



An Roinn Coimirce Sóisialaí

Department of Social Protection

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SHARE BASED REMUNERATION

The Minister for Social Protection, Joan Burton T.D., today (23rd August) announced that employers should cease deducting and remitting employer PRSI on share-based remuneration, with immediate effect. The previous Government imposed employer and employee PRSI on all share-based remuneration. As part of this Government's Jobs Initiative announced in May of this year, it was decided to abolish the employer element of PRSI on share-based remuneration entirely. This decision recognises that this charge on employers needlessly increased the costs of doing business in Ireland and has the potential to negatively affect current employment levels and future investment decisions. As some employers may have continued to deduct employer PRSI on share-based remuneration, it has been agreed, in consultation with the Minister for Finance, to provide this clear indication of the Government's commitment to alleviating the unnecessary costs to employers.

As a transitional arrangement the Minister for Finance issued notice on the 18th of March 2011 that the charge to PRSI on share-based remuneration would not apply where it was the subject of a written agreement, entered into between the employer and the employee before 1 January 2011. Notwithstanding this notice, the Minister for Finance has now clarified that the employee PRSI charge will apply to all share-based remuneration from the 2012 tax year. Therefore, regardless of when agreements were entered into, from 1 January 2012, the employee PRSI charge will apply in all cases with the exception of shares already held in an Employee Share Ownership Trust before 1 January



