

Guide to Pay-Related Social Insurance

What is Pay Related Social Insurance (PRSI)?

The Social Insurance system provides cover for a wide range of social welfare payments to workers and their dependants. Pay Related Social Insurance (PRSI) contributions, which are collected mainly through the income tax system, provide the main source of funding for the system.

PRSI is divided into different classes. The class of PRSI you pay determines the social welfare payments for which you may qualify.

Sometimes it may be difficult to establish what class of PRSI you should pay or, indeed, whether you should be paying PRSI at all.

This booklet provides general information on the different contribution classes and on how the Department makes decisions on insurability of employment.

Who pays PRSI?

With very few exceptions, all people aged 16 or over and under pensionable age must pay PRSI if they are:

- employees, whether full-time or part-time earning €38 or more a week,
- self-employed workers with an income of €5,000 or more a year from all sources.

The employers of the above employees, are liable for PRSI contributions on the reckonable earnings of the employee (including notional pay).

From 1 January 2013, modified rate contributors who have self-employed income from a trade or profession, are liable for PRSI contributions on this income and any unearned income they have.

From 1 January 2014, employed contributors and occupational pensioners aged under 66 years whose only additional income is unearned may be liable for PRSI contributions on this income.

What are the PRSI classes?

There are 11 different classes of PRSI, which fall broadly under the following 5 headings:

- Employees in the private sector and certain public servants (Class A, E and J).
- Certain public servants (Class B, C D and H).
- Self-employed people, this includes company share holders controlling over 50% of shares (Class S). Class S and P applies to certain self-employed share fishermen.
- People who pay no PRSI (Class M).
- Certain Public Office Holders (Class K).

The following is a brief description of the people covered by each of the main PRSI contribution classes.

Class A Employees in industrial, commercial and service-type employment with gross earnings of €38 or more a week from all work; civil and public servants recruited from 6 April 1995 and Community Employment workers from 6 April 1996.

Class B Permanent and pensionable civil servants, registered doctors and dentists employed in the civil service and Gardaí, recruited before 6 April 1995.

Class C Commissioned Army Officers and members of the Army Nursing Service recruited before 6 April 1995.

Class D Permanent and pensionable employees in the public service, other than those

mentioned in Classes B and C, recruited before 6 April 1995.

Class E Minister of religion employed by the Church of Ireland Representative Body.

Class H Non-Commissioned Officers and enlisted personnel of the Defence Forces.

Class J

- Employees in industrial, commercial and service-type employment with gross earnings of less than €38 a week from all work.
- People insured for Occupational Injuries Benefits only, for example employees over pensionable age.
- People taking part in certain Solas training schemes insurable for Occupational Injuries Benefits only.
- People whose employment is of a subsidiary nature or inconsiderable extent, for example people insurable at Class B, C, D or H in their main employment and who have a second job.
- Attendants at the Department of Education and Skills examinations.
- Presiding officers and poll clerks at elections and R.D.F. members on Annual training.

Class K

- Certain public office holders (the President, the holder of a 'qualifying office', members of the Oireachtas, the judiciary, certain military judges, the Attorney General, the Comptroller and Auditor General, members a local authority and certain members of the European Parliament), who earn over €5,200 a year. These public office holders pay PRSI at a rate of 4% on all income.
- Any of these specific public office holders who earn €5,200 a year or less (€100 a week or less) have a nil liability - see Class M.
- 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 have.
- From 1 January 2014, employed contributors and occupational pensioners aged under 66 years whose only additional income is unearned may be liable for PRSI contributions on this income.

Class M

People with no contribution liability such as:

- Employees under age 16.
- People aged over pensionable age (including those

previously liable for Class S).

- Persons in receipt of occupational pensions or lump-sum termination payments.
- People with Class K with a nil liability (public office holders with a weekly income of less than €100 a week).

Class P Self-employed people whose main income comes from share fishing.

Class S Self-employed people such as farmers, certain company directors, sole traders and certain people with income from investments, rents and maintenance, where the income is €5,000 or more a year from all sources.

People who are not covered by compulsory PRSI may opt to become Voluntary Contributors if they satisfy certain conditions.

For more information on Voluntary PRSI, please log on to **www.welfare.ie** or contact:

Voluntary Contributions Section

Social Welfare Services Office
Department of Social Protection
Waterford

LoCall: 1890 690 690 (from the Republic of Ireland only), or +353 147 15898 (from Northern Ireland or overseas).

A summary of the main benefits and pensions provided for each class of contribution is shown in the table on page 4.

Employed or self-employed

How you pay your tax and what class of Pay Related Social Insurance (PRSI) you pay depends on whether you are employed or self-employed. Your PRSI class affects your entitlement to certain social welfare payments, for example, Illness Benefit, Jobseeker's Benefit, Widow's, Widower's or Surviving Civil Partner's Contributory Pension and State Pension Contributory. So it is important to know whether you are employed or self-employed.

