

2007

Advance notice of PRSI changes for computer users

**This notice contains rate changes announced in the December 2006 Budget.
 Changes are effective from 1 January 2007.**

▶ Employee's annual earnings ceiling

The employee's annual earnings ceiling (above which they pay no social insurance contributions) has increased from €46,600 to €48,800.

▶ Employee's income thresholds

- The threshold for employee PRSI has increased from €300 a week to €339 a week.
- The threshold for payment of the 2% Health Contribution has increased from €440 a week to €480 a week.
- An additional 0.5% health contribution has been introduced on earnings exceeding €1,925 per week (equivalent to €3,850 per fortnight and to €8,342 per month).
- The annual earnings threshold for the Health Contribution has increased from €22,880 to €24,960.

▶ Employee's PRSI-Free Allowance

The PRSI-Free Allowance for employees in Classes A and H with weekly earnings of more than €339 remains at €127 per week and at €26 per week for all employees in Classes B, C and D.

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

| | | |
|--------------------|-------------|--------------|
| Classes | A | B,C,D |
| Fortnightly | €254 | €52 |
| Monthly | €551 | €113 |

▶ Self-employed PRSI

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

▶ Earnings bands and subclasses

| | | |
|-------------------|-----------|----------------------------------|
| Subclasses | A0 | A6, A8, B0, C0, D0 and H0 |
|-------------------|-----------|----------------------------------|

Weekly €38 to €339 ≤€339

Fortnightly €76* to €678 ≤€678

Monthly €165* to €1,469 ≤€1,469

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

| | |
|-----------------|-----------|
| Subclass | AX |
|-----------------|-----------|

Weekly €339.01 to €356

Fortnightly €678.01 to €712

Monthly €1,469.01 to €1,543

| | |
|-----------------|-----------|
| Subclass | AL |
|-----------------|-----------|

Weekly €356.01 to €480

Fortnightly €712.01 to €960

Monthly €1,543.01 to €2,080

| | | | |
|-------------------|------------------------------|-----------|---------------------|
| Subclasses | A7, BX, CX, DX and HX | A9 | J0, M and S0 |
|-------------------|------------------------------|-----------|---------------------|

Weekly €339.01 to €480 >€339 ≤€480

Fortnightly €678.01 to €960 >€678 ≤€960

Monthly €1,469.01 to €2,080 >€1,469 ≤€2,080

| | |
|-------------------|--------------------------|
| Subclasses | A1, A2, A4 and A5 |
|-------------------|--------------------------|

Weekly > €480

Fortnightly > €960

Monthly > €2,080

This advance notice of PRSI changes for computer users is available on our website at www.welfare.ie/publications/anprsi.pdf or through our PRSI mailing list. If you wish to add your name to our list, please register at <http://lists.welfare.ie/cgi-bin/mailman/listinfo/prsi>

PRSI contribution rates from 1 January 2007

| Non-cumulative weekly earnings bands | PRSI Subclass | How much of weekly earnings | Cumulative earnings ceiling | | | | | |
|--------------------------------------|---------------|-----------------------------|-----------------------------|----|-------|--------------|----|-------|
| | | | first €48,800 | | | over €48,800 | | |
| | | | 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 - €339 | A0 | All | 0 | 8.50 | 8.50 | 0 | 8.50 | 8.50 |
| €339.01 - €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 |
| €356.01 - €480 | AL | First €127 | 0 | 10.75 | 10.75 | 0 | 10.75 | 10.75 |
| | | Balance | 4.00 | 10.75 | 14.75 | 0 | 10.75 | 10.75 |
| More than €480 | A1 | First €127 | 2.00 | 10.75 | 12.75 | 2.00 | 10.75 | 12.75 |
| | | €127.01 to €1,925 | 6.00 | 10.75 | 16.75 | 2.00 | 10.75 | 12.75 |
| | | Balance | 6.50 | 10.75 | 17.25 | 2.50 | 10.75 | 13.25 |
| | 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 |

Use the following subclasses (A6, A7, A4 and A5) only for approved employees under the Employer's PRSI Exemption Scheme.

