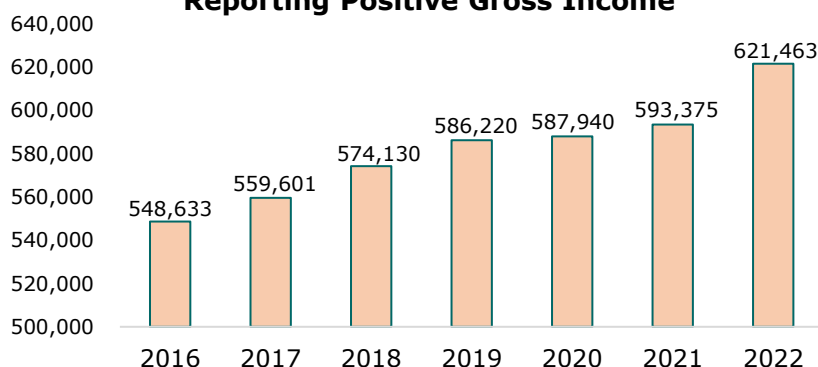


A Statistical Review of Income Tax Returns

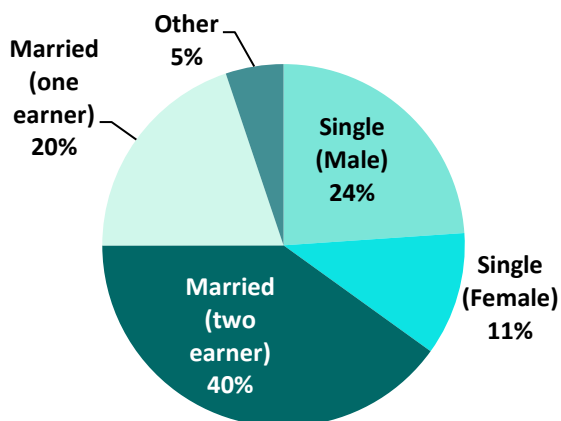
Median Gross Income 2022

€53,030

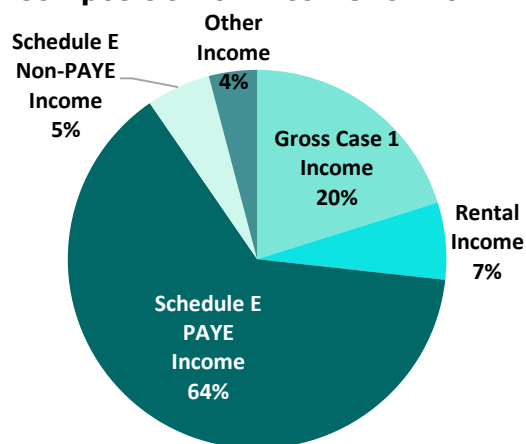
Number of Income Tax Return Filers Reporting Positive Gross Income



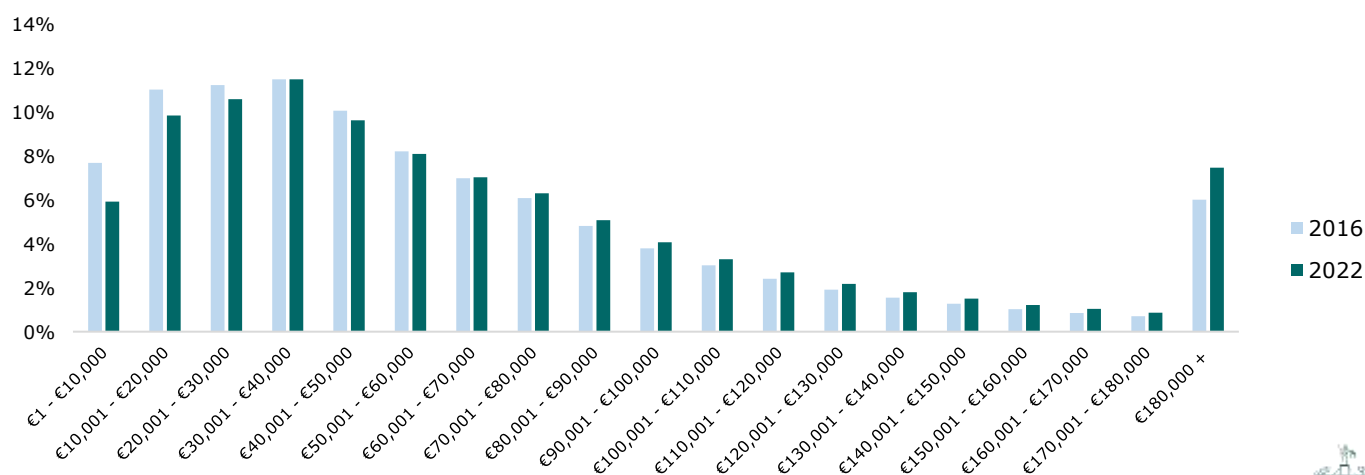
Personal Status of Self-Assessors in 2022



Composition of Income for 2022



Share of Self Assessed Taxpayers at Different Income Bands



A Statistical Review of Income Tax Returns

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Date of publication: 7 May 2026

Executive Summary

This paper presents a statistical overview of Income Tax Returns over the period 2016-2022, including taxpayer characteristics, income composition and tax liability.¹ Some key findings include:

Summary Findings

Demographic profile²

- ❑ Number of self-assessors reporting positive gross income on their Income Tax Return has increased by 13 per cent over the period 2016-2022, with over 621,000 taxpayer units recorded in 2022.
- ❑ The composition of self-assessors is quite imbalanced in terms of sex. Although there has been a slight improvement over the period analysed, males represent around 75 per cent of self-assessors.
- ❑ In 2022, over 76 per cent of self-assessors were Irish followed by 7 per cent who were from an EU 27 country and 3 per cent from the United Kingdom.
- ❑ Looking at their composition by taxpayer type in 2022; Married with two earners represent 40 per cent of self-assessors in 2022, single male (24 per cent), married with one earner (20 per cent), single female (11 per cent), other (6 per cent).

Annual Gross Income and Median Gross Income

- ❑ Total gross income declared by self-assessors has increased by 41 per cent from €35,564 million in 2016 to €50,085 million in 2022.
- ❑ Median gross income (€53,030) is 23 per cent higher than 2016 (€43,268).

Income Composition by Source

- ❑ The composition of gross income has remained relatively stable. Schedule E PAYE income accounts for over 60 per cent of gross income, while gross case 1 income accounts for roughly 20 per cent in each year.
- ❑ There was a significant increase in the proportion of Schedule E Non-PAYE income in 2020 and 2021, but looking at 2022 data, the proportion has now fallen back to pre-pandemic levels. Schedule E Non-PAYE income encompasses taxable social welfare payments, which would have included the COVID Pandemic Unemployment Payment.
- ❑ All taxpayer types saw an increase in the proportion of Schedule E Non-PAYE income in 2020.

¹ The analysis was undertaken prior to the finalisation of the 2023 Income Tax return data for statistical analysis. The statutory filing date for the 2024 Income Tax return is 31 October 2025, and this data will be available for statistical analysis in summer 2026.

² Unless otherwise stated, all statistics presented in this report are presented at the taxpayer unit level. A taxpayer unit refers to an individual except in the case of jointly assessed couples who are counted as one taxpayer unit. Gender, nationality and age breakdowns refer to the primary self-assessor of the taxpayer unit, i.e. the individual who completes and submitted the Income Tax return.

Gross Incomes Band Analysis

- ❑ Schedule E PAYE income makes up a greater proportion of the income of self-assessors located in higher income bands. For those in the lower bands, they tend to have a higher concentration of gross case 1 and rental income.

Tax Liability

- ❑ Total annual tax liability of self-assessors has increased by 55 per cent over the period, with growth in average tax liability per self-assessor being the main driver of this growth.
- ❑ Median tax liability per self-assessor has increased by 29 per cent in 2022 (€8,600) compared to 2016 (€6,668)
- ❑ Median tax liability in 2022 by taxpayer type: single male (€4,239), single female (€5,027), married with two earners (€11,977), married with one earner (€7,584), other (€5,150).

Allowances, Deductions, Reliefs & Credits

- ❑ In 2022, the most prominent allowances, deductions, and reliefs used by self-assessors to reduce taxable income were the machinery and plant capital allowance (27 per cent), expenses (22 per cent), and the Case V capital allowance (14 per cent).
- ❑ The most frequently utilised credits by self-assessors to lower the actual amount of tax paid in 2022 were the Personal Tax Credit (92 per cent), the Employee Tax Credit (65 per cent), and health expenses (49 per cent).

Income mobility

- ❑ In term of income mobility analysis, 60 per cent of those with gross income in the top decile in 2016 continued to be in same decile in 2022. For those with gross income in the top 1 and 0.1 per cent in 2016, 49 per cent and 34 per cent continue to be in same respective regions of the distribution in 2022.

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1 Introduction

1.1 Motivation

Self-assessed income taxpayers constitute quite a diverse taxpayer base. This paper examines the composition of this base in terms of income sources and taxpayer unit characteristics such as age, residence, nationality, and gender. The paper also examines trends in tax liabilities and income mobility over the period 2016 to 2022.

1.2 Data on Self-Assessed Taxpayers

The analysis is based on data submitted in the Form 11 Income Tax return³. This form must be completed annually by any 'chargeable person'. A 'chargeable person' for self-assessment purposes is a person who is chargeable to tax on that person's own account or on another person's account in respect of a chargeable period.

- An individual with a PAYE source of income and with total gross income from all non-PAYE sources (including income subject to DIRT), of €30,000 or more is regarded as a 'chargeable person' for self-assessment and must file a Form 11 for that year.
- An individual with a PAYE source of income and with net assessable non-PAYE income (including income subject to DIRT), of €5,000 or more is regarded as a 'chargeable person' for self-assessment and must file a Form 11 for that year.
- An individual who was granted share options or opened a foreign bank account in 2022 is a chargeable person.
- A proprietary director is a chargeable person.
- The Capital Gains Tax self-assessment system applies to all individuals, including directors.

Individual taxpayers are responsible for ensuring that the information reported on their tax return is accurate and complete, and they are also responsible for claiming any tax credits to which they are entitled. In our analysis, we focus on self-assessors who have submitted tax returns with income to declare.

1.3 Structure of Report

Section 2 provides descriptive statistics of the Self-assessed income reporters, for example age, sex and nationality of the head of the taxpayer unit. Section 3 looks at the gross income earned by self-assessors, with a particular focus on how the composition of their income has changed over time and also how it varies across different income levels. In section 4 we analyse the most common allowances, deductions, reliefs and credits used, while in section 5 we conduct survival analysis and present developments in income mobility. Useful definitions are included in the Appendix.

³ We wish to acknowledge the advice and guidance regarding Form 11 returns data provided to us by colleagues Philip O'Rourke and Michelle Haward, and additional assistance from Aidan Carroll in the Statistics, Economic and Reporting Branch.

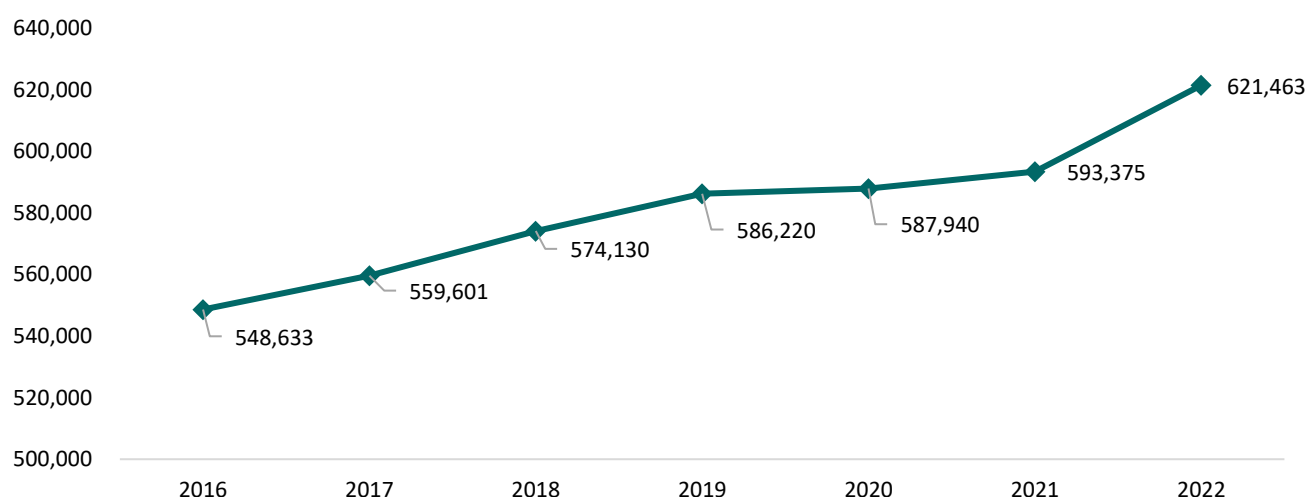
2 Descriptive Statistics and Characteristics

This section presents descriptive statistics of the self-assessed income reporters.

