

Marginal Relief

You may be entitled to marginal relief if your income is slightly in excess of the exemption limit for a tax year.

Marginal relief works this way.

Take your total income (Box A on the Tax Calculation worksheets).

Subtract the exemption limit.

Multiply the excess by the percentages shown below:

Tax Year	Rate	Tax Year	Rate
87/88	60%	95/96	40%
88/89	60%	96/97	40%
89/90	60%	97/98	40%
90/91	53%	98/99	40%
91/92	52%	99/00	40%
92/93	48%	00/01	40%
93/94	48%	2001	40%
94/95	40%	2002	40%

This gives you the tax payable.

Q. A married couple, both under 65, with four dependent children, has an exemption limit of IR£9,600 in 1995/96. Their total income is IR£10,000. How much tax do they have to pay?

A. The answer is their income minus the exemption limit, multiplied by 40%, that is:

$$(IR£10,000 - IR£9,600) = IR£400 \times 40\% = IR£160.$$

The relief is granted to reduce the tax payable to this figure.

Normal tax calculation:	Total Income =	IR£10,000
	Minus Married Allowance	(IR£4,000)
	Equals Taxable Income of	IR£6,000

Tax at 27%	=	IR£1,620
Minus Marginal Relief	=	(IR£1,460)
Equals Tax Due	=	IR£160