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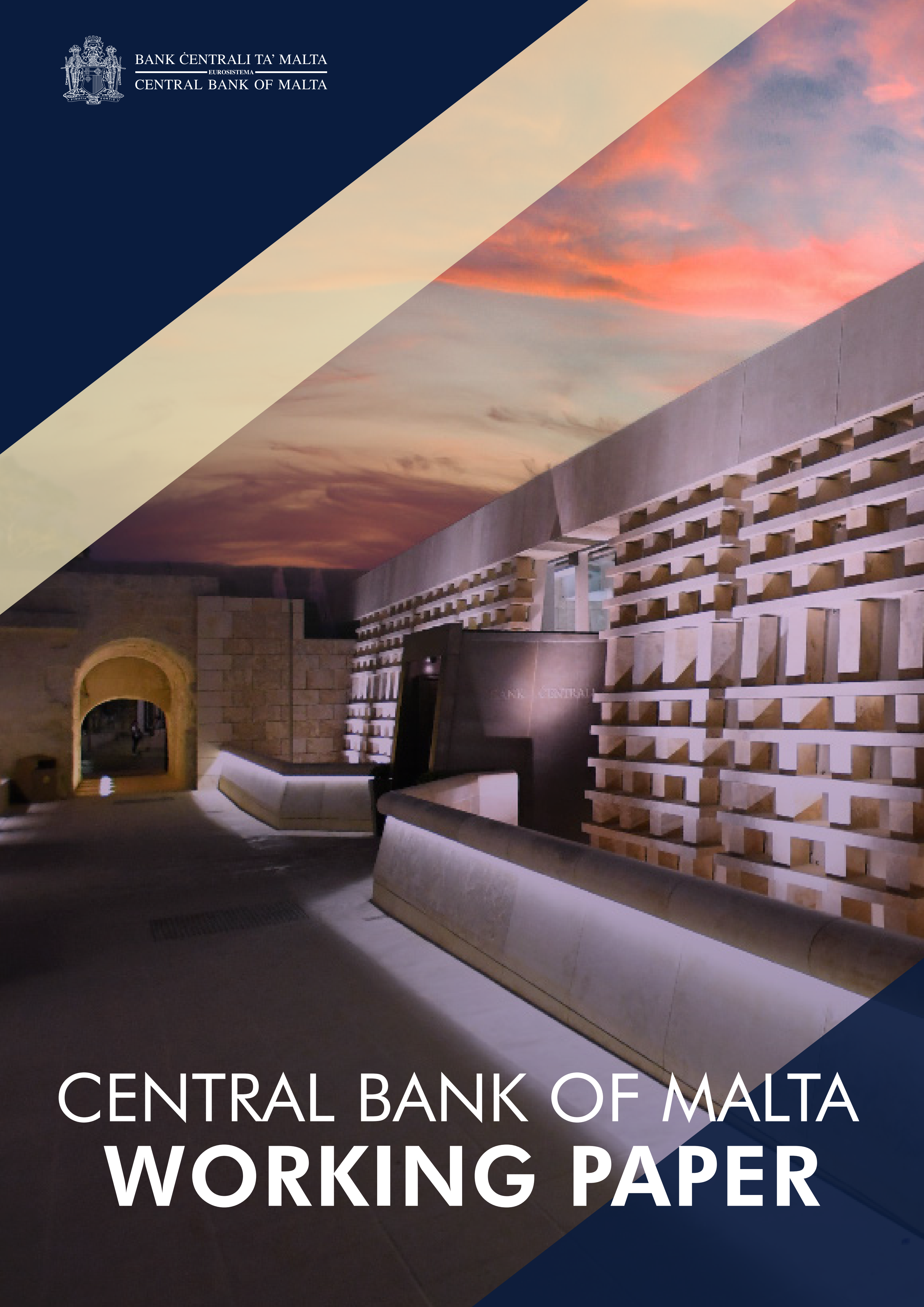

CENTRAL BANK OF MALTA
WORKING PAPER

Evaluating the Impact of Tax Rebates and Exemptions on the Financial Well-Being of Pensioners

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Abstract

This study evaluates the impact of two pension-related policies introduced in Malta: the 2017 Tax Rebate on Pensions and the 2022 Exempt Pension Income measures. Using EUROMOD microsimulation model, the effects on pensioners' disposable income, work incentives, and financial well-being are simulated for 2017-2027. The findings show that both policies are well-targeted, benefiting pensioners while limiting leakage to other groups. Over 73% of pensioner households — around 40,000 households—saw income gains, with mean equivalised disposable income rising by €328 in 2022 (2.0% of total income), projected to reach €560 by 2027 (3.2% of total income). The average tax burden is expected to drop by 2.6 percentage points by 2027, encouraging delayed retirement. By the later years, the 2022 policy becomes dominant, as expanded exemptions render the 2017 rebates less relevant. While the 2017 policy still aids certain groups, its impact is limited. Although the at-risk-of-poverty rate for pensioners improved, the effects on lower-income groups and income inequality remain modest. The policies' fiscal costs are contained, ensuring sustainability. Overall, future reforms are needed to complement these successful policies and to ensure a resilient pension system in the face of future socio-economic challenges.

JEL Classification: H24, H55, J26

Keywords: Pensions, Social Security, Pension Income, Tax Rebates, Tax Exemptions.

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1. Introduction

Pensions play a critical role in modern economic systems, mainly serving two key objectives: consumption smoothing and insurance (Barr & Diamond, 2008). The former aims to enable individuals to maintain a stable standard of living throughout their lifetime, particularly during retirement. Individuals tend to save during their working years, in order to fund their retirement, thus ensuring that they are able to continue enjoying a certain level of consumption, even when they are no longer earning a salary. This process allows individuals to transfer consumption from their productive middle years to their retired years, ensuring financial stability and personal well-being across different life stages (Modigliani & Brumberg, 1954; Friedman, 1957). Secondly, pensions also serve as a means of insurance against various uncertainties, particularly longevity risk. While we can predict the average life expectancy of a large population, it is impossible to ascertain one's exact lifespan. This uncertainty poses the risk of outliving one's savings, which can lead to financial insecurity in old age. Consequently, pension systems address this risk through annuities, which provide regular payments for the rest of an individual's life, thus mitigating the fear of depleting retirement savings prematurely. Furthermore, such pensions offer additional protections, such as supporting spouses and dependents in the event of a worker's premature death, and providing coverage in cases of disability (OECD, 2017).

Unfortunately, market imperfections and failures make the reliance on voluntary savings and private insurance alone insufficient to achieve these objectives comprehensively (Barr & Diamond, 2008). Individuals often lack the necessary information or financial literacy to make optimal saving and investment decisions leading to suboptimal retirement outcomes (Lusardi & Mitchell, 2014). Moreover, factors such as progressive taxation, incomplete markets and economic distortions further complicate the landscape, thus necessitating government intervention to ensure that pension systems effectively provide consumption smoothing and insurance. Government intervention in pension systems is also driven by broader public policy objectives, especially regarding poverty relief and wealth redistribution. Poverty relief is crucial for individuals who, due to low lifetime earnings are unable to save sufficiently for retirement. Effective pension policies must address both lifetime and transient poverty among the elderly, ensuring that those who have contributed to the pension system receive adequate support (International Social Security Association, 2024). Additionally, redistribution mechanisms within pension systems can provide higher replacement rates for low earners, thereby subsidizing their consumption smoothing efforts and offering insurance against low lifetime earnings.

Given the multifaceted role of pensions, government often take an active role in shaping the pension landscape, both through the provision of state pensions and by regulating private pension schemes. The ultimate aim is to create a pension system which is sustainable, equitable and capable of providing adequate support. A sustainable pension system is essential to prevent future pressures on public finances, while fairness requires a strong link between social security contributions and the benefits an individual receives. Moreover, it is crucial to incorporate protections that prevent individuals from falling into poverty in their later years. Providing a variety of pension options also allows individuals to tailor their retirement plans to better suit their personal circumstances and preferences.

1.1 Local Context

The roots of social security services in Malta date back to the 16th century during the rule of the Order of the Knights of St. John. Although primarily a military organisation, the Knights dedicated considerable efforts to caring for the sick and aiding the poor, including the provision of financial assistance to those in need. However, it was not until the 19th century that state-sponsored social benefits were formally established, with the introduction of a pension scheme for police officers in 1885, which was later expanded to include civil servants. Malta's social security system then saw significant advancements in the 20th century, particularly following the establishment of self-rule in 1921. A key milestone during this period was the introduction of pensions for widows and orphans of public officers in 1927, followed by the first social insurance scheme funded by compulsory contributions from employers, employees and the state (Department of Social Security, 2024).

The post-World War II era marked a substantial expansion of social security provisions, beginning with the Old Age Pensions Act of 1948, which introduced means-tested pensions for elderly individuals who had never been employed. The 1950s further solidified this progress with the National Assistance Act and the National Insurance Act of 1956, establishing a comprehensive social insurance system covering a wide array of benefits, including sickness, employment injuries, unemployment, and pensions for senior citizens. In the 1960s and 1970s, Malta's social security system continued to evolve with the inclusion of self-employed individuals in the National Insurance scheme and the introduction of the two-thirds pension system in 1979. The addition of disability pensions and annual bonuses for pensioners during the 1970s further strengthened the system. The 1980s and 1990s brought further consolidation and expansion. The Social Security Act of 1987 unified various pension laws, while new benefits such as maternity leave for self-employed and unemployed women, carers' pensions, and supplementary allowances were introduced. This period also saw reforms in the collection and enforcement of social security contributions. Since the turn of the 21st century, Malta's social security system has continued to adapt to evolving social needs, with ongoing reforms and enhancements. Malta's accession to the European Union in 2004 further integrated its social security system with those of other EU member states, ensuring broader coverage and reciprocal benefits for its citizens.

Malta's pension system is based on a Pay-As-You-Go (PAYG) system. In this contractarian model, the state relies on taxes from the current working population to fund the pensions of the retired generation. Most state pension schemes follow this approach, which inherently allows for flexibility, as it does not require that each generation's benefits strictly match its contributions. As Samuelson (1958) demonstrated, a PAYG scheme can theoretically enable each generation to receive more in pensions than it contributed, provided the growth rate of total real earnings consistently exceeds the interest rate—conditions that may result from technological progress, steady population growth, or capital accumulation (Aaron, 1966). However, since these conditions are rarely sustainable over the long term, the real function of the PAYG system lies in redistributing wealth and sharing risks across generations.

Malta's current pension scheme is governed by the Social Security Act, Chapter 318 of the Laws of Malta, which establishes two fundamental schemes: the Contributory Scheme and the Non-Contributory Scheme (Economic Policy Department, Ministry for Finance and Employment, 2020). The Contributory Scheme requires that specific contribution conditions are met for entitlement, while the Non-Contributory Scheme is based on satisfying the conditions of a means test. The Contributory Scheme is universal, encompassing virtually all segments of Maltese society. Under this scheme, employees, self-employed and self-occupied individuals earn social insurance rights through the payment of weekly contributions, as stipulated by the Social Security Act. Contributions are required from all gainfully employed persons between the ages of 16 and the pension age. On the other hand, Non-Contributory Schemes provide comprehensive coverage in cases where multiple contingencies arise. This scheme effectively targets and delivers additional assistance to specific groups, including persons with disabilities, single parents, and families. The various types of pensions available in Malta are summarized in Table 1.

Table 1 – Contributory and Non-Contributory Pension Schemes in Malta

Contributory Pension Schemes	
Two-Thirds Pension	Earnings-related pension for individuals retiring after January 1979. Benefit equivalent to two-thirds of pensionable income, subject to established maximum and minimum limits.
(Increased) National Minimum Pension	Payable if not receiving service pension from employer. Rates set at four-fifths of National Minimum Wage for a married man supporting a wife and two-thirds for all other individuals.
Decreased National Minimum Pension	Payable to those receiving both a Service Pension and Retirement Pension. If combined total is less than the National Minimum Pension, individual is entitled to the National Minimum Pension, with reduction equal to amount of Service Pension.
Invalidity Pension	Payable to individuals considered permanently incapable of engaging in full-time or regular part-time employment. Available at varying rates, depending on specific conditions.
Early Survivors' Pension	Payable to a widow or widower whose spouse would have been entitled to a pension if they had reached the retirement age at the time of their death.
Widows' Pension / National Minimum Widows Pension / Pensions of Widows with Children	Payable to widows, regardless of age, who meet one of the following criteria: not gainfully employed, employed but earn less than the national minimum wage, or engaged in gainful activities while also having the care and custody of children under 16 years of age. The pension rates vary based on specific conditions.
Treasury Pension	Payable to all government employees who commenced service before January 1979 and to police officers, AFM & Civil Protection personnel, Correctional Facilities officials, widows of public officers who held pensionable positions and contributed to the widows' pension scheme, Members of Parliament, members of the judiciary, and the Attorney General.
Non-Contributory Pension Schemes	
Old Age Pension	Payable to Maltese citizens aged 60+, provided their income does not exceed a threshold.

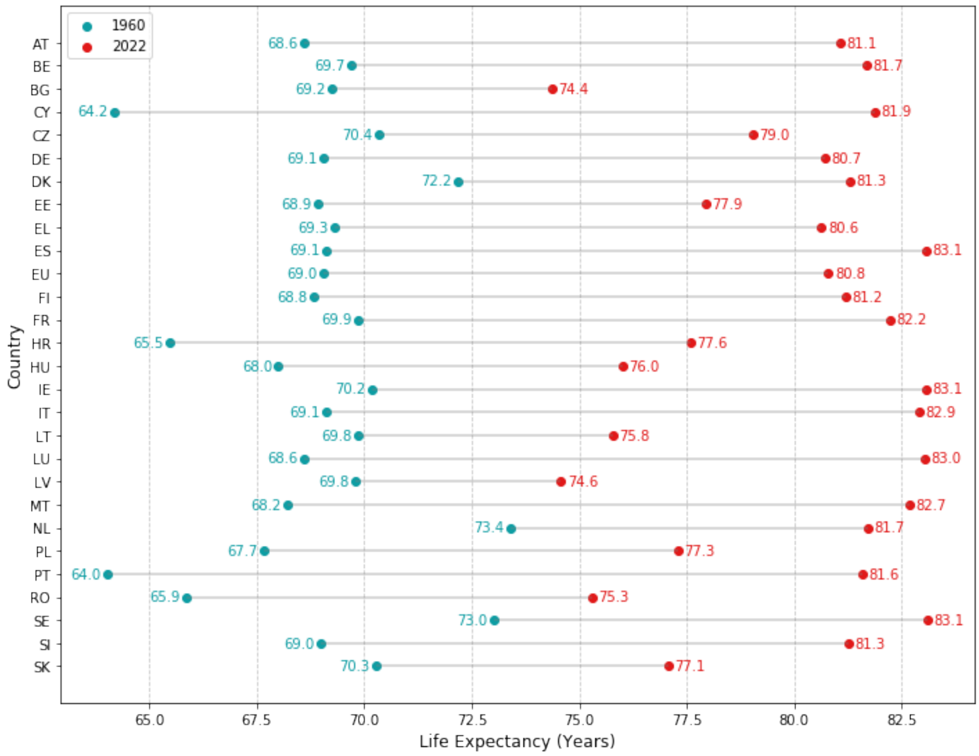
Source: Economic Policy Department, Ministry for Finance and Employment (2020)

1.2 The 2006 Pension Reform and subsequent Budget Measures

Malta's present pension system has been shaped by a series of wide-ranging reforms and budget measures over the years. These reforms are necessary to ensure that the pension system remains sustainable, equitable and adequate, as it faces increasing pressures from various socio-economic factors (Malta Fiscal Advisory Council, 2017).

