



Information Services
Department of Social Protection
Social Welfare Services
College Road
Sligo

2013

Advance notice of PRSI changes for computer users

This notice contains rate changes in PRSI announced in the December 2012 Budget.
Changes are effective from 1 January 2013.

Budget 2013 PRSI Changes

Changes to Employee PRSI

There will be no impact on employees with weekly earnings which do not exceed €352.

For employees whose weekly earnings exceed €352, the weekly PRSI-free allowance available to employees who pay PRSI, is being abolished. The weekly PRSI-free allowance of €127 applies to Class A, H and E contributors. The weekly PRSI-free allowance for modified rate contributors (Classes B, C and D) amounting to €26 is also being abolished.

Minimum/Flat rate Self-employed Payments

- Self-employed contributors with annual self-employed income over €5,000 pay Class S PRSI at the rate of 4%, subject to a minimum payment. The minimum payment for self-employed contributors is increasing from €253 to €500.
- For those with an annual self-employed income in excess of €5,000 but who have no net liability to tax, the Class S flat rate of payment is being increased from €157 to €310.
- In line with these changes, the flat rate of payment of Voluntary Contributions made by former self-employed contributors is also being increased from €253 to €500.
- Consequential increases in the minimum payment of other Voluntary Contributors also arise. The minimum payment for higher rate Voluntary Contributors (former Class A, H and E) will increase from €317 to €500 and for lower rate Voluntary Contributors (former Classes B, C and D) will increase from €126 to €250.

Broadening of the base on which PRSI is charged

Currently modified rate contributors are exempt from PRSI in respect of self-employed earned income (from a profession or trade) and any other unearned income. This exemption is being abolished in Budget 2013. All such income will become liable to PRSI at the rate of 4%, which will be collected through the Revenue Commissioners' Self-assessment system. There will be no entitlement to social insurance benefits based on the payment of this contribution. Employees with no additional earned self-employed income but who do have unearned income only, are not affected by this measure in 2013.

Taxation of Maternity Benefit

With effect from 1 July 2013, Maternity Benefit payments will be taxed in full. No tax is deducted at source by the Department of Social Protection. All enquiries about your tax liability should be addressed to **your local tax office**.

Employer's PRSI

There are no changes in employer's PRSI rates.

General PRSI Information

Income for PRSI purposes

PRSI is calculated on the employee's reckonable pay **plus** notional pay (or benefit in kind) if applicable.

Share-based Remuneration

- Employee PRSI only is payable on share-based remuneration. There is no employer PRSI chargeable on share-based remuneration.
- The obligation to deduct and remit PRSI in respect of share-based remuneration generally rests with the employer. Accordingly the PRSI payable should be deducted by the employer through payroll along with other PRSI liabilities and remitted to the Collector-General with the monthly P30 return.
- Different arrangements may apply in the case of PRSI on gains from the exercise of certain share options.

For more information, log on to **www.welfare.ie**

(<http://www.welfare.ie/EN/Topics/PRSI/Pages/PRSIonShareBasedRemuneration.aspx>) and

www.revenue.ie (Revenue - Irish Tax & Customs).

Illness Benefit and Occupational Injury Benefit

Illness Benefit and Occupational Injury Benefit are taxable payments. When an employee is absent from work due to illness and receives or is entitled to receive illness or occupational injury benefit, tax is collected through the PAYE system. These benefits are not however subject to PRSI or USC. PRSI should only be charged on the difference between the wages, salary etc., and the amount of the Illness Benefit/Occupational Injuries Benefit received.

Pension Contributions

- PRSI is fully chargeable on payments by private sector employees in respect of:
 - Superannuation contributions
 - Permanent health benefit schemes (including income continuance schemes)
 - Revenue approved schemes established under irrevocable trusts, overseas pension schemes and other Revenue exempt approved schemes
 - Personal Retirement Savings Account
 - Deductions in respect of Revenue approved retirement funds
- Civil and public servants will pay PRSI on the 'Pension levy' portion of their salaries.
- Civil and public service employers do not have to pay any employer PRSI on the 'Pension levy'.