The terms 'employed' and 'self-employed' are not defined in law. Scope Section is the part of the Department that makes decisions on the insurability of employment. It can only decide as to which category you fall into by looking at what you actually do, the way you do it and the terms and conditions of your work, even if they are only implied.

The factors Scope Section take into account are quite complex and are outlined in the Code of Practice for determining employment or self-employment status of individuals.

What does Scope Section do?

The functions of Scope Section are to give directions and information on the insurability of employment in accordance with the law. Any person, business or their representatives may apply to have an employment investigated to make sure that the correct PRSI Class is applied. If you are unsure of your social insurance position, you should write to Scope Section (see below) and request a formal decision.

Deciding Officers in Scope Section deal with the following types of questions:

- whether employment or self-employment exists,
- whether it is insurable employment, insurable occupational injuries employment (covered for Occupational Injuries Benefits only) or insurable self-employment,
- what class of PRSI is due, and
- in the case of employment, the name of the employer.

Before this happens, a Social Welfare Inspector interviews the worker and a representative of the employer separately about the nature of the employment. When this investigation is finished, the Inspector submits detailed reports to a Deciding Officer in Scope Section for a formal decision.

The Deciding Officer's decision is based on all of the available evidence and also on legal principles handed down in various court judgements over the years. (Some of these principles are outlined in the "[Code of Practice for determining employment or self-employment status of individuals](#)")

For more information, please log on to www.welfare.ie or contact:

Scope Section

Department of Social Protection
Gandon House
Amiens Street
Dublin 1

Telephone: (01) 673 2585 (from Republic of Ireland only) or +353 1 673 2585 (from Northern Ireland or over seas)

Email: scope@welfare.ie.

Can I appeal a decision from Scope Section?

Yes, if you are not happy with the decision you may appeal within 21 days to:

Chief Appeals Officer

Social Welfare Appeals Office
D'Olier House
D'Olier Street
Dublin 2

LoCall: 1890 747 434 (from the Republic of Ireland only).

The Social Welfare Appeals Office is an independent body that deals with appeals against social welfare decisions.

Do I have to obey decisions from Scope Section or the Appeals Office?

Yes, the decision issued by a Deciding Officer from Scope Section or by an Appeals Officer is legally binding. It should be applied to all people employed in the same position and under the same terms.

For employees, the decisions affect entitlement to social welfare payments, cover under employment protection legislation (including redundancy) and income tax payments. For employers, the decisions affect their duties under social welfare and employment law.

Where a decision results in the PRSI Class changing to a higher rate of PRSI, arrears will be collected by a Social Welfare Inspector from the employer.

Where a decision results in the PRSI Class changing to a lower rate of PRSI, a refund can be claimed from PRSI Refunds Section, after the tax year ends. However, if the decision refers to the current tax year the employer should make the necessary adjustment to correct the error before the end of the tax year.

If a person has overpaid PRSI contributions an application for a refund should be made after the tax year ends. With effect from 1 January 2010, an application for the return of PRSI contributions must be made within four years of the last day of the contribution year in respect of which the contributions concerned were paid.

Issued by:
Information Services
Department of Social Protection
Social Welfare Services
College Road
Sligo

For more information:

- Log on to www.welfare.ie.
- Telephone: (071) 919 3302
LoCall: 1890 66 22 44
If you are calling from outside the Republic of Ireland, please call +353 71 919 3302.
- Drop in to your local Intreo Centre, Social Welfare Office or Citizens Information Centre.

You may apply for a PRSI refund by completing application form **PRSIREF 1**, and sending the form to:

PRSI Refunds Section

Department of Social Protection
Gandon House
Amiens Street
Dublin 1

Telephone: (01) 673 2586

If a formal decision results in the PRSI class changing to a higher rate of PRSI, the employer must pay all the arrears.

What benefits may I get under each PRSI class?

Benefits	Class A	Class J	Class S	Class B	Class C	Class D	Class E	Class H	Class P
Adoptive Benefit	✓		✓				✓	✓	
Carer's Benefit	✓			✓	✓	✓	✓	**	
Illness Benefit	✓						✓	✓	*
Health and Safety Benefit	✓						✓	✓	
Invalidity Pension	✓						✓	✓	
Maternity Benefit	✓		✓				✓	✓	
Occupational Injuries Benefit	✓	✓				✓			
State Pension Contributory	✓		✓				✓	✓	
Guardian's Payment	✓		✓	✓	✓	✓	✓	✓	
Treatment Benefit	✓						✓	**	✓
Jobseeker's Benefit	✓							✓	*
Widow's, Widower's or Surviving Civil Partner's Contributory Pension	✓		✓	✓	✓	✓	✓	**	

* Class P -Limited Benefits.

** Class H - only these benefits are paid during service.

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