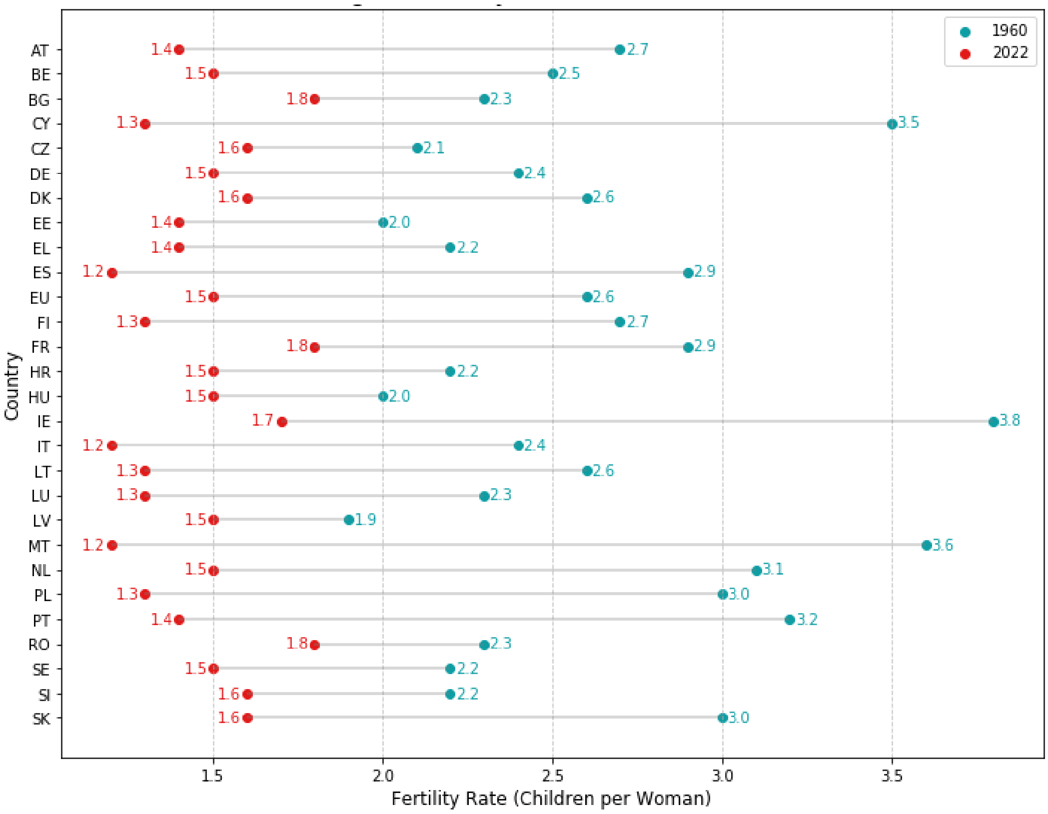
One of the primary drivers of these reforms stems from Malta's ageing population. Figures 1 and 2 below illustrate the changes in life expectancy and fertility rates, respectively, between 1960 and 2022 in EU countries (World Bank, 2024). Data shows that life expectancy has increased significantly across all EU countries, while fertility rates declined substantially. For instance, Malta's life expectancy rose from 68.2 years in 1960 to 82.7 years by 2022, while the EU average increased from 69.0 years to 80.8 years over the same period. Conversely, Malta's fertility rate dropped from 3.6 births per woman in 1960 to 1.2 births in 2022, marking the lowest rate within the EU. The EU average also fell from 2.6 to 1.5 births per woman during this period. These demographic changes have led to a sharp rise in the median age of the population (Figure 3). In 1960, Malta had one of the youngest median ages in the EU, at 22.7 years, second only to Cyprus. By 2022, Malta's median age had risen to 39.7 years. According to the United Nations World Population Prospects (2024), this is projected to further increase to 55.1 years by 2100, the third-highest in the EU. By comparison, the EU-wide median age increased from 29.3 years in 1960 to 41.9 years in 2022 and is expected to reach 48.6 years by 2100.

Figure 1 – Change in Life Expectancy (1960 vs 2022)



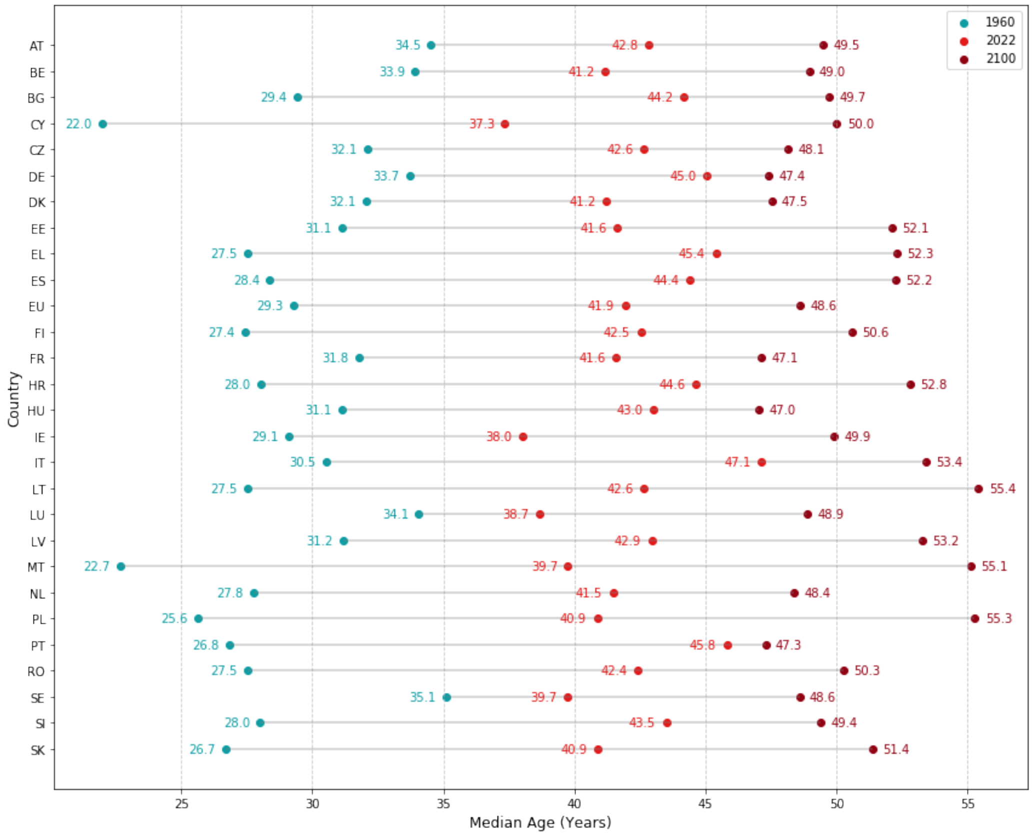
Source: Author's elaboration on World Bank (2024)

Figure 2 – Change in Fertility Rate (1960 vs 2022)



Source: Author's elaboration on World Bank (2024)

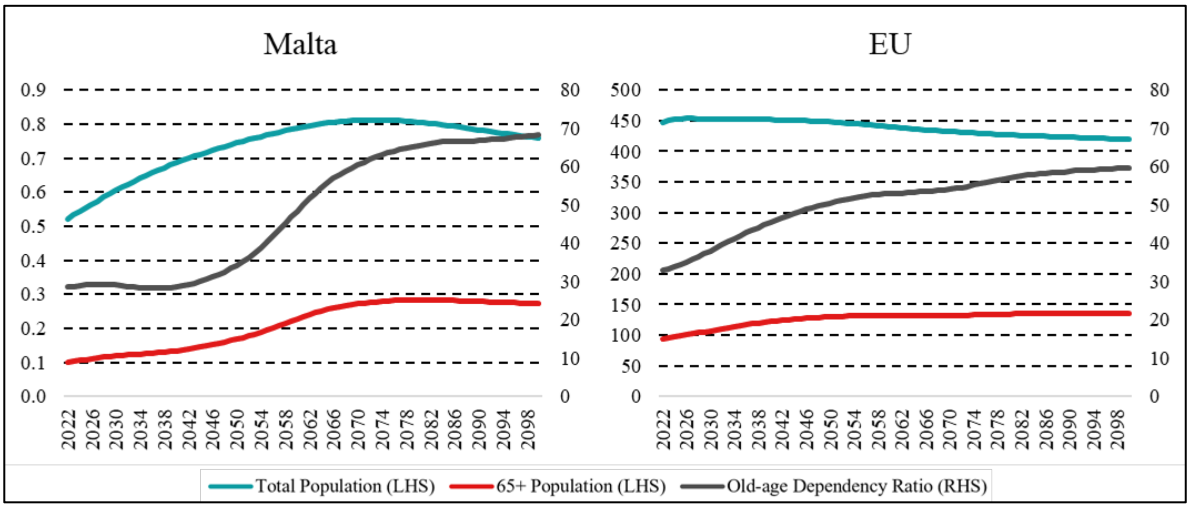
Figure 3 – Change in Median Age (1960 vs 2022 vs 2100)



Source: Author's elaboration UN World Population Prospects (2024)

These demographic changes have led to an increase in the old-age dependency ratio. This ratio compares the number of individuals aged 65 or older per 100 people of working age, defined as those aged between 15 to 64 years old (OECD, 2024). This ratio provides insights into the potential economic burden on the working-age population, with a higher ratio indicating a greater number of dependents per worker, which can impact public services, pensions, and economic policies. As illustrated in Figure 4, while Malta's total population is expected to grow until approximately 2070 before beginning to decline, the population aged 65 and over is projected to rise steadily until 2080. By 2100, Malta's old-age dependency ratio is projected to reach 68.2, a sharp increase from 28.5 in 2022. Although similar trends are evident across the EU, Malta's ratio is expected to exceed the EU average of 59.7 by 2100.

Figure 4 – Old-age Dependency Ratio in Malta and EU (2022-2100, Millions of Individuals)



Source: Author's elaboration on Eurostat (2024)
Note: Total Population and 65+ Population are shown in millions of individuals on the left-hand side axis. The old-age dependency ratio is shown as number of individuals aged 65 years and older per 100 people of working age on the right-hand side axis.

In light of these realised and projected developments, in December 2006, parliament adopted a series of parametric reforms that significantly altered key aspects of the pension system. These changes include adjustments to the retirement age, early retirement provisions, the full two-thirds pension rate, the calculation formula, maximum pensionable income and the crediting of contributions. As part of these reforms, the pension age was gradually increased for both men and women. For individuals born between 1952 and 1955, the pension age rose to 62; for those born between 1956 and 1958, it increased to 63; for those born between 1959 and 1961, it was set at 64; and for those born from 1962 onward, it reached 65 (Grech, 2016). To ensure the pension system's long-term viability, the government also introduced a mechanism requiring a strategic review of the pension system to be presented to the House of Representatives every five years. This led to the establishment of a Pensions Strategy Group tasked with offering policy recommendations in response to current and future challenges (Malta Fiscal Advisory Council, 2017).

The 2006 reform also included provisions allowing individuals to start receiving their state pension at age 61 under certain conditions. Individuals born between 1952 and 1961 were required to have 35 years of contributions, while those born between 1962 and 1968 needed 40 years. For those born after 1968, the required contribution period increased to 41 years, following additional reforms introduced in the 2016 budget. These reforms also provided incentives for those who chose to continue working beyond age 61 despite being eligible for a pension (Grech, 2017).

Beyond the 2006 reforms, pensions have remained a central focus of nearly every annual budget, with several measures introduced or amended to address evolving pension-related challenges. Figure 5 shows the results of a Natural Language Processing (NLP) analysis, which examined budget speeches between 2005 and 2024 for mentions of the words "Pension/s". This analysis provides valuable insights into the prominence of pensions in governmental priorities over time, allowing for a clear quantification of how often pension issues were addressed in different years. By tracking the frequency of pension-related discourse, the analysis highlights shifts in policy focus in response to demographic, economic, and political changes. Notably, pension mentions peaked in 2017 (98 mentions), 2020 (60 mentions), and 2019 (45 mentions), indicating heightened attention during these years.

Figure 5 – Number of mentions of "Pension/s" in Budget Speeches (2005-2024)

Source: Author's elaboration from Ministry for Finance (2004-2023)

Moreover, Figure 6 presents a timeline of pension-related budget measures introduced in Malta since 2005. These measures range from permanent changes to eligibility and conditions – such as allowing disability or widow pensions to continue after marriage – to one-off or ad-hoc pension increases. Additionally, the timeline also highlights various measures designed to provide financial support to pensioners, to ensure that they maintain an adequate quality of life in retirement. Some measures also encourage continued employment and delayed retirement, such as the pension top-up scheme. It is important to note that the figure focuses specifically on pension-related measures and does not encompass all initiatives aimed at the elderly or vulnerable populations. Other significant budget measures over the years, such as the elderly grant, free public transport for seniors, the carer's allowance, and at-home care benefits, amongst others, have also been introduced to further support these groups.

Figure 6 – Timeline of selected Budget Measures related to Pensions

Source: Author's elaboration from Ministry for Finance (2004-2023)

A notable measure introduced in the 2017 budget is the **Tax Rebate on Pensions**, which took effect on 1st January 2017. This rebate applies to individuals receiving any form of taxable pension income—including pensions, charges, annuities, or annual payments—who were at least 61 years old in the year the pension was received. Table 2 outlines the various rebate levels that can be applied as a set-off against the tax on their chargeable income, depending on the tax regime applicable to each individual.

Furthermore, in the 2022 budget, Government introduced the **Exempt Pension Income** measure, which provides a partial exemption on all pension income, gradually increasing to a full exemption by 2026, subject to a cap. According to Government, the aim of the policy is to encourage pensioners to remain active and continue working, with those earning additional income on top of their pension benefitting from a substantial reduction in their tax bill. Previously, under the 2017 tax rebate scheme, individuals received a rebate equal to the tax on their pension income (up to a certain limit). While this rebate exempted pension income from direct taxation, the untaxed portion was still considered when calculating tax rates on other income. The 2022 reform, however, fully exempts the specified portion of pension income from being factored into tax calculations. Table 3 presents the latest revised exemption percentages and the corresponding upper income limits under this new policy.

Table 2 – Tax Rebate on Pensions

Tax regime	**Tax Rebate**
Single	Tax rebate = (pensions income less 9,100) multiplied by 15% (with a rebate capping of **€1068**).
Parent	Tax rebate = (pensions income less 10,500) multiplied by 15% (with a rebate capping of **€858**).
Married	Tax rebate = (pensions income less 12,700) multiplied by 15% (with a rebate capping of **€528**).
Married (additional rebate)	Tax rebate = (chargeable income less 12,700) multiplied by 15% less the rebate already granted (with a rebate capping of **€540**).

Source: Office of the Commissioner for Revenue (2024)
Note that the amounts, when the scheme was initially introduced in 2017, have been revised and adjusted annually since then. The figures in this table reflect information as at the 2024 Budget.

Table 3 – Exempt Pension Income

Applicability of the exemption	**Amount exempt**
Pension income derived in the year immediately preceding the year of assessment 2023	20%, but not exceeding €2,864
Pension income derived in the year immediately preceding the year of assessment 2024	40%, but not exceeding €5,987
Pension income derived in the year immediately preceding the year of assessment 2025	60%, but not exceeding €9,732
Pension income derived in the year immediately preceding the year of assessment 2026	80%, but not exceeding €12,976
Pension income derived in the year immediately preceding the year of assessment 2027	100%, but not exceeding €16,220

Source: Office of the Commissioner for Revenue (2024)
Note that the amounts, when the scheme was initially introduced in 2022, have been revised and adjusted annually since then. The figures in this table reflect information as at the 2024 Budget.

In light of the evolving pension policies in Malta, this analysis will focus specifically on the 2017 **Tax Rebate on Pensions** and the 2022 **Exempt Pension Income** measures. While previous studies have extensively examined various aspects of Malta's pension system – such as the effects of increased retirement ages and pension top-up schemes (Grech, 2017) – the 2017 and 2022 reforms introduce unique and significant changes that merit closer examination. The 2017 Tax Rebate on Pensions implemented targeted tax relief for pensioners, potentially affecting their disposable income substantially. Likewise, the 2022 Exempt Pension Income measure provides a partial to full exemption on pension income, which could have considerable implications for retirees' financial well-being and their decisions to remain in the workforce or delay retirement. This study aims to evaluate the impact of these recent reforms on pensioners' disposable income and assess how they influence the incentives to continue working. By concentrating on these new policies, the research will analyse their socio-economic effects, including impacts on pensioners' disposable income and poverty rates. Understanding these dynamics is crucial for assessing the broader implications of these reforms on Malta's pension system, particularly regarding their effectiveness in improving pensioners' financial security and shaping their retirement and employment choices.

The paper is structured as follows: Section 2 describes the simulation design for each scenario and details its implementation using EUROMOD. Section 3 presents the results, focusing on the changes in income experienced by households across different income levels and labour status groups, and assesses the effects on poverty and income inequality. Finally, Section 4 offers concluding observations.

2. Simulation Design

The study uses EUROMOD, a tax-benefit microsimulation model for the European Union, to simulate the impact of two pension-related tax policies: the 2017 tax rebate on pensions and the 2022 exempt pension income policy. The analysis covers the period 2017 to 2027, thus taking into consideration the years in which the policies were introduced and expanded gradually. EUROMOD simulates individual-level effects of changes in tax and benefit policies using a representative sample of individuals and households drawn from the EU Statistics on Income and Living Conditions (EU-SILC) survey. The input data for the simulation come from the 2022 vintage of EU-SILC, with monetary values adjusted to reflect nominal values for each policy year. Uprating factors up to 2023 are based on the model's default values, as described by Vella, Said & Mifsud (2024). For 2024-2027, income uprating factors are derived from wage data provided by the National Statistics Office (NSO) Labour Force Survey (LFS) and EU-SILC, combined with internal projections (Central Bank of Malta, 2024).

