



**An Roinn Coimirce Sóisialaí
Department of Social Protection**

www.welfare.ie

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Exempting employers from PRSI a major boost for job creation – An Taoiseach

“The Employer Job (PRSI) Incentive Scheme will help employers to create jobs and get people back to work” said An Taoiseach Brian Cowen TD today (20th June 2010).

Launching the new scheme, An Taoiseach said **“The Incentive Scheme for creating jobs will save an employer in the region of €3,000 from the annual cost of employing an additional worker. In this way the scheme will make it easier for employers to make the decision in favour of creating new jobs and play a significant role in re-establishing people in the workforce.”**

An Taoiseach also stated that the measure is being deliberately targeted at those who have been unemployed for six months or more. An Taoiseach said “The proportion of people who return to employment after a short period out of work remains relatively high. However, after 6 months on the Live Register there is a danger that people will drift into long-term unemployment and welfare dependency. For this reason the scheme will only be available for new employees who have been unemployed for 6 months or more.”

The scheme will be open to applications in relation to any job created in 2010. The **Minister for Social Protection, Éamon Ó Cuív TD**, whose Department will run the scheme said **“If you have created a new job in 2010 and employed a person who had been unemployed for 6 months or more, then you should now apply for an exemption. If your application is**



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approved you will not have to pay employer's PRSI for 12 months forward from the approval date."

Minister Ó Cuív added "We would hope that this initiative will support the creation of several thousand jobs. However, it is difficult to predict the level of take-up for a scheme of this nature. We will closely monitor the performance of the scheme over the coming months with a view to maximising the number of new jobs created."

The **Minister for Enterprise, Trade and Innovation, Batt O'Keeffe TD, said:** "The Employer PRSI Incentive Scheme, on which I have been working with my Government colleagues, will be a direct stimulus for the real economy by saving employers money and shifting the balance in favour of job creation.

This scheme is another Government measure to tackle unemployment by cutting business input costs and incentivising employers to take workers off the Live Register as Ireland emerges from recession and our economy begins to recover."

Key scheme criteria include that:

- The employee concerned must have been on the Live-Register (Unemployed) for at least 6 months;
- The job must be full-time and must be new and additional – employers will not be allowed to substitute existing employees to avail of the scheme;
- The employer will be required to furnish an up-to-date Tax Clearance Certificate;
- Employers will be limited to a maximum participation rate of 5% of their existing workforce or, for smaller companies, a maximum of 5 new jobs;



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- The job must last for 6 months or more. If it does not the PRSI exempt amounts will have to be repaid by the employer.

Full details of the **Employer Job (PRSI) Incentive Scheme** are available at www.welfare.ie and from the Employer Job (PRSI) Incentive Scheme section, Department of Social Protection, Floor 2, Shannon Lodge, Carrick-on-Shannon, Co Leitrim at LoCall 1890 927 999 (callers from Northern Ireland or overseas should call the information line at +353 71 91 93313) from Monday 21 June 2010.

ENDS

Note for editors:

PRSI Class A, the standard class paid by the majority of employees, encompasses people in industrial, commercial and service-type employment who are employed under a contract of service with gross earnings of €38 or more per week from all employments.

Under Class A employees pay 4% of their weekly earnings, above a weekly PRSI free allowance of €127. In addition employers pay a contribution equivalent to 8.5% of gross pay, where weekly pay is €356 or less, and 10.75% where weekly pay is more than €356.

This scheme exempts the employer from paying their share of PRSI for 12 months – the 8.5% or 10.75% charge. On this basis, if weekly pay in relation to a qualifying job is €600 the employer will save €64.50 per week (600 x 10.75%) or €3,354 in a full year. Under the scheme employee PRSI is payable as normal.

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Leaflet SW 19, available at www.welfare.ie , provides more detail on PRSI rates.