Employee's Income Thresholds

- The threshold for employee PRSI remains at €352 a week.
- Office holders pay PRSI at a rate of 4% on all income, where their income is over €5,200 per annum. They should be returned at Class K.
- People with a nil liability, such as persons in receipt of occupational pensions should be returned at Class M.
- For income of more than €500 a week, Subclass A1, A4, B1, C1, D1, H1, J1, or S1 should be returned.
- PRSI Classes B, C and D will pay PRSI at 0.9% below €1,443 a week and 4% above €1,443 a week.

Employee's PRSI-Free Allowance

For employees whose weekly earnings exceed €352, the weekly PRSI-free allowance available to employees who pay PRSI, is being abolished. The weekly PRSI-free allowance of €127 applies to Class A, H and E contributors. The weekly PRSI-free allowance for modified rate contributors (Classes B, C and D) amounting to €26 is also being abolished.

Self-employed PRSI

- The Class S rate remains at 4% and continues to be payable only on annual income of €5,000 or more. The minimum annual contribution for Class S has been increased from €253 to €500.
- For those with an annual self-employed income in excess of €5,000 but who have no net liability to tax, the Class S flat rate of payment is being increased from €157 to €310.

Income bands and subclasses

Subclasses	AO	A6, A8, BO, CO, DO & HO
Weekly	€38 to €352	up to and including €352
Fortnightly	€76 to €704 *	up to and including €704
Monthly	€165 to €1,525 *	up to and including €1,525

* This threshold only applies to Class A employees, whose total earnings/income, including if appropriate share-based remuneration, in each week of the fortnight or month are at least €38.

Subclass	AX
Weekly	€352.01 to €356
Fortnightly	€704.01 to €712
Monthly	€1,525.01 to €1,543

Subclass	AL
Weekly	€356.01 to €500
Fortnightly	€712.01 to €1,000
Monthly	€1,543.01 to €2,167

Subclasses	A7, BX, CX, DX & HX	A9	JO, M, SO
Weekly	€352.01 to €500	more than €352	up to and including €500
Fortnightly	€704.01 to €1,000	more than €704	up to and including €1,000
Monthly	€1,525.01 to €2,167	more than €1,525	up to and including €2,167

Subclasses	A1 and A4
Weekly	more than €500
Fortnightly	more than €1,000
Monthly	more than €2,167

Subclass	K1
Weekly	more than €100
Fortnightly	more than €200
Monthly	more than €433

PRSI contribution rates from 1 January 2013

Non-cumulative weekly income band	PRSI Subclass	How much of weekly income	Employee %*	Employer %	Employee & Employer %
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Private and some public sector employments

Up to €37.99	JO	All	0	0.50	0.50
€38 - €352	AO	All	0	4.25	4.25
€352.01 - €356	AX	All	4.00	4.25	8.25
€356.01 - €500	AL	All	4.00	10.75	14.75
More than €500	A1	All	4.00	10.75	14.75

Use the following subclasses (A6, A7 and A4) only for approved employees under the Employer's PRSI Exemption Scheme and Employer Job (PRSI) Incentive Scheme.

Up to €352	A6	All	0	0	0
€352.01 - €500	A7	All	4.00	0	4.00
More than €500	A4	All	4.00	0	4.00

Use the following subclasses for Community Employment participants.

Up to €352	A8	All	0	0.50	0.50
More than €352	A9	All	4.00	0.50	4.50

Class J normally relates to people with reckonable earnings of less than €38 a week (from all employments). However, the following employees are insurable at Class J, regardless of earnings: employees aged 66 or over and people in subsidiary employment.

