



Switch Dashboard Notes

- The PBO have prepared a number of sample simulations. These aim to provide examples of different tax or welfare options which could be considered, their cost, and the consequences for different household types. Impacts can be shown in different ways, such as by income level, earning status, family type, gender, and how this affects the poverty levels of certain groups.
- The distributional impacts and costs presented in this dashboard are estimated by SWITCH (Simulating Welfare, Income Tax, Childcare and Housing), the ESRI's tax-benefit model. SWITCH uses SILC (Survey on Income and Living Conditions) data to model impacts of changes to direct tax and welfare policies.
- The SWITCH simulations dashboard can be accessed [here](#). Viewing on a laptop or desktop, rather than a mobile device, is required.
- This dashboard allows users to select from a number of direct tax and welfare simulations from the Select Simulation menu to view the estimated costs and distributional impacts of the changes. The list of simulation choices is available by viewing the View Simulation List Here menu.
- All simulation results presented here are in comparison to a 2023 baseline scenario, where all permanent Budget 2023 direct tax and welfare changes have been implemented. Therefore, the simulations show the impacts additional to permanent Budget 2023 measures, in 2023. This baseline is not an inflation-proofed / indexed baseline and therefore results are interpreted purely in nominal terms.
- Household income deciles are based on equivalised household income, where members of the household are weighted using the national weights.
- Some caveats - Exchequer costs are taken directly from SWITCH. Given SWITCH is based on survey data, albeit weighted to be representative of the population, costs are subject to variation and uncertainty. The indexation options refer to full indexation, i.e. all tax and welfare parameters are increased by the chosen rate of indexation. Flat rate welfare increases, e.g. by €10, also involve proportionate increases to all reduced rates and to qualified adult payments.



Examples of how to interpret these results:

- Simulation 7

Standard rate tax bands +€6000

Personal, employee and earned income tax credits +€75

Home carers tax credit +€100

One parent family tax credit +€100

Since these changes impact those earning market income, in particular those earning above the standard rate cut-off point for income tax, the positive percentage change in disposable income is greater for those in the middle and upper income deciles, slightly greater for men than women (men are proportionately more reliant on market income) and greater for working-age family types. Based on at-risk-of poverty rates, inequality is increased as the elderly in particular (not reliant on market income) face higher at-risk-of poverty rates. The estimated net cost of these changes is €1,596m (mostly through less tax revenue collected).

- Simulation 12

Core welfare rates & pension rates +€10

Child increase over 12 +€5 / Child increase under 12 +€3

Fuel allowance +€5

Living alone allowance +€2.50

Since these changes are directed towards those in receipt of welfare income, the positive percentage change in disposable income is greater for those in the lower income deciles, slightly greater for women than men (women are proportionately more reliant on welfare income) and greater for retirement-age families and lone parent families (more reliant on welfare income). Based on at-risk-of poverty rates, inequality is decreased as the elderly in particular (reliant on welfare income) see improvements in their income relative to median income. The estimated net cost of these changes is €636m (mostly through higher expenditure on welfare).

- Simulation 18

Simulation 7 changes + simulation 12 changes combined.

Since this simulation combines the impacts of simulations which are respectively targeted at taxpayers or welfare recipients, the distributional impacts arising from simulation 18 are more equal than the impacts arising from either simulation 7 or 12. The estimated net cost of these changes is €2,241m (through a combination of lower tax revenue and higher expenditure on welfare).