2.1 The baseline scenario

The baseline scenario simulates microeconomic conditions from 2017 to 2023 and projects conditions for 2024 to 2027, under the assumption that the 2017 tax rebate on pensions and the 2022 exempt pension income policy were never implemented. This scenario reflects a continuation of the pre-2017 tax policy environment. To model this, both policies are deactivated, meaning that their effects are excluded from the simulation. This allows us to examine how household incomes, disposable income, and poverty rates, among other indicators, would have evolved in the absence of these two policy interventions. This baseline scenario serves as a control, offering a neutral benchmark for assessing the specific impacts of the two policies when applied individually or together. By comparing the results of the baseline with other scenarios, I can clearly identify the economic outcomes attributable to the 2017 and 2022 policies.

2.2 The 2017 Tax Rebate on Pensions policy

The second scenario isolates the effects of the 2017 tax rebate on pensions. Beginning in 2017, eligible individuals (as defined in Section 1) receive the rebates outlined by the policy. This scenario continues through 2027, allowing for both a retrospective analysis of the policy's historical impact and a projection of its future effects. The 2022 exempt pension income policy is deactivated to ensure that the analysis focuses solely on the 2017 rebate. This scenario helps us understand how the 2017 tax rebate influences household incomes, work incentives, and other economic variables over time, without interference from subsequent policy changes.

2.3 The 2022 Exempt Pension Income policy

The third scenario examines the introduction of the 2022 exempt pension income policy. Beginning in 2022, eligible individuals (as specified in Section 1) are exempt from paying taxes on their pension income. The scenario extends through 2027 to assess both the immediate and long-term effects of this policy on the economy. To isolate the impact of the 2022 policy, the 2017 tax rebate on pensions is turned off in this scenario. This approach enables a focused analysis of how the pension income tax exemption affects income distribution, work incentives, and other relevant economic metrics.

2.4 The 2017 Tax Rebate on Pensions and 2022 Exempt Pension Income policies

The fourth and final scenario models the real-world policy environment, in which both the 2017 tax rebate on pensions and the 2022 exempt pension income policy are in effect. In this scenario, the 2017 tax rebate is applied starting in 2017, and the 2022 pension income tax exemption is introduced in 2022, reflecting the actual timeline of policy implementation. This scenario allows us to analyse the cumulative and interactive effects of both policies on household incomes, poverty rates, and work incentives over the full period from 2017 to 2027. By studying this combined scenario, I can assess how the two policies complement each other and influence overall economic conditions, providing a comprehensive picture of the current policy framework's impact on the economy.

3. Results

3.1 Income changes across the household income distribution

This section presents the results based on household income distribution. All results in this section look into the income distributions by decile, with Decile 1 corresponding to the 10% of households with the lowest income. I begin by examining changes in mean equivalised disposable income. Equivalised disposable income refers to a household's total income—after taxes and deductions—adjusted for household size and composition.[2]

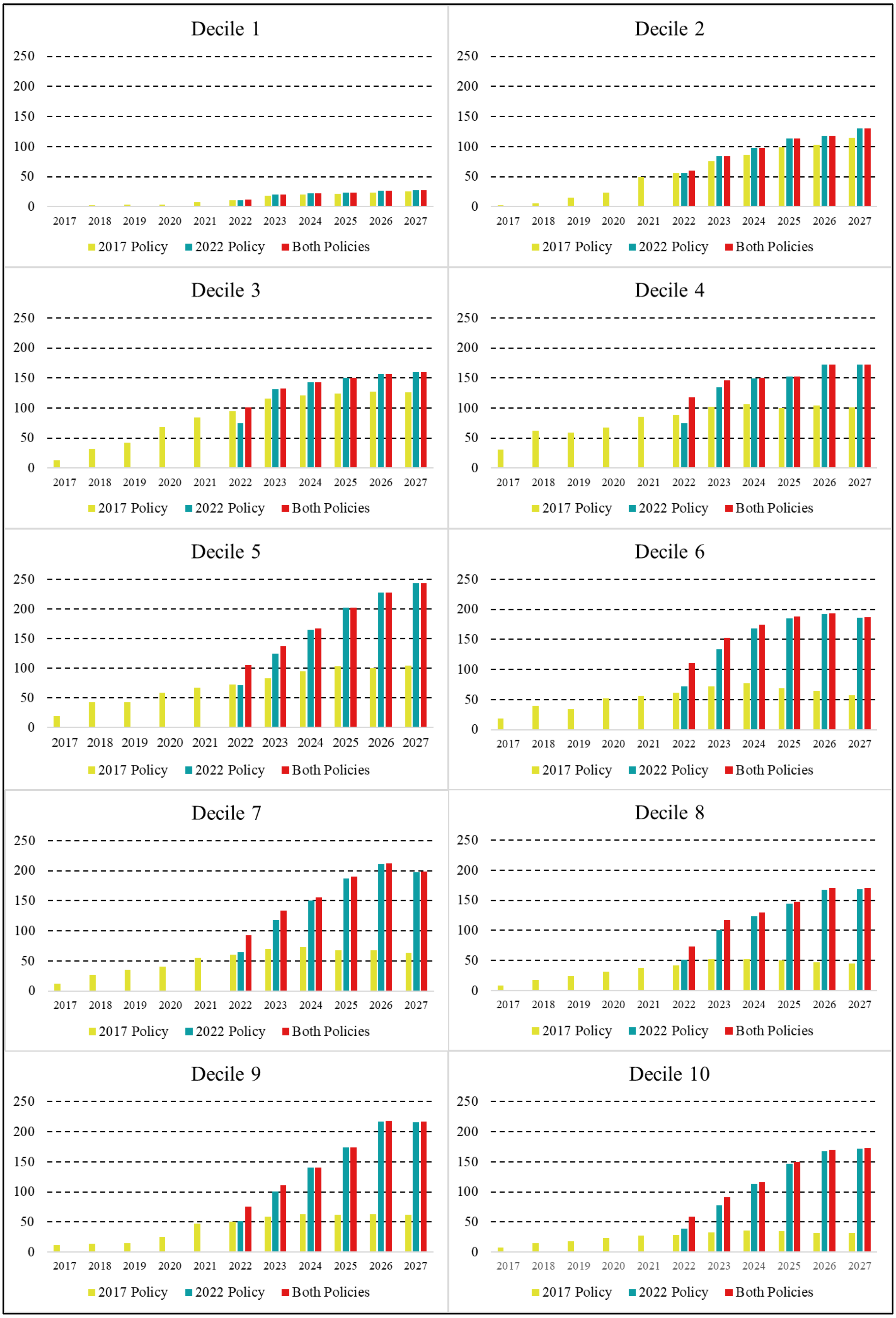
When examining the 2017 Tax Rebate Policy in isolation, I observe that households in deciles 2, 3, and 4 experience the largest increases in annual mean equivalised disposable income (see Figure 7). Notably, for Decile 3, income rises from €13 in 2017 to €126 by 2027. This upward trend is reflected across all income deciles, indicating that as the policy's parameters and caps are adjusted over time, all income groups benefit from increasing gains in disposable income. However, both the lowest-income households (Decile 1) and those in the upper deciles see comparatively smaller benefits from this policy. In Decile 1, for instance, the increase in the mean equivalised income ranges from €2 in 2018 to €25 in 2027. The limited impact on the lowest-income households is primarily due to their pre-existing tax-free circumstances ex-ante.

In contrast, the 2022 Tax Exemption Policy yields the greatest absolute income increases for households in Deciles 5 through 9 (see Figure 7). For example, in Decile 5, the rise in mean equivalised income ranges from €71 in 2022 to €244 by 2027. Similar to the 2017 policy, households in Decile 1 experience the smallest impact, again due to their pre-existing low-tax or tax-free status.

When both policies are considered together, thus reflecting the actual policy environment, the relative contribution of the 2017 policy diminishes as the parameters of the 2022 policy are expanded over time. Nonetheless, during the initial implementation period of the 2022 tax exemption policy (2022–2024), the 2017 policy still exerts a noticeable effect, particularly because the 2022 policy's limits were initially more restrictive. However, by the latter years of the analysis (2025–2027), the 2022 policy dominates, rendering the 2017 policy's impact negligible. By this stage, households in Deciles 4 through 9 experience the largest absolute income gains under the combined policies. The full results of the impact on mean equivalised disposable income and mean disposable income are available in Annex 1.

[2] The use of equivalised household income for analysis follows the general practice in literature as it allows a better assessment of household welfare and the relative impacts of tax policies on different income groups. This adjustment is made using the modified OECD equivalence scale, which assigns different weights to household members based on age, converting them into "equivalised adults."

Figure 7 – Annual Change in Mean equivalised disposable income by Decile Group (€)



Source: Author

Note: Left-hand side axis shows the annual change in the mean equivalised disposable income in Euro (€) per annum. All charts are illustrated from a scale of €0-€250 to facilitate comparison.

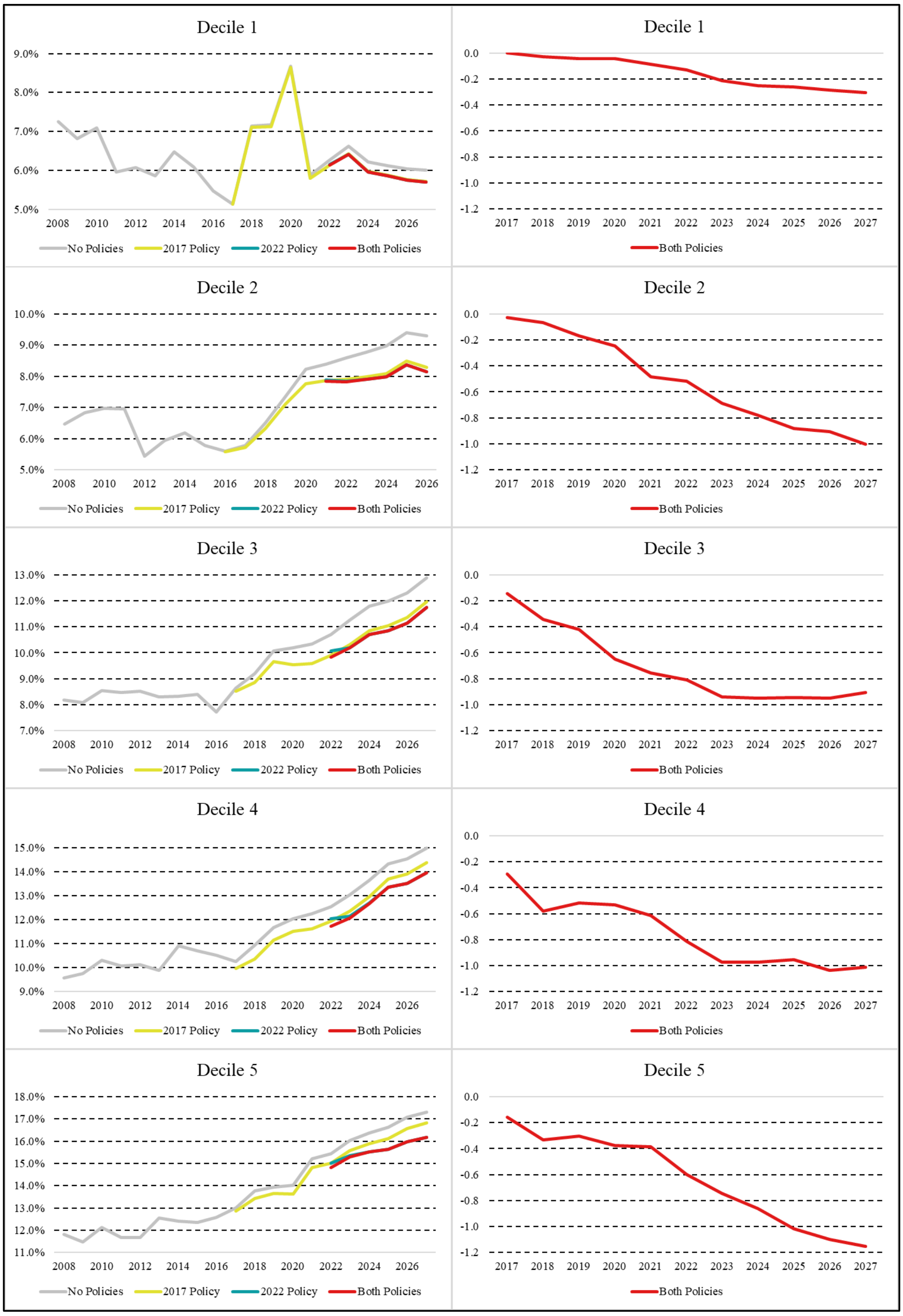
Whilst the above results might seem to suggest that the policies primarily affect higher-income deciles, it is essential to recognize that total tax paid ultimately depends on households' total taxable income. Therefore, analysing changes in disposable income in absolute terms may be somewhat misleading. A more meaningful approach is to evaluate the change in the average tax burden of each group, as well as the percentage increase in income relative to the decile's total income. Figure 8 presents a breakdown of the average tax burden for each decile across different policy scenarios, along with the cumulative change in the average tax burden of both policies combined, whilst Figure 9 illustrates the percentage increase in income relative to the decile's total income.

Figure 8 shows that, with the exception of Decile 1, the average tax burden has been on a steady increase across all deciles, with a particularly pronounced rise starting in 2016. Several factors likely contribute to this upward trend. First, rising incomes and economic growth may have pushed many individuals into higher tax brackets, a phenomenon known as bracket creep. As wages increase, even without changes to nominal tax rates, higher earners pay a larger proportion of their income in taxes. Additionally, Malta has experienced significant inflationary pressures and an increased cost of living in 2022 and 2023, particularly in the wake of the COVID-19 pandemic and the global energy price surge following Russia's invasion of Ukraine. These inflationary forces may have further contributed to the increased tax burden by inflating the nominal value of taxable assets and income.

However, the charts in Figure 8 clearly show that the 2017 and 2022 policies serve to mitigate part of such increases, leaving the average tax burden for most deciles at a substantially lower level compared to a no-policy scenario. This effect is especially pronounced for Deciles 2, 3, and 4, which experience the most significant reductions in the average tax burden over the 10-year period under consideration. For instance, in 2027, Decile 2 would face an average tax burden of 9.3% without these policies in place, but with both policies implemented, this figure drops to 8.2%. Decile 5 also sees a marked decrease in 2026 and 2027 as the tax exemption limits under the 2022 policy are further expanded. In fact, Decile 5's average tax burden in 2027 would have been 17.3% without the policies, but falls to 16.2% once the policies take effect. A similar pattern emerges when analysing the percentage increase in income (Figure 9), with the same deciles experiencing the largest impacts. For instance, in 2027, individuals in Deciles 2 and 3 see a 1.1% increase in income, while individuals in Decile 5 experience an income increase of over 1.2%. In contrast, Deciles 7-10 experience only small effects in their tax burden and in their percentage increase in income. Likewise, Decile 1 also sees a marginal impact, due to its already low average tax burden – standing at 6.4% over the 2008-2027 period.

