisation Schemes (TAMS), including increased grant incentives for solar panels on sheds, increased funding for tackling rising TB rates in cattle and a grant aid scheme for the sewing of multi-species sward grassland.



POLICING

- Additional 800 gardaí will be recruited next year.
- A 20 % increase in the Garda mountain bike unit.
- Some 400 Garda civilian staff will be recruited.
- €2 million for a new community safety innovation fund.
- €13 million to help tackle domestic, sexual and gender-based violence.

INCOME TAXES AND WORK

- Tax credits indexed and bands will offset impact of inflation on people's takehome pay.
- Income tax deduction 30% of the cost of vouched expenses for heat, electricity and broadband incurred while working from home.
- The minimum wage will increase by 30 cent to €10.50 an hour.
- Exemption from top rate of USC for all medical holders and those over the age of 70, earning < €60,000 to be retained.
- Income tax bands to increase by €1,500.
- Personal, Employee and Earned Income Credit to increase by €50.

CHILDCARE AND PARENTING

- Package of €100 m for next year, may rise to €200 m annually once ramped up.
- Direct State investment into childcare services to improve staff pay in return for a commitment not to increase fees.
- National Childcare Scheme will be expanded.
- Additional funding for Tusla and youth sector.
- Extra two weeks of parental leave from next August.

BUSINESS SUPPORTS

- Employment Wage Subsidy Scheme (EWSS) extended until April 30th and payment levels will be tapered down in the meantime.
- Employment Investment Incentive Scheme (EIS) extended for 3 years and amended to make it attractive to investors. Scheme opened up to wider range of investment funds.
- New tax credit for digital gaming sector; refundable tax credit on corporate for spending on design and production. 32 % up to €25m per project.
- Bank levy extended for another year, KBC and Ulster Bank excluded as leaving the market. Remaining banks will pay same in 2022 as this year.

CLIMATE

- €200 million for retrofitting in excess of 20,000 homes.
- 4,500 free home upgrades for low-income or energy-poverty households.
- €360 million on active travel measures.
- Those aged between 19 and 23 will get a 50 % reduction in all public transport.
- Carbon tax to rise by €7.50 per tonne, resulting in an estimated €1.28 extra on a 60-litre tank of petrol and €1.48 more for diesel, from midnight on Tuesday.
- VRT exemption for electric cars to be extended until end of 2023.
- Personal income from selling surplus energy to national grid to get preferential tax treatment.

CIGARETTES AND ALCOHOL

- 50 cent extra for a packet of 20 cigarettes.
- Alcohol to remain untouched.

ARTS AND TOURISM

- €100 million recovery package focused on sustainable recovery, festivals and nightlife activities.
- Pilot basic income scheme for artists to be introduced from January.
- €25 million fund to help venues hold events after they reopen towards the end of the month.
- Reduced VAT rate for Hospitality Sector of 9 % to remain until end of August 2022.
- €90 million for the aviation sector.

TRANSPORT

- Youth Travel Card being introduced ages between 19-23 for half price travel on public transport.
- €360 million is being made available to fund the delivery of more greenways across the country.
- €3.4 bn is being made available for 2022 for the provision of transport infrastructure.



TAX CREDITS FOR YEAR 2022

PERSONAL	2022	2021
	€	€
Single	1700	1650
Married	3400	3300
Widowed Person	2190	2190
Single Child Carer	1650	1650
Home Carer Credit	1600	1600
Earned Income Credit	1700	1650
PAYE	1700	1650
WIDOWED PARENT BEREAVEMENT	2022	2021
In Year of Assessment	3,600	3,600
Incapacitated Child	3,300	3,300
Dependent Relative	245	245
BLIND PERSON	2022	2021
Single/Married	1,650	1,650
Both Blind	3,300	3,300
AGE CREDIT	2022	2021
Single/Widowed	245	245
Married	490	490

INCOME TAX RATES 2022

SINGLE PERSON	MARRIED PERSON
2022	2022 (two incomes)
20% of 1st €36,800	20% of 1st €73,600**
40% Balance	40% balance <i>*Transferable between spouse up to a max of €44,300 for any one spouse</i>
Single Parents	(One Income)
20% of 1st €40,800	20% of 1st €45,800
40% Balance	40% Balance

INCOME EXEMPTION LIMITS

SINGLE/WIDOWED	2022	2021
	€	€
65 years or over	18,000	18,000
MARRIED COUPLES	2022	2021
	€	€
65 years or over	36,000	36,000

UNIVERSAL SOCIAL CHARGE

2022	EMPLOYEE & SELF-EMPLOYED	2021
0% on total earnings <€13,000 per annum		0% on total earnings <€13,000 per annum
0.5% on €0 to €12,012 per annum		0.5% on €0 to €12,012 per annum
2% on €12,013 to €21,296 per annum		2% on €12,013 to €20,687 per annum
4.5% on €21,297 to €70,044		4.5% on €20,688 to €70,044
8% on €70,045 to €100,000		8% on €70,045 to €100,000
PAYE INCOME 8% on excess over €100,000		PAYE INCOME 8% on excess over €100,000
SELF EMPLOYED INCOME 11% on excess over €100,000		SELF EMPLOYED INCOME 11% on excess over €100,000

PRSI

EMPLOYER	2022	2021
Contribution for Class A		
PRSI	10.05%	10.05%
TRAINING LEVY	1.00%	1.00%
TOTAL FOR EMPLOYERS	11.05% on all income	11.05% on all income

EMPLOYEE	2022	2021
PRSI	*4% on all income	*4% on all income
SELF EMPLOYED/ DIRECTORS CONTRIBUTION	2022	2021
PRSI	**4% on all income	**4% on all income

* Not applicable if earnings less than €18,300 p.a. (€352 p.w.)
**4.00% subject to a minimum payment of €500

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