2.1 Count of Filers with Gross Income

Over the last few years, the number of self-assessment filers in Ireland reporting positive gross income has increased by 13 per cent, from 548,633 in 2016 to 621,463 in 2022 (Figure 1).⁴ The largest annual increase occurred between 2021 and 2022, where the number of self-assessors increased by 5 per cent. Although 2020 and 2021 did not see a reduction in the number of self-assessors, the annual increase slowed significantly to 0.3 per cent and 0.9 per cent respectively reflective of the impact of the COVID-19 induced lockdowns.

Figure 1: Number of Filers with Gross Income



Source: Revenue analysis

2.2 Sex

Table 1 shows the breakdown of self-assessors by sex. Over the period 2016-2022, the number of male self-assessors has increased by 12 per cent, while the number of females has increased by 26 per cent. The proportion of male and female self-assessors has remained relatively consistent over the time period, with males making up around 75 per cent each year.

Table 1: Number of Self-Assessors (by Sex)

Sex	2016	2017	2018	2019	2020	2021	2022
Male	419,874	427,747	437,583	446,313	446,063	448,984	469,001
Female	111,423	116,132	121,535	126,832	129,337	132,118	139,982
Sex Unknown	17,336	15,722	15,012	13,075	12,540	12,273	12,480
Total	548,633	559,601	574,130	586,220	587,940	593,375	621,643

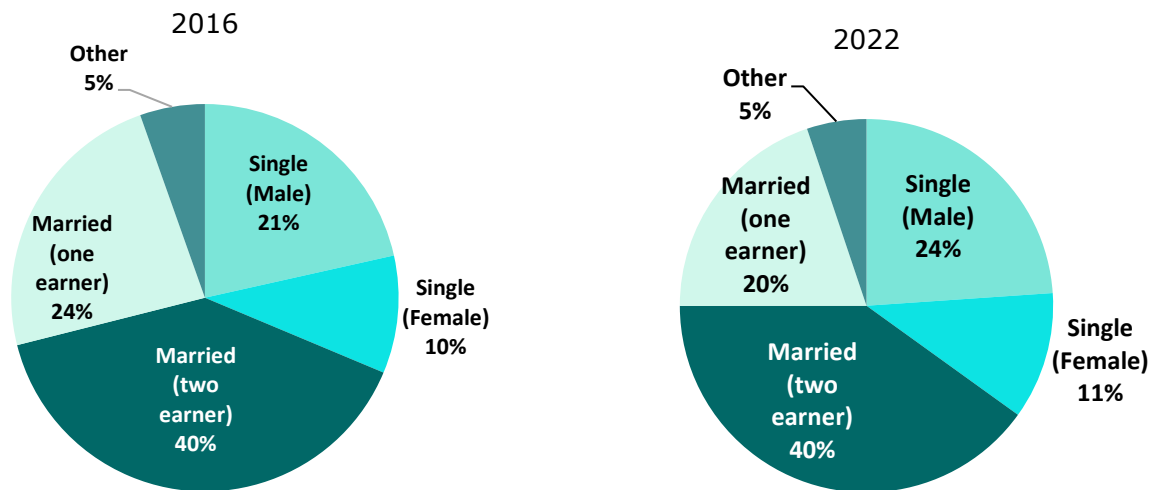
Source: Revenue analysis

⁴ Unless otherwise stated, all statistics presented in this report are presented for taxpayer unit level. A taxpayer unit refers to an individual except in the case of jointly assessed couples who are counted as one taxpayer unit. Gender, nationality and age breakdowns refer to the primary self-assessor of the taxpayer unit, i.e. the individual who completes and submitted the Income Tax return.

2.3 Personal Status

Looking at self-assessors by taxpayer type, married taxpayer units with two earners account for 40 per cent of self-assessors, while married taxpayer units with one earner account for around 24 per cent in 2022. The composition of married self-assessors has changed over the period with more taxpayer units with two earners and less taxpayer units with one earner compared to 2016. Figure 2 shows that single taxpayer units (male & female) are the second most prominent categories among self-assessors, consisting of around 217,000 single self-assessors in 2022 (35 per cent). The number of single male self-assessors has increased by 26 per cent between 2016 and 2022, while the number of single females has increased by 20 per cent. Widowers, widows, civil partnership and surviving civil partner taxpayer types are included in the "other" category, which accounts for approximately 5 per cent of self-assessors.

Figure 2: Distribution of Self-Assessors (by Taxpayer Type)

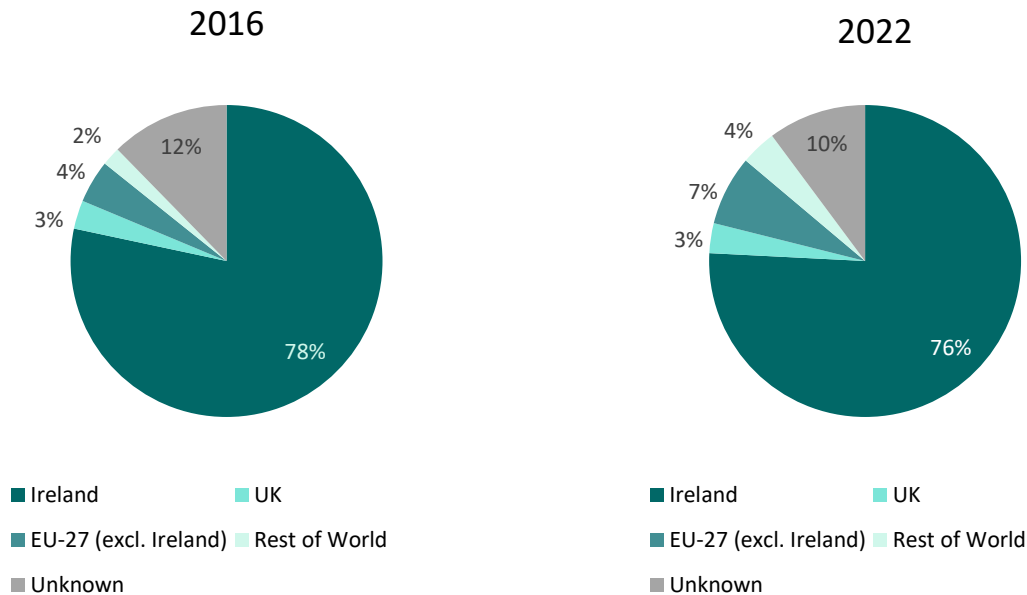


Source: Revenue analysis

2.4 Nationality

Data from 2016 to 2022 indicates that self-assessors in Ireland are more likely to be Irish, with over three quarters indicating Irish nationality in 2022. The proportion of self-assessors from an EU-27 country⁵ (excluding Ireland) was 7 per cent in 2022, a further 3 per cent were from the UK and another 4 per cent were from somewhere else in the world (Figure 3).

Figure 3: Distribution of Self-Assessors (by Nationality)

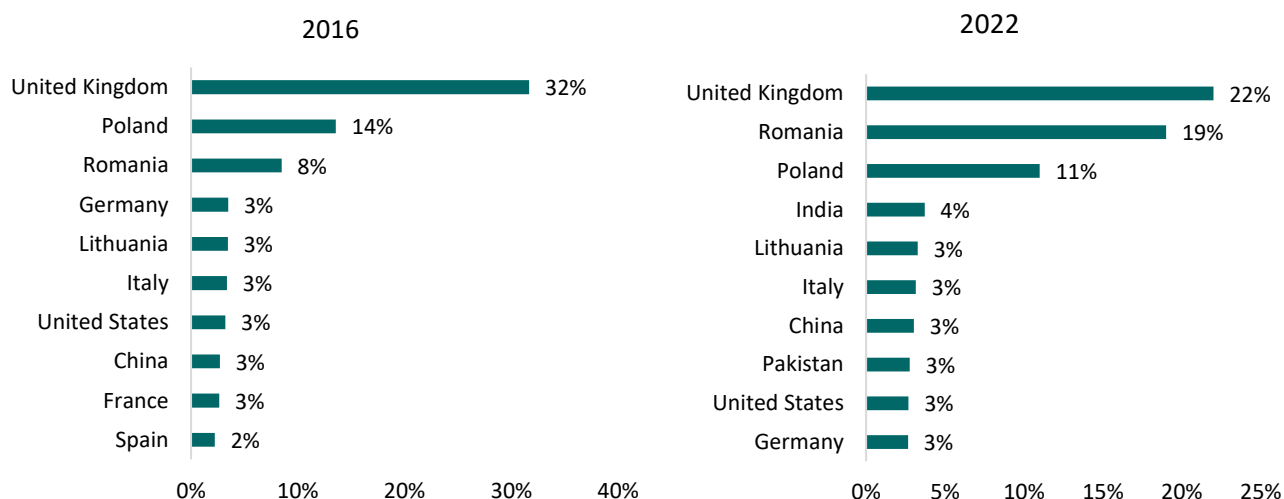


Source: Revenue analysis

The most prominent nationalities of self-assessors who were non-Irish in 2022 are outlined in Figure 4. Of those who indicated they were not Irish, 22 per cent were from the United Kingdom followed by Romania (19 per cent) and Poland (11 per cent). The top three non-Irish nationalities have remained unchanged since 2016, while India and Pakistan have replaced France and Spain in the top ten (Figure 4).

⁵ Countries included in the EU-27 category (excl. Ireland): Belgium, Bulgaria, Czech Republic, Denmark, Germany, Estonia, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden

Figure 4: Distribution of Self-Assessors – Top 10 Nationalities



Source: Revenue analysis

2.5 Age

In terms of the age breakdown of self-assessors in 2022, 36 per cent of primary self-assessors are between 50 and 66 years of age. Just over 1 per cent are under the age of 24, while 19 per cent are 67 or older (Table 2).

Table 2: Number of Self-Assessors (by Age)

Age	2016 Share (%)	2022 Share (%)
Less than 24	1	1
Age 24 to 29	3	4
Age 30 to 39	17	14
Age 40 to 49	25	24
Age 50 to 66	34	36
Age 67 to 79	14	15
Age 80+	3	4
Age not on file	3	2
Total	100	100

Source: Revenue analysis

2.6 Sector

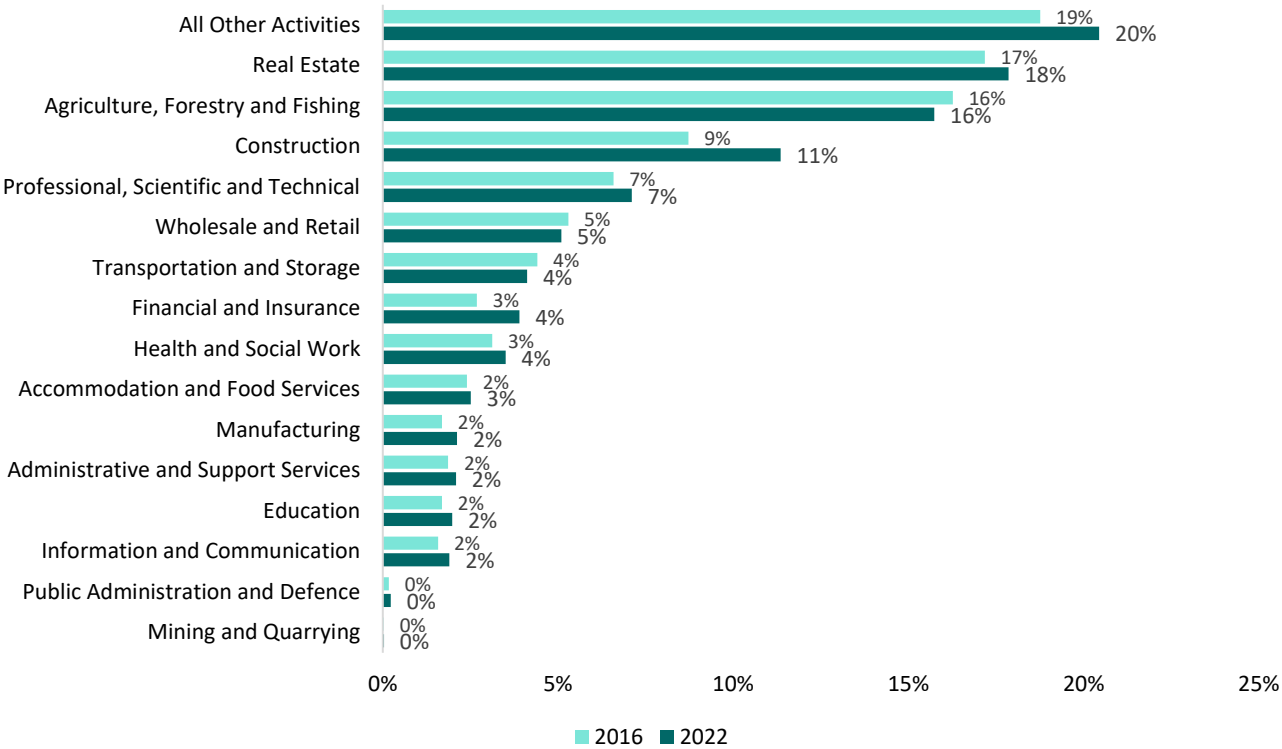
According to Figure 5, self-assessors are most likely to work in the NACE category "All Other Activities".⁶ However, it is important to note that self-assessors where PAYE or a directorship is their only source of income are included in this NACE category and represent over 45 per cent of self-assessors in the sector.⁷ Professions such as hairdressing & other beauty treatment and undifferentiated goods and services producing activities of private households for own use also feature prominently in this NACE sector. The next most prominent NACE category among self-assessors is the real estate sector, with around 18 per cent of self-assessors working in this industry in 2022. This would also include activities such as buying and selling own real estate and leasing real estate. Figure 5 also demonstrates that the share of self-assessors is quite pronounced in

⁶ NACE refers to the sector the filer of taxpayer unit declares they are involved in at the time of registering for Income Tax with Revenue and is not necessarily where their dominant income source comes from.

