



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

2012

Advance notice of PRSI changes for computer users

This notice contains rate changes in PRSI announced in the December 2011 Budget.
Changes are effective from 1 January 2012.

► Income for PRSI purposes

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

Superannuation payments

Employee Superannuation/Pension Payments:

PRSI relief for employers on pension contributions made by employees has been fully abolished.

Employer Superannuation/Pension Payments:

Full relief continues to apply to payments made by employers to their employee's pension.

Share-based Remuneration

- Share-based remuneration is subject to employee PRSI **only**, at the rate of 4%, with effect from 1 January 2011.
- If applicable, it should be included as income when determining the appropriate subclass and when charging employee PRSI.
- Share-based remuneration is **not** subject to employer PRSI. The employer PRSI element was abolished during 2011.
- It should not be included as income when determining the appropriate subclass and when charging employer PRSI.
- In some cases this may result in a different subclass for the employer and for the employee.
- The employer and employee PRSI should be calculated separately and 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.

► 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.
- The Health Contribution was abolished in 2011.
- As a result of this change, subclasses such as, A2, A5, B2, C2, D2, H2, J2 and S2 no longer exist.
- Assuming wages/income remain the same, employees returned in 2011 under any of these subclasses should, in 2012, be returned as A1, A4 (if previously returned as A5), B1, C1, D1, H1, J1 or S1.
- 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

The PRSI-Free Allowance for employees in Classes A and H with weekly earnings of more than €352 remains at €127 a week and at €26 a 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 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 remains at €253.

► Employer's PRSI rates

There are no changes in employer's PRSI rates.

► 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.

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

Subclasses	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

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

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.

PRSI contribution rates from 1 January 2012

Non-cumulative weekly income band Including if appropriate shared-based remuneration	PRSI Subclass	How much of weekly income Including if appropriate shared-based remuneration	Employee % Including if appropriate shared-based remuneration	Employer % Excluding shared-based remuneration	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	First €127	0	4.25	4.25
		Balance	4.00	4.25	8.25
€356.01 - €500	AL	First €127	0	10.75	10.75
		Balance	4.00	10.75	14.75
More than €500	A1	First €127	0	10.75	10.75
		Balance	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	First €127	0	0	0
		Balance	4.00	0	4.00
More than €500	A4	First €127	0	0	0
		Balance	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	First €127	0	0.50	0.50
		Balance	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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PRSI contribution rates from 1 January 2012

Non-cumulative weekly income band Including if appropriate shared-based remuneration	PRSI Subclass	How much of weekly income Including if appropriate shared-based remuneration	Employee % Including if appropriate shared-based remuneration	Employer % Excluding shared-based remuneration	Employee & Employer %
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Public sector employments

Up to €352	BO	All	0	2.01	2.01
€352.01 - €500	BX	First €26	0	2.01	2.01
		Balance	0.90	2.01	2.91
More than €500	B1	First €26	0	2.01	2.01
		€26.01 - €1,443	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	First €26	0	1.85	1.85
		Balance	0.90	1.85	2.75
More than €500	C1	First €26	0	1.85	1.85
		€26.01 - €1,443	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	First €26	0	2.35	2.35
		Balance	0.90	2.35	3.25
More than €500	D1	First €26	0	2.35	2.35
		€26.01 - €1,443	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	First €127	0	10.05	10.05
		Balance	3.90	10.05	13.95
More than €500	H1	First €127	0	10.05	10.05
		Balance	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

Important points to note

- PRSI relief for employers on pension contributions made by **employees** has been fully abolished. This does not apply to Civil and Public Service employers who do not pay employer PRSI on the pension levy paid by their employees.
- PRSI relief on pension contributions paid by employers remains unchanged.
- Share-based remuneration is subject to employee PRSI **only**, at the rate of 4%.
- Share-based remuneration, where applicable, should be included as income when determining the appropriate subclass and when charging employee PRSI.
- Share-based remuneration is **not** subject to employer PRSI. It should not be included as income when determining the appropriate subclass and when charging employer PRSI.
- In some cases this may result in a different PRSI subclass for the employer and for the employee.
Example: If a Class A employee has weekly pay of €350 and, in a particular week, has gains from share-based remuneration of €30. Employee PRSI is calculated on income of €380 - Subclass AL. Employer PRSI is calculated on income of €350 - Subclass AO.
- 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.
- The Health Contribution was abolished in 2011.
- As a result of this change subclasses such as, A2, A5, B2, C2, D2, H2, J2 and S2 no longer exist.
- Assuming wages/income remain the same, employees returned in 2011 under any of these subclasses should, in 2012, be returned as A1, A4 (if previously returned as A5), B1, C1, D1, H1, J1 or S1.
- For income of more than €500 a week, subclasses A1, A4, B1, C1, D1, H1, J1 and S1, as appropriate, should be returned.
- Subclass A4 applies to those who were previously insurable under Subclass A5.
- 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.
- 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.
- 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'.
- 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.