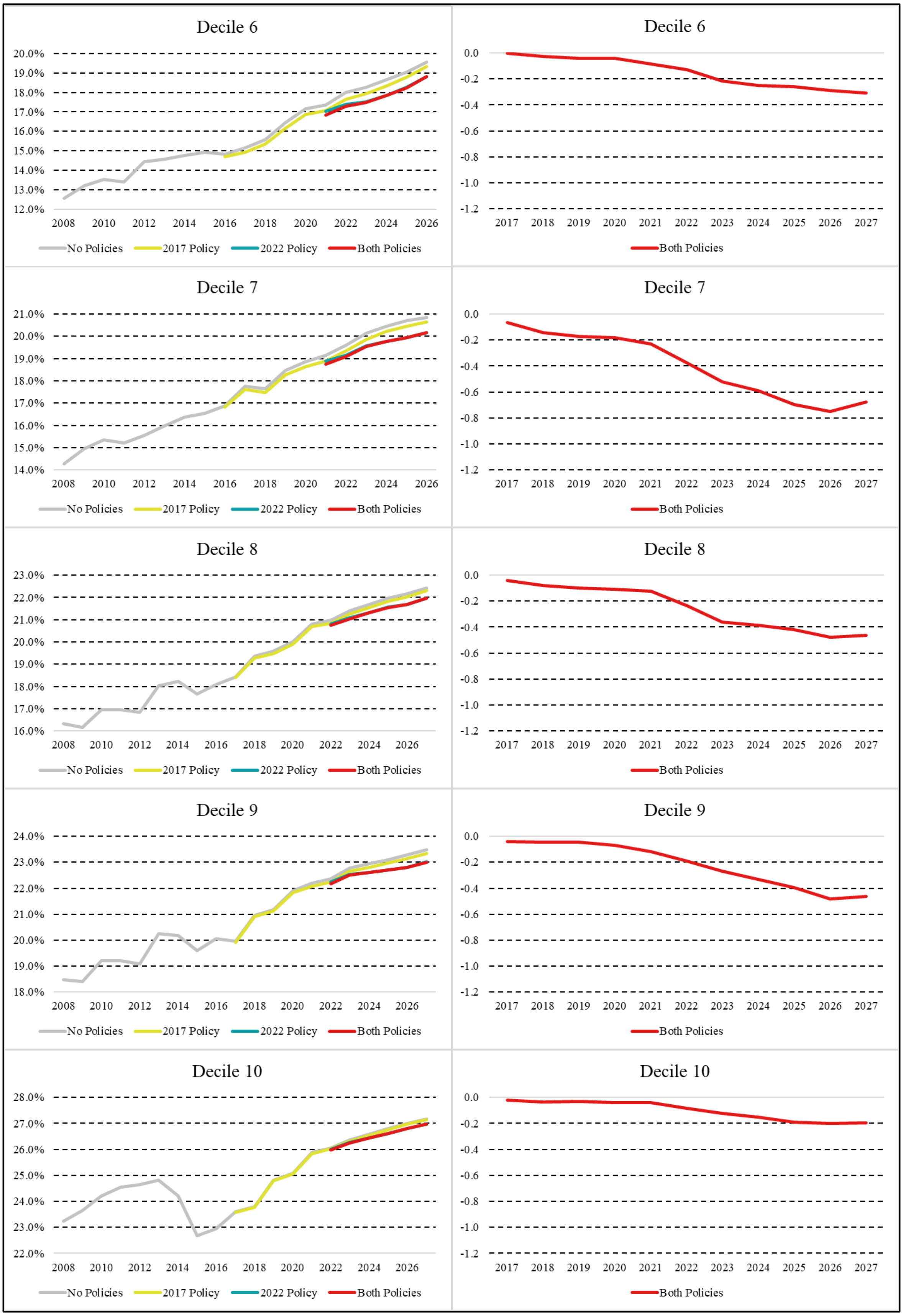
However, the results for the average tax burden indicate that the 2017 policy is more effective at reducing burdens for the first four deciles, whereas the 2022 policy demonstrates greater effectiveness for households in higher deciles. Consequently, the 2022 policy primarily benefits higher-income households in terms of tax burden reduction. However, as shown in Figure 9, the 2022 policy emerges as the dominant force in driving percentage improvements in income, leading to significant gains in disposable income and tax relief across all deciles. Detailed results on the average tax burden and percentage increase in income can be found in Annex 2 and Annex 3, respectively.

Figure 8 – Average Tax Burden (LHS) & Change in Average Tax Burden (RHS) by Income Decile



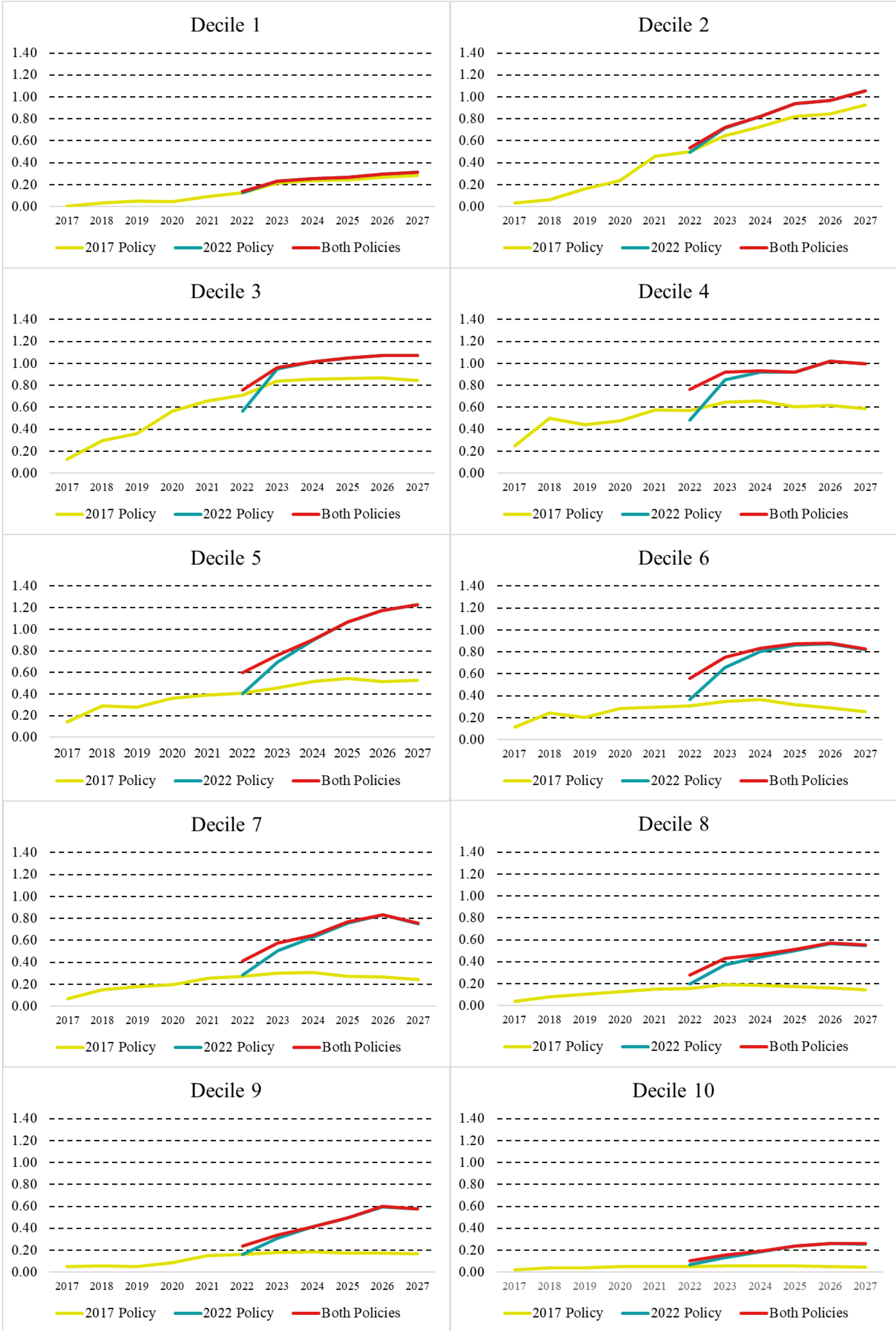
Source: Author
Note: The left-hand side charts display the average tax burden as a percentage, while the right-hand side charts illustrate the change in average tax burden under both policies in percentage points, with the axis ranging from 0p.p to -1.2p.p. to facilitate comparability.

Figure 8 (cont.) – Average Tax Burden (LHS) & Change in Average Tax Burden (RHS) by Income Decile



Source: Author
Note: The left-hand side charts display the average tax burden as a percentage, while the right-hand side charts illustrate the change in average tax burden under both policies in percentage points, with the axis ranging from 0p.p to -1.2p.p. to facilitate comparability.

Figure 9 – Percentage increase in income relative to the decile's total income (%)

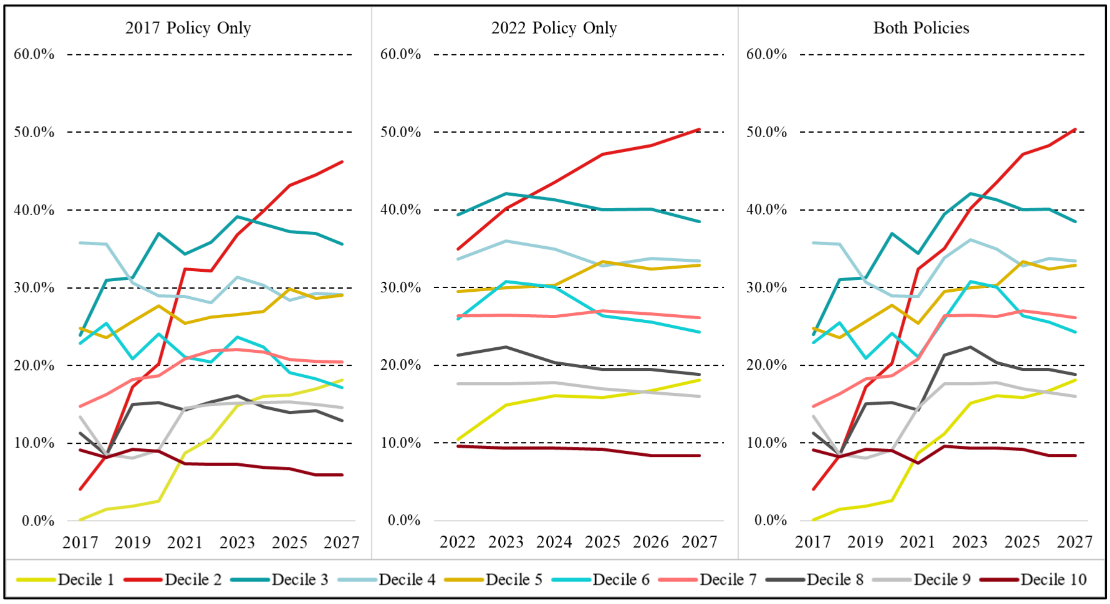


Source: Author
Note: Charts display percentage income increase relative to the decile's total income. Axis ranges from 0%-1.4% to facilitate comparability.

The charts in Figure 10 illustrate the percentage of households within different decile groups who experience any improvement in disposable income across the three policy scenarios under consideration. In the early years of the 2017 policy, between 20% and 35% of households in Deciles 3 to 6 experience an increase in their disposable income. As the policy parameters expanded over time, households in Decile 2 began to see the most significant gains, with over 45% of this group experiencing an increase by 2027. This is followed by Deciles 3, 4, and 5, with 36%, 29%, and 29% of households in these deciles, respectively, experiencing an increase in disposable income by the same year.

The 2022 Policy scenario (middle chart) displays a similar trend, with a considerable proportion of households in Deciles 3 to 5 experiencing an increase in disposable income during the initial years of the policy. By 2027, the results align closely with those of the 2017 policy, as over half of the households in Decile 2 report an increase in disposable income, followed by Deciles 3, 4, and 5, respectively. These trends are further corroborated when examining the Both Policies scenario (right chart). The cumulative effect of both policies demonstrates a concentrated improvement in disposable income for the lower deciles, particularly Deciles 2 and 3, with more modest gains for Deciles 4 and 5. The cumulative impact of both policies results in a noticeable uplift for the lower to middle-income deciles. In contrast, higher deciles, particularly Deciles 9 and 10, exhibit only minimal improvements. A comprehensive table detailing these results can be found in Annex 4.

Figure 10 – Share of Decile Groups experiencing an improvement in Disposable Income (%)



Source: Author
Note: All charts show the share of decile groups experiencing any increase in their disposable income through the policies, as a percentage of the total households within the decile. The axis ranges from 0% to 60% in all charts to facilitate comparability.

3.2 Income changes by Labour Status

This section analyses the results of the simulation based on labour status, which refers to the classification of households according to their economic activity—such as being employed, self-employed, a pensioner, unemployed, or inactive. Starting with the mean equivalized disposable income, Figure 11 clearly demonstrates that pensioners experience the largest increase across all years and policies, confirming that the targeted population for these policies is effectively reached. Examining the 2017 policy in isolation, pensioners see an average increase in their annual equivalized disposable income of €52 in 2017, which rises to €300 by 2025. In contrast, the 2022 tax exemption policy provides an immediate boost of €215 upon its introduction, which significantly increases to €557 by 2027. When both policies are considered together—representing the real-world policy environment—pensioner households' mean equivalised disposable income rises from €328 in 2022 to €560 by 2027.

The next households to benefit are the sick, disabled, and inactive populations, comprised of individuals who also receive some form of pension. Their benefits range from €18 in 2017 (under the 2017 policy alone) to €176 by 2027 when both policies are applied. Notably, the self-employed, employed, and unemployed households benefit the least from these policies. This suggests that the policies are well-targeted toward pension households, with minimal spillover to other groups, thus avoiding unintended benefits for non-pensioners. Full results are presented in Annex 5.

Figure 11 – Annual Change in Mean equivilised disposable income by Labour Status

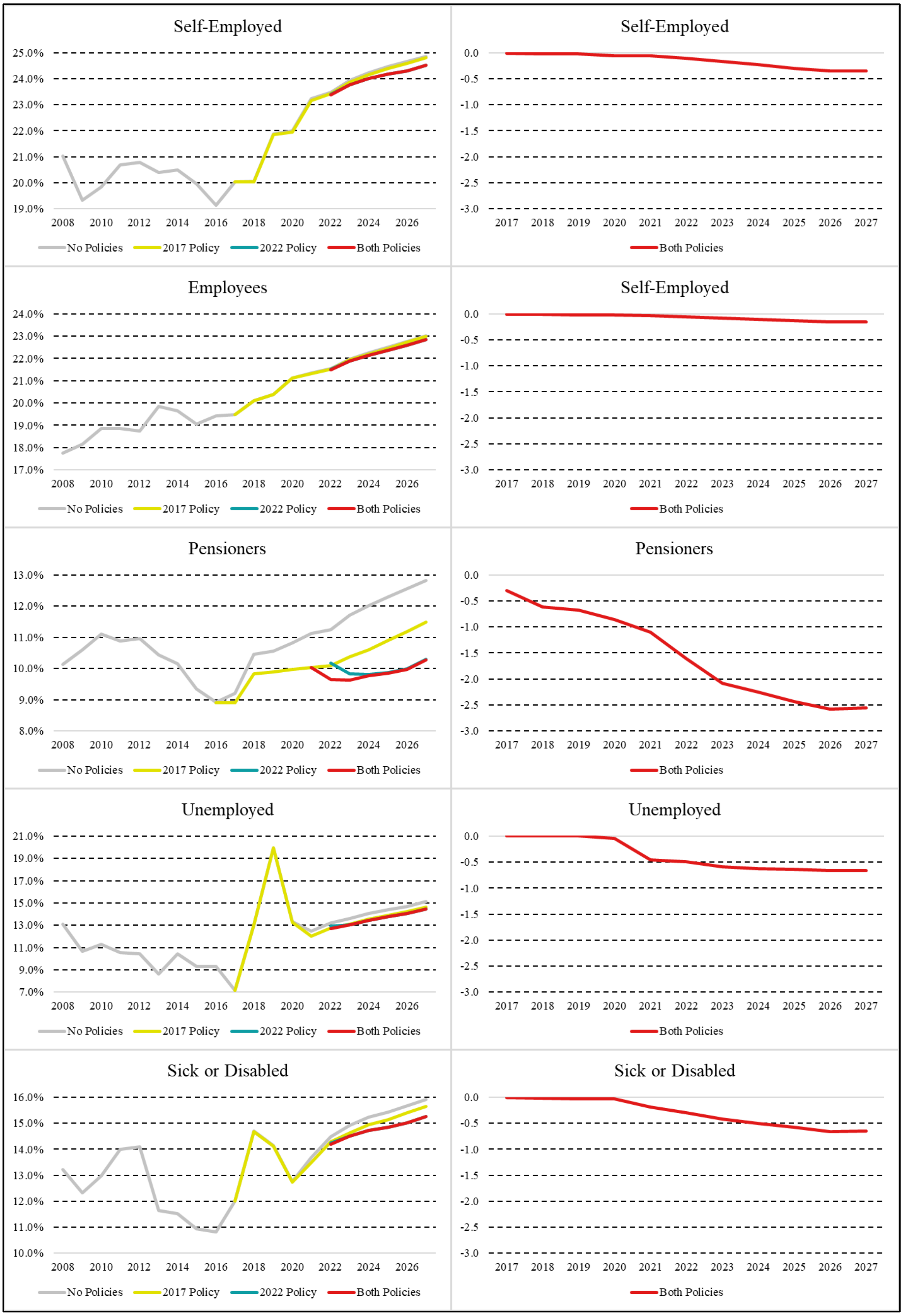
Source: Author
Note: Left-hand side axis shows the annual change in the mean equivalised disposable income in Euro (€) per annum. All charts are illustrated from a scale of €0-€600 to facilitate comparison.