⁷ On Revenue records, NACE code 9806 indicates PAYE or directorship is the only source of income.

Agriculture, Forestry, Fishing, and the Construction sectors. The number of self-assessors has increased in 15 of the 16 sectors, with the largest increase occurring in the Financial and Insurance sector. Transportation and Storage was the only industry which saw a small decline in the number of self-assessors between 2016 and 2022.

Figure 4: Distribution of Self-Assessors (by NACE)



Source: Revenue analysis

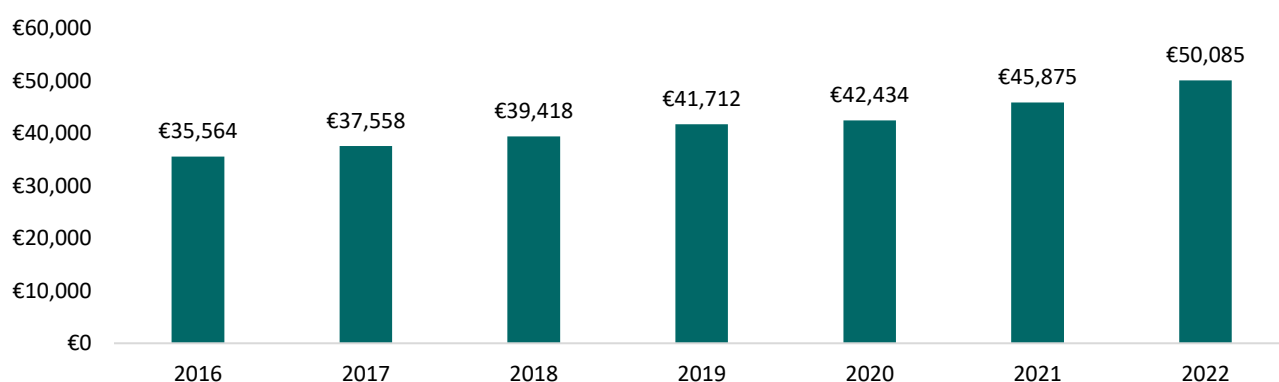
3 Income Composition of Self-Assessors

3.1 Total Gross Income

When filing their Form 11, taxpayers are asked to distinguish between the sources of their income such as: gross case 1 income⁸, rental income, and Schedule E PAYE and non-PAYE income.⁹

Figure 6 presents total gross income derived from all income sources. It has increased by 41 per cent from €35,564 million in 2016 to €50,085 million in 2022. The largest annual increase occurred in 2022 (9 per cent), while the smallest increase occurred in 2020 (2 per cent).

Figure 6: Total Gross Income (€ millions)



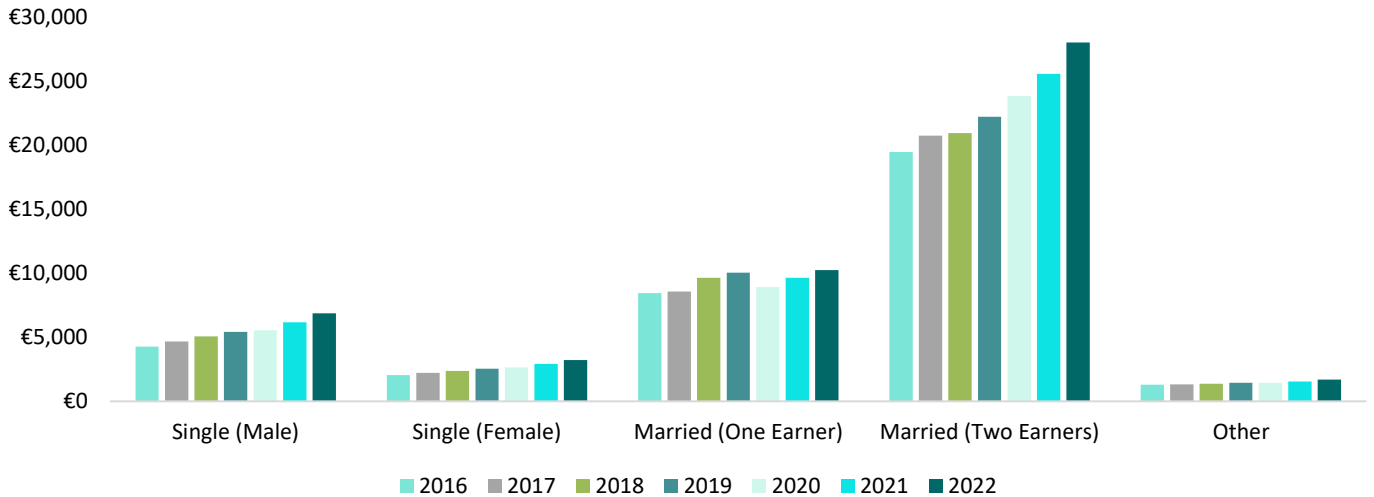
Source: Revenue analysis

Figure 7 shows the total gross income earned each year for the different types of self-assessors. Each taxpayer type saw an increase in gross income over the period 2016 – 2021, with single males and single females experiencing the largest increase of 61 per cent and 58 per cent respectively, while married one earners experienced the smallest increase (21 per cent). The rate of increase certainly slowed in 2020 during the COVID-19 pandemic but married one earner was the only type to experience a decrease in gross income earned that year (11 per cent).

⁸ Gross case 1 income refers to income from a trade or profession.

⁹ Other sources of income that could be reported includes for example Case 3 Foreign Income, Case 4 Unearned Income, Schedule 'F' Income.

Figure 7: Gross Income per year for each personal status (€ millions)



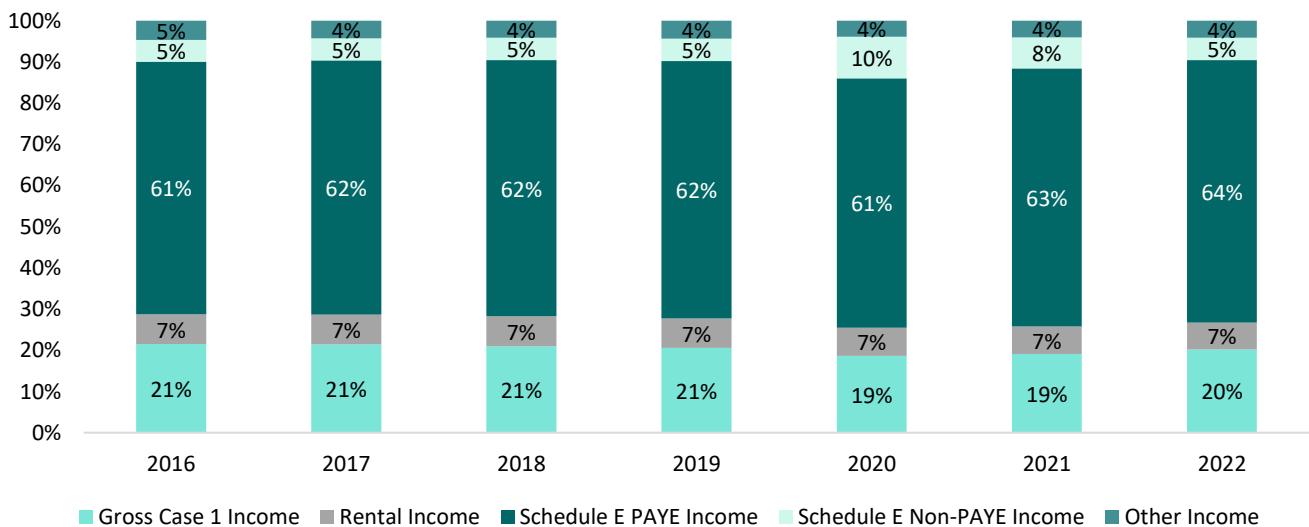
Source: Revenue analysis

3.2 Distribution of Income by Source

Looking at the composition of self-assessors' gross income by income source in Figure 8 indicates that Schedule E PAYE income accounts for over 60 per cent of gross income during the period analysed. Gross case 1 income as a percentage of all income declared by self-assessors has remained stable in the region of 20 per cent over the period. The proportion of Schedule E Non-PAYE income doubled from 5 per cent in 2019 to 10 per cent in 2020 and remained relatively high at 8 per cent in 2021. This can be attributable to the rollout of social welfare payments during the COVID-19 pandemic. Looking at Schedule E non-PAYE income in 2022, the proportion has now fallen back to its pre-pandemic levels.

The proportion of rental income as a percentage of total income remained close to 7 per cent each year.

Figure 8: Income Distribution by Source (Share of Gross Income)

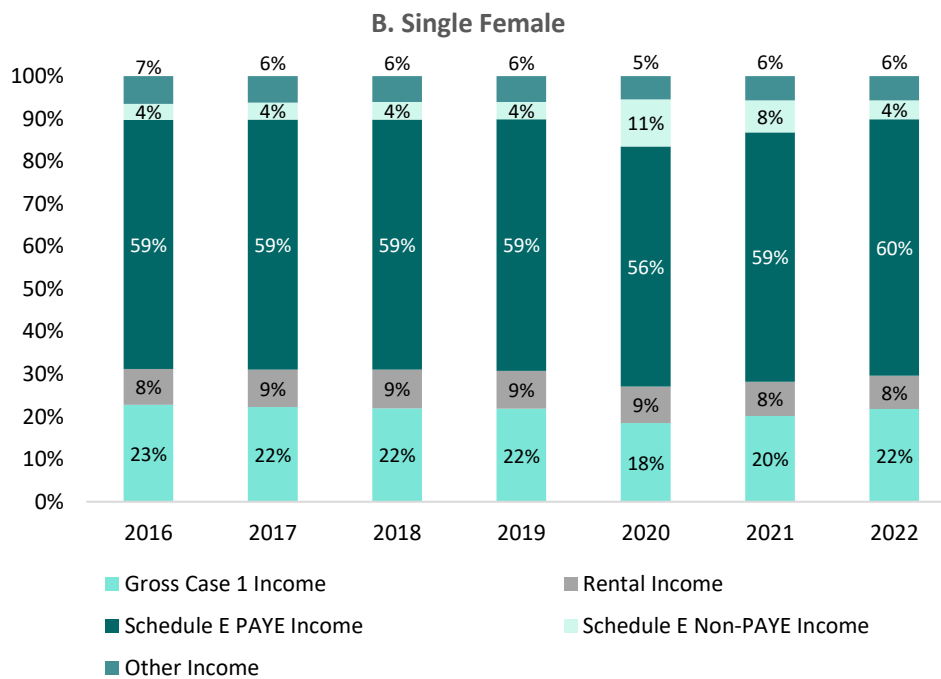
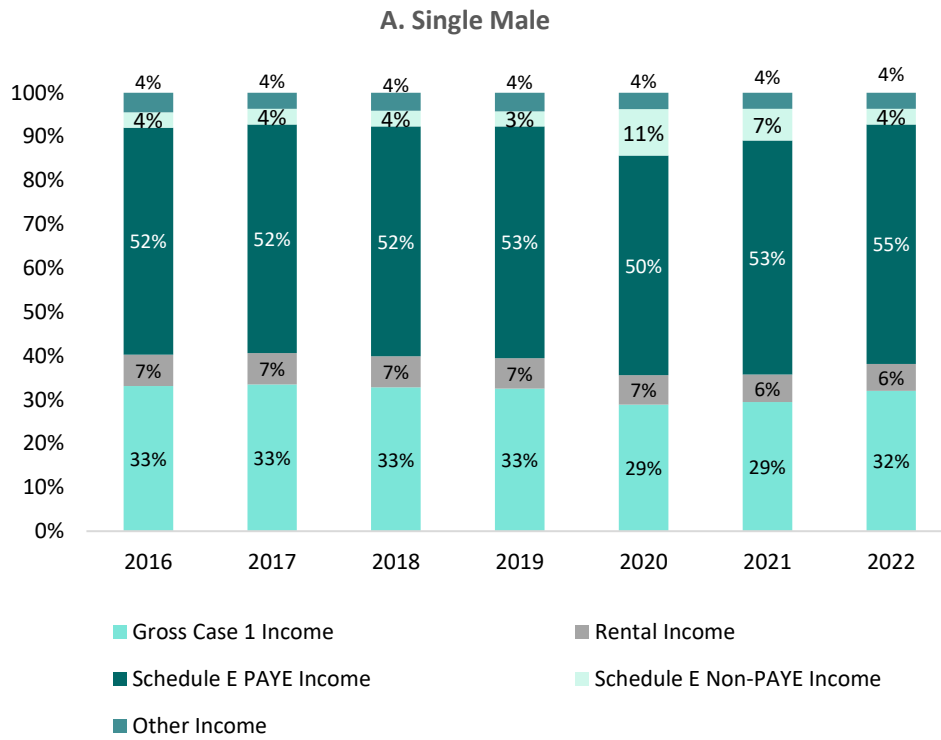