Up to €500	JO	All	0	0.50	0.50
More than €500	J1	All	0	0.50	0.50
FÁS Allowance	J9	All	0	0.50	0.50

Office Holders

Up to €100	M	All	0	0	0
More than €100	K1	All	4.00	0	4.00

Class M relates to people with a nil contribution liability (such as employees under age 16 and persons in receipt of occupational pensions).

Occupational Pensions

All income	M	All	0	0	0
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* Share-based remuneration may, in certain circumstances, be subject to employee PRSI. Employers PRSI is not chargeable on share based remuneration.

PRSI contribution rates from 1 January 2013

Non-cumulative weekly income band	PRSI Subclass	How much of weekly income	Employee %*	Employer %	Employee & Employer %
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Public sector employments

Up to €352	BO	All	0	2.01	2.01
€352.01 - €500	BX	All	0.90	2.01	2.91
More than €500	B1	Up to €1,443 inclusive	0.90	2.01	2.91
		Balance	4.00	2.01	6.01

Up to €352	CO	All	0	1.85	1.85
€352.01 - €500	CX	All	0.90	1.85	2.75
More than €500	C1	Up to €1,443 inclusive	0.90	1.85	2.75
		Balance	4.00	1.85	5.85

Up to €352	DO	All	0	2.35	2.35
€352.01 - €500	DX	All	0.90	2.35	3.25
More than €500	D1	Up to €1,443 inclusive	0.90	2.35	3.25
		Balance	4.00	2.35	6.35

Up to €352	HO	All	0	10.05	10.05
€352.01 - €500	HX	All	3.90	10.05	13.95
More than €500	H1	All	3.90	10.05	13.95

Self-employed (on PAYE system only)

Up to €500	SO	All	4.00	0	4.00
More than €500	S1	All	4.00	0	4.00

* Share-based remuneration may, in certain circumstances, be subject to employee PRSI. Employers PRSI is not chargeable on share based remuneration.

Important points to note

- There is no PRSI relief on pension contributions made by private sector employees.
- PRSI relief on pension contributions paid by private sector employers remains unchanged.
- Civil and public servants pay PRSI on the 'Pension levy' portion of their salaries.
- Civil and public service employers do not have to pay any employer PRSI on the 'Pension levy'.
- Employer and employee PRSI should be added together as normal. If a different subclass applies to the employee and to the employer, the return must always be made at the employee's subclass.
- There is no annual earnings ceiling for PRSI for employees.
- Class A employees earning between €38 and €352 inclusive a week should be recorded under Subclass AO.
- Class A employees earning between €352.01 and €356 a week should be recorded under Subclass AX.
- Class A employees earning between €356.01 and €500 a week should be recorded under Subclass AL.
- For income of more than €500 a week, subclasses A1, A4, B1, C1, D1, H1, J1 and S1, as appropriate, should be returned.
- Community Employment participants earning €352 or less a week should be recorded under Subclass A8. Subclass A9 applies when earnings are more than €352 a week.
- The Class J contribution normally relates to people with reckonable earnings of less than €38 a week (from all jobs). However, a small number of employees are insurable at Class J, regardless of earnings - for example, employees over age 66 and people in subsidiary employment.
- For employees taken on under the Employer's PRSI Exemption Scheme and the Employer Job (PRSI) Incentive Scheme:
 - ▶ Subclass A6 is applied to employees earning €352 or less a week - normally insurable at Subclass AO.
 - ▶ Subclass A7 is for those earning between €352.01 and €500 inclusive a week - normally insurable at Subclass AX or AL.
 - ▶ Subclass A4 applies for those earning over €500 a week. This applies to employees who would normally be insurable at Subclass A1 and exempted employees who were previously insured at Class A5.
- You can download PRSI information booklets from our website at www.welfare.ie.

When completing a P35, P60 or P45, do not include any class or subclass of PRSI that did not apply during the year.

This advance notice of PRSI changes for computer users is available on our website at www.welfare.ie or through our PRSI mailing list. If you wish to add your name to our list, please register at www.welfare.ie.