

PRSI for Non-PAYE Employees

Employer's Guide to the PRSI Special Collection System for Non-PAYE Employees

PRSI

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There are two methods of paying Pay-Related Social Insurance (PRSI) in respect of employed persons:

- 1. through the PAYE system**, where an employee's income tax liability is assessed under the PAYE income tax system, PRSI contributions are collected by Revenue;
- 2. through the PRSI Special Collection System** for non-PAYE employees who do not hold PAYE exclusion orders, where PRSI contributions are paid directly to the Department of Social Protection.

This leaflet explains the payment of PRSI through the Special Collection System.

Pay-Related Social Insurance (PRSI)

What is PRSI?

Pay-Related Social Insurance (PRSI) is paid by full-time employees, part-time employees and self-employed people. It is a percentage of gross reckonable earnings in a week/fortnight/month.

PRSI is the **Social Insurance** element which goes into the Social Insurance Fund to help pay for Social Welfare benefits and pensions.

What is a PRSI Contribution?

A PRSI contribution is awarded to an employee for each week (or part of a week) of insurable employment. An employee who works for the full Tax Year is awarded 52 contributions.

Many benefits and pensions are dependent on the number and Class of PRSI contributions that have been awarded to an employee.

What is a Contribution week?

As the Irish Tax Year begins on 1 January, and the PRSI system runs in parallel to it, a contribution week is each successive period of seven days, starting on the 1 January each year. For example, the 1 January 2013 is a Tuesday, so every contribution week for the whole Tax Year 2013 runs from Tuesday to Monday.

An employee who works for only seven days during the Tax Year 2013, from a Sunday to the following Saturday actually works during two contribution weeks. The first two days (Sunday to Monday) are in the first contribution week and the next five days (Tuesday to Saturday) are in the second week – the employee is therefore entitled to two contributions for this period. It is important that this fact is reflected in the End of Year Return when you declare the number of weeks of employment.

Who is liable for payment of PRSI?

PRSI is made up of an employer's share and an employee's share.

As an employer, you are liable for paying both shares in respect of all your employees. However, you are entitled to recover the employee's share from wages, but only at the time of payment. It is therefore in your interest to make the correct deduction at the time of payment of wages.

What are Contribution Classes?

The rate of PRSI payable is dependent on the **Contribution Class** into which your employee falls.

In general, PRSI Contribution Classes are decided by the nature of the employment and the amount of the employees' gross earnings in any week.

Most workers in private sector, industrial, commercial, domestic and agricultural employments pay PRSI contributions at Class A or J.

Class A applies to the vast majority of insured people and gives the employee cover for all social insurance benefits and pensions, while Class J gives cover for Occupational Injuries Benefits only.

Class A applies:	Class J applies:
<ul style="list-style-type: none">• where gross earnings are €38.00 or more per week	<ul style="list-style-type: none">• where gross earnings are less than €38.00 per week• to employees age 66 or over• to the subsidiary earnings of public sector employees who pay Class B, C, D or H in their principal employment

What is a PPS no.?

All PRSI Contributions awarded to employees are recorded under their **Personal Public Service Number (PPS No.)**. This is the same number which the employee uses for Income Tax purposes and is usually shown on all documents issued by Revenue.

The PPS No. was previously called an RSI (Revenue and Social Insurance) Number, and you may still see references to the RSI number on certain forms. If you are asked to state an RSI number, you should simply state the PPS No.

If your employee does not have a PPS No., please contact your local Intreo Centre or Social Welfare Office who will make arrangements for a number to be allocated.

Note

It is very important that each employee has a PPS No. and that the employer ensures that this number is quoted on all communications. Otherwise, essential details about the employee's social insurance history may not be credited to their record and this could cause delays in the payment of Social Welfare benefits or pensions.

The PRSI Special Collection System

What is the Special Collection System?

The vast majority of Irish employees who are liable to PRSI are on the PAYE system. For these employees, PRSI is collected by Revenue on behalf of the Department of Social Protection.

For employees who have earnings which are subject to PRSI, but which are not subject to the PAYE system of taxation or do not hold a PAYE exclusion order, PRSI is paid **directly to the Department of Social Protection through the PRSI Special Collection System**.

The Special Collection system includes employees;

- who continue to be insured under Irish social security law while working abroad under provisions of EU Regulations, Bilateral Agreements or Statutory Instrument 312 of 1996.
- who pay PRSI as employees but are self-assessed for income tax purposes - for example, sub-postmasters, social welfare branch managers and medical consultants employed on a fee basis by the Health Service Executive (HSE).
- who are employees of Embassies and certain conditions apply.
- in receipt of Share based remuneration where the employee realises a gain in respect of share options granted and at the time the options are exercised, the employee is no longer an employee of the employer who granted the options (see **PRSI SBR1** on **www.welfare.ie**).
- who are Domestic Employees employed in the home of their employer on domestic duties only, and who earn less than €40 per week in the domestic employment (see leaflet IT 53).
- whose earnings are paid from an employer's office or residence outside the State and the employer is not obliged to be registered for PAYE with Revenue (see Statement of Practice IT/3/07).
- Church of Ireland Ministers employed by Representative Church Body.
- FÁS trainees.