Source: Revenue analysis

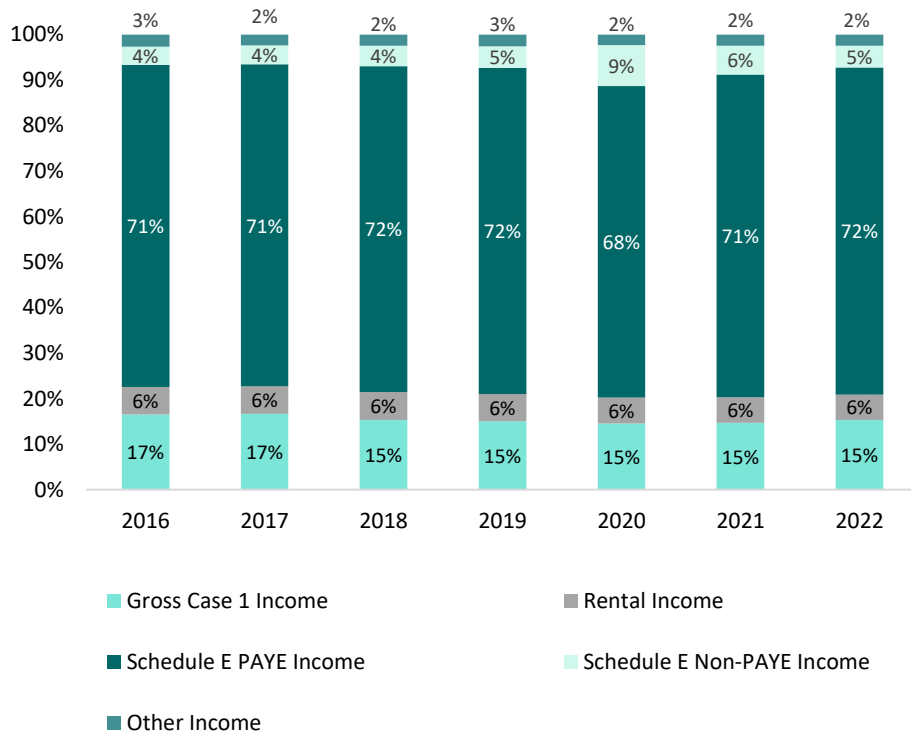
Figures 9 (A-E) illustrate the composition of gross income for self-assessors according to their taxpayer type. Gross case 1 income is more prevalent amongst single males (an average of 32 per cent each year) compared to single females (an average of 21 per cent each year). Single females rely more on Schedule E PAYE income (59 per cent average) compared to single males (52 per cent average). Married with two earners also have a higher dependency on Schedule E PAYE income (71 per cent average) compared to Married with one earner (51 per cent). Income for the 'other' personal status category is more balanced between PAYE and non-PAYE sources of Schedule E income compared to the other taxpayer types. This taxpayer category also had the highest average proportion of rental income (15 per cent), whereas married with two earners had the lowest (6 per cent).

All taxpayer types saw an increase in proportion of Schedule E Non-PAYE income in 2020, with single males (from 3 per cent in 2019 to 11 per cent in 2020) and single females (from 4 per cent in 2019 to 11 per cent in 2020) seeing the biggest increases in dependency. The increase was less substantial for the "other" taxpayer types, due to their already high proportion of Schedule E non-PAYE income. Looking at 2022, the proportion of Schedule E non-PAYE income has returned to pre-pandemic levels for all taxpayer types.

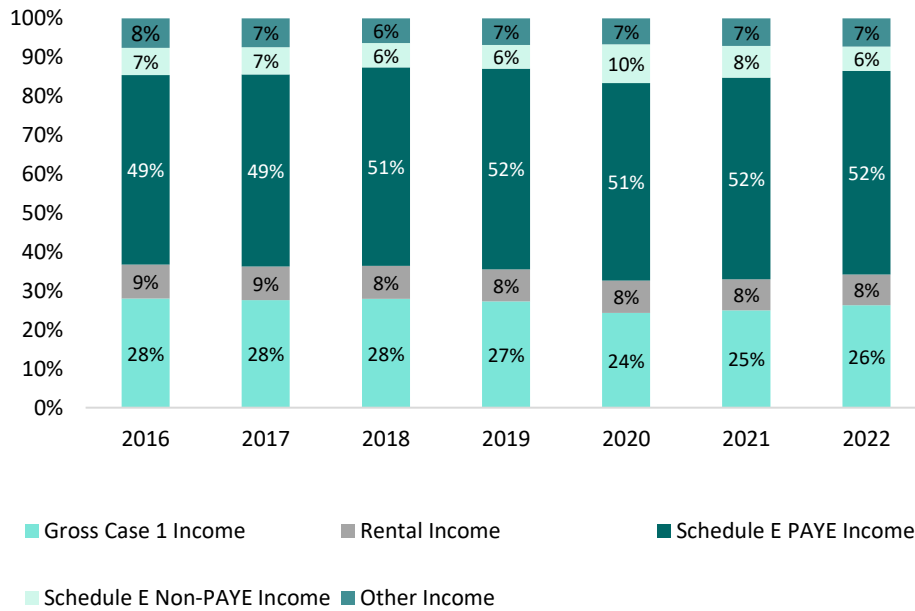
Figure 9: Composition of Income by Source and Taxpayer Unit



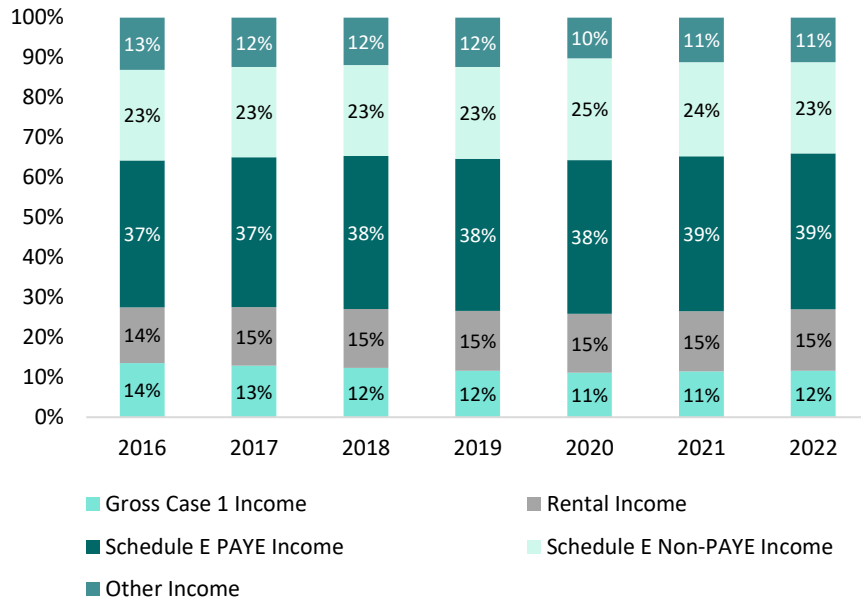
C. Married Two Earners



D. Married One Earner



E. Other tax payers unit type



Source: Revenue analysis

We next investigate the variation in the number of sources of income reported. 15 per cent of self-assessors' report schedule E PAYE income as their only source of income (Table 3). Their gross income represents 11 per cent of all income reported by Form 11 filers in 2022 (Table 4). 11 per cent of filers have schedule E PAYE income and gross case 1 income, followed by 11 per cent who earn gross case 1 income only. These shares have remained quite stable when compared to corresponding figures in 2016.

Table 3: Top 5 Reported Income Sources – by Number of Self-Assessors (2022)

Income Sources	Number of filers	Share of filers (%)
Schedule E PAYE Income Only	90,589	15
Gross Case 1 Income & Schedule E PAYE Income	68,424	11
Gross Case 1 Income Only	67,523	11
Rental Income & Schedule E PAYE Income	47,350	8
Gross Case 1 Income, Schedule E PAYE Income & Schedule E Non-PAYE Income	46,753	8

Source: Revenue analysis

Table 4: Top 5 Reported Income Sources – by Gross Income (2022)

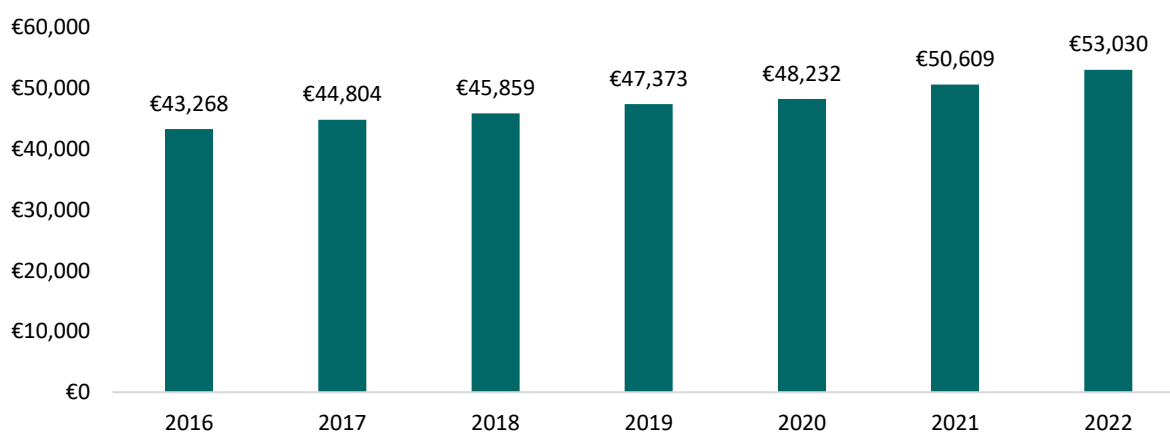
Income Combination	Gross Income (€m)	Share of Gross Income (%)
Schedule E PAYE Income Only	€8,177	16
Rental Income & Schedule E PAYE Income	€5,514	11
Gross Case 1 Income & Schedule E PAYE Income	€5,211	10
Schedule E PAYE Income & Other Income	€3,241	6
Rental Income, Schedule E PAYE Income & Other Income	€3,012	6

Source: Revenue analysis

3.3 Median Gross Income Levels

The median gross income of self-assessors has increased annually since 2016. Median gross income in 2022 was €53,030, which is 23 per cent higher than it was in 2016 (€43,268). The largest yearly increase in median gross income was in 2021 (5 per cent). Over the same period, median gross income for taxpayer units who earn only PAYE income also increased by 23 per cent from €24,189 to €29,745.

Figure 10: Median Gross Income (2016 – 2022)



Source: Revenue analysis

Looking at median gross income by taxpayer type who filed a Form 11 (Table 5), the only cohort to experience a reduction in 2020 were the married with one earner, where it declined by 4 per cent. Over the analysed period, single males experienced the biggest increase in their median gross income (33 per cent), while married with two earners experienced the smallest increase (20 per cent).