As in the previous section, focusing solely on absolute changes in disposable income may be misleading. Figure 12 presents a breakdown of the average tax burden for each labour status group across different policy scenarios and the cumulative change in the average tax burden when both policies are combined (charts on the right), whilst Figure 13 illustrates the percentage increase in income of the groups.

The results align with the findings on mean equivalised disposable income: self-employed households, employees, and unemployed households experience minimal changes to their tax burden across all years and policies, with their income exhibiting minimal increase also in percentage terms. In contrast, pensioner households see a significant reduction in their average tax burden and a sizeable percentage increase in their total income. Under the 2017 policy, the average tax burden for pensioners immediately drops from 9.2% to 8.9% in 2017. This translates in 0.4% improvement in their disposable income. As the policy expands, the reduction becomes more pronounced, leading to a 1.1 percentage point decrease by 2021, with the tax burden falling to 10%, when compared to the 11.1% prevalent under the hypothetical scenario of no policy implementation. By 2024, the effect stands at 1.4 percentage points, lowering the tax burden from a potential 12.8% to 11.5%: equivalent to a 1.8% improvement in the group's total income.

When the 2022 policy is added to the simulations, the impact becomes even more significant. In 2022, the combined effect of both policies reduces the average tax burden for pensioners by 1.6 percentage points, from 11.3% to 9.6%. This translates in a 2.0% improvement in their disposable income. By 2027, the cumulative reduction reaches 2.6 percentage points, lowering the tax burden from 12.8% to 10.3%, with the total income of the group improving by 3.2%. The full results, including the detailed breakdown of the average tax burden as well as the percentage increase in income of different groups, can be found in Annex 6 and Annex 7, respectively.

Figure 12 – Average Tax Burden (LHS) & Change in Average Tax Burden (RHS) by Labour Status



Source: Author

Note: The left-hand side charts display the average tax burden as a percentage, while the right-hand side charts illustrate the change in average tax burden under both policies in percentage points, with the axis ranging from 0p.p to -3.0p.p. to facilitate comparability.

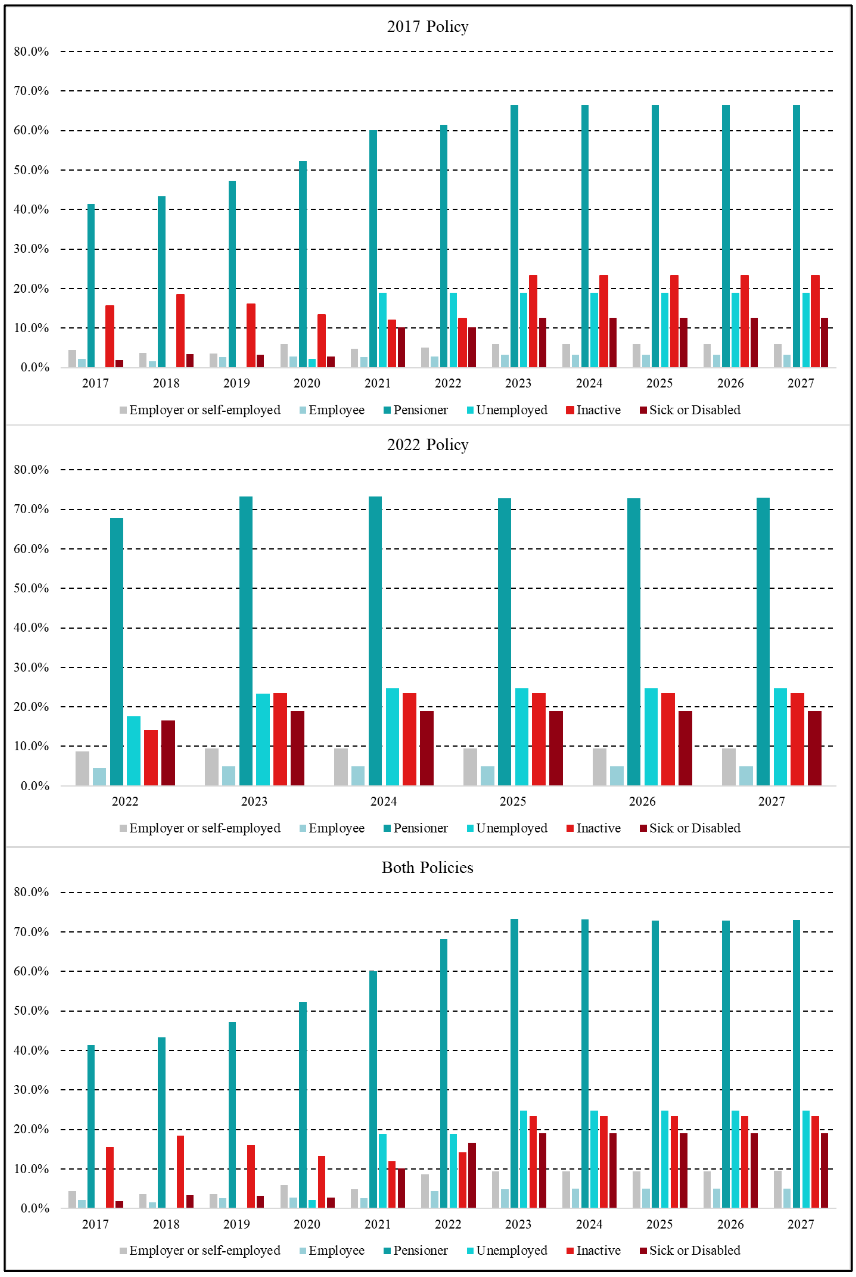
Figure 13 – Percentage increase in income relative to the Labour Status Group’s total income (%)

Source: Author
Note: Charts display percentage income increase relative to group’s total income. Axis ranges from 0%-3.5% to facilitate comparability.

Figure 14 illustrates the percentage of households in different labour status groups with an improvement in disposable income across the three policy scenarios. In the early years after the implementation of the 2017 policy (top chart), 41% of pensioner households experienced an increase in their disposable income, amounting to over 22,000 households. As the policy parameters expanded over time, this percentage grew, with more than 66% of pensioner households – over 35,000 households – benefiting from increased income. Although to a much lesser extent, the policy also provided some income improvements to a limited portion of inactive households, with the impact reaching a maximum of 23% of this group by 2027.

The effects of the 2022 policy scenario (middle chart) follows a similar trend. Upon the policy's introduction in 2022, 68% of pensioner households, translating into more than 36,000 pensioner households, experienced an immediate increase in their disposable income. As the policy was further expanded, over 73% of pensioner households – around 40,000 households – saw an income boost by 2027. Although unemployed, inactive, and sick/disabled individuals also benefited, the impact was much smaller, with around 30% of such households seeing any improvement in income by 2027. These trends are further confirmed in the Both Policies scenario (bottom chart), where the combined effects of the policies are illustrated. Full results are presented in Annex 8.

Figure 14 – Share of Labour Status group experiencing an improvement in Disposable Income (%)



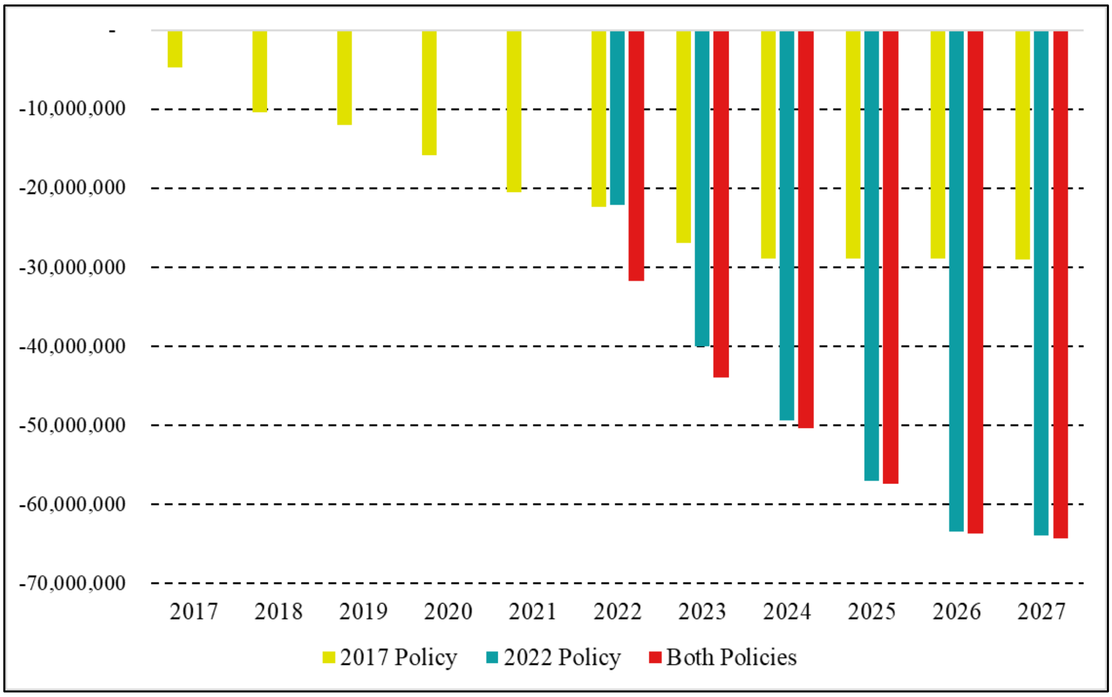
Source: Author
Note: All charts show the share of labour status groups experiencing any increase in their disposable income through the policies, as a percentage of the total households within the group. The axis ranges from 0% to 80% in all charts to facilitate comparability.

3.3 Fiscal Impact of the policies

This section shifts the focus from the distributional effects to the aggregate net fiscal impact of the two policies. The net fiscal impact is calculated by considering the forgone tax revenue which government would have collected under a baseline 'do-nothing' scenario, minus any reductions in spending on means-tested benefits due to the improved financial situation of the affected households. Note that since EUROMOD does not consider any behavioural changes, these results do not take into account neither any changes in consumer behaviour accruing from increases in disposable income, nor labour supply decisions which individuals may take in response to the newly introduced policies.

Figure 15 illustrates the net fiscal impact in absolute terms, while Table 4 presents the net fiscal impact as a percentage of GDP. Upon its introduction, the 2017 policy cost just under €5 million, amounting to 0.04% of GDP. As the policy was expanded over time, its fiscal impact plateaued at just below €30 million by 2027 (0.11% of GDP). In comparison, the 2022 policy is more costly. In its first year, it amounted to just over €22 million. When both policies are combined, the total fiscal cost reached €31.7 million in 2022 (0.17% of GDP). From 2023 onwards, as the 2022 policy expanded and the 2017 policy reached its full impact, the fiscal burden became dominated by the 2022 tax exemption policy. By 2024, the combined policies are expected to cost the government around €50 million (0.23% of GDP), increasing to over €64 million by 2027. However, due to strong past and projected GDP growth, the fiscal impact as a percentage of GDP is expected to remain stable at around 0.24%, even as the policy parameters expand significantly (see Table 4).

Figure 15 – Net Fiscal Impact of the Policies (compared to the Basline 'do-nothing' scenario) (€)



Source: Author

Table 4– Net Fiscal Impact of the Policies (compared to 'do-nothing' scenario) (% of GDP)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Net Fiscal Impact (% of GDP)											
2017 Policy	0.04%	0.08%	0.08%	0.11%	0.12%	0.12%	0.13%	0.13%	0.12%	0.12%	0.11%
2022 Policy						0.12%	0.19%	0.22%	0.24%	0.25%	0.24%
Both Policies						0.17%	0.21%	0.23%	0.24%	0.25%	0.24%

Source: Author

3.4 Impact on Inequality and Poverty indicators

We start of this section by analysing how the 2017 and 2022 policies influence income inequality in Malta, as measured by the Gini coefficient, across the years 2017 to 2027.

As shown in table 5, in the absence of any policies, the Gini coefficient[3] shows a gradual increase in inequality, rising from 0.2807 in 2017 to 0.3221 by 2027. This reflects a widening income gap over the years without any government intervention through the policies. The introduction of the 2017 policy leads to a slight reduction in income inequality compared to the baseline. For instance, the Gini coefficient in 2021 stands at 0.3058, compared to 0.3065 without the policy. By 2027, the policy results in a Gini coefficient of 0.3209, a small but consistent reduction in inequality, showing a cumulative impact of -0.0012 by the end of the period.

The 2022 policy, introduced later in the timeline, has a more pronounced impact on inequality, with the Gini coefficient dropping from 0.3053 in the baseline scenario to 0.3046 in 2022. By the end of the sample period considered (2027) the Gini coefficient is expected to drop marginally from 0.3210 to 0.3221. When both the 2017 and 2022 policies are applied together the Gini coefficient in 2022 stands at 0.3044, thus consistent with only a marginal improvement over the 2022-policy scenario. By 2027, the Gini coefficient is expected to reach 0.3211 again in line with the level reached under the 2022 policy.

The results show that while both policies lead to reductions in income inequality, their overall impact on the Gini coefficient is relatively modest. The 2017 policy has a gradual, cumulative effect, while the 2022 policy leads to a sharper but short-term reduction in inequality with the combined policies leading to only marginal improvements in income inequality by 2027.

Table 5 – Gini Coefficient and Change in Gini Coefficient

[3] The Gini coefficient is a commonly used measure of income inequality, with values ranging between 0 (perfect equality) and one (perfect inequality).

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Gini Coefficient											
No Policies	0.2807	0.2749	0.2995	0.3044	0.3065	0.3053	0.3055	0.3099	0.3140	0.3180	0.3221
2017 Policy	0.2805	0.2745	0.2990	0.3038	0.3058	0.3044	0.3044	0.3088	0.3128	0.3168	0.3209
2022 Policy						0.3046	0.3044	0.3088	0.3129	0.3170	0.3210
Both Policies						0.3044	0.3044	0.3088	0.3129	0.3170	0.3211
Change in Gini Coefficient											
2017 Policy	-0.0002	-0.0004	-0.0005	-0.0006	-0.0008	-0.0008	-0.0010	-0.0011	-0.0011	-0.0012	-0.0012
2022 Policy						-0.0007	-0.0011	-0.0011	-0.0010	-0.0010	-0.0011
Both Policies						-0.0009	-0.0010	-0.0010	-0.0010	-0.0010	-0.0011

Source: Author

In order to capture the impact these policies have had on the poverty rate in Mata, I focus on results pertaining to the at-risk-of-poverty rate (AROP) across different labour status groups.[4] Results for pensioner's AROP rates are shown in Table 6., whilst Figure 16 illustrates the AROP rates for various labour groups under different policy scenarios

Without any policy interventions, the pensioners' AROP rate fluctuates significantly, rising from 27.2% in 2017 to 32.7% by 2027. This trend suggests that, in the absence of intervention, an increasing proportion of pensioners are expected to fall below the poverty line as their incomes fail to keep pace with rising living costs. The introduction of the 2017 policy leads to a notable reduction in the poverty risk among pensioners. By 2021, the AROP rate for pensioners decreases to 26.5%, compared to 28.0% under the baseline scenario. This positive trend continues through 2027, where the AROP rate reaches 31.6%, lower than the baseline's 32.7%. Overall, the 2017 policy effectively reduces the AROP rate for pensioners by up to 1.55 percentage points by 2026.

The 2022 policy further enhances this effect. Upon its introduction, the AROP rate for pensioners immediately drops to 25.6%, compared to 26.6% without the policy. By 2027, the AROP rate stabilizes at 31.4%, reflecting a cumulative reduction of 1.34 percentage points relative to the baseline scenario. When both policies are implemented simultaneously, pensioners experience a cumulative reduction in poverty risk in line with the figures estimated for the 2022 policy, implying that the latter policy is indeed dominating and driving most of the improvements in this metric.

Table 6 – At-Risk-of-Poverty Rates of Pensioners

[4] The AROP rate reflects the percentage of individuals with an income below 60% of the median equivalised disposable income.

