

- ▶▶ There were no PRSI changes announced in the October 2014 Budget.



PRSI contribution rates and user guide from 1 January 2015

This booklet is intended as a guide only, and is not a legal interpretation.

Private and public sector employments

Rates of contribution from 1 January 2015

Class A

This covers employees under the age of 66 in industrial, commercial and service-type employment who have reckonable pay of €38 or more per week from all employments as well as Public Servants recruited from 6 April 1995.

Weekly pay is the employee's money pay plus notional pay (if applicable).

Subclass	Weekly pay band*	How much of weekly pay	All income	
			EE*	ER
AO	€38 - €352 inclusive	All	Nil	8.50%
AX	€352.01 - €356 inclusive	All	4.00%	8.50%
AL	€356.01 - €500 inclusive	All	4.00%	10.75%
A1	More than €500	All	4.00%	10.75%

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

Community Employment participants only

Subclass	Weekly pay band	How much of weekly pay	All income	
			EE	ER
A8	Up to €352 inclusive	All	Nil	0.50%
A9	More than €352	All	4.00%	0.50%

Total PRSI: Calculate the employer and employee deductions separately and then add them together.

Public sector employments

Rates of contribution from 1 January 2015

Class B

This covers permanent and pensionable civil servants recruited before 6 April 1995, registered doctors and dentists employed in the civil service and Gardaí recruited prior to 6 April 1995.

Subclass	Weekly pay band*	How much of weekly pay	All income	
			EE	ER
BO	Up to €352 inclusive	All	Nil	2.01%
BX	€352.01 - €500 inclusive	All	0.90%	2.01%
B1	More than €500	First €1,443	0.90%	2.01%
		Balance	4.00%	2.01%

Class C

This covers commissioned officers of the Defence Forces and members of the Army Nursing Service recruited before 6 April 1995.

Subclass	Weekly pay band*	How much of weekly pay	All income	
			EE	ER
CO	Up to €352 inclusive	All	Nil	1.85%
CX	€352.01 - €500 inclusive	All	0.90%	1.85%
C1	More than €500	First €1,443	0.90%	1.85%
		Balance	4.00%	1.85%

Public sector employments

Rates of contribution from 1 January 2015

Class D

This covers permanent and pensionable employees in the public service, other than those mentioned in Classes B and C, recruited before 6 April 1995.

Subclass	Weekly pay band	How much of weekly pay	All income	
			EE*	ER
DO	Up to €352 inclusive	All	Nil	2.35%
DX	€352.01 - €500 inclusive	All	0.90%	2.35%
D1	More than €500	First €1,443	0.90%	2.35%
		Balance	4.00%	2.35%

Class H

This covers NCOs and enlisted personnel of the Defence Forces.

Subclass	Weekly pay band	How much of weekly pay	All income	
			EE	ER
HO	Up to €352 inclusive	All	Nil	10.05%
HX	€352.01 - €500 inclusive	All	3.90%	10.05%
H1	More than €500	All	3.90%	10.05%

Private sector employments

Class J

This normally relates to people with reckonable pay of less than €38 per week (from all employments). However, a small number of employees are insurable at Class J, no matter how much they earn, such as employees aged 66 or over or people in subsidiary employment.

Subclass	Weekly pay band	How much of weekly pay	All income	
			EE*	ER
JO	Up to €500 inclusive	All	Nil	0.50%
J1	More than €500	All	Nil	0.50%

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

Office holders

Rates of contribution from 1 January 2015

Class K

Since 2011, certain public office holders pay PRSI at a rate of 4% on all income, where their income is over €5,200 a year. They should be returned at Class K. These public office holders with weekly income of €100 or less should be returned at Class M. Class K may also apply in other circumstances, see Important Notice for details.

Subclass	Weekly pay band	How much of weekly pay	All income	
			EE	ER
Record under Class M	Up to €100 inclusive	All	Nil	Nil
K1	More than €100	All	4%	Nil

Occupational pensions

Class M

Class M relates to people with a nil contribution liability (such as employees under age 16, people aged 66 or over (including those previously liable for Class S), persons in receipt of occupational pensions or lump-sum termination payments and public office holders with a weekly income of less than €100 a week).

Subclass	Weekly pay band	How much of weekly pay	All income	
			EE	ER
M	All income	All	Nil	Nil

Self-employed

Class S

This covers self-employed people, including certain company directors, and certain people with income from investments and rent.