Table 5: Median Gross Income (by taxpayer type)

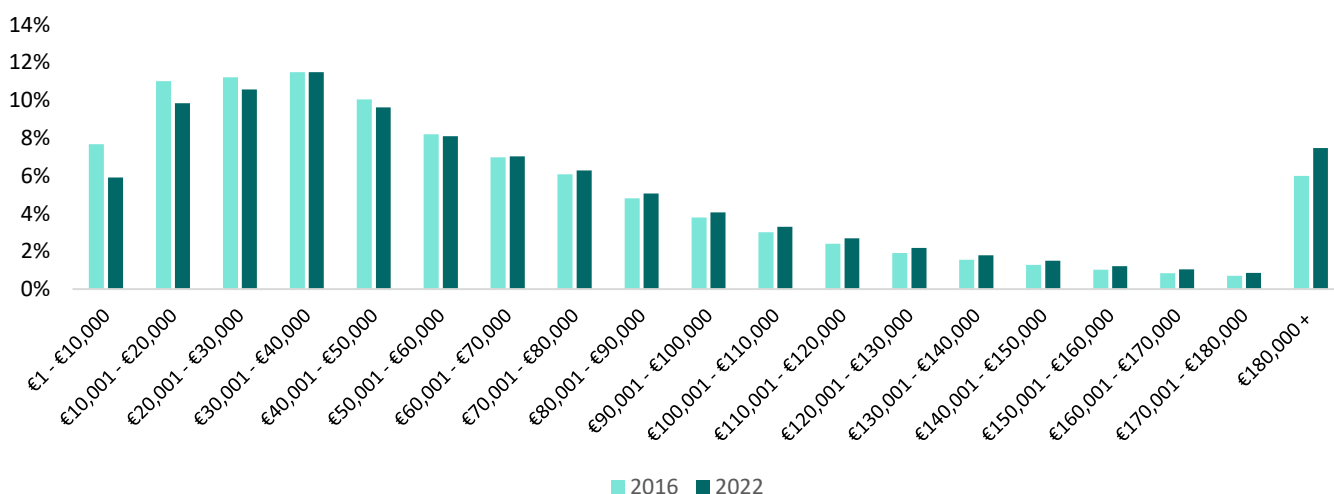
Sex	2016	2017	2018	2019	2020	2021	2022
Single (Male)	€24,042	€25,229	€26,161	€27,401	€28,059	€30,024	€32,054
Single (Female)	€25,325	€25,494	€26,355	€27,000	€27,366	€29,049	€30,539
Married (Two Earners)	€67,936	€70,027	€71,672	€73,798	€74,658	€78,706	€82,986
Married (One Earner)	€36,030	€37,585	€40,285	€41,477	€39,791	€41,465	€43,075
Other	€30,166	€31,284	€32,019	€33,310	€33,570	€34,856	€36,346

Source: Revenue analysis

3.4 Income Band Analysis

Figure 11 compares the number of self-assessors in each gross income band for 2016 and 2022, adjusting for inflation. There has been a statistically significant upward shift in real gross income earnings over this period, with all bands less than €60,000 experiencing a decrease in the number of filers with an increase in the higher bands. 7 per cent earned over €180,000 in 2022, compared to 6 per cent in 2016. It is important to note that at higher income bands a greater share of taxpayers units comprise of two individuals.

Figure 11: Distribution of Self-Assessors (by Real Gross Income)

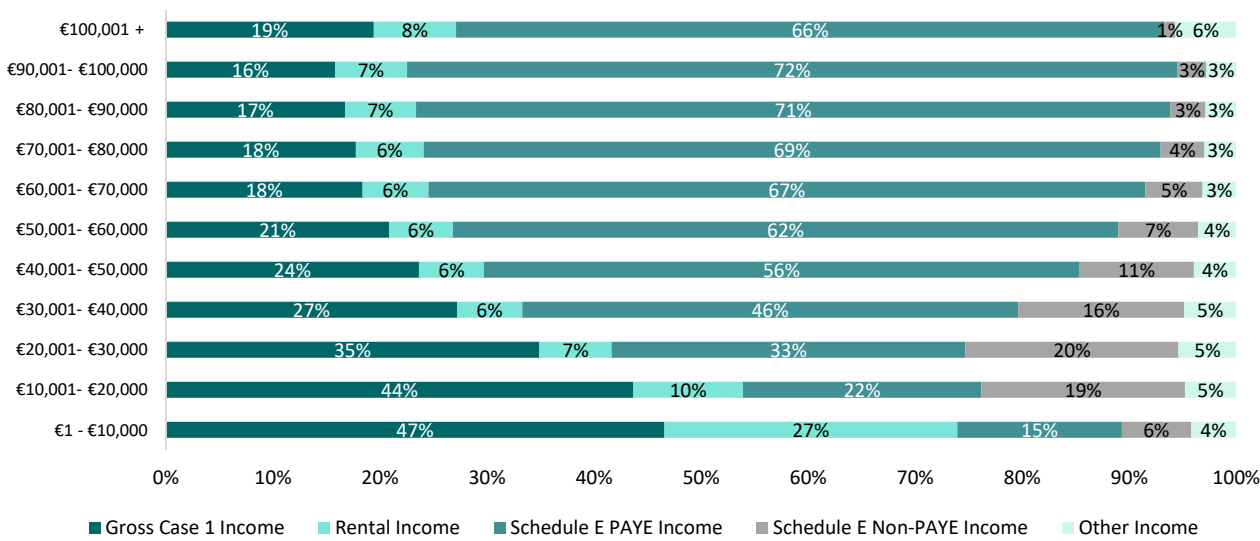


Source: Revenue analysis

Figures 12 and 13 depict the composition of gross income across income bands for 2016 and 2022 respectively. In both years, higher income bands have a greater proportion of schedule E PAYE income compared to lower income bands, while the lower bands tending to have a higher concentration of gross case 1 and rental income. As might be expected, those in higher income bands receive a smaller share of their income from Schedule E non-PAYE income, which may be a reflection of their lower reliance on social welfare payments.

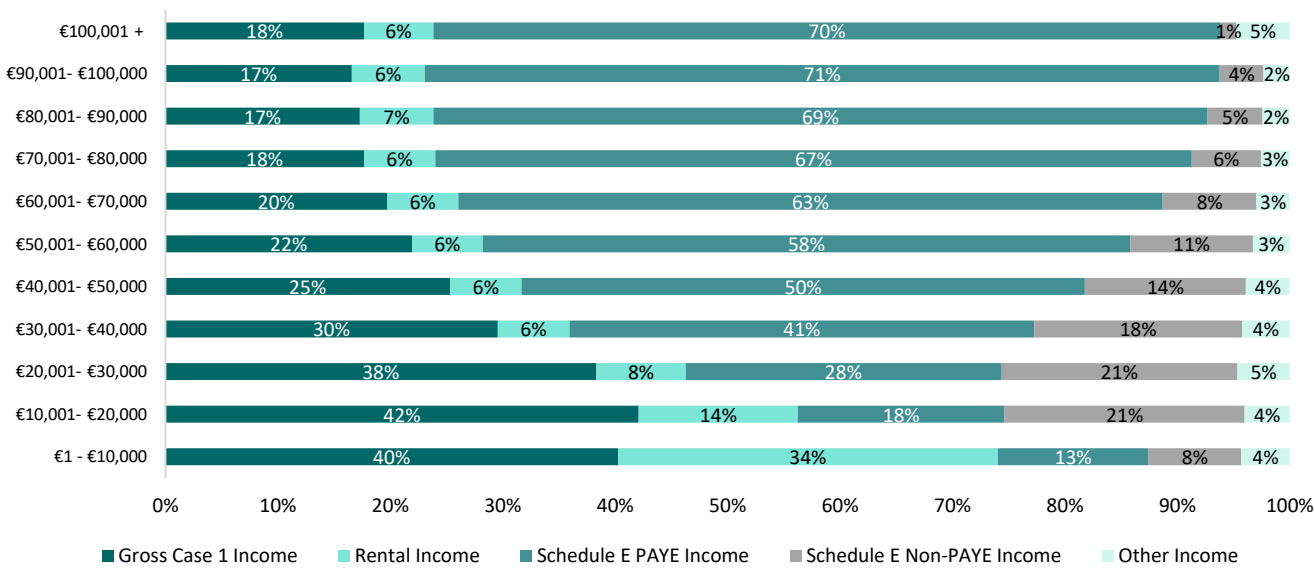
The composition of gross income is similar when comparing 2016 to 2022, but further analysis undertaken revealed some variation in the intervening years primarily attributable to responses during the COVID-19 pandemic. There was a noticeable increase in the proportion of Schedule E Non-PAYE income in 2020 across all income levels, especially for those earning less than €40,000, where Schedule E non-PAYE income accounted for 33 per cent of their income (18 per cent in 2019). This was compensated for by a decrease in levels of gross case 1 income (from 35 per cent in 2019 to 26 per cent in 2020) and Schedule E PAYE income (34 per cent in 2019 to 28 per cent in 2022). The share of Schedule E Non-PAYE income did decrease across all income bands in 2021 before normalising in 2022.

Figure 12: Distribution of Gross Income by Income Source, per Income Band (2016)



Source: Revenue analysis

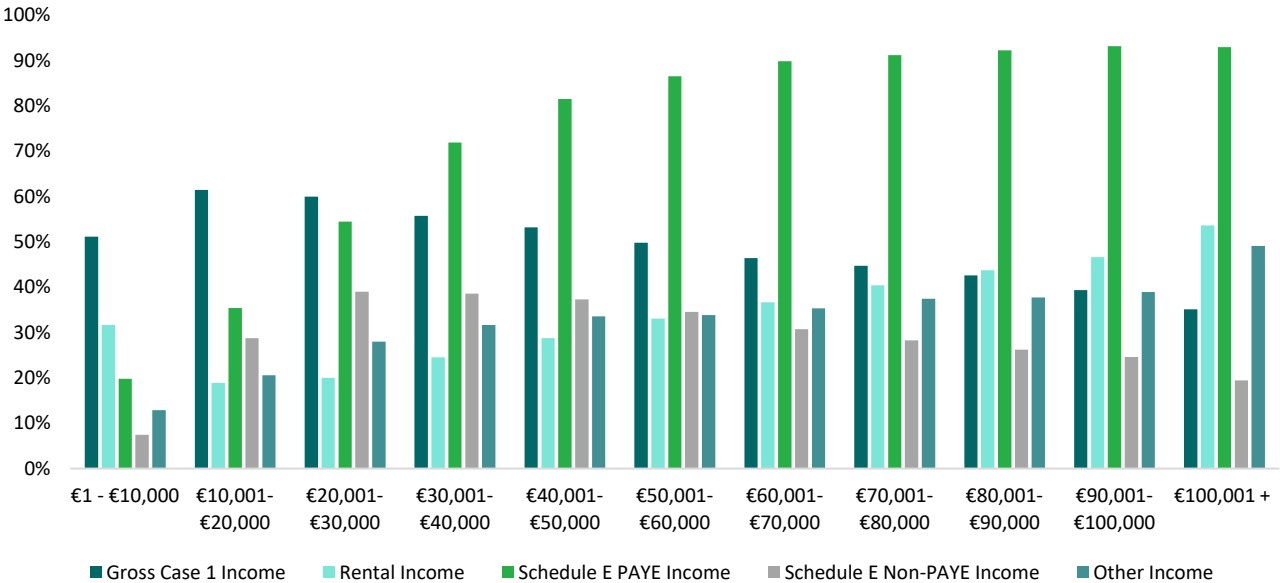
Figure 13: Distribution of Gross Income by Income Source, per Income Band (2022)