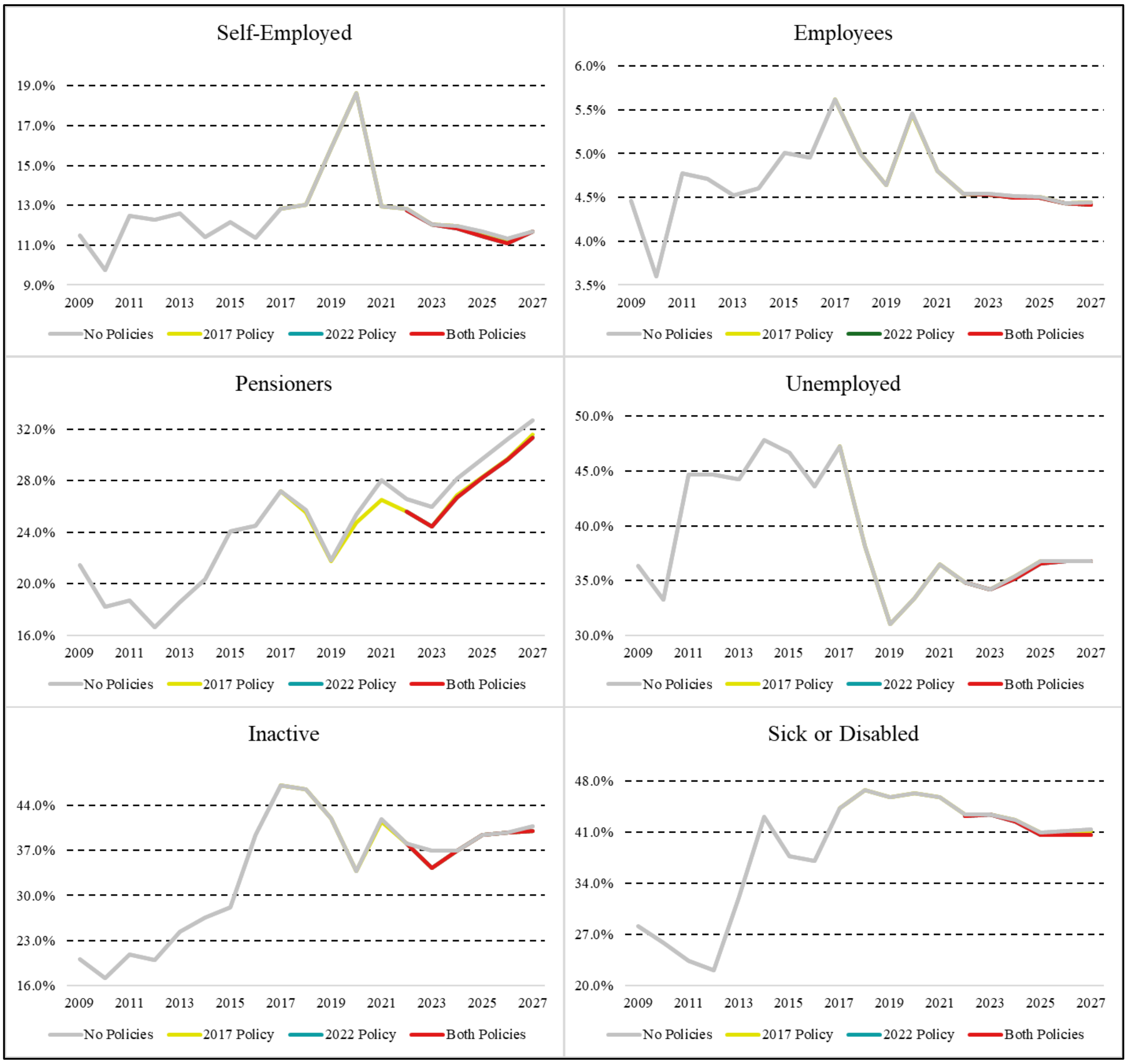
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
At-risk-of-poverty rates of Pensioners											
No Policies	27.2%	25.7%	21.8%	25.4%	28.0%	26.6%	26.0%	28.2%	29.7%	31.2%	32.7%
2017 Policy	27.2%	25.5%	21.8%	24.7%	26.5%	25.6%	24.4%	26.9%	28.3%	29.7%	31.6%
2022 Policy						25.6%	24.4%	26.7%	28.2%	29.6%	31.4%
Both Policies						25.6%	24.4%	26.7%	28.2%	29.6%	31.4%
Change in the At-risk-of-poverty rates of Pensioners											
2017 Policy	0.00	-0.20	-0.10	-0.63	-1.50	-0.98	-1.52	-1.33	-1.44	-1.55	-1.14
2022 Policy						-0.98	-1.53	-1.48	-1.47	-1.59	-1.34
Both Policies						-0.98	-1.53	-1.48	-1.47	-1.59	-1.34

Source: Author

In contrast, the 2017 and 2022 policies have negligible effects on the poverty risk for the self-employed, employees, and unemployed populations, with the AROP rates remaining relatively constant over the evaluation period. For example, the AROP rates for self-employed individuals and employees show little variation, indicating that these groups do not significantly benefit from the policies. The policies do show some impact on inactive individuals and those who are sick or disabled, although these effects are less pronounced than those observed among pensioners. For instance, the AROP rate for inactive individuals decreases by 2.69 percentage points by 2023 under the combined policies, after which it stabilizes. Similarly, the sick or disabled group experiences a modest reduction of up to 0.77 percentage points by 2027.

The significant reductions in the AROP rate for pensioners, underscore the targeted nature of these interventions. Pensioners consistently experience the largest declines in their poverty risk compared to other labour status groups, highlighting the policies' effectiveness in addressing financial vulnerabilities among the elderly. In contrast, the minimal impact of the policies on groups such as the self-employed, employees, and the unemployed reinforces the notion that these policies are finely tuned to benefit pensioners, with limited spillover effects on non-targeted groups.

Figure 16 – At-Risk-of-Poverty Rates by Labour Status (%)



Source: Author

4. Conclusion

This paper evaluates the impact of two significant pension-related policies in Malta: the 2017 Tax Rebate on Pensions and the 2022 Exempt Pension Income measures. The aim was to analyse how these reforms influence pensioners' disposable income, work incentive, and overall financial well-being, especially in the context of an ageing population and a changing socio-economic landscape. To achieve this, the study employs EUROMOD microsimulation model to simulate three scenarios over the period 2017-2027, compared to a baseline 'do-nothing' scenario. This approach enables the isolation of effects of each policy, as well as their combined impact on key economic indicators, including household income and poverty rates. The research was designed to address critical questions surrounding the effectiveness of these policies in enhancing financial security for retirees and their potential to incentivise continued labour market participation amongst older individuals. Understanding these dynamics is essential for evaluating the broader implications of these reforms on Malta's pension system, particularly in light of the challenges posed by an increasing old-age dependency ratio.

The results show that the tax policies implemented are effectively targeted, primarily benefiting pensioners, while exhibiting limited leakage to other labour status groups. A large majority of policy effects are concentrated among pensioners, with minimal benefits observed amongst self-employed individuals, employees and the unemployed. Crucially, the policies have substantially reduced the average tax burden for pensioners. Specifically, the average tax burden for pensioners decreased from 11.3% to 9.6% in 2022 due to the combined effects of both policies. By 2027, this is expected to stand at 10.3%, significantly lower than the 12.8% in a no-policy scenario. This reduction could theoretically encourage pensioners to postpone retirement and remain in the workforce longer, allowing them to retain a larger share of their income. However, it is important to note a limitation of the study in that EUROMOD does not model behavioural changes; therefore, the actual magnitude of this effect is beyond the scope of this study.

The results also reveal that over 73% of pensioner households – approximately 40,000 households – saw an increase in income as a result of these policies. Specifically, pensioner households saw an average increase in their annual equivalised disposable income from €52 in 2017 to €300 by 2025 due to the 2017 policy. The introduction of the 2022 tax exemption policy provided a significant immediate boost of €215, projected to rise to €557 by 2027. When both policies are considered together, pensioner households' disposable income rose from €328 in 2022 (2.0% of total income) to €560 by 2027 (3.2% of total income), indicating a substantial positive impact on their financial well-being.

Despite these clear benefits to pensioners, the policies do not serve as a comprehensive solution for poverty alleviation both across pensioners and the entire population. The limited impact on Decile 1 demonstrates that while many pensioners are benefiting, those who are already enjoying tax-free circumstances due to very low incomes ex-ante, are not experiencing a substantial improvement in their situation through the policies. The at-risk-of-poverty rates of pensioners have indeed decreased, from 26.6% in the baseline scenario to 25.6% with both policies in 2022, but other groups have seen negligible improvements, indicating that the current measures are insufficient for broader poverty alleviation. Furthermore, the analysis of income inequality, as measured by the Gini coefficient, shows a limited impact of these policies on the income distribution among lower deciles. In fact, the Gini coefficient under both policies dropped minimally, from 0.3221 to 0.3211 by 2027, highlighting the need for more inclusive reforms to achieve meaningful reductions in income inequality.

The fiscal cost of these policies remains contained. The 2017 policy was introduced with a cost of just under €5 million (0.04% of GDP) and is projected to rise to just below €30 million (0.11% of GDP) by 2027. In contrast, the 2022 policy started at over €22 million in its first year, leading to a combined cost of €31.7 million (0.17% of GDP). As the growth in GDP outpaces the growth in outlays, the fiscal sustainability of these policies is ensured, maintaining a stable fiscal impact as a percentage of GDP at approximately 0.24% even as policy parameters expand significantly.

Finally, by the later years of the review period (2025-2027), the impact of the 2017 policy diminishes as the expanded parameters of the 2022 policy take hold. The 2022 tax exemption becomes so extensive that individuals, after benefiting from significant tax-exempt income, no longer qualify for the 2017 policy rebates. While the 2017 policy continues to provide some improvements to certain segments of the population, its effectiveness, at least as estimated using this static exercise, is expected to fall considerably. Nonetheless, keeping in mind that the analysis presented in this paper does not internalise any labour supply decision changes that might be driven by the introduction of these policies one might conclude that the overall effect of the 2017 policy may be understated. Indeed, internalising behavioural changes—such as individuals opting to work longer rather than retiring— especially driven by the income tax rebates, would boost the impact that the 2017 policy would have on these estimates. On the other hand, these results suggest that if the 2017 policy is in fact administratively complex and costly to maintain, its benefit becomes questionable, especially when weighed against the expanding reach of the 2022 policy, which will eventually exempt 100% of pension income from taxation.

In conclusion, the 2017 Tax Rebate on Pensions and the 2022 Exempt Pension Income measures have had a significant and positive impact on pensioners' disposable income and overall financial well-being. They also appear to also achieve the goal of encouraging delayed retirement by substantially reducing the average tax burden. However, the limited benefits for the lowest-income pensioners and the minimal effects on other population groups underscore that these policies alone do not address broader challenges such as poverty and income inequality. As Malta continues to face an ageing population and shifting demographic conditions, it is crucial to continue adapting the pension system to ensure its sustainability. These policies should be complemented by future reforms aimed at making the pension system more resilient in the face of these socio-economic challenges.

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Annex 1

Table 7 – Full Results of the Annual Change in Mean equivilised disposable income by income decile (€)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Decile 1											
2017 Policy	0	2	3	3	7	10	18	21	21	24	25
2022 Policy						10	20	22	24	26	28
Both Policies						12	20	22	24	26	28
Decile 2											
2017 Policy	3	6	15	24	49	56	76	86	99	103	114
2022 Policy						55	84	97	113	118	131
Both Policies						60	84	97	113	118	131
Decile 3											
2017 Policy	13	32	42	68	85	95	115	121	124	127	126
2022 Policy						75	131	143	151	157	160
Both Policies						102	132	143	151	157	160
Decile 4											
2017 Policy	30	63	59	67	85	88	103	107	100	104	102
2022 Policy						74	134	149	153	173	173
Both Policies						118	146	151	153	173	173
Decile 5											
2017 Policy	19	42	43	58	67	72	83	95	104	99	104
2022 Policy						71	125	165	202	228	244
Both Policies						105	137	167	203	228	244
Decile 6											
2017 Policy	18	39	34	52	56	61	71	77	68	64	58
2022 Policy						72	134	168	185	193	186
Both Policies						111	153	175	188	194	187
Decile 7											
2017 Policy	12	27	35	41	55	61	70	73	67	68	64
2022 Policy						64	118	150	188	212	198
Both Policies						93	134	155	190	212	198
Decile 8											
2017 Policy	8	18	24	31	38	42	52	52	51	47	45
2022 Policy						52	101	124	144	168	168
Both Policies						73	117	130	147	170	171
Decile 9											
2017 Policy	12	14	14	26	47	51	59	63	62	63	62
2022 Policy						52	101	141	174	216	216
Both Policies						75	111	141	174	217	217
Decile 10											
2017 Policy	8	15	18	23	27	28	33	36	35	31	32
2022 Policy						39	77	113	147	168	172
Both Policies						58	91	116	150	170	173

Source: Author

Table 8 – Full Results of the Annual Change in Mean disposable income by income decile (€)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Decile 1											
2017 Policy	0	3	4	4	10	15	26	29	29	32	34
2022 Policy						14	27	30	31	34	37
Both Policies						16	27	30	31	34	37
Decile 2											
2017 Policy	4	9	25	39	81	90	120	140	161	169	188
2022 Policy						89	133	157	183	193	214
Both Policies						96	133	157	183	193	214
Decile 3											
2017 Policy	27	63	87	134	164	184	218	229	235	243	240
2022 Policy						145	246	269	283	297	300
Both Policies						196	248	269	283	297	300
Decile 4											
2017 Policy	63	132	129	141	175	180	212	227	214	220	217
2022 Policy						148	276	315	323	361	368
Both Policies						240	301	317	323	361	368
Decile 5											
2017 Policy	44	99	96	124	137	147	167	187	203	197	207
2022 Policy						146	256	332	403	446	480
Both Policies						219	283	336	403	446	480
Decile 6											
2017 Policy	41	86	76	112	117	128	151	165	147	135	119
2022 Policy						149	278	353	388	403	380
Both Policies						233	320	369	394	406	382
Decile 7											
2017 Policy	25	59	73	85	118	128	149	153	143	142	136
2022 Policy						139	257	325	411	462	440
Both Policies						201	292	335	416	464	441
Decile 8											
2017 Policy	18	38	53	63	72	79	99	98	93	89	85
2022 Policy						99	193	238	274	322	324
Both Policies						140	224	250	280	328	330
Decile 9											
2017 Policy	22	27	30	44	85	93	107	115	113	117	114
2022 Policy						96	188	261	323	409	403
Both Policies						139	206	262	323	412	405
Decile 10											
2017 Policy	16	29	33	41	46	48	56	61	59	51	52
2022 Policy						67	133	195	255	283	289
Both Policies						100	156	202	261	286	291

Source: Author

Annex 2

Table 9 – Full Results of the Average Tax Burden by Decile

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Decile 1											
Avg Tax Burden (%)											
No Policy	5.1%	7.1%	7.2%	8.7%	5.9%	6.3%	6.6%	6.2%	6.1%	6.0%	6.0%
2017 Policy	5.1%	7.1%	7.1%	8.6%	5.8%	6.1%	6.4%	6.0%	5.9%	5.8%	5.7%
2022 Policy						6.1%	6.4%	6.0%	5.9%	5.7%	5.7%
Both Policies						6.1%	6.4%	6.0%	5.9%	5.7%	5.7%
Change (p.p)											
2017 Policy	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.2	-0.2	-0.3	-0.3	-0.3
2022 Policy						-0.1	-0.2	-0.2	-0.2	-0.3	-0.3
Both Policies						-0.1	-0.2	-0.2	-0.3	-0.3	-0.3
Decile 2											
Avg Tax Burden (%)											
No Policy	5.6%	5.8%	6.5%	7.4%	8.2%	8.4%	8.6%	8.8%	9.0%	9.4%	9.3%
2017 Policy	5.6%	5.7%	6.3%	7.1%	7.8%	7.9%	7.9%	8.0%	8.1%	8.5%	8.3%
2022 Policy						7.9%	7.8%	7.9%	8.0%	8.4%	8.2%
Both Policies						7.8%	7.8%	7.9%	8.0%	8.4%	8.2%
Change (p.p)											
2017 Policy	0.0	-0.1	-0.2	-0.2	-0.5	-0.5	-0.7	-0.8	-0.9	-0.9	-1.0
2022 Policy						-0.5	-0.8	-0.9	-1.0	-1.0	-1.1
Both Policies						-0.6	-0.8	-0.9	-1.0	-1.0	-1.1
Decile 3											
Avg Tax Burden (%)											
No Policy	8.6%	9.2%	10.1%	10.2%	10.4%	10.7%	11.3%	11.8%	12.0%	12.3%	12.9%
2017 Policy	8.5%	8.9%	9.6%	9.5%	9.6%	9.9%	10.3%	10.9%	11.0%	11.4%	12.0%
2022 Policy						10.1%	10.2%	10.7%	10.9%	11.1%	11.7%
Both Policies						9.8%	10.2%	10.7%	10.9%	11.1%	11.7%
Change (p.p)											
2017 Policy	-0.1	-0.3	-0.4	-0.6	-0.8	-0.8	-0.9	-0.9	-0.9	-0.9	-0.9
2022 Policy						-0.6	-1.1	-1.1	-1.1	-1.2	-1.1
Both Policies						-0.9	-1.1	-1.1	-1.1	-1.2	-1.1
Decile 4											
Avg Tax Burden (%)											
No Policy	10.3%	10.9%	11.7%	12.0%	12.2%	12.5%	13.0%	13.7%	14.3%	14.6%	15.0%
2017 Policy	10.0%	10.4%	11.1%	11.5%	11.6%	11.9%	12.4%	13.0%	13.7%	13.9%	14.4%
2022 Policy						12.0%	12.2%	12.7%	13.4%	13.5%	14.0%
Both Policies						11.7%	12.1%	12.7%	13.4%	13.5%	14.0%
Change (p.p)											
2017 Policy	-0.3	-0.6	-0.5	-0.5	-0.6	-0.6	-0.7	-0.7	-0.6	-0.6	-0.6
2022 Policy						-0.5	-0.9	-1.0	-1.0	-1.0	-1.0
Both Policies						-0.8	-1.0	-1.0	-1.0	-1.0	-1.0
Decile 5											
Avg Tax Burden (%)											
No Policy	13.0%	13.8%	13.9%	14.0%	15.2%	15.4%	16.0%	16.4%	16.6%	17.1%	17.3%
2017 Policy	12.9%	13.4%	13.6%	13.6%	14.8%	15.0%	15.6%	15.9%	16.1%	16.6%	16.8%
2022 Policy						15.0%	15.4%	15.5%	15.6%	16.0%	16.2%
Both Policies						14.8%	15.3%	15.5%	15.6%	16.0%	16.2%
Change (p.p)											
2017 Policy	-0.2	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.5	-0.5	-0.5	-0.5
2022 Policy						-0.4	-0.7	-0.9	-1.0	-1.1	-1.2
Both Policies						-0.6	-0.7	-0.9	-1.0	-1.1	-1.2