Subclass	Weekly pay band	How much of weekly pay	All income from Self-Employment
S0	Up to €500 inclusive	All	4%
S1	More than €500	All	4%

Important Notice

There were no PRSI changes announced in the October 2014 Budget

Broadening of the income base on which PRSI is charged

From 1 January 2013, Class K also applies to the additional earned self-employed income from a trade or profession of a modified rate contributor and on any unearned income they may have.

From 1 January 2014, Class K may also apply to the unearned income of employed contributors and occupational pensioners (whether that pension arises from that person's own employment or the employment of his or her spouse or civil partner) aged under 66 years of age where this is the only additional income. This means that unearned income such as rental income, investment income, dividends and interest on deposits and savings may be liable to PRSI.

Taxation of Maternity Benefit

Since 1 July 2013, Maternity Benefit is taxed in full. No tax is deducted at source by the Department of Social Protection.

If you have any enquiries about taxation of social welfare benefits, contact **your local tax office** or log on to **www.revenue.ie**.



Class A employment

- The **pay/income threshold** to determine whether employees pay PRSI at Class A or J remains at **€38**.
- Employees paid €38 to €352 inclusive in any week should be recorded under subclass AO.
- Employees paid €352.01 to €356 inclusive in any week should be recorded under subclass AX.
- Employees paid €356.01 to €500 inclusive in any week should be recorded under subclass AL.
- In any week that an employee is paid more than €500, it should be recorded under subclass A1 or A4.
- Participants in Community Employment who are paid €352, or less in any week should be recorded under Subclass A8. In any week that the pay is more than €352 record under subclass A9.
- Community Employment supervisors and employees on apprenticeship schemes are insurable at Class A in the normal way.

Class J employment

- The Class J contribution normally relates to people paid less than €38 per week (from all employments). However, a small number of employees are insurable at Class J **no matter how much they are paid**, such as employees aged 66 or over and people in subsidiary employment (defined on Page 12).

Other classes

- In any week that an employee is paid more than €500, it should be recorded under subclass B1, C1, H1, J1 or S1, where appropriate.
- Class B, C, D or H employees paid up to €352 inclusive in any week should be recorded under subclass BO, CO, DO or HO.
- Class B, C, D or H employees paid between €352.01 and €500 inclusive should be recorded under subclass BX, CX, DX or HX.
- For people covered under Class J or S and paid up to €500 inclusive in any week, record under subclass O, that is, JO or SO as appropriate.
- PRSI classes B, C and D will pay PRSI at 0.9% up to €1,443 a week and 4% above €1,443 a week.
- Modified rate contributors with self-employed earned income and any other unearned income are liable to PRSI at Class K. Employed contributors and occupational pensioners, aged under 66 years, whose only additional income is unearned income may be liable to PRSI on such income at Class K. This means that unearned income such as rental income, investment income, dividends and interest on deposits and savings may be liable to PRSI.
- 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'.



PRSI for the self-employed

Self-employed people, other than self-employed company directors, must register with the Revenue Commissioners for PRSI purposes. Under the self assessment system, PRSI is paid to the local tax office together with any other payment due. Self-employed company directors pay their PRSI under the PAYE system.

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 of €500.
- Those with an annual self-employed income in excess of €5,000 who have been told by an Inspector of Taxes that they need not make a return of income must pay a flat rate PRSI contribution of €310 to this Department.
- The flat rate of payment of Voluntary Contributions made by former self-employed contributors is €500.

For more information, contact Client Eligibility Services: TelephoneLoCall: **1890 690 690** (from the Republic of Ireland only) or **+353 1 471 5898** (from Northern Ireland or overseas).

If a person is no longer liable to pay PRSI, they may apply to become a voluntary contributor.

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

Components of the PRSI contribution

The Pay Related Social Insurance (PRSI) contribution is made up of a number of different components including:

- social insurance at the appropriate percentage rate for employees and employers, which varies according to the pay and PRSI Class of the employee and benefits for which he or she is insured.
- the 0.70% National Training Fund Levy, included in the employer's contribution in Classes A and H.

Levels of payment

PRSI contributions will be payable as follows:

- at the appropriate percentage rates for employees on **all** reckonable earnings.
- on **all** reckonable pay, the employer's share (social insurance and the 0.70% National Training Fund Levy in classes A and H) is due.
- Class S, social insurance at 4.00% on **all** reckonable income.

The National Training Fund Levy is included in the contribution rates outlined on pages 2 to 5 where applicable.