Source: Revenue analysis

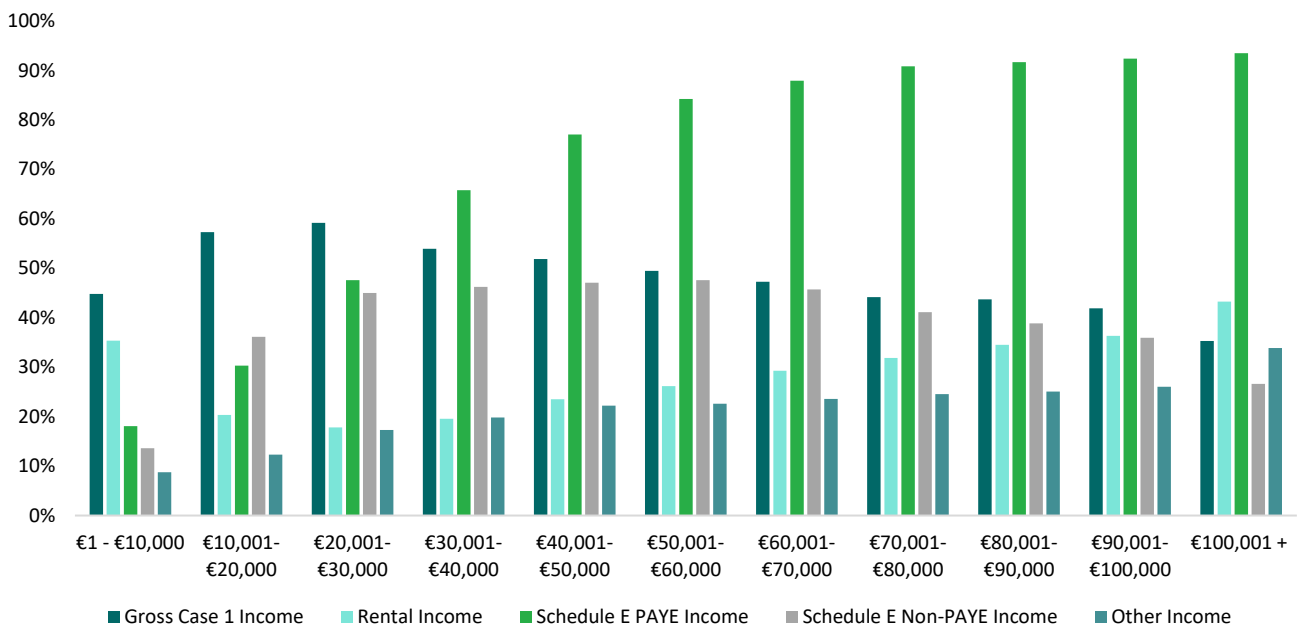
In terms of the proportion of self-assessors within each gross income band earning the various income types for 2016 and 2022 (Figures 14 and 15), some of the more notable trends include an increase in the proportion with Schedule E Non-PAYE income across all income bands and a decrease in the proportions with Schedule E PAYE income. For both years, the proportion with gross case 1 income tends to decrease as gross income levels increase, while the proportion with Schedule E PAYE income tends to increase. Gross case 1 income is the most common source of income at lower income levels, but more self-assessors have Schedule E PAYE income at higher gross income levels.

Figure 14: Proportion of Self-Assessors with each Income Type, per Income Band (2016)



Source: Revenue analysis

Figure 15: Proportion of Self-Assessors with each Income Type, per Income Band (2022)



Source: Revenue analysis

3.5 Decile Analysis

Table 6 shows gross income thresholds by decile for the years 2016 and 2022. The thresholds have increased for all deciles, for example self-assessors in the top decile in 2016 (i.e., top 10 per cent of gross income earners) earned over €124,184, whereas the top decile in 2022 earn over €154,673. Decile 2 experienced the biggest increase in threshold in 2022 when compared to 2016 (33 per cent). In 2022, the top 1 per cent of gross income earners had gross income levels over €508,939, while the top 0.1 per cent had gross income levels of at least €1,554,793.

Table 6: Gross Income Thresholds per Decile

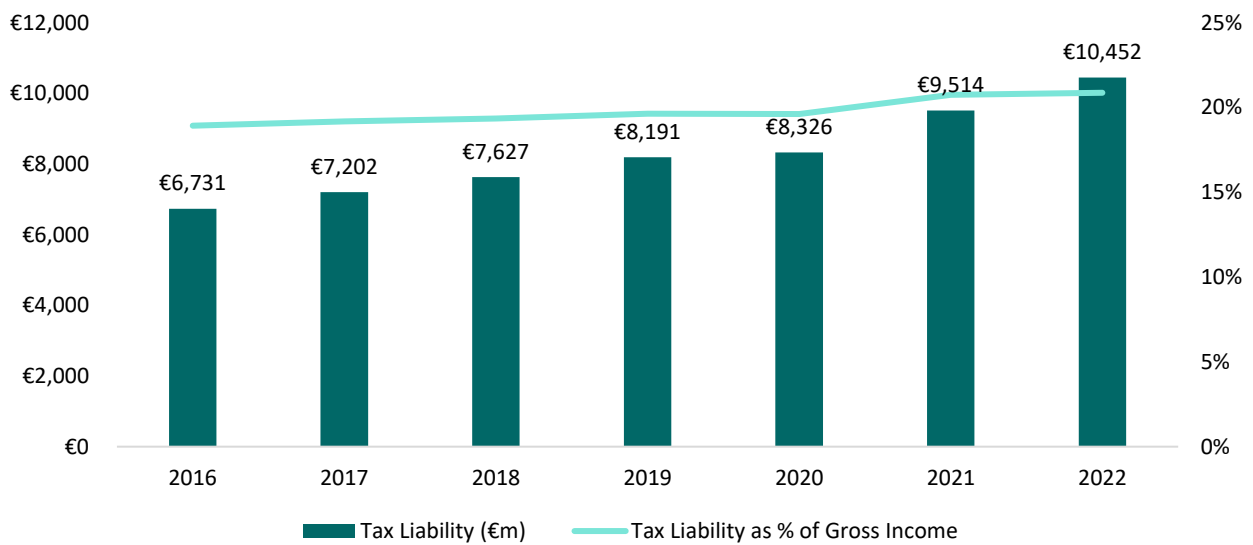
Decile	2016	2022
Bottom Decile	€1	€1
Decile 2	€10,969	€14,597
Decile 3	€18,892	€24,081
Decile 4	€26,878	€33,380
Decile 5	€34,661	€42,085
Decile 6	€43,269	€53,031
Decile 7	€54,032	€66,268
Decile 8	€67,406	€82,136
Decile 9	€86,040	€106,026
Top Decile	€124,184	€154,673
Top 1%	€394,813	€508,939
Top 0.1%	€1,220,162	€1,554,793

Source: Revenue analysis

3.6 Tax Liability

The total annual tax liability of self-assessors has increased by 55 per cent over period 2016-2022 (Figure 16), with the largest annual increase occurring in 2022 (21 per cent). However, tax liability as a proportion of gross income has been relatively stable, only increasing by 2 percentage points, from 19 per cent to 21 per cent over the period. Comparing with taxpayer units who earned only PAYE income, their total tax liability increased by 75 per cent over the same period. Their tax liability as a share of gross income ranged between 14 to 20 per cent over the period.

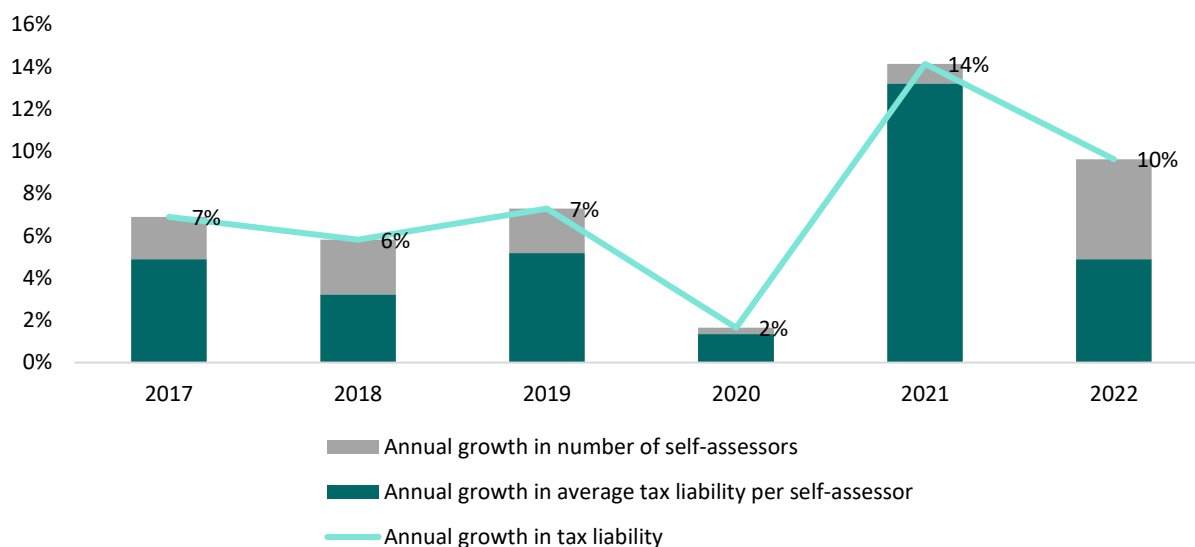
Figure 16: Annual Tax Liability and Liability as a Proportion of Gross Income



Source: Revenue analysis

Figure 17 shows the annual growth rate in the total tax liability per year and decomposes it into two parts: the annual growth rate of the number of self-assessors and the annual growth rate in average tax liability per self-assessor. The highest growth in total tax liability occurred in 2021 (14 per cent), and this was mainly driven by the growth in average tax liability per self-assessor. In fact, the growth in average tax liability per self-assessor is the main driver of growth in tax liability in all years.

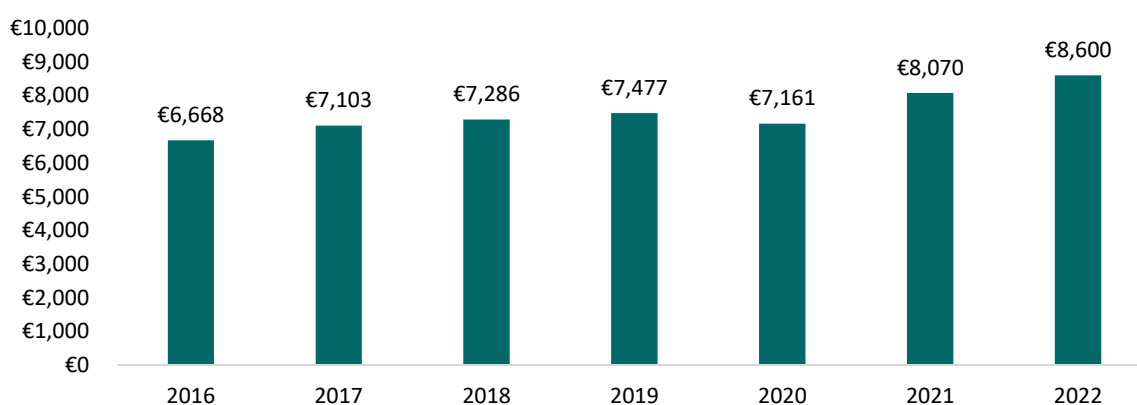
Figure 17: Decomposing Annual Growth in Tax Liability



Source: Revenue analysis

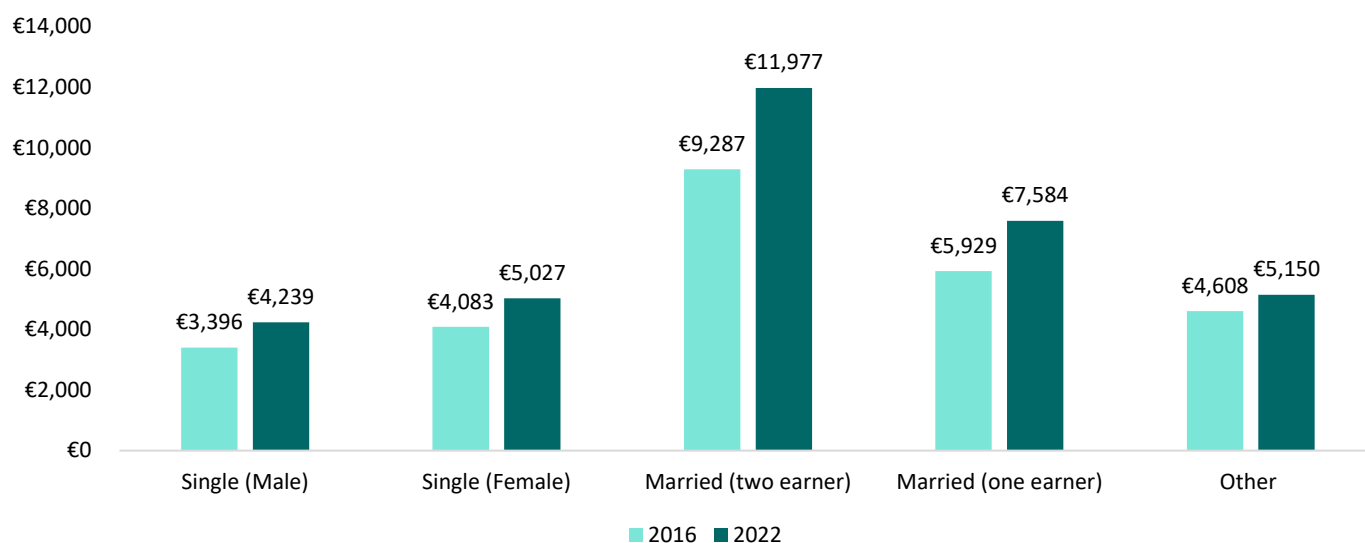
In terms of the median tax liability per self-assessor (Figure 18), this has increased by 29 per cent over the period 2016 to 2022. The largest annual increase occurred in 2021 (13 per cent), while 2020 was the only year where a decrease occurred (4 per cent). Figure 19 compares the 2016 and 2022 median tax liability for each taxpayer type, and married with two earners experienced the biggest increase over the period (29 per cent).

