



Department of Social & Family Affairs  
Information Services  
Áras Mhic Dhiarmada  
Store Street, Dublin 1.  
Telephone (01) 704 3000

# 2003

## ADVANCE NOTICE OF PRSI CHANGES FOR COMPUTER USERS

This *Notice* contains rate changes announced in the December 2002 Budget. Changes are effective from 1 January 2003.

### ▶ EMPLOYEES CUMULATIVE EARNINGS CEILING

The employees cumulative earnings ceiling (above which no social insurance contributions are payable) has been increased from €38,740 to €40,420.

### ▶ MEDICAL CARD SCHEME TO PERSONS AGED 70 OR OVER

Since 1 July 2001 all people aged 70 and over are eligible for a medical card and therefore will no longer be liable for the 2% Health Contribution from that date, regardless of whether or not they are actually in possession of a medical card. Subclass J2 and Class M should be applied when earnings/income exceeds €356 in any week.

### ▶ EMPLOYEE'S PRSI-FREE ALLOWANCE

The PRSI-Free Allowance for employees with weekly earnings in excess of €287 in Classes A and H remains at €127 per week and €26 per week for all employees in Classes B, C and D.

The allowance does not apply to the Health Contribution or the employer's share of PRSI. In other words, in Class A it applies in respect of the calculation of the 4.0% employee social insurance deduction, but not to the 2.00% Health Contribution. The allowance is non-cumulative, therefore it only applies for weeks of insurable employment in which PRSI is payable. It is particularly important to remember that this allowance does not affect the gross reckonable weekly earnings threshold which decides the appropriate contribution subclass.

For employees paid other than weekly, alternatives to the weekly PRSI-Free Allowance are:

Classes	A	B,C,D
Weekly	€127	€26
Fortnightly	€254	€52
Monthly	€551	€113

### ▶ PRSI EXEMPTION ON LOW EARNINGS

Employees covered under Classes A, B, C, D and H, with reckonable weekly earnings of **not more than €287**, remain exempt from paying PRSI for that week. However, the employer's share of PRSI remains payable as normal.

The earnings bands and PRSI subclasses applicable are:

Subclasses	A0 to A6	A8, B0, C0, D0 and H0
Weekly	€38 to €287	≤€287
Fortnightly	€76* to €574	≤€574
Monthly	€165* to €1,244	≤€1,244

\* This threshold only applies to Class A employees, whose total earnings in each week of the fortnight/month are at least €38.

### ▶ HEALTH CONTRIBUTION

The weekly earnings limit up to which people in **ALL** classes are exempted from paying the 2% Health Contribution remains at €356.

The earnings bands and PRSI subclasses applicable are:

Subclasses	AX, A7, BX, CX, DX and HX	A9	J0, M and S0
Weekly	€287.01 to €356	>€287	≤€356
Fortnightly	€574.01 to €712	>€574	≤€712
Monthly	€1,244.01 to €1,543	>€1,244	≤€1,543

### ▶ EMPLOYER'S PRSI

The weekly earnings limit up to which employers pay Class A at the lower PRSI rate of 8.5% remains at €356. Therefore, Subclass AX applies to employees paid:

Weekly	€287.01 to €356
Fortnightly	€574.01 to €712
Monthly	€1,244.01 to €1,543

The standard rate of Employer's PRSI of 10.75% applies on all earnings in any week where earnings exceed €356. Therefore, Subclass A1 or A2 applies to employees paid:

Weekly	> €356
Fortnightly	> €712
Monthly	> €1543

### ▶ SELF-EMPLOYED PRSI

The minimum annual contribution for Class S remains at €253.