Paying PRSI through the Special Collection System

What elements of PRSI are paid through the Special Collection System?

The Social Insurance element of PRSI is payable by both the employer and the employee through the Special Collection System.

With effect from 1 January 2004 PRSI must be operated by employers in respect of the taxable value of most benefit-in-kind and other non-cash benefits provided by them for their employees. Full information on how these new arrangements apply are available from Revenue - "Employers guide to operating PAYE and PRSI for certain benefits" at www.revenue.ie or your local tax office. Please note that application of PRSI to benefit-in-kind will operate the same for PAYE and non-PAYE employees.

How do I calculate PRSI liability?

Employer's Share

This is a percentage of the employee's gross earnings which you are obliged to pay. It cannot be deducted from the employee's earnings, and is calculated as follows:

Employee's gross reckonable earnings **X** Employer's Rate of PRSI (see SC7 for details of rates).

Employee's Share

The calculation of the employee's share of PRSI is slightly more complicated. This is because employees have a weekly PRSI-Free Allowance on which PRSI is not payable (if the employee is paid fortnightly or monthly, an adjusted Allowance is given).

The employee's share of PRSI is calculated as follows:

Employee's gross reckonable earnings, minus PRSI Free Allowance **X** Employee's rate of PRSI (see SC7 for details of rates).

If the employee has two or more concurrent insurable employments, please refer to - **concurrent employments**.

Note

The PRSI-Free Allowance applies only to the employee's share of PRSI. The employer's share is calculated on the employee's gross earnings. The Allowance is non-cumulative and only applies to weeks in which PRSI is payable.

The PRSI rates and allowances may be subject to change each year. Details of the current rates are available on form SC7.

What if my employee has other earnings?

Concurrent Employments

If an employee is engaged in two or more concurrent **insurable** employments, PRSI must be paid on all earnings in each employment.

Consecutive Employments

If a **new** employee produces either an Irish Income Tax form P45 or a Special Collection System form **SC3**, showing details of previous earnings, you can assume that any PRSI due on these previous earnings has already been paid. The PRSI liability for the new employment is calculated at normal rates.

How should I record PRSI information?

Details of wages, class of insurance, number of weeks of insurance, employer and employee PRSI contributions for each non-PAYE employee should be recorded on a weekly/fortnightly/monthly basis.

How do I pay the money?

You should send remittances of PRSI to:

The Accountant

Department of Social Protection
Government Buildings
St Alphonsus Road
Dundalk
Co. Louth

Contributions should be sent not later than 9 days after the end of the month for which they are due. A completed form **SC2** should **always** be sent with each remittance. Copies of these forms are available from PRSI Special Collection Section.

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

For more information:

- Log on to www.welfare.ie.
- LoCall Information Line **1890 66 22 44** or if calling from outside the Republic of Ireland please call **+353 71 91 93313**.
- Drop in to your local Social Welfare Office or Citizens Information Centre.

If you do not send form SC2 with your remittance, we will not know where the money came from and your account will not be credited.

If you wish to make payments by e-banking, please see **SC2** for banking details.

What do I do at the end of the Tax Year?

End of Year Return and Declaration for recording PRSI details should be completed at the end of each Income Tax Year and sent to PRSI Special Collection Section.

The Income Tax Year ends on 31 December and the Return is due in PRSI Special Collection Section by 15 February after year end.

At the end of each Income Tax year, you should also give a completed form **SC4** to each non-PAYE employee certifying the number of contributions paid in respect of the employment for that year.

Where a non-PAYE employee ceases employment during an Income Tax Year, a cessation of employment certificate (**SC3**) should be given to them. You should ensure that Parts 1, 2 and 3 of the **SC3** are fully completed.

Please see **Operational Guidelines** on www.welfare.ie for further information on PRSI Special Collections.

What if I also have PAYE employees?

If you also have PAYE employees, their details should be communicated to Revenue in the normal manner.

If your employee's earnings are split between PAYE and non-PAYE earnings, you should ensure that PAYE details are returned to Revenue and the non-PAYE details are returned to PRSI Special Collection Section.

It is important that the details you send to us on the End of Year Return and Declaration form, in respect of your non-PAYE employees, are **NOT** duplicated on your P35 return to Revenue. If you do this, Revenue

will bill you for the money submitted to this Department, and you will have to amend your P35 to remove the details proper to this office.

Where can I get more information?

Any enquiry about the PRSI Special Collection System can be addressed to:

PRSI Special Collection Section

Department of Social Protection
Government Offices
Cork Road
Waterford

Telephone: (01) 471 5898

LoCall: 1890 690 690

If calling from outside the Republic of Ireland please call + 353 1 471 5898

Fax: + 353 51 877 838

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

Forms are available from the PRSI Special Collection Section or from www.welfare.ie.

If you are unsure as to the insurability status of an employment or the correct Contribution Class, contact:

SCOPE Section

Oisín House
Pearse Street
Dublin 2

Telephone: (01) 673 2585

You can also view a glossary of specialised terms on www.welfare.ie.

Note

The rates charged for using 1890 (LoCall) numbers may vary among different service providers.

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