Reckonable pay

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

The net value of share-based remuneration is to be treated as notional pay.

- The net value of share-based remuneration is to be treated as notional pay for the purposes of calculating employee PRSI only.
- Employee PRSI only is payable on share-based remuneration. There is no employer PRSI chargeable on gains from 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.

More detailed information on the treatment of share-based remuneration for PRSI purposes is contained at:

<http://www.welfare.ie/en/Pages/PRSI-on-Share-Based-Remuneration.aspx> and www.revenue.ie (Revenue - Irish Tax & Customs).

PRSI is fully chargeable on payments by 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 Accounts
- Revenue approved retirement funds

Civil and Public Service employers do not pay employer PRSI on the pension levy paid by their employees. Employee PRSI is chargeable.

PRSI contribution weeks

A contribution week is each successive period of seven days starting on 1 January each year. Week 1 is the period from 1 to 7 January inclusive, week 2 from 8 to 14 January and so on. **For 2015, the contribution week starts on a Thursday and ends on a Wednesday.**

A contribution at the appropriate class should be awarded to an employee for each contribution week or part of one, for which he or she is in insurable employment.

Voluntary contributions

People who were insured at Classes A, B, C, D, H or S and who are no longer insurably employed may opt to pay Voluntary Contributions to provide cover for pensions.

Applications must be made within 12 months from the end of the PRSI contribution year in which a PRSI contribution was last paid or credited. For more information, log on to www.welfare.ie or contact:

Client Eligibility Services
Cork Road
Waterford

Telephone: **(01) 471 5898**

LoCall: **1890 690 690** (from the Republic of Ireland only)

If calling from outside the Republic of Ireland please call +353 1 471 58978.

Earnings bands and subclasses

Rates of contribution for 2015

Subclass	Weekly pay band	Fortnightly pay band	Monthly pay band
AO	€38 to €352	€76* to €704	€165* to €1,525
AX	€352.01 to €356	€704.01 to €712	€1,525.01 to €1,543
AL	€356.01 to €500	€712.01 to €1,000	€1,543.01 to €2,167
A1	More than €500	More than €1,000	More than €2,167
A8	Up to €352	Up to €704	Up to €1,525
A9	More than €352	More than €704	More than €1,525
BO	Up to €352	Up to €704	Up to €1,525
BX	€352.01 to €500	€704.01 to €1,000	€1,525.01 to €2,167
B1	More than €500	More than €1,000	More than €2,167
CO	Up to €352	Up to €704	Up to €1,525
CX	€352.01 to €500	€704.01 to €1,000	€1,525.01 to €2,167
C1	More than €500	More than €1,000	More than €2,167
DO	Up to €352	Up to €704	Up to €1,525
DX	€352.01 to €500	€704.01 to €1,000	€1,525.01 to €2,167
D1	More than €500	More than €1,000	More than €2,167
HO	Up to €352	Up to €704	Up to €1,525
HX	€352.01 to €500	€704.01 to €1,000	€1,525.01 to €2,167
H1	More than €500	More than €1,000	More than €2,167
JO	Up to €500	Up to €1,000	Up to €2,167
J1	More than €500	More than €1,000	More than €2,167
M	All income	All income	All income
K1	More than €100	More than €200	More than €433
SO	Up to €500	Up to €1,000	Up to €2,167
S1	More than €500	More than €1,000	More than €2,167

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

Subclasses A8 and A9 are only used for CE participants. Subclasses A4, A6 and A7 are only used for existing approved employees under the Employer's PRSI Exemption Scheme. For further information contact Employment Support Services, telephone: 071 96 72698.

Possible refund of Health Contribution

Applications for refunds must be made within 4 years of the end of the relevant tax year. The Health Contribution has been included in the Universal Social Charge (USC) since 1st January 2011 and no Health Contribution refunds arise after that date.

Holiday pay

If you pay an employee for a period of more than a week, it is important to determine the subclass correctly for each week.

Example: An employee receives two weeks holiday pay with a current week's wages. To determine the correct PRSI subclass, calculate the pay for each week and record the contributions accordingly. This arrangement also applies when an employer pays holiday pay when an employee leaves the employment.

Sick pay

Payment of Illness Benefit and Injury Benefit can be made directly to your company where sick pay arrangements require the employee(s) to hand over Illness Benefit or Injury Benefit payments to their employers. The Illness Benefit Claim Form/First Medical Certificate (MC 1) has a section where the employee can indicate that any payment(s) due can issue directly to the employer.