Figure 18: Median Tax Liability (2016 – 2022)



Source: Revenue analysis

Figure 19: Median Tax Liability by Taxpayer Type (2016 – 2022)



Source: Revenue analysis

3.7 Total Tax Liability by Gross Income Decile

When comparing the total gross income and tax liability¹⁰ per gross income decile for 2016 and 2022 (Table 7), those in the top decile experienced the smallest increase (52 per cent). However, growth in the proportion of tax liability to gross income remains relatively consistent across all deciles, ranging from less than 1 per cent to 2 per cent. In 2022, those in the top decile had the highest proportion of tax liability to gross income (31 per cent), whereas those in decile 2 had the lowest proportion (2 per cent). From decile 2 upwards, tax liability as a proportion of gross income increases as income levels increase.

Table 7: Gross Income and Tax Liability (by Gross Income Decile)

Gross Income Decile	2016 Gross Income (€m)	2016 Tax Liability (€m)	2016 Tax/Gross Income (%)	2022 Gross Income (€m)	2022 Tax Liability (€m)	2022 Tax/Gross Income (%)
Bottom Decile	€330.03	€10.59	3.2	€516.56	€19.81	3.8
Decile 2	€817.59	€18.45	2.3	€1,200.82	€29.90	2.5
Decile 3	€1,256.19	€43.73	3.5	€1,787.73	€79.84	4.5
Decile 4	€1,693.22	€83.37	4.9	€2,337.91	€144.01	6.2
Decile 5	€2,128.18	€144.11	6.8	€2,944.45	€265.50	9.0
Decile 6	€2,660.05	€262.09	9.9	€3,694.72	€434.40	11.8
Decile 7	€3,316.94	€418.88	12.6	€4,590.78	€653.42	14.2
Decile 8	€4,162.92	€648.82	15.6	€5,782.19	€1,028.39	17.8
Decile 9	€5,601.83	€1,126.57	20.1	€7,859.75	€1,748.23	22.2
Top Decile	€13,596.62	€3,974.01	29.2	€19,370.19	€6,048.15	31.2

Source: Revenue analysis

¹⁰ For our analysis, tax liability is defined as income tax charged at various rates less credits.

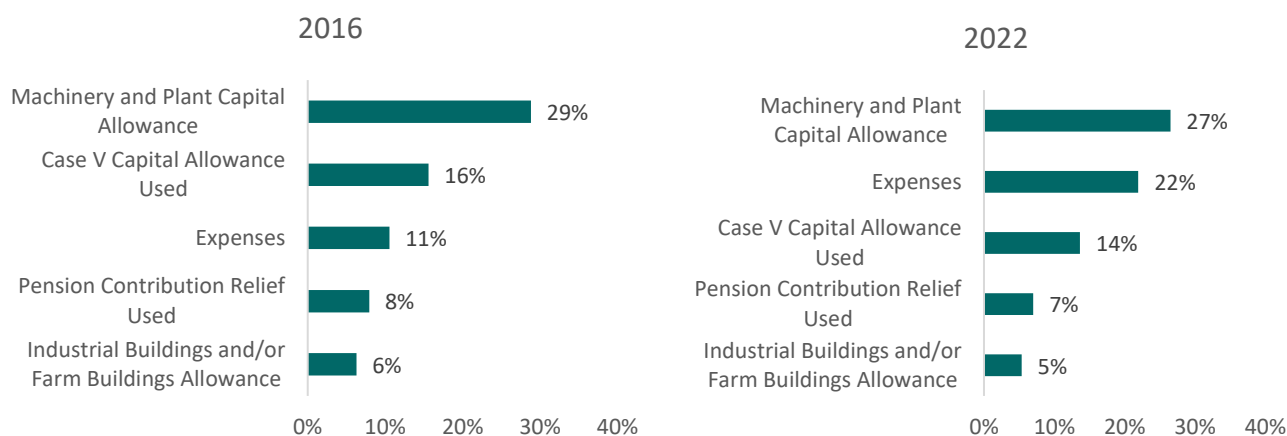
4 Usage of Allowances, Deductions, Reliefs and Credits

There are various allowances, deductions, and reliefs a self-assessor may be eligible for to reduce their taxable income. There are also various credits which can reduce the amount of tax paid. In this section, we identify those most prominently used amongst self-assessors, in terms of both the numbers of self-assessed using them and their value.

4.1 Allowances, Deductions and Reliefs

The top 5 allowances, deductions & reliefs used by self-assessors in 2016 and 2022 are presented in Figure 20. Machinery and plant capital allowance remains the most common in both years, utilised by 29 per cent of self-assessors in 2016 and 27 per cent in 2022. The top 5 allowances are the same for both years, with expenses and the Case V capital allowance switching the rank.

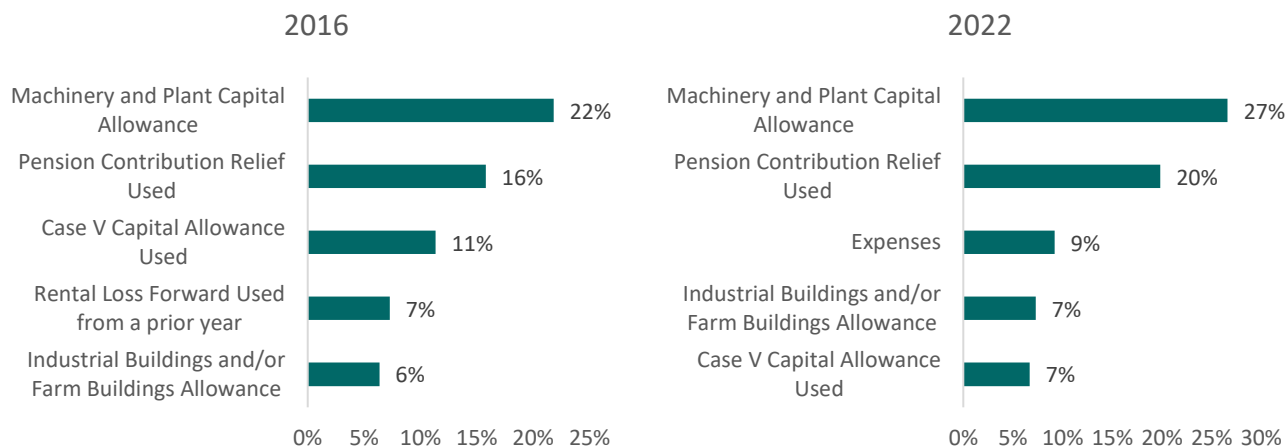
Figure 20: Top 5 Allowances, Deductions & Reliefs Used (% of Self-Assessors)



Source: Revenue analysis

Figure 21 presents the top 5 allowances, deductions and reliefs used by self-assessors in terms of the monetary value. Again, the machinery and plant capital allowance is the most common, accounting for 22 per cent of the total amount used in 2016 and 27 per cent in 2022. Pension contributions are the second most utilised in both years, representing 16 per cent in 2016 and 20 per cent in 2022. Notably, the rental loss forward allowance, which was in the top five in 2016, has been replaced by expenses in 2022.

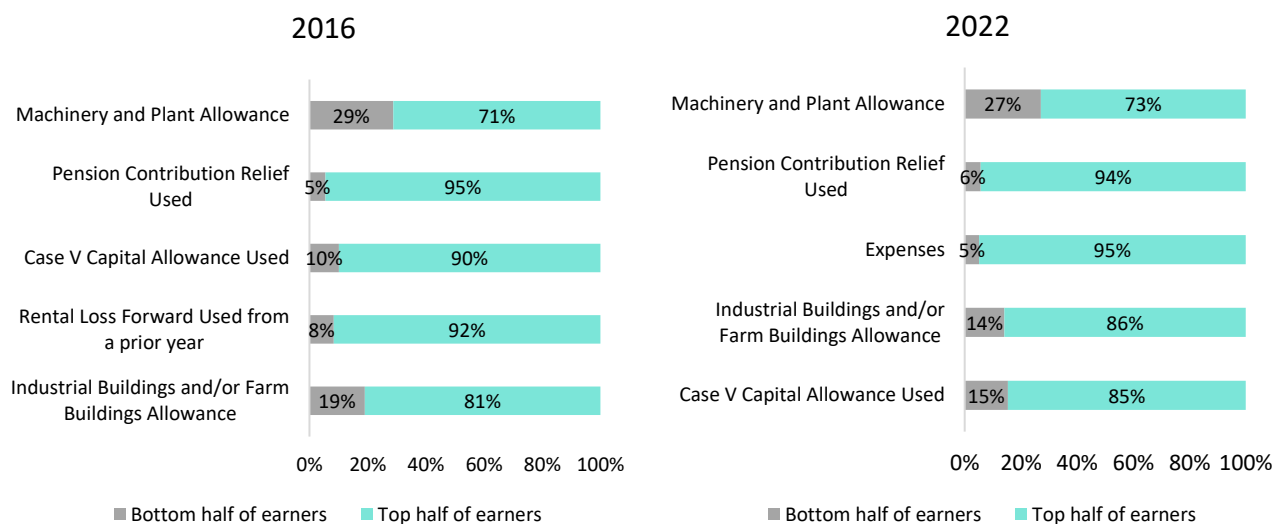
Figure 21: Top 5 Allowances, Deductions and Reliefs Used (% of Total amount used)



Source: Revenue analysis

When comparing the use of allowances, deductions and reliefs between those below and above the median gross income of filers, 85 per cent of the total amount used was by those in the top half. Similar proportions were also seen in 2016. Figure 22 presents a breakdown of the main allowances, deductions and reliefs used by those below and above the median gross income of filers. The filers with gross income above the median used 73 per cent of the total amount of machinery and plant capital allowances and 94 per cent of pension contributions relief.

Figure 22: Composition of Top 5 Allowances, Deductions and Reliefs by Income Group



Source: Revenue analysis

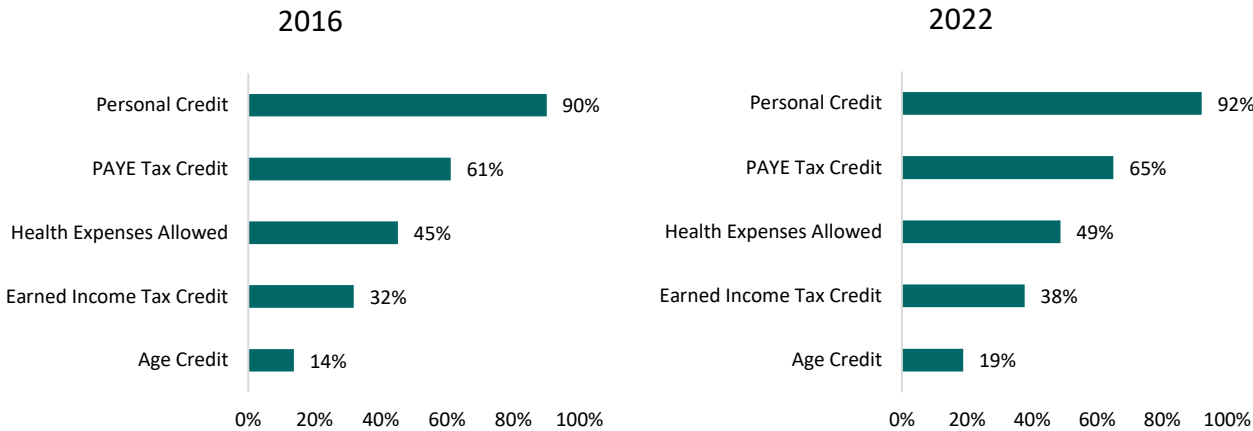
4.2 Credits

The share of self-assessors using credits to reduce the amount of tax paid is presented in Figure 23.¹¹ The top 5 credits and their order remain unchanged in both years, the personal tax credit is

¹¹ This section focuses on tax credits used. Taxpayer units whose tax liability is less than their total credits will have credits that remain unused.

the most common, used by 90 per cent of self-assessors in 2016 and 92 per cent in 2022. The Employee or PAYE Tax Credit is also used by over 60 per cent of self-assessors in both years.

