



More women realising an entitlement to the State Pension - Hanafin

Minister for Social and Family Affairs, Mary Hanafin, today (3rd July 2009) welcomed the increase in numbers of women applying for access to the social insurance system. **"Since June of last year, some 845 people, mainly women, have applied to seek an entitlement to pay contributions that build towards a State Pension"** said the Minister, **"and, of cases decided to date, over 80% have been approved."**

Minister Hanafin said **"just a year ago, I launched a booklet - *Working with your spouse: how it affects your social welfare contributions and entitlements (SW124)* - which clarified that spouses who operate in a 'commercial partnership' may be brought into the social insurance system. In this way, both spouses incur a liability to pay self-employed PRSI and build up entitlement towards a contributory State Pension and other Social Welfare benefits."**

"The response to this publication has been most encouraging. Already, 233 people who previously would have had little or no entitlement to benefit have been brought into the social insurance system. Detailed examination of the remaining applications is ongoing, but given the trend so far it is obvious that many more are set to realise their entitlement."

A typical example of the applications coming in to the Department of Social and Family Affairs is where a farmer's wife, sometimes having raised a family, takes an active part in running the family business but the tax and PRSI returns continue to be made in her husband's name only. In circumstances such as this it is often found that the woman should have had a liability to pay self-employed PRSI. When this liability is paid a backdated PRSI contribution record is created, which can lead to entitlement to a contributory State Pension.

"Thus far the majority of people applying for commercial partnership status have been women working on family farms. However, we have also had significant numbers of applications from people working with their spouse in the services sector, one such case being where a couple ran a restaurant together but the tax and PRSI returns were made by the husband" said Minister Hanafin.



Department of Social and Family Affairs

Minister Hanafin went on to say **“if you think you are eligible for commercial partnership status to get a copy of the leaflet from our website – www.welfare.ie and study it carefully.”**

The Minister sounded a note of caution too, saying that the Department of Social and Family Affairs and the Revenue Commissioners are committed to offering as much assistance as possible to customer’s considering business partnership, but couples should consider the details in the leaflet carefully before proceeding. Depending on the particulars of each case, a liability may result in the applicant having to pay a substantial amount to the Department, before any claim for pension can be considered. **“It is also crucial that they seek both legal and financial advice before approaching either body. Every family is different and couples need to be sure that business partnership is right for them.”**

ENDS

Notes for Editors

The leaflet - **Working with your spouse: how it affects your social welfare contributions and entitlements (SW124)**

1. Outlines who pays PRSI, the different PRSI classes applying to employed and self-employed workers, and the pension and benefit entitlements covered under these classes.
2. Details the PRSI/social welfare coverage applying to a range of co-working arrangements.
3. Explains the tax and social welfare implications of being in a business partnership and details the criteria used by Revenue and DSFA to decide if a partnership exists.
4. Explains the initial steps in registering with Revenue for self-employed tax returns.
5. Sets out the process through which DSFA can decide that a partnership existed in previous years – thereby enabling persons to establish a more substantial contribution record.
6. Contains appeals information and relevant contact information.

How does the Department of Social and Family Affairs or the Revenue Commissioners decide that I am working with my spouse in a partnership?



Department of Social and Family Affairs

The Department of Social and Family Affairs and the Revenue Commissioners use the following factors to decide if a partnership normally exists:

- there is a written partnership agreement (a written agreement is not required by law, however);
- each partner writes cheques on the business accounts in their own right;
- there is a joint business account;
- it is apparent to those doing business with the partnership that a partnership exists; business accounts and activities are in joint names of the partners;
- each partner makes a significant contribution to the running of the business;
- the business is owned jointly by the partnership;
- the profits and losses of the partnership are shared by each partner;
- the business stationery reflects the existence of a partnership.

You should meet some of these general criteria if you are claiming to be in a partnership with your spouse. If you cannot do this, you will be deemed not to be in a business partnership.

For further information or a copy of the leaflet:

click on **www.welfare.ie**,

or

drop into your local Social Welfare Office (see State Directory section of your phone book or the Golden Pages for contact numbers),

or

telephone the Department's LoCall Leaflet Request Line at **1890 20 23 25** (from the Republic of Ireland only),

or

telephone Information Services at LoCall **1890 66 22 44** (from the Republic of Ireland only) or **+ 353 71 91 93313** (from Northern Ireland or overseas).

Note:

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