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**An Bille Leasa Shóisialaigh, 2019**  
**Social Welfare Bill 2019**

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*Meabhrán Mínitheach agus Airgeadais*  
*Explanatory and Financial Memorandum*

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**SOCIAL WELFARE BILL 2019**

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**EXPLANATORY AND FINANCIAL MEMORANDUM**

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**Introduction**

This Bill provides for amendments to the Social Welfare Consolidation Act 2005 and the Taxes Consolidation Act 1997. In particular, it provides for the introduction of a new social insurance scheme - Jobseeker's Benefit (self-employed) - to provide an income safety net to people setting up or running their own businesses, as announced in the Expenditure Report for Budget 2019 on 9 October 2018.

The Bill contains 9 sections in 3 parts.

**Part 1**  
**Preliminary and General**

**Short title, construction, collective citations and commencement**

*Section 1* provides for the short title of the Bill, its construction and citations, and commencement provisions.

**Part 2**  
**Amendments to the Social Welfare Acts**

**Definition**

*Section 2* provides for the definition of the Social Welfare Consolidation Act 2005 used in this Part.

**Jobseeker's Benefit – Conditions for receipt and Duration of Payment**

*Section 3* amends the qualifying conditions for the existing Jobseeker's Benefit scheme. This is being done in the context of the introduction of a new Jobseeker's Benefit (self-employed) scheme. This section provides that a person must have 104 employment or optional contributions (e.g. PRSI class "A" contributions) or have 156 self-employment contributions (PRSI class "S") as a first condition to determine eligibility for payment. This amendment recognises and supports mobility between a person's employed and self-employed contributor status; recognises the accumulation of rights in different labour market statuses; and helps to ensure that an individual does not find themselves disadvantaged as a result of a move from employment to self-employment.

*Section 4* provides that where a claimant who is in receipt of Jobseeker's Benefit (self-employed) also satisfies the qualifying conditions for Jobseeker's Benefit, periods spent in receipt of Jobseeker's Benefit (self-employed) will be treated as though Jobseeker's Benefit were being paid.

### **Jobseeker's Benefit (self-employed)**

*Section 5* gives effect to the Programme for Partnership Government (2016) commitment and Budget 2019 announcement by introducing a new Chapter 12A to the Principal Act providing for a new social insurance based Jobseeker's Benefit (self-employed) scheme. The scheme will provide support to self-employed contributors who are no longer engaged in self-employment.

The new Chapter 12A provides for the general qualifying conditions for receipt of Jobseeker's Benefit (self-employed), the social insurance contribution conditions, the rate of benefit payable (including reduced rate benefits payable where the average reckonable weekly earnings of the claimant fall below certain thresholds), the increases payable where there is a qualified adult or qualified children, the duration of payment, the requirement to engage with activation services and disqualifications. These provisions mirror, to a great extent, the existing provisions governing entitlement to Jobseeker's Benefit.

### **Jobseeker's Benefit (self-employed) - consequential amendments**

*Section 6* and the Schedule to the Bill provide for a range of consequential amendments to the Social Welfare Consolidation Act 2005 arising from the introduction of the new Jobseeker's Benefit (self-employed) scheme.

## **Part 3**

### **Amendments to the Taxes Consolidation Act 1997**

#### **Definition**

*Section 7* provides for the definition of the Taxes Consolidation Act 1997 used in this Part.

#### **Amendment of section 3 of Act of 1997**

*Section 8* amends section 3 of the Taxes Consolidation Act 1997 relating to earned income to confirm the tax treatment of Jobseeker's Benefit (self-employed).

#### **Amendment of section 126 of Act of 1997**

*Section 9* amends and updates section 126 of the Taxes Consolidation Act 1997 relating to tax treatment of certain benefits payable under Social Welfare Acts to confirm the tax treatment of Jobseeker's Benefit (self-employed).

### **Financial Implications**

The take-up of this scheme will be affected by the prevailing labour market and economic conditions. It is estimated that some 1,000 people could benefit from the scheme in 2019, while some 6,500 could benefit at any point in time in a full year. The estimated cost for the new scheme is €31m in a full year but some of this cost will be offset by reductions in expenditure on the Jobseeker's Allowance scheme.

*An Roinn Gnóthaí Fostaíochta agus Coimirce Sóisialaí,*

*Meitheamh, 2019.*