

## Raise your income and beat the Budget



Is the message getting through – that high personal taxes discourage people to work harder, or to work overtime? That they can encourage emigration, especially of the most mobile cohort – the 15 to 24-year-olds who have the least financial obligations or ties?

We'll know on October 14th what the Minister for Finance really thinks about high personal taxes: he's either going to reduce them, increase them or leave them alone.

Given the Peter-versus-Paul nature of fiscal decisions at the best of times (a tax break for one group often merits more tax being taken from another) I will be very surprised if every taxpayer gets away entirely unscathed once the Minister finishes his speech.

With an election looming he'll do his best not to antagonise pensioners, whose state pension incomes have already been frozen for six years and a number of smaller value benefits (like heating allowances, funeral allowance, etc) reduced or clawed back. Nor will he likely raise taxes directly from the squeezed middle.

That leaves juggling top rate income tax rates, the tax bands and hated USC against other existing levies and stealth taxes – things like the 0.75 per cent pension levy that isn't paid by you directly, but by your pension administrator, or the insurance levies (including the €399 health levy added to every adult health insurance policy).

With most of everything we earn going to the state in the form of direct and indirect taxes (especially 23 per cent VAT on the bulk of purchases except fresh food produce) and now our homes and water consumption, it's understandable that people are jaded about working even more hours than they do already for a limited return.

But just as I looked at ways to save thousands of euro a year last week (assuming you haven't already switched to cheaper insurance, utilities, healthcare, fuel; cut back or given up on alcohol and tobacco, two of the already most heavily taxed goods and been more careful about your discretionary spending) this week I'm going to list some of the most obvious – and less obvious – ways to make money.

There's no reward without effort and all these ideas require some extra effort and sacrifice (of time and perhaps personal space) but at least two suggestions are entirely tax-free.

If you are a pensioner and these extra income sources don't push you over the tax-free income threshold of €18,000 for a single person (over 65) or €36,000 for a couple, you also won't pay any income tax (or PRSI).

1: The Rent-a-Room Scheme. The single most generous tax break available anyone with a spare room(s) can rent it out and earn up to €10,000 a year tax free.

2: The €3,000 per annum gift tax. This is ideal for a parent/grandparent willing and able to distribute intended inheritances as tax free gifts during their lifetime. Any number of such cash gifts can be received from different benefactors, entirely tax free.

3: Review your cash holdings and switch into higher yielding accounts. If you are over 65 and tax exempt, make sure your bank arranges that your account is 41 per cent DIRT exempt. Consider shifting some cash into lower tax yielding share funds/dividend yielding stocks.

An independent adviser can explain the potential capital risks – and income rewards. Well-informed tax advice is essential. Also...

\*Consider upskilling and acquiring higher degrees/diploma's if they result in higher pay in your current employment or a better chance of a higher paying job.

\* Downsize. Selling a larger, more expensive house for a smaller, cheaper one is a guaranteed way to save on home expenses (and property tax) while creating an income stream from the remaining income. Then consider Rent-a-Room.

\* Host foreign students. Typical remuneration is between €175-€200 a week. (HomeStayIreland.com)

\* Shift yourself and your pension fund – before retirement – to a country that does not tax pension income: Portugal, Malta, Australia. State pensions can also be claimed tax free in these countries.

\* Use your talent, hobbies and "passions" to boost earnings: play music for cash; give lessons or grinds (typically at up to €35 an hour); sell your art, homemade food/ baking, DIY skills.

\* Older experienced women are ideal evening babysitters and in demand; so are dog-minders and both earn c€10 an hour.

Reliable house-minders can earn hundreds of euro per week. (Trustedhousesitters.com)

\* Beautiful babies can earn between €200-€1,000 for modelling photoshoots/TV commercials; older children can earn even more. Film extra's can earn €77 to €84 a day and €13.50 an hour for overtime. (MovieExtras.ie) Successfully offer your home to a film company and it typically will earn between €750 - €1000 a day. (ifb.ie, Photolocations.ie)

\* Become a mystery shopper and earn between €15-€50 per survey. (PanResearch.ie)

\* Sell stuff on eBay, DoneDeal.ie, BuyandSell.ie. Sell other people's stuff for them and take a cut of the proceeds.

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