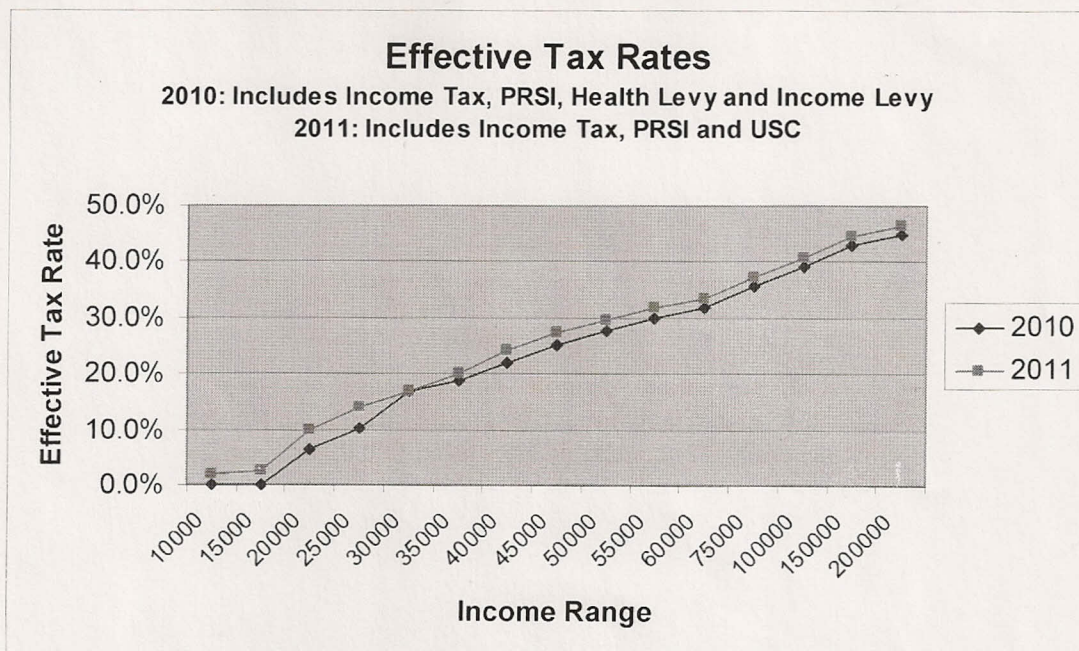


The introduction of the USC rectifies the anomalous situation previously discussed. After the introduction of the USC, this situation ceases to occur as the effective tax rates of earnings are brought closer together and more faithfully reflect the difference in gross earnings.

Table 2 - 2011 Income Tax, PRSI, Health Levy and USC¹

Gross Income	Income Tax	PRSI	USC	Net Income	Effective Tax Rate
€25,500	€1,800	€756	€1,103	€21,841	14.3%
€26,500	€2,000	€796	€1,173	€22,531	15.0%

The overall taxation system remains highly progressive after the introduction of the USC. The graph below represents the effective tax rates over income ranges. It can be seen from this graph that an income earner on €20,000 pays 9.8% in taxes and charges while an income earner on €200,000 pays 46% in taxes and charges. The 2011 effective tax rates include the Income Tax changes in Budget 2011.



¹ Includes Income Tax changes in Budget 2011