| | | | | | | | | |
|----------------|-----------|-------------------|------|---|------|------|---|------|
| Up to €339 | A6 | All | 0 | 0 | 0 | 0 | 0 | 0 |
| €339.01 - €480 | A7 | First €127 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Balance | 4.00 | 0 | 4.00 | 0 | 0 | 0 |
| More than €480 | A4 | First €127 | 2.00 | 0 | 2.00 | 2.00 | 0 | 2.00 |
| | | €127.01 to €1,925 | 6.00 | 0 | 6.00 | 2.00 | 0 | 2.00 |
| | | Balance | 6.50 | 0 | 6.50 | 2.50 | 0 | 2.50 |
| | A5 | First €127 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | Balance | 4.00 | 0 | 4.00 | 0 | 0 | 0 |

Use the following subclasses for Community Employment participants.

| | | | | | | | | |
|----------------|-----------|------------|------|------|------|---|------|------|
| Up to €339 | A8 | All | 0 | 0.50 | 0.50 | 0 | 0.50 | 0.50 |
| More than €339 | 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 |

* 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, regardless of earnings: employees aged 66 or over and people in subsidiary employment.

| | | | | | | | | |
|----------------|-----------|--------------|------|------|------|----------------------------------|------|------|
| Up to €480 | J0 | All | 0 | 0.50 | 0.50 | 0 | 0.50 | 0.50 |
| More than €480 | J1 | First €1,925 | 2.00 | 0.50 | 2.50 | 2.00 | 0.50 | 2.50 |
| | | Balance | 2.50 | 0.50 | 3.00 | 2.50 | 0.50 | 3.00 |
| | J2 | All | 0 | 0.50 | 0.50 | 0 | 0.50 | 0.50 |
| FÁS Allowance | J9 | All | 0 | 0.50 | 0.50 | Training in FÁS training centres | | |

Occupational Pensions

| | | | | | | | | |
|----------------|-----------|--------------|------|---|------|------|---|------|
| More than €480 | K1 | First €1,925 | 2.00 | 0 | 2.00 | 2.00 | 0 | 2.00 |
| | | Balance | 2.50 | 0 | 2.50 | 2.50 | 0 | 2.50 |
| All | M | All | 0 | 0 | 0 | 0 | 0 | 0 |

Class M relates to people with a nil contribution liability (such as employees under age 16) or to people within Class K with a nil contribution liability (such as people aged 70 or over, medical card holders, widows and widowers, etc.).

PRSI contribution rates from 1 January 2007

| Non-cumulative weekly earnings bands | PRSI Subclass | How much of weekly earnings | Cumulative earnings ceiling | | | | | |
|--------------------------------------|---------------|-----------------------------|-----------------------------|----|-------|--------------|----|-------|
| | | | first €48,800 | | | over €48,800 | | |
| | | | EE | ER | EE+ER | EE | ER | EE+ER |
| | | | % | % | % | % | % | % |

Public sector employments

| | | | | | | | | |
|----------------|-----------|------------------|------|------|------|------|------|------|
| Up to €339 | B0 | All | 0 | 2.01 | 2.01 | 0 | 2.01 | 2.01 |
| €339.01 - €480 | 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 |
| More than €480 | B1 | First €26 | 2.00 | 2.01 | 4.01 | 2.00 | 2.01 | 4.01 |
| | | €26.01 to €1,925 | 2.90 | 2.01 | 4.91 | 2.00 | 2.01 | 4.01 |
| | | Balance | 3.40 | 2.01 | 5.41 | 2.50 | 2.01 | 4.51 |
| | B2 | 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 €339 | C0 | All | 0 | 1.85 | 1.85 | 0 | 1.85 | 1.85 |
| €339.01 - €480 | 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 |
| More than €480 | C1 | First €26 | 2.00 | 1.85 | 3.85 | 2.00 | 1.85 | 3.85 |
| | | €26.01 to €1,925 | 2.90 | 1.85 | 4.75 | 2.00 | 1.85 | 3.85 |
| | | Balance | 3.40 | 1.85 | 5.25 | 2.50 | 1.85 | 4.35 |
| | C2 | 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 €339 | D0 | All | 0 | 2.35 | 2.35 | 0 | 2.35 | 2.35 |
| €339.01 - €480 | 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 |
| More than €480 | D1 | First €26 | 2.00 | 2.35 | 4.35 | 2.00 | 2.35 | 4.35 |
| | | €26.01 to €1,925 | 2.90 | 2.35 | 5.25 | 2.00 | 2.35 | 4.35 |
| | | Balance | 3.40 | 2.35 | 5.75 | 2.50 | 2.35 | 4.85 |
| | D2 | 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 €339 | H0 | All | 0 | 10.05 | 10.05 | 0 | 10.05 | 10.05 |
| €339.01 - €480 | 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 |
| More than €480 | H1 | First €127 | 2.00 | 10.05 | 12.05 | 2.00 | 10.05 | 12.05 |
| | | €127.01 to €1,925 | 5.90 | 10.05 | 15.95 | 2.00 | 10.05 | 12.05 |
| | | Balance | 6.40 | 10.05 | 16.45 | 2.50 | 10.05 | 12.55 |
| | H2 | 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 (on PAYE system only)

| | | | | | | | | |
|----------------|-----------|--------------------|------|---|------|------|---|------|
| Up to €480 | S0 | All | 3.00 | 0 | 3.00 | 3.00 | 0 | 3.00 |
| More than €480 | S1 | All up to - €1,925 | 5.00 | 0 | 5.00 | 5.00 | 0 | 5.00 |
| | | Balance | 5.50 | 0 | 5.50 | 5.50 | 0 | 5.50 |
| | S2 | All | 3.00 | 0 | 3.00 | 3.00 | 0 | 3.00 |

Important points to note

- The annual earnings ceiling for PRSI has increased from €46,600 to €48,800 for employees in classes A, B, C, D and H, effective from 1 January 2007.
- An additional 0.5% Health Contribution has been introduced on earnings exceeding €1,925 per week (equivalent to €3,850 per fortnight and to €8,342 per month).
- Class A employees earning between €38 and €339 inclusive per week should be recorded under Subclass A0.
- Class A employees earning between €339.01 and €356 per week should be recorded under Subclass AX.
- Class A employees earning between €356.01 and €480 per week should be recorded under Subclass AL.
- Community Employment participants earning €339 or less per week should be recorded under Subclass A8. Subclass A9 applies when earnings are more than €339 per week.
- Medical card holders and people who get a Widow's or Widower's Pension, a One-Parent Family Payment or Deserted Wife's Benefit/Allowance do not have to pay any Health Contribution (2% or 2.5%) in any week where the reckonable earnings are more than €480. Where earnings are more than €480, record under Subclass 2 - that is, A2, B2, C2, D2, H2, J2, S2 or Class M (for people within Class K), as appropriate.
- Everyone aged 70 or over qualifies for a medical card. They do not pay any Health Contribution (2% or 2.5%), regardless of whether or not they have a medical card.
- The Class J contribution normally relates to people with reckonable earnings of less than €38 per 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, Subclass A6 is applied to employees earning €339 or less per week - normally insurable at Subclass A0. Subclass A7 is for those earning between €339.01 and €480 inclusive per week - normally insurable at Subclass AX or AL. In any week where earnings exceed €480, Subclass A4 applies to exempted employees who would normally be insurable at Subclass A1. Subclass A5 applies to those who would normally be insurable at Subclass A2 (i.e. medical card holders, and people getting a Widow's or Widower's Pension, a One Parent Family Payment or Deserted Wife's Benefit/ Allowance).
- You can order the following PRSI information booklets from our LoCall Leaflet Request Line. Please telephone: LoCall **1890 20 23 25** (from the Republic of Ireland only) or download them from our website at **www.welfare.ie/publications/index.html**
 - SW3** - Employers Guide
 - SW63** - PRSI for Non-PAYE Employees
 - SW73** - Employer's PRSI Exemption Scheme
 - SW74** - A guide to PRSI for self-employed
 - SW102** - Family Employments and PRSI
 - SW105** - Worksharing.

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

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

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