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- ▶ For income of more than €500 a week, subclasses A1, A4, B1, C1, D1, H1, J1 or S1 should be returned.

Full details of these changes are outlined inside and should be read carefully.



PRSI contribution rates and user guide from 1 January 2012

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 2012

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	4.25%
AX	€352.01 - €356 inclusive	First €127	Nil	4.25%
		Balance	4.00%	4.25%
AL	€356.01 - €500 inclusive	First €127	Nil	10.75%
		Balance	4.00%	10.75%
A1	More than €500	First €127	Nil	10.75%
		Balance	4.00%	10.75%

* Including share-based remuneration, if appropriate.

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	First €127	Nil	0.50%
		Balance	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 2012

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	First €26	Nil	2.01%
		Balance	0.90%	2.01%
B1	More than €500	First €26	Nil	2.01%
		€26.01 - €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	First €26	Nil	1.85%
		Balance	0.90%	1.85%
C1	More than €500	First €26	Nil	1.85%
		€26.01 - €1,443	0.90%	1.85%
		Balance	4.00%	1.85%

Public sector employments

Rates of contribution from 1 January 2012

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	First €26	Nil	2.35%
		Balance	0.90%	2.35%
D1	More than €500	First €26	Nil	2.35%
		€26.01 - €1,443	0.90%	2.35%
		Balance	4.00%	2.35%

* Including share-based remuneration, if appropriate.

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	First €127	Nil	10.05%
		Balance	3.90%	10.05%
H1	More than €500	First €127	Nil	10.05%
		Balance	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%

* Including share-based remuneration, if appropriate.

Office holders

Rates of contribution from 1 January 2012

Class K

From 2011, public office holders will 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. Public office holders with weekly income of €100 or less should be returned at Class M.

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	
			EE	ER
S0	Up to €500 inclusive	All	4%	
S1	More than €500	All	4%	

Important Notice

PRSI changes from 1 January 2012.

Employee's income thresholds

As a result of the Health Contribution being abolished last year, certain subclasses such as, A2, A5, B2, C2, D2, H2, J2 and S2 no longer exist.

For income of more than €500 a week, subclasses A1, A4, B1, C1, D1, H1, J1 or S1 should be returned.

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.
- The Health Contribution was abolished in 2011 and as a result of this change, subclasses such as A2 and A5 no longer exist. In any week that the 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 13).

Other classes

- As a result of the Health Contribution being abolished, subclasses B2, C2, D2, H2, J2 and S2 no longer exist. In any week that the 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, S or K, and paid up to €500 inclusive in any week, record under subclass O, that is, JO, SO or Class M (for people within Class K) 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.



Other classes continued

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

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.

The rate of PRSI contribution payable for those whose annual income is €5,000 or more is 4% of reckonable income, or €253 whichever is greater.

When filing end of year returns please ensure that at least the minimum amount of €253 is paid on behalf of self-employed contributors paying PRSI under the PAYE system where the annual income exceeds €5,000.

For further information, contact Client Eligibility Services, LoCall: **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.

- Share-based remuneration is subject to employee PRSI only, at a rate of 4%.
- It is not subject to employer PRSI. It should be excluded when calculating employer PRSI.
- If a different PRSI subclass applies when calculating employee and employer PRSI, the return must always be made at the employee's subclass.
- The employer is required to deduct and remit employee PRSI on share-based remuneration, except in the case of certain share options.
- PRSI payable on share-based remuneration must always be returned at the employee's PRSI class.
- Where the gain arising from the share-based remuneration occurs after the individual has left the employer which awarded it (i.e. where a share option is exercised) the PRSI Class to be returned must be the Class at which the individual previously paid PRSI as an employee of that employer. In this case the subclass to be returned will be determined by the value of the gain from share-based remuneration at the time the PRSI liability arises.
- More detailed information on the treatment of share-based remuneration for PRSI purposes is contained at:
<http://www.welfare.ie/EN/Topics/PRSI/Pages/PRSIonShareBasedRemuneration.aspx>.

PRSI is fully chargeable on payments by private sector 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
- Deductions in respect of 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-Free Allowance for employees

The PRSI-Free Allowance remains at €127 per week (per individual employment) for employees with weekly reckonable pay of more than €352 in Classes A and H, and at €26 for all employees in Classes B, C and D. The allowance is non-cumulative, so it only applies for weeks of insurable employment in which PRSI is payable (see “holiday pay” on page 12). **Remember that this allowance does not alter the gross reckonable weekly pay threshold that determines the appropriate contribution subclass.**

It is important to note that the method of calculating PRSI outlined on pages 2 to 5 caters for the inclusion of the €127/€26 PRSI-Free Allowance.

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

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

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 2012, the contribution week starts on a Sunday and ends on a Saturday.**

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

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

or

Telephone: **+353 1 471 5898** (from Northern Ireland or overseas).

Earnings bands and subclasses

Rates of contribution for 2012

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 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 paid in 2010 or earlier

Where employees earned **more than €26,000** in 2008, 2009 and 2010 they were liable to pay the Health Contribution and **are not due a refund**. If they earned less than €26,000 and never earned more than €500 in any one week they would not have been charged the Health Contribution and are not eligible for a refund. Employees may be entitled to a refund of the Health Contribution if they have earned **less than €26,000** in 2008, 2009 or 2010 **and** earned more than €500 in any particular week in those years.

The employee may claim a refund of the Health Contribution after year end from:

Department of Social Protection,
PRSI Refunds,
Oisín House,
Pearse St.,
Dublin 2.

Telephone: **(01) 673 2586**.

Application for refunds must be made within 4 years of the end of the relevant tax year. The Health Contribution was included in the Universal Social Charge (USC) with effect from 1 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, apply the relevant PRSI-Free Allowance for each of the weeks involved. It is also important to determine the subclass correctly.

Example: An employee receives two weeks holiday pay with a current week's wages. To determine the correct PRSI subclass for each week, apply the PRSI-Free Allowance (€127 X 3) 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 or 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.

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.

Rehabilitative employment

Sheltered Workshop employment is not insurable under Social Welfare Acts as it is not regarded as being employment under a contract of service (in other words, no employer or employee relationship is involved). The allowance being paid is not "reckonable income" or "reckonable emoluments" for PRSI (and PAYE) purposes.

However, employment in the open labour market where a normal employer/employee relationship exists is insurable at a Class A rate if weekly income is €38 or more, and at a Class J rate if it is less than €38 (from all employments).

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 (End of year returns for 2012)

For the year 2012 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 fill in a form PRC 1 (copy in your P35 Pack) or a computer printout in the same format 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

Where a person retires from work at age 65 they may get a State Pension (Transition) from the Department of Social Protection based on their social insurance contributions.

They should apply 3 months before they reach age 65.

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.