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Decile 6											
Avg Tax Burden (%)											
No Policy	14.8%	15.2%	15.6%	16.4%	17.2%	17.4%	18.0%	18.3%	18.6%	19.0%	19.5%
2017 Policy	14.7%	14.9%	15.4%	16.2%	16.9%	17.1%	17.7%	17.9%	18.3%	18.8%	19.3%
2022 Policy						17.0%	17.4%	17.5%	17.9%	18.2%	18.8%
Both Policies						16.8%	17.3%	17.5%	17.8%	18.2%	18.8%
Change (p.p)											
2017 Policy	-0.1	-0.3	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2
2022 Policy						-0.3	-0.6	-0.7	-0.8	-0.8	-0.7
Both Policies						-0.5	-0.7	-0.8	-0.8	-0.8	-0.7
Decile 7											
Avg Tax Burden (%)											
No Policy	16.9%	17.7%	17.6%	18.5%	18.9%	19.1%	19.6%	20.1%	20.5%	20.7%	20.9%
2017 Policy	16.8%	17.6%	17.5%	18.3%	18.6%	18.9%	19.3%	19.9%	20.2%	20.5%	20.6%
2022 Policy						18.9%	19.1%	19.6%	19.8%	19.9%	20.2%
Both Policies						18.8%	19.1%	19.5%	19.8%	19.9%	20.2%
Change (p.p)											
2017 Policy	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3	-0.2	-0.2	-0.2
2022 Policy						-0.3	-0.5	-0.6	-0.7	-0.7	-0.7
Both Policies						-0.4	-0.5	-0.6	-0.7	-0.8	-0.7
Decile 8											
Avg Tax Burden (%)											
No Policy	18.4%	19.4%	19.6%	20.0%	20.8%	21.0%	21.4%	21.7%	22.0%	22.2%	22.4%
2017 Policy	18.4%	19.3%	19.5%	19.9%	20.7%	20.8%	21.2%	21.5%	21.8%	22.0%	22.3%
2022 Policy						20.8%	21.1%	21.3%	21.6%	21.7%	22.0%
Both Policies						20.7%	21.0%	21.3%	21.6%	21.7%	22.0%
Change (p.p)											
2017 Policy	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.1	-0.1	-0.1
2022 Policy						-0.2	-0.3	-0.4	-0.4	-0.5	-0.5
Both Policies						-0.2	-0.4	-0.4	-0.4	-0.5	-0.5
Decile 9											
Avg Tax Burden (%)											
No Policy	20.0%	21.0%	21.2%	21.9%	22.2%	22.4%	22.8%	22.9%	23.1%	23.3%	23.5%
2017 Policy	19.9%	20.9%	21.1%	21.8%	22.1%	22.2%	22.6%	22.8%	23.0%	23.1%	23.3%
2022 Policy						22.2%	22.5%	22.6%	22.7%	22.8%	23.0%
Both Policies						22.2%	22.5%	22.6%	22.7%	22.8%	23.0%
Change (p.p)											
2017 Policy	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
2022 Policy						-0.1	-0.2	-0.3	-0.4	-0.5	-0.5
Both Policies						-0.2	-0.3	-0.3	-0.4	-0.5	-0.5
Decile 10											
Avg Tax Burden (%)											
No Policy	23.6%	23.8%	24.8%	25.1%	25.9%	26.1%	26.4%	26.6%	26.8%	27.0%	27.2%
2017 Policy	23.6%	23.8%	24.8%	25.0%	25.8%	26.0%	26.3%	26.5%	26.8%	27.0%	27.1%
2022 Policy						26.0%	26.3%	26.4%	26.6%	26.8%	27.0%
Both Policies						26.0%	26.2%	26.4%	26.6%	26.8%	27.0%
Change (p.p)											
2017 Policy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2022 Policy						-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
Both Policies						-0.1	-0.1	-0.2	-0.2	-0.2	-0.2

Source: Author

Annex 3

Table 10 – Full Results of the Percentage Increase in Income relative to the decile's total income (%)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Decile 1											
2017 Policy	0.00%	0.04%	0.05%	0.05%	0.09%	0.13%	0.21%	0.24%	0.24%	0.27%	0.28%
2022 Policy						0.13%	0.23%	0.26%	0.27%	0.29%	0.31%
Both Policies						0.14%	0.23%	0.26%	0.27%	0.29%	0.31%
Decile 2											
2017 Policy	0.03%	0.06%	0.16%	0.24%	0.46%	0.50%	0.65%	0.73%	0.82%	0.84%	0.92%
2022 Policy						0.49%	0.72%	0.82%	0.94%	0.97%	1.06%
Both Policies						0.53%	0.72%	0.82%	0.94%	0.97%	1.06%
Decile 3											
2017 Policy	0.12%	0.30%	0.36%	0.57%	0.66%	0.71%	0.84%	0.86%	0.86%	0.87%	0.85%
2022 Policy						0.56%	0.95%	1.02%	1.05%	1.07%	1.07%
Both Policies						0.76%	0.96%	1.02%	1.05%	1.07%	1.07%
Decile 4											
2017 Policy	0.25%	0.50%	0.44%	0.48%	0.57%	0.57%	0.65%	0.66%	0.60%	0.62%	0.59%
2022 Policy						0.48%	0.85%	0.92%	0.92%	1.02%	1.00%
Both Policies						0.77%	0.92%	0.93%	0.92%	1.02%	1.00%
Decile 5											
2017 Policy	0.14%	0.29%	0.28%	0.36%	0.39%	0.41%	0.46%	0.51%	0.55%	0.51%	0.53%
2022 Policy						0.41%	0.69%	0.89%	1.07%	1.18%	1.23%
Both Policies						0.60%	0.76%	0.90%	1.07%	1.18%	1.23%
Decile 6											
2017 Policy	0.11%	0.24%	0.20%	0.28%	0.29%	0.31%	0.35%	0.37%	0.32%	0.29%	0.25%
2022 Policy						0.36%	0.66%	0.80%	0.86%	0.87%	0.82%
Both Policies						0.56%	0.75%	0.83%	0.87%	0.88%	0.83%
Decile 7											
2017 Policy	0.07%	0.15%	0.18%	0.19%	0.25%	0.27%	0.30%	0.30%	0.27%	0.27%	0.24%
2022 Policy						0.28%	0.51%	0.63%	0.76%	0.83%	0.75%
Both Policies						0.41%	0.58%	0.65%	0.77%	0.83%	0.76%
Decile 8											
2017 Policy	0.04%	0.08%	0.10%	0.13%	0.15%	0.16%	0.19%	0.19%	0.18%	0.16%	0.15%
2022 Policy						0.20%	0.37%	0.44%	0.50%	0.56%	0.55%
Both Policies						0.28%	0.43%	0.47%	0.51%	0.57%	0.56%
Decile 9											
2017 Policy	0.05%	0.06%	0.05%	0.09%	0.15%	0.16%	0.18%	0.18%	0.18%	0.17%	0.16%
2022 Policy						0.16%	0.31%	0.41%	0.49%	0.60%	0.57%
Both Policies						0.24%	0.34%	0.41%	0.49%	0.60%	0.58%
Decile 10											
2017 Policy	0.02%	0.04%	0.04%	0.05%	0.05%	0.05%	0.06%	0.06%	0.06%	0.05%	0.05%
2022 Policy						0.07%	0.13%	0.19%	0.24%	0.26%	0.26%
Both Policies						0.10%	0.16%	0.19%	0.24%	0.26%	0.26%

Source: Author

Annex 4

Table 11 – Share of Decile Groups experiencing an improvement in Disposable Income (%)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Decile 1											
2017 Policy	0.1%	1.5%	1.9%	2.6%	8.7%	10.7%	14.8%	16.1%	16.2%	17.0%	18.2%
2022 Policy						10.5%	14.9%	16.1%	15.9%	16.7%	18.1%
Both Policies						11.2%	15.1%	16.1%	15.9%	16.7%	18.1%
Decile 2											
2017 Policy	4.0%	8.4%	17.2%	20.2%	32.4%	32.2%	36.8%	39.8%	43.2%	44.5%	46.2%
2022 Policy						34.9%	40.2%	43.5%	47.2%	48.3%	50.3%
Both Policies						35.0%	40.2%	43.5%	47.2%	48.3%	50.3%
Decile 3											
2017 Policy	23.9%	31.0%	31.3%	37.0%	34.4%	35.9%	39.1%	38.2%	37.2%	37.0%	35.6%
2022 Policy						39.4%	42.1%	41.3%	40.0%	40.1%	38.5%
Both Policies						39.4%	42.1%	41.3%	40.0%	40.1%	38.5%
Decile 4											
2017 Policy	35.8%	35.6%	30.7%	28.9%	28.8%	28.1%	31.3%	30.3%	28.4%	29.3%	29.1%
2022 Policy						33.7%	36.0%	34.9%	32.8%	33.7%	33.4%
Both Policies						33.8%	36.2%	34.9%	32.8%	33.7%	33.4%
Decile 5											
2017 Policy	24.8%	23.6%	25.7%	27.7%	25.4%	26.2%	26.5%	27.0%	29.9%	28.6%	29.0%
2022 Policy						29.5%	30.0%	30.3%	33.3%	32.4%	32.9%
Both Policies						29.5%	30.0%	30.3%	33.3%	32.4%	32.9%
Decile 6											
2017 Policy	22.9%	25.4%	20.9%	24.1%	21.1%	20.5%	23.7%	22.4%	19.1%	18.3%	17.2%
2022 Policy						25.9%	30.8%	30.1%	26.4%	25.5%	24.3%
Both Policies						25.9%	30.8%	30.1%	26.4%	25.5%	24.3%
Decile 7											
2017 Policy	14.7%	16.3%	18.2%	18.7%	20.9%	21.9%	22.1%	21.7%	20.8%	20.6%	20.5%
2022 Policy						26.4%	26.4%	26.3%	27.0%	26.6%	26.1%
Both Policies						26.4%	26.4%	26.3%	27.0%	26.6%	26.1%
Decile 8											
2017 Policy	11.3%	8.5%	15.0%	15.2%	14.3%	15.3%	16.1%	14.7%	14.0%	14.2%	12.9%
2022 Policy						21.3%	22.3%	20.4%	19.4%	19.5%	18.9%
Both Policies						21.3%	22.3%	20.4%	19.4%	19.5%	18.9%
Decile 9											
2017 Policy	13.4%	8.6%	8.1%	9.1%	14.5%	15.0%	15.2%	15.3%	15.3%	15.0%	14.6%
2022 Policy						17.6%	17.6%	17.7%	17.0%	16.5%	16.0%
Both Policies						17.6%	17.6%	17.7%	17.0%	16.5%	16.0%
Decile 10											
2017 Policy	9.1%	8.2%	9.2%	9.0%	7.4%	7.3%	7.3%	6.9%	6.7%	5.9%	6.0%
2022 Policy						9.6%	9.3%	9.3%	9.2%	8.4%	8.4%
Both Policies						9.6%	9.3%	9.3%	9.2%	8.4%	8.4%

Source: Author

Table 12 – Total Number of Individuals experiencing an improvement in Disposable Income by Decile

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Decile 1											
2017 Policy	30	348	497	679	2,431	2,923	3,993	4,509	4,623	4,919	5,292
2022 Policy						2,877	4,008	4,508	4,524	4,848	5,272
Both Policies						3,059	4,070	4,508	4,524	4,848	5,272
Decile 2											
2017 Policy	970	2,068	4,293	5,136	8,509	8,632	10,067	10,812	11,820	12,096	12,733
2022 Policy						9,366	10,979	11,813	12,903	13,122	13,870
Both Policies						9,391	10,979	11,813	12,903	13,122	13,870
Decile 3											
2017 Policy	4,578	6,587	6,719	8,529	8,127	8,490	9,470	9,113	8,759	8,710	8,309
2022 Policy						9,322	10,182	9,838	9,408	9,435	8,980
Both Policies						9,337	10,182	9,838	9,408	9,435	8,980
Decile 4											
2017 Policy	7,363	7,308	6,424	6,005	5,858	5,685	6,217	5,848	5,387	5,490	5,373
2022 Policy						6,815	7,143	6,733	6,221	6,318	6,166
Both Policies						6,847	7,175	6,733	6,221	6,318	6,166
Decile 5											
2017 Policy	4,419	4,261	4,786	5,283	4,837	5,025	5,047	5,234	5,859	5,616	5,630
2022 Policy						5,650	5,701	5,881	6,538	6,345	6,370
Both Policies						5,650	5,701	5,881	6,538	6,345	6,370
Decile 6											
2017 Policy	3,823	4,501	3,875	4,466	3,900	3,755	4,336	4,007	3,324	3,186	3,042
2022 Policy						4,761	5,628	5,377	4,601	4,443	4,299
Both Policies						4,761	5,628	5,377	4,601	4,443	4,299
Decile 7											
2017 Policy	2,509	2,835	3,390	3,328	3,596	3,739	3,748	3,718	3,530	3,489	3,370
2022 Policy						4,498	4,484	4,495	4,588	4,518	4,295
Both Policies						4,498	4,484	4,495	4,588	4,518	4,295
Decile 8											
2017 Policy	1,824	1,465	2,724	2,665	2,599	2,846	3,001	2,705	2,622	2,669	2,445
2022 Policy						3,958	4,160	3,761	3,647	3,671	3,566
Both Policies						3,958	4,160	3,761	3,647	3,671	3,566
Decile 9											
2017 Policy	2,318	1,542	1,518	1,801	2,761	2,795	2,833	2,854	2,858	2,810	2,776
2022 Policy						3,287	3,298	3,319	3,167	3,094	3,044
Both Policies						3,287	3,298	3,319	3,167	3,094	3,044
Decile 10											
2017 Policy	1,612	1,536	1,865	1,834	1,572	1,557	1,558	1,471	1,440	1,258	1,276
2022 Policy						2,054	2,000	1,996	1,965	1,782	1,801
Both Policies						2,054	2,000	1,996	1,965	1,782	1,801

Source: Author

Annex 5

Table 13 – Full Results of the Annual Change in Mean equivilised disposable income by Labour Status (€)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Self-Employed											
2017 Policy	4	8	9	21	25	27	33	35	35	35	35
2022 Policy						35	69	98	127	154	155
Both Policies						46	73	98	127	154	155
Employee											
2017 Policy	4	7	8	13	18	20	25	27	27	27	27
2022 Policy						24	45	60	76	90	91
Both Policies						32	49	61	76	90	91
Pensioner											
2017 Policy	52	117	134	168	215	233	275	299	300	300	300
2022 Policy						215	386	461	513	553	557
Both Policies						328	431	472	517	556	560
Unemployed											
2017 Policy	6	6	3	7	55	59	69	73	74	74	73
2022 Policy						50	94	115	130	143	146
Both Policies						73	102	120	135	148	150
Inactive											
2017 Policy	18	34	45	42	43	48	68	70	71	72	73
2022 Policy						54	105	127	151	174	175
Both Policies						64	107	129	152	175	176
Sick or Disabled											
2017 Policy	6	11	13	24	47	51	69	71	72	72	73
2022 Policy						57	101	121	142	161	163
Both Policies						72	105	121	142	161	163