Taxation of Jobseekers and Illness Benefit

Both Illness Benefit and Jobseeker's Benefit are considered as income for tax purposes and are taxed from the first day of payment, with the exception of payments for qualified child(ren) which are not taxable. This Department will notify you of the amount of Illness Benefit to be taken into account for tax purposes, where appropriate. Taxation of Jobseeker's Benefit will still be mainly applied through the tax office.

Maternity Benefit, Adoptive Benefit and Health and Safety Benefit

Since 1 July 2013 Maternity Benefit, Adoptive Benefit and Health & Safety Benefit payments are taxable in full. These benefits are exempt from USC and PRSI. Individuals who pay their tax through the PAYE system will, where possible, automatically have their annual tax credits and rate bands reduced by the amount of these payments. Revenue will receive details of the benefit from the Department of Social Protection. Employers will be advised by the Revenue Commissioners of the adjusted tax credits and rate bands on employer tax credit certificates.

If you have any enquiries about taxation of social welfare benefits, contact **your local tax office** or log on to **www.revenue.ie**.

Completion of P45

Where an employee leaves his or her employment, a form P45 should be completed and given to the employee **immediately**. The P45 is very important and may be required as evidence of entitlement to social welfare payments.

Lump sum payments

Lump sum payments made to employees when they leave employment are not regarded as reckonable pay for PRSI purposes and should be recorded under Class M. These include redundancy, gratuities and ex-gratia payments.

National Training Fund Levy

The National Training Fund Levy of 0.70% is included in the employer's share of PRSI under Class A and H, with no change in the overall rate payable by the employers.

Maintenance payments

A separated person may claim a refund of PRSI on enforceable maintenance payments made to his or her spouse. The PRSI due will be re-calculated on the reckonable pay/income reduced by the amount of maintenance payment. Any excess PRSI paid will be returned by claiming a refund after year end, from the PRSI Refunds Section, Oisín House, Pearse St., Dublin 2, telephone: **(01) 673 2586**.

Subsidiary employments

Subsidiary employment, which is insurable at Class J regardless of earnings, is defined in legislation. It includes, for example, employment of people who are also insurable at Class B, C, D or H in their main employment.

Personal Public Service Number (PPS No.)

It is vital that the correct PPS No. is shown on your P35 end of year return for each employee. If you need assistance in tracing the PPS No.(s) for your employee(s), please have them contact Client Identity Services, telephone: **(01) 704 3281**.

Recording of contributions

For the year 2013 and subsequent years, the gross pay on the form P35 (end of year return) for each employee should include any taxable benefit (notional pay) received by that employee during the year. In addition, the total amount of taxable benefits in the year for **all** employees should be included in the appropriate section of the summary page of the P35.

The P35 should not include any class or subclass of PRSI that did not apply during the tax year.

If the employee changes class (for example Class AO and JO) an aggregate total of weeks for all classes should be included on the P35.

If more than two classes or subclasses are involved during the year, you should provide full details on a separate sheet or computer printout showing the classes and number of weeks of insurable employment in each class or subclass.

You must use Form P35 LT when the PPS No. is unknown, but you still record the employee's name, address, date of birth and mother's birth surname.

If you need help

Further information on PRSI Rates is available including a range of information for employers on our website at **www.welfare.ie**.

PENSIONS REMINDER

If you have employees approaching retirement age, it is important that they apply on time for a pension.

State Pension (Transition) at age 65

State Pension (Transition) was abolished from the 1st of January 2014.

This means State Pension (Transition) will no longer be payable for claimants whose date of birth is on or after the 1st of January 1949.

State Pension (Contributory) at age 66

A person may continue working after age 66 and also get this pension from the Department of Social Protection. On reaching age 66 an employee is liable for PRSI at Class J only.

Self-employed people who pay Class S PRSI contributions can also continue to work and qualify for this payment provided that their social insurance liabilities are in order. People who are liable for Class S PRSI contributions and who are approaching age 66 should check with their local Revenue Office to ensure their tax affairs are in order to avoid delays.

They should apply 3 months before they reach age 66.

How to apply

Application forms are available from your local Social Welfare Office, post office, Citizens Information Centre or may also be downloaded from our website at www.welfare.ie.

Taxation

State Pensions are liable to tax and any queries in relation to the taxation of these payments should be made to your local Revenue Office.