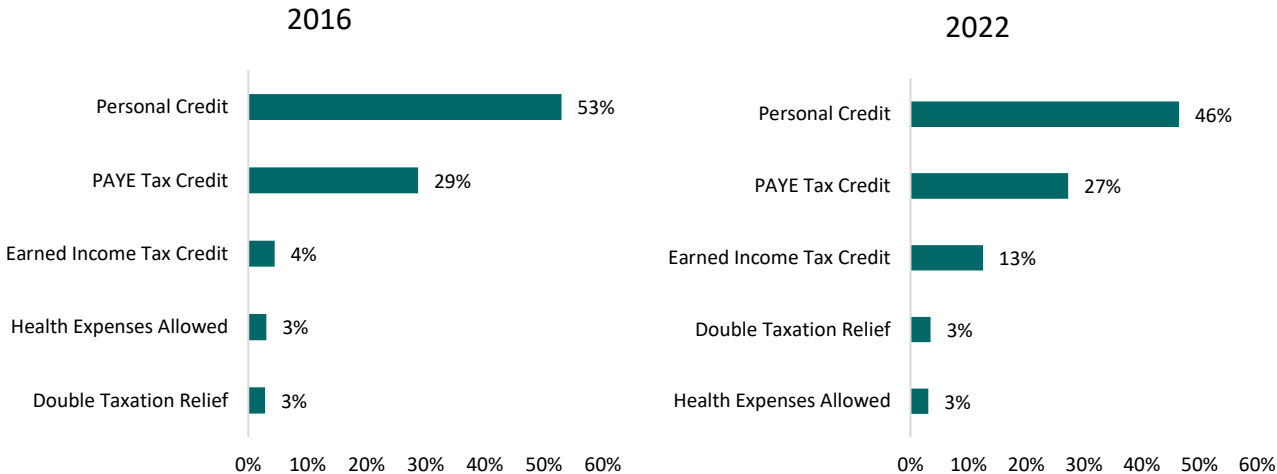
Figure 23: Top 5 Credits Used (% of Self-Assessors)



Source: Revenue analysis

The findings are consistent when examining the top 5 credits in terms of their monetary value presented in Figure 24. The personal tax credit remains the most prominent in both years, accounting for 53 per cent of the total credits used in 2016 and 46 per cent in 2022. The health expenses and double taxation relief reversed rankings between 2016 and 2022.

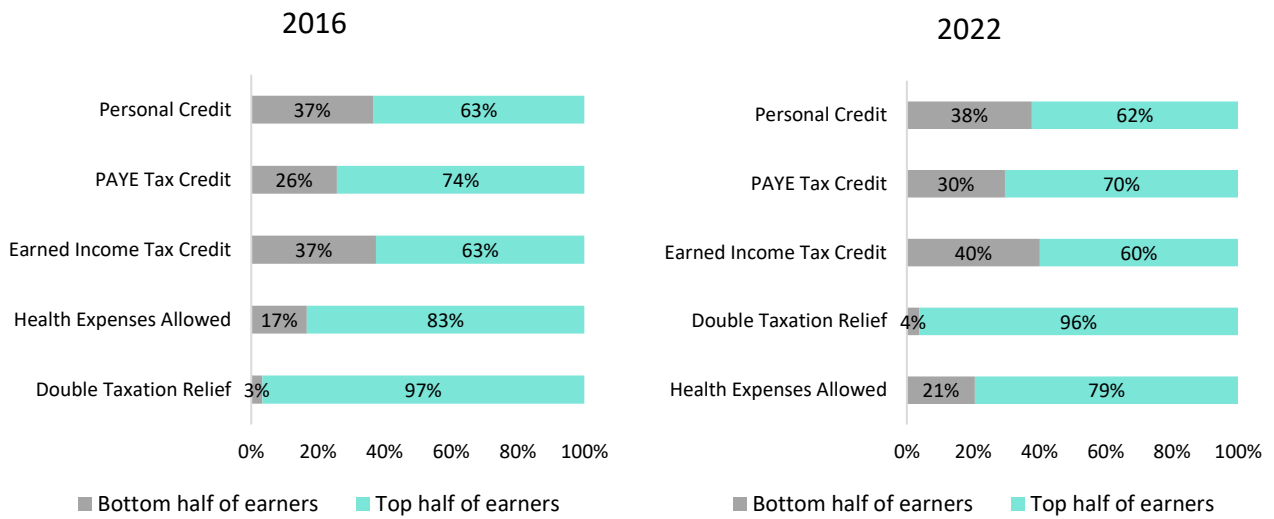
Figure 24: Top 5 Credits Used (% of Total € used)



Source: Revenue analysis

When comparing the usage of credits for filers above and below the median gross income, 67 per cent of the total amount used was by the top half of earners, while 31 per cent was used by the bottom half. These proportions were 69 per cent and 31 per cent respectively in 2016. Figure 25 shows the top half of earners used 62 per cent of the total personal tax credit amount used and 70 per cent of the PAYE credits used.

Figure 25: Comparing Usage of Bottom and Top Half of Earners (% of Total amount used)



Source: Revenue analysis

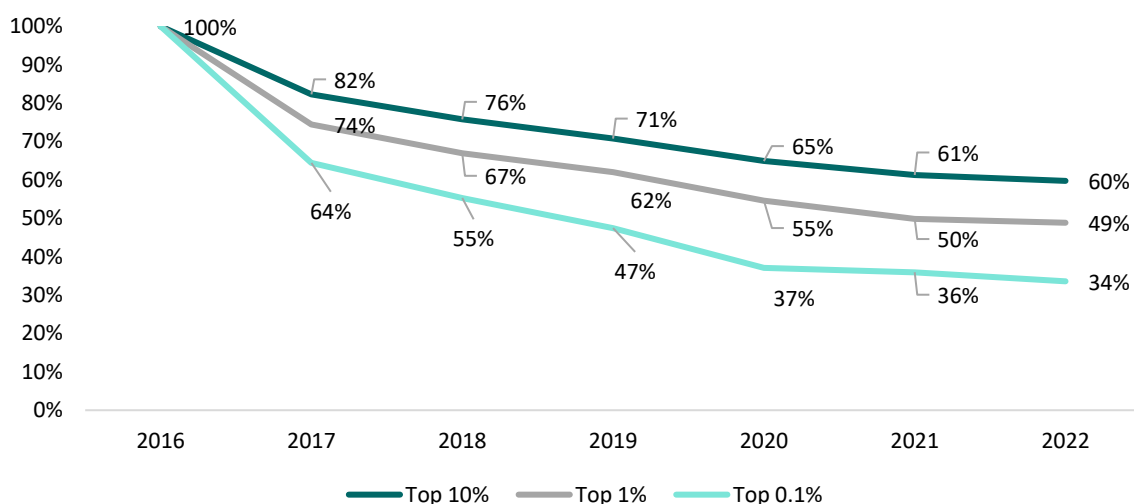
5 Income Mobility

5.1 Income persistence among High Income Taxpayers

We examine the survival rate of self-assessors in the top 10 per cent, 1 per cent and 0.1 per cent for each year. The survival rate is determined by calculating the proportion of individuals who remain in their respective gross income percentile after 2016 (first year in this dataset).

Figure 26 shows that by 2022 the survival rate is 60 per cent for the top 10 per cent, 49 per cent for the top 1 per cent and 34 per cent for the top 0.1 per cent. The survival rates for the three cohorts follow a similar trend over the period, declining sharply in the first year and then declining at a gradually slower rate thereafter. Although the higher percentage change between 2019 and 2021 for those in the top 0.01% suggests they were affected more in the initial year of the Covid 19 pandemic.

Figure 26: Survival of Top Gross Income Earners over Time



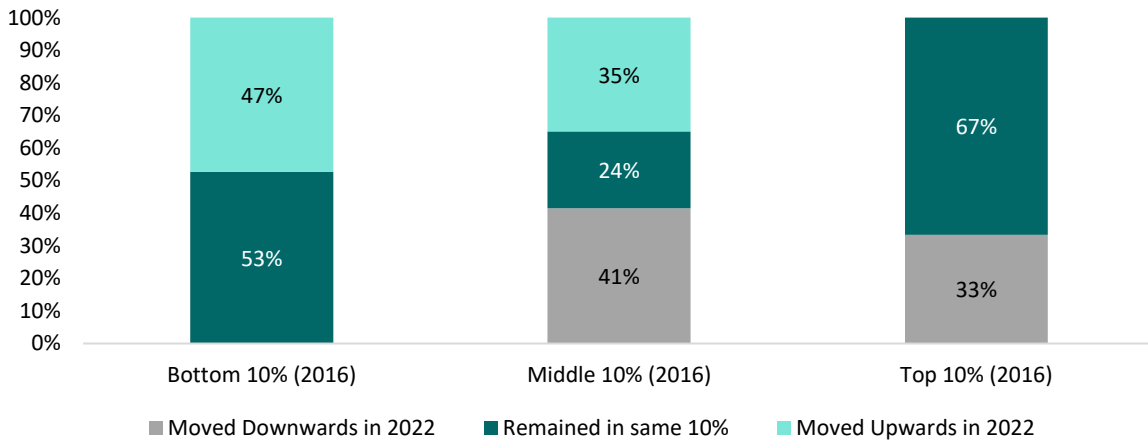
Source: Revenue analysis

5.2 Income Mobility

This section presents developments in income mobility of self-assessed taxpayers between 2016 and 2022 using transition matrices. For this analysis, self-assessors under the age of 25 were excluded to remove those who potentially are transitioning from education to work. Secondly, only self-assessors with gross income in both 2016 and 2022 are included. Then the bottom 10 per cent, middle 10 per cent and top 10 per cent of gross income earners are calculated for 2016 and 2022.

Figure 27 shows the movements of self-assessors in the bottom 10 per cent, middle 10 per cent and top 10 per cent of gross income earners in 2016 compared to 2022. For example, of those self-assessors in the middle 10 per cent of gross income earners in 2016, 41 per cent found themselves below the middle 10 per cent of gross income earners in 2022, while 35 per cent earned more than the middle 10 per cent in 2022. 24 per cent remained in the middle 10 per cent of gross income earners in 2022. Self-assessors in the top 10 per cent in 2016 had less downwards movement (33 per cent) compared to those located in the middle 10 per cent (41 per cent), while self-assessors in the bottom 10 per cent were more likely to move upwards (47 per cent) compared to those located in middle 10 per cent (35 per cent). Self-assessors in the top 10 per cent in 2016 had the highest proportion remaining in the same 10 per cent in 2022 (67 per cent). (This compares to 60 per cent in Figure 24, the difference is due to outlined restrictions applied to the sample in this section).

Figure 27: Gross Income Mobility (2016 – 2022)



Source: Revenue analysis

6 Appendix

6.1 Income Definitions

- ❑ **Gross Case 1 Income** – Profit from trade or profession.
- ❑ **Rental Income** – Profit from renting out property.
- ❑ **Schedule E PAYE Income** – Income from an office, employment or pension that is subject to PAYE (Pay as You Earn).
- ❑ **Schedule E Non-PAYE Income** – Income from an office, employment or pension that is chargeable to tax under Schedule E but is not subject to PAYE.
- ❑ **'Other'** - Includes the following but is not limited to:
 - Case 3 Foreign Income
 - Case 4 Unearned Income
 - Schedule 'F' Income
 - Gross Balancing Charges

6.2 Allowances, Deductions & Reliefs

- ❑ **Case V Capital Allowance** - Capital allowances that can be claimed against rental income taxed under Case V of Schedule D.
- ❑ **Expenses** - You may be able to claim a deduction for expenses incurred that are directly related to the running of your business.
- ❑ **Industrial Buildings and/or Farm Buildings Allowance** - Industrial Buildings Allowance is a tax allowance that can be claimed on the capital expenditure incurred on the construction or refurbishment of an industrial building used for the purposes of a trade. Farm Buildings Allowance is given on capital expenditure incurred on the construction, reconstruction or refurbishment of farm buildings, fences, yards and other structures for use in the farming trade.
- ❑ **Machinery & Plant Capital Allowance** – Machinery and plant capital allowances allow for a deduction against taxable profits for capital expenditure incurred on machinery and plant used for the purposes of a trade.
- ❑ **Pension Contribution Relief** – Relief on pension contributions (including Additional Voluntary Contributions (AVCs)).
- ❑ **Rental Loss Forward Used from a prior year** - Unused rental losses that are carried forward from a previous tax year to be deducted against rental profits in the current tax year.

6.3 Credit Definitions

- ❑ **Double Taxation Relief** - Provides relief from income or gains being taxed twice, when they are taxable both in Ireland and another country.
- ❑ **Earned Income Tax Credit** – Allowed in respect of the pay that you earn. Examples of income that qualifies for the earned income credit include trading income and pay earned by proprietary directors.
- ❑ **Health Expenses Allowed** – Relief on the cost of health expenses. These can be your own health expenses, those of a family member or any individual's, as long as you paid for them.
- ❑ **Employee Tax Credit** – You can claim the Employee Tax Credit if you receive income that is taxable under the Pay As You Earn (PAYE) system.
- ❑ **Personal Credit** – Tax credit received if you are resident in Ireland.