

Tax treatment of certain benefits payable under Social Welfare Acts. ITA67 s224(1), (2) and (4); FA71 s12; FA92 s15; FA95 s10(1); FA97 s4 126.—(1) In this section, “the Acts” means the Social Welfare (Consolidation) Act, 1993 , and any subsequent enactment together with which that Act may be cited.

(2) (a) This subsection shall apply to the following benefits payable under the Acts—

- (i) widow's (contributory) pension,
- (ii) orphan's (contributory) allowance,
- (iii) retirement pension, and
- (iv) old age (contributory) pension.

(b) Payments of benefits to which this subsection applies shall be deemed to be emoluments to which Chapter 4 of Part 42 applies.

(3) (a) This subsection shall apply to the following benefits payable under the Acts—

- (i) disability benefit,
- (ii) unemployment benefit,
- (iii) injury benefit which is comprised in occupational injuries benefit, and
- (iv) pay-related benefit.

(b) Amounts to be paid on foot of the benefits to which this subsection applies (3)(a) of the Social Welfare (Consolidation) Act, 1993 ) shall be deemed—

- (i) to be profits or gains arising or accruing from an employment (1)), and
- (ii) to be emoluments to which Chapter 4 of Part 42 is applied by section 984.

(4) (a) In this subsection, “income tax week” means one of the successive periods of 7 days in a year of assessment beginning on the 1st day of that year, or on any 7th day after that day, and the last day of a year of assessment (or the last 2 days of a year of assessment ending in a leap year) shall be taken as included in the last income tax week of that year of assessment.

(b) Notwithstanding subsection (3), the first £10 of the aggregate of the amounts of unemployment benefit payable to a person in respect of one or more days of unemployment comprised in any income tax week (3)(a) of the Social Welfare (Consolidation) Act, 1993 ) shall be disregarded for the purposes of the Income Tax Acts.

(5) Notwithstanding subsection (3), the aggregate of the amounts of disability benefit, injury benefit or both disability benefit and injury benefit payable to a person in respect of—

(a) for the year of assessment 1997-98, the first 18 days, and

(b) for the year of assessment 1998-99 and subsequent years of assessment, the first 36 days,

incapacity for work for which the person is entitled to payment of either disability benefit or injury benefit shall be disregarded for the purposes of the Income Tax Acts.

(6) (a) Subsection (3) shall come into operation on such day or days as may be fixed for that purpose by order or orders of the Minister for Finance, either generally or with reference to any particular benefit to which that subsection applies, or with reference to any category of person in receipt of any particular benefit to which that subsection applies, and different days may be so fixed for different benefits or categories of persons in receipt of benefits.

(b) Where an order is proposed to be made under this subsection, a draft of the order shall be laid before Dáil Éireann, and the order shall not be made until a resolution approving of the draft has been passed by Dáil Éireann.

(7) (a) The Revenue Commissioners may, in order to provide for the efficient collection and recovery of any tax due in respect of benefits to which subsection (3) applies, make regulations modifying the Income Tax (Employment) Regulations, 1960 ), in their application to those benefits, the employees in receipt of those benefits, the tax-free allowances appropriate to such employees, and employers of such employees or certificates of tax-free allowances or tax deduction cards held by employers of such employees in respect of those employees.

(b) Without prejudice to the generality of paragraph (a), regulations under that paragraph may include provision for the reallocation by the Revenue Commissioners (without the issue of amended notices of determination of tax-free allowances, amended certificates of tax-free allowances or amended tax deduction cards) of the tax-free allowances appropriate to employees between the benefits to which subsection (3) applies and other emoluments receivable by them.

(c) Every regulation made under this subsection shall be laid before Dáil Éireann as soon as may be after it is made and, if a resolution annulling the regulation is passed by Dáil Éireann within the next 21 days on which Dáil Éireann has sat after the regulation is laid before it, the regulation shall be annulled accordingly, but without prejudice to the validity of anything previously done thereunder.

(8) (a) In this subsection, “short-time employment” has the same meaning as it has for the purposes of the Social Welfare Acts, but also includes an employment referred to in section 79 (2)(b) of the Social Welfare (Consolidation) Act, 1993 .

(b) Notwithstanding subsection (3) and the Finance Act, 1992 (Commencement of Section 15) (Unemployment Benefit and Pay-Related Benefit) Order, 1994 ), subsection (3)(b) shall not apply as respects the year of assessment 1997-98 in relation to unemployment benefit paid or payable to a person employed in short-time

employment.