Source: Author

Table 14 – Full Results of the Annual Change in Mean disposable income by Labour Status (€)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Self-Employed											
2017 Policy	6	7	9	28	34	38	46	49	49	49	49
2022 Policy						53	107	159	209	258	260
Both Policies						66	109	160	209	258	260
Employee											
2017 Policy	4	5	8	12	14	16	20	22	22	22	22
2022 Policy						22	43	62	82	100	101
Both Policies						29	47	64	83	100	102
Pensioner											
2017 Policy	66	146	168	218	286	311	369	399	399	400	400
2022 Policy						291	521	624	697	753	760
Both Policies						435	582	638	703	757	764
Unemployed											
2017 Policy	0	0	0	11	106	112	128	134	134	135	135
2022 Policy						75	143	161	169	177	183
Both Policies						119	149	161	169	177	183
Inactive											
2017 Policy	32	60	54	42	25	29	59	62	63	65	66
2022 Policy						39	68	72	89	107	108
Both Policies						42	69	72	89	107	108
Sick or Disabled											
2017 Policy	1	3	9	7	38	41	64	64	64	65	66
2022 Policy						51	91	112	134	158	159
Both Policies						63	91	112	134	158	159

Source: Author

Annex 6

Table 15 – Full Results of the Average Tax Burden by Labour Status

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Self-Employed											
Avg Tax Burden (%)											
No Policy	20.0%	20.0%	21.9%	22.0%	23.2%	23.5%	23.9%	24.2%	24.5%	24.7%	24.9%
2017 Policy	20.0%	20.0%	21.8%	21.9%	23.2%	23.4%	23.9%	24.2%	24.4%	24.6%	24.8%
2022 Policy						23.4%	23.8%	24.0%	24.2%	24.3%	24.5%
Both Policies						23.4%	23.8%	24.0%	24.2%	24.3%	24.5%
Change (p.p)											
2017 Policy	0.0	0.0	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
2022 Policy						-0.1	-0.2	-0.2	-0.3	-0.4	-0.3
Both Policies						-0.1	-0.2	-0.2	-0.3	-0.4	-0.3
Employee											
Avg Tax Burden (%)											
No Policy	19.5%	20.1%	20.4%	21.1%	21.4%	21.5%	22.0%	22.2%	22.5%	22.8%	23.0%
2017 Policy	19.5%	20.1%	20.4%	21.1%	21.3%	21.5%	21.9%	22.2%	22.5%	22.7%	23.0%
2022 Policy						21.5%	21.9%	22.1%	22.4%	22.6%	22.9%
Both Policies						21.5%	21.9%	22.1%	22.4%	22.6%	22.9%
Change (p.p)											
2017 Policy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2022 Policy						0.0	-0.1	-0.1	-0.1	-0.2	-0.2
Both Policies						-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Pensioner											
Avg Tax Burden (%)											
No Policy	9.2%	10.4%	10.6%	10.8%	11.1%	11.3%	11.7%	12.0%	12.3%	12.6%	12.8%
2017 Policy	8.9%	9.8%	9.9%	10.0%	10.0%	10.1%	10.4%	10.6%	10.9%	11.2%	11.5%
2022 Policy						10.2%	9.8%	9.8%	9.9%	10.0%	10.3%
Both Policies						9.6%	9.6%	9.8%	9.9%	10.0%	10.3%
Change (p.p)											
2017 Policy	-0.3	-0.6	-0.7	-0.9	-1.1	-1.1	-1.3	-1.4	-1.4	-1.4	-1.3
2022 Policy						-1.1	-1.9	-2.2	-2.4	-2.6	-2.5
Both Policies						-1.6	-2.1	-2.2	-2.4	-2.6	-2.6
Unemployed											
Avg Tax Burden (%)											
No Policy	7.2%	13.0%	19.9%	13.3%	12.5%	13.2%	13.6%	14.1%	14.4%	14.7%	15.1%
2017 Policy	7.2%	13.0%	19.9%	13.3%	12.0%	12.7%	13.1%	13.6%	13.9%	14.2%	14.6%
2022 Policy						12.9%	13.0%	13.5%	13.7%	14.0%	14.4%
Both Policies						12.7%	13.0%	13.5%	13.7%	14.0%	14.4%
Change (p.p)											
2017 Policy	0.0	0.0	0.0	0.0	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
2022 Policy						-0.3	-0.6	-0.6	-0.6	-0.7	-0.7
Both Policies						-0.5	-0.6	-0.6	-0.6	-0.7	-0.7
Inactive											
Avg Tax Burden (%)											
No Policy	9.4%	10.8%	13.7%	14.3%	15.5%	15.7%	15.8%	15.9%	16.1%	16.4%	16.5%
2017 Policy	9.2%	10.4%	13.4%	14.2%	15.5%	15.6%	15.7%	15.8%	16.0%	16.3%	16.4%
2022 Policy						19.7%	20.5%	20.7%	20.8%	21.0%	21.1%
Both Policies						15.6%	15.6%	15.8%	16.0%	16.2%	16.3%
Change (p.p)											
2017 Policy	-0.2	-0.4	-0.3	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
2022 Policy						-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Both Policies						-0.1	-0.1	-0.1	-0.1	-0.2	-0.2

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Sick or Disabled											
Avg Tax Burden (%)											
No Policy	12.0%	14.7%	14.2%	12.8%	13.7%	14.5%	14.9%	15.2%	15.4%	15.7%	15.9%
2017 Policy	12.0%	14.7%	14.1%	12.7%	13.5%	14.3%	14.6%	14.9%	15.1%	15.4%	15.6%
2022 Policy						14.2%	14.5%	14.7%	14.8%	15.0%	15.3%
Both Policies						14.2%	14.5%	14.7%	14.8%	15.0%	15.3%
Change (p.p)											
2017 Policy	0.0	0.0	0.0	0.0	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3
2022 Policy						-0.2	-0.4	-0.5	-0.6	-0.7	-0.7
Both Policies						-0.3	-0.4	-0.5	-0.6	-0.7	-0.7

Source: Author

Annex 7

Table 16 – Full Results of the Percentage Increase in Income relative to the group's total income (%)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Self-Employed											
2017 Policy	0.02	0.04	0.04	0.09	0.09	0.10	0.11	0.12	0.11	0.11	0.11
2022 Policy						0.13	0.24	0.33	0.42	0.49	0.48
Both Policies						0.17	0.26	0.33	0.42	0.49	0.48
Employee											
2017 Policy	0.02	0.03	0.03	0.05	0.07	0.08	0.09	0.10	0.09	0.09	0.09
2022 Policy						0.09	0.17	0.22	0.27	0.31	0.30
Both Policies						0.13	0.19	0.23	0.27	0.31	0.31
Pensioner											
2017 Policy	0.39	0.85	0.88	1.10	1.38	1.44	1.65	1.77	1.76	1.74	1.72
2022 Policy						1.32	2.31	2.73	3.00	3.20	3.18
Both Policies						2.03	2.59	2.80	3.03	3.21	3.20
Unemployed											
2017 Policy	0.05	0.06	0.02	0.05	0.35	0.36	0.41	0.43	0.42	0.41	0.40
2022 Policy						0.31	0.56	0.67	0.74	0.80	0.80
Both Policies						0.45	0.61	0.71	0.77	0.83	0.82
Inactive											
2017 Policy	0.17	0.32	0.36	0.26	0.23	0.24	0.32	0.32	0.31	0.31	0.31
2022 Policy						0.26	0.49	0.58	0.67	0.75	0.74
Both Policies						0.31	0.50	0.58	0.67	0.76	0.74
Sick or Disabled											
2017 Policy	0.05	0.09	0.11	0.20	0.36	0.38	0.50	0.50	0.49	0.49	0.48
2022 Policy						0.43	0.72	0.85	0.98	1.09	1.08
Both Policies						0.54	0.75	0.85	0.98	1.09	1.08

Source: Author

Annex 8

Table 17 – Share of Labour Status Groups experiencing an improvement in Disposable Income (%)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Self-Employed											
2017 Policy	4.5%	3.7%	3.6%	5.9%	4.8%	5.1%	5.9%	5.9%	5.9%	5.9%	5.9%
2022 Policy						8.7%	9.4%	9.4%	9.4%	9.4%	9.5%
Both Policies						8.7%	9.4%	9.4%	9.4%	9.4%	9.5%
Employee											
2017 Policy	2.1%	1.6%	2.6%	2.7%	2.6%	2.8%	3.2%	3.2%	3.2%	3.2%	3.2%
2022 Policy						4.5%	4.9%	5.0%	5.0%	5.0%	5.0%
Both Policies						4.5%	4.9%	5.0%	5.0%	5.0%	5.0%
Pensioners											
2017 Policy	41.4%	43.4%	47.2%	52.2%	60.1%	61.4%	66.5%	66.5%	66.4%	66.4%	66.5%
2022 Policy						67.8%	73.2%	73.2%	72.9%	72.9%	73.0%
Both Policies						68.2%	73.3%	73.2%	72.9%	72.9%	73.0%
Unemployed											
2017 Policy	0.0%	0.0%	0.0%	2.2%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%	18.9%
2022 Policy						17.6%	23.4%	24.7%	24.7%	24.7%	24.7%
Both Policies						18.9%	24.7%	24.7%	24.7%	24.7%	24.7%
Inactive											
2017 Policy	15.6%	18.4%	16.1%	13.3%	12.0%	12.5%	23.2%	23.2%	23.2%	23.2%	23.2%
2022 Policy						14.2%	23.4%	23.4%	23.4%	23.4%	23.4%
Both Policies						14.2%	23.4%	23.4%	23.4%	23.4%	23.4%
Sick or Disabled											
2017 Policy	1.8%	3.4%	3.2%	2.8%	10.2%	10.2%	12.7%	12.7%	12.7%	12.7%	12.7%
2022 Policy						16.6%	19.0%	19.0%	19.0%	19.0%	19.0%
Both Policies						16.6%	19.0%	19.0%	19.0%	19.0%	19.0%

Source: Author

Table 18 –Number of Individuals experiencing an improvement in Disposable Income by Labour Status

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Self-Employed											
2017 Policy	762	724	684	1,087	971	1,019	1,197	1,197	1,197	1,197	1,197
2022 Policy						1,759	1,902	1,902	1,902	1,902	1,918
Both Policies						1,759	1,902	1,902	1,902	1,902	1,918
Employee											
2017 Policy	1,810	1,391	2,553	2,726	2,676	2,850	3,278	3,278	3,278	3,278	3,278
2022 Policy						4,556	4,993	5,078	5,093	5,093	5,109
Both Policies						4,556	4,993	5,078	5,093	5,093	5,109
Pensioners											
2017 Policy	22,402	25,035	26,748	28,091	32,382	33,118	35,852	35,852	35,805	35,824	35,828
2022 Policy						36,561	39,472	39,472	39,281	39,281	39,335
Both Policies						36,783	39,535	39,472	39,281	39,281	39,335
Unemployed											
2017 Policy	0	0	0	63	450	450	450	450	450	450	450
2022 Policy						419	557	589	589	589	589
Both Policies						450	589	589	589	589	589
Inactive											
2017 Policy	548	950	754	428	369	384	715	715	715	715	715
2022 Policy						437	720	720	720	720	720
Both Policies						437	720	720	720	720	720
Sick or Disabled											
2017 Policy	62	89	74	87	260	260	322	322	322	322	322
2022 Policy						422	484	484	484	484	484
Both Policies						422	484	484	484	484	484

Source: Author

Annex 9

Table 19 – Full Results of the At-risk-of-poverty rates by Labour Status

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Self-Employed											
At-risk-of-poverty rate (%)											
No Policy	12.8%	13.0%	15.9%	18.6%	12.9%	12.8%	12.1%	12.0%	11.7%	11.3%	11.7%
2017 Policy	12.8%	13.0%	15.9%	18.6%	12.9%	12.8%	12.1%	12.0%	11.6%	11.2%	11.7%
2022 Policy						12.7%	12.1%	11.8%	11.4%	11.1%	11.7%
Both Policies						23.4%	23.8%	24.0%	24.2%	24.3%	24.5%
Change (p.p)											
2017 Policy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.13	-0.13	0.00
2022 Policy						-0.08	0.00	-0.13	-0.25	-0.25	0.00
Both Policies						-0.08	0.00	-0.13	-0.25	-0.25	0.00
Employee											
At-risk-of-poverty rate (%)											
No Policy	5.6%	5.0%	4.6%	5.5%	4.8%	4.5%	4.5%	4.5%	4.5%	4.4%	4.4%
2017 Policy	5.6%	5.0%	4.6%	5.4%	4.8%	4.5%	4.5%	4.5%	4.5%	4.4%	4.4%
2022 Policy						4.5%	4.5%	4.5%	4.5%	4.4%	4.4%
Both Policies						4.5%	4.5%	4.5%	4.5%	4.4%	4.4%
Change (p.p)											
2017 Policy	0.00	0.00	0.00	-0.01	-0.01	0.00	-0.01	-0.01	0.00	0.00	0.00
2022 Policy						0.00	-0.01	-0.01	-0.01	0.00	-0.03
Both Policies						0.00	-0.01	-0.01	-0.01	0.00	-0.03
Pensioner											
At-risk-of-poverty rate (%)											
No Policy	27.2%	25.7%	21.8%	25.4%	28.0%	26.6%	26.0%	28.2%	29.7%	31.2%	32.7%
2017 Policy	27.2%	25.5%	21.8%	24.7%	26.5%	25.6%	24.4%	26.9%	28.3%	29.7%	31.6%
2022 Policy						25.6%	24.4%	26.7%	28.2%	29.6%	31.4%
Both Policies						25.6%	24.4%	26.7%	28.2%	29.6%	31.4%
Change (p.p)											
2017 Policy	0.00	-0.20	-0.10	-0.63	-1.50	-0.98	-1.52	-1.33	-1.44	-1.55	-1.14
2022 Policy						-0.98	-1.53	-1.48	-1.47	-1.59	-1.34
Both Policies						-0.98	-1.53	-1.48	-1.47	-1.59	-1.34
Unemployed											
At-risk-of-poverty rate (%)											
No Policy	47.2%	38.1%	31.0%	33.4%	36.5%	34.8%	34.2%	35.4%	36.8%	36.8%	36.8%
2017 Policy	47.2%	38.1%	31.0%	33.4%	36.5%	34.8%	34.2%	35.4%	36.8%	36.8%	36.8%
2022 Policy						34.8%	34.2%	35.2%	36.6%	36.8%	36.8%
Both Policies						34.8%	34.2%	35.2%	36.6%	36.8%	36.8%
Change (p.p)											
2017 Policy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2022 Policy						0.00	0.00	-0.23	-0.23	0.00	0.00
Both Policies						0.00	0.00	-0.23	-0.23	0.00	0.00
Inactive											
At-risk-of-poverty rate (%)											
No Policy	47.1%	46.4%	41.9%	33.8%	41.8%	38.1%	37.0%	37.0%	39.4%	39.7%	40.7%
2017 Policy	47.1%	46.4%	41.9%	33.8%	41.5%	38.1%	34.3%	37.0%	39.4%	39.7%	40.0%

2022 Policy						38.1%	34.3%	37.0%	39.4%	39.7%	40.0%
Both Policies						38.1%	34.3%	37.0%	39.4%	39.7%	40.0%
Change (p.p)											
2017 Policy	0.00	0.00	0.00	0.00	-0.32	0.00	-2.69	0.00	0.00	0.00	-0.74
2022 Policy						0.00	-2.69	0.00	0.00	0.00	-0.74
Both Policies						0.00	-2.69	0.00	0.00	0.00	-0.74
Sick or Disabled											
At-risk-of-poverty rate (%)											
No Policy	44.3%	46.8%	45.8%	46.4%	45.8%	43.4%	43.4%	42.7%	40.9%	41.2%	41.4%
2017 Policy	44.3%	46.8%	45.8%	46.4%	45.8%	43.4%	43.4%	42.7%	40.9%	40.9%	41.2%
2022 Policy						43.2%	43.4%	42.5%	40.7%	40.7%	40.6%
Both Policies						43.2%	43.4%	42.5%	40.7%	40.7%	40.6%
Change (p.p)											
2017 Policy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.24	-0.24
2022 Policy						-0.24	0.00	-0.24	-0.24	-0.48	-0.77
Both Policies						-0.24	0.00	-0.24	-0.24	-0.48	-0.77

Source: Author