## PRSI CONTRIBUTION RATES FROM 1 JANUARY 2003

NON-CUMULATIVE WEEKLY EARNINGS BANDS	PRSI SUBCLASS	HOW MUCH OF WEEKLY EARNINGS	CUMULATIVE EARNINGS CEILINGS					
			FIRST €40,420			BALANCE OVER €40,420		
			EE %	ER %	EE+ER %	EE %	ER %	EE+ER %

## PRIVATE AND SOME PUBLIC SECTOR EMPLOYMENTS

Up to €37.99	*J0	ALL	0	0.50	0.50	0	0.50	0.50
€38 - €287	A0	ALL	0	8.50	8.50	0	8.50	8.50
€287.01 - €356	AX	First €127	0	8.50	8.50	0	8.50	8.50
		Balance	4.00	8.50	12.50	0	8.50	8.50
In excess of €356	A1	First €127	2.00	10.75	12.75	2.00	10.75	12.75
		Balance	6.00	10.75	16.75	2.00	10.75	12.75
	A2	First €127	0	10.75	10.75	0	10.75	10.75
		Balance	4.00	10.75	14.75	0	10.75	10.75

The following subclasses should be used for Community Employment participants.

Up to €287	A8	ALL	0	0.50	0.50	0	0.50	0.50
In excess of €287	A9	First €127	0	0.50	0.50	0	0.50	0.50
		Balance	4.00	0.50	4.50	0	0.50	0.50

The following subclasses (A6, A7, A4 and A5) are to be used only in respect of approved Employees under the Employer's PRSI Exemption Scheme.

Up to €287	A6	ALL	0	0	0	0	0	0
€287.01 - €356	A7	First €127	0	0	0	0	0	0
		Balance	4.00	0	4.00	0	0	0
In excess of €356	A4	First €127	2.00	0	2.00	2.00	0	2.00
		Balance	6.00	0	6.00	2.00	0	2.00
	A5	First €127	0	0	0	0	0	0
		Balance	4.00	0	4.00	0	0	0

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

Up to €356	J0	ALL	0	0.50	0.50	0	0.50	0.50
In excess of €356	J1	ALL	2.00	0.50	2.50	2.00	0.50	2.50
	J2	ALL	0	0.50	0.50	0	0.50	0.50
ALL	J9	ALL	0	0.50	0.50	Trainees in FAS training centres.		

## OCCUPATIONAL PENSIONS

Up to €356	M	ALL	0	0	0	0	0	0
In excess of €356	K1	ALL	2.00	0	2.00	2.00	0	2.00

CLASS M: This class should be used where there is a NIL liability i.e. employees under 16 years of age, people within Class K with a NIL liability, (persons aged 70 or over, medical card holders, widows/widower's) etc.

## PRSI CONTRIBUTION RATES FROM 1 JANUARY 2003

NON-CUMULATIVE WEEKLY EARNINGS BANDS	PRSI SUBCLASS	HOW MUCH OF WEEKLY EARNINGS	CUMULATIVE EARNINGS CEILINGS					
			FIRST €40,420			BALANCE OVER €40,420		
			EE %	ER %	EE+ER %	EE %	ER %	EE+ER %

### PUBLIC SECTOR EMPLOYMENTS

Up to €287	B0	ALL	0	2.01	2.01	0	2.01	2.01
€287.01 - €356	BX	First €26	0	2.01	2.01	0	2.01	2.01
		Balance	0.90	2.01	2.91	0	2.01	2.01
In excess of €356	B1	First €26	2.00	2.01	4.01	2.00	2.01	4.01
	B2	Balance	2.90	2.01	4.91	2.00	2.01	4.01
		First €26	0	2.01	2.01	0	2.01	2.01
		Balance	0.90	2.01	2.91	0	2.01	2.01

Up to €287	C0	ALL	0	1.85	1.85	0	1.85	1.85
€287.01 - €356	CX	First €26	0	1.85	1.85	0	1.85	1.85
		Balance	0.90	1.85	2.75	0	1.85	1.85
In excess of €356	C1	First €26	2.00	1.85	3.85	2.00	1.85	3.85
	C2	Balance	2.90	1.85	4.75	2.00	1.85	3.85
		First €26	0	1.85	1.85	0	1.85	1.85
		Balance	0.90	1.85	2.75	0	1.85	1.85

Up to €287	D0	ALL	0	2.35	2.35	0	2.35	2.35
€287.01 - €356	DX	First €26	0	2.35	2.35	0	2.35	2.35
		Balance	0.90	2.35	3.25	0	2.35	2.35
In excess of €356	D1	First €26	2.00	2.35	4.35	2.00	2.35	4.35
	D2	Balance	2.90	2.35	5.25	2.00	2.35	4.35
		First €26	0	2.35	2.35	0	2.35	2.35
		Balance	0.90	2.35	3.25	0	2.35	2.35

Up to €287	H0	ALL	0	10.05	10.05	0	10.05	10.05
€287.01 - €356	HX	First €127	0	10.05	10.05	0	10.05	10.05
		Balance	3.90	10.05	13.95	0	10.05	10.05
In excess of €356	H1	First €127	2.00	10.05	12.05	2.00	10.05	12.05
	H2	Balance	5.90	10.05	15.95	2.00	10.05	12.05
		First €127	0	10.05	10.05	0	10.05	10.05
		Balance	3.90	10.05	13.95	0	10.05	10.05

### SELF-EMPLOYED (PAYE SYSTEM ONLY)

Up to €356	S0	ALL	3.00	0	3.00	3.00	0	3.00
In excess of €356	S1	ALL	5.00	0	5.00	5.00	0	5.00
	S2	ALL	3.00	0	3.00	3.00	0	3.00

## IMPORTANT POINTS TO NOTE

- PRSI is calculated on the employee's reckonable earnings i.e. gross pay less **Superannuation and Permanent Health Insurance** contributions made by the employee deducted under a net pay arrangement by the employer, which are allowable for income tax purposes.
- The **annual earnings ceiling** for PRSI has been increased to **€40,420** for employees in classes A, B, C, D and H, effective from 1 January 2003.
- The **earnings threshold** is €38 from ALL employments to determine whether people employed under a contract of service pay PRSI Class J or A.
- Class A employees earning between €38 and €287 inclusive per week should be recorded under **Subclass A0**. Class B, C, D and H employees earning €287 or less per week should be recorded under **Subclass B0, C0, D0 or H0**.
- Employees earning between €287.01 and €356 per week should be recorded under **Subclass AX, BX, CX, DX or HX**.
- People earning €356 or less per week in all other classes should be recorded under the **Subclass 0** i.e. J0, S0 or Class M (for people within Class K) as appropriate.
- All people earning in excess of €356 per week should be recorded under **Subclass 1 or 2** i.e. A1/A2, B1/B2, C1/C2, D1/D2, H1/H2, J1/J2, K1/M or S1/S2 as appropriate.
- Medical Card holders and recipients of a Social Welfare Widow's/Widower's Pension, Deserted Wife's Benefit/Allowance or One-Parent Family Payment continue to be exempt from the 2% Health Contribution in any week that the reckonable earnings are in excess of €356. Where earnings are in excess of €356, record under **Subclass 2** i.e. A2, B2, C2, D2, H2, J2, S2 or Class M (for people within Class K).
- **Since 1 July, 2001 all people aged 70 or over were deemed entitled to a Medical Card and are therefore exempt from the 2% Health Contribution regardless of whether or not they are in possession of a Medical Card.**
- The Class J contribution normally relates to people with reckonable earnings of less than €38 per week (from all employments). However, a small number of employees are insurable at Class J **irrespective of earnings** e.g. employees over age 66 and people in subsidiary employment.
- Community Employment Participants earning €287 or less per week should be recorded under Subclass A8. Subclass A9 applies when earnings are in excess of €287 per week.
- For exempted employees taken on under the Employer's PRSI Exemption Scheme, Subclass A6 is applied for employees earning €287 or less per week, normally insurable at Subclass A0. Subclass A7 is for those earning between €287.01 and €356 inclusive per week, normally insurable at Subclass AX. In any week where earnings exceed €356, Subclass A4 applies to exempted employees who would normally be insurable at Subclass A1 and Subclass A5 applies for those who would normally be insurable at Subclass A2 (medical card holders, widows/widowers etc.).

**WHEN COMPLETING A P35, P60 OR P45, DO NOT INCLUDE ANY CLASS/SUBCLASS OF PRSI WHICH DID NOT APPLY DURING THE YEAR**

This leaflet is intended as a guide only and does not purport to be a legal interpretation.