



Information Services
Social Welfare Services, College Road
Sligo

2011

Advance notice of PRSI changes for computer users

This notice contains the rate changes in PRSI effective from 2 July 2011 and other updates.

Where this document differs from the January 2011 edition red text is used.

► Employee's annual earnings ceiling

Employee PRSI is now payable (where appropriate) on all income.

► Employee's income thresholds

- The threshold for employee PRSI remains at €352 a week.
- Office holders will 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.
- **IMPORTANT:** People with a nil liability, such as persons in receipt of occupational pensions should be returned at Class M.
- The Health Contribution has been abolished.
- In 2011, some subclasses (For example: AL and A1) feature identical rates. This reflects the removal of the Health Contribution charge from certain subclasses.
- As a result of this change, other subclasses, such as, A2, B2, C2, D2, H2, J2 and S2 no longer exist but they have been retained in this guide so that significant changes to payroll systems are not required in moving from 2010 to 2011.
- No need to change the PRSI subclass to account for the abolition of the Health Contribution. For example, those paying Subclass A1 in 2010 will continue to pay Subclass A1 in 2011 (assuming their wages remain the same).
- PRSI Classes B, C and D will pay PRSI at 0.9% below €1,443 per week and 4% above €1,443 per 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 has increased from 3% to 4% and is payable only on annual income of €5,000 (previously applied to annual income of €3,174 or more). The minimum annual contribution for Class S remains at €253.

► Employer's PRSI rates

Employer's PRSI on those earning less than €356 a week or equivalent has been halved.

► Earnings bands and subclasses

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

*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	€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 and HX	A9	JO, M and SO
Weekly	€352.01 to €500	>€352	≤€500
Fortnightly	€704.01 to €1,000	>€704	≤€1,000
Monthly	€1,525.01 to €2,167	>€1,525	≤€2,167

Subclasses	A1, A2, A4 and A5
Weekly	> €500
Fortnightly	> €1,000
Monthly	> €2,167

Subclass	K1
Weekly	> €100
Fortnightly	> €200
Monthly	> €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 2 July 2011

Non-cumulative weekly earnings bands	PRSI Subclass	How much of weekly earnings	Employee	Employer	Employee & Employer
			%	%	%

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
	A2	First €127	0	10.75	10.75
		Balance	4.00	10.75	14.75

Use the following subclasses (A6, A7, A4 and A5) 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
	A5	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
	J2	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 2 July 2011

Non-cumulative weekly earnings bands	PRSI Subclass	How much of weekly earnings	Employee	Employer	Employee & Employer
			%	%	%

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
	B2	Balance	4.00	2.01	6.01
		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
	C2	Balance	4.00	1.85	5.85
		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
	D2	Balance	4.00	2.35	6.35
		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
	H2	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
	S2	All	4.00	0	4.00

Important points to note

- **Employer's PRSI on those earning less than €356 a week has been halved.**
- The annual earnings ceiling for PRSI has been removed for employees in Classes A, B, C, D and H.
- The Health Contribution has been abolished.
- In 2011, some subclasses (For example: AL and A1) feature identical rates. This reflects the removal of the Health Contribution charge from certain subclasses.
- As a result of this change, other subclasses, such as, A2, B2, C2, D2, H2, J2 and S2 no longer exist but they have been retained in this guide so that significant changes to payroll systems are not required in moving from 2010 to 2011.
- There is no need to change the PRSI subclass for employees (assuming their wages remain the same).
- New employees (in general) should be assigned Subclass AO, AX, AL or A1 depending on the level of wages paid.
- 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. In any week where earnings exceed €500, 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).
- 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'.
- **Relief from PRSI in respect of payments by employees to their own pensions and PRSAs has been abolished. Employees now pay PRSI on payments they make to their pensions or PRSAs. Employers PRSI is payable on half of the employee payment to the pension or PRSA.**
- **Contributions by employers to employee pensions and PRSAs do not attract the charge to either employee or employer PRSI.**
- **A separate notice will deal with issues relating to PRSI and shares, employer PRSI paid to date in respect of share based income, and PRSI paid to date in respect of employer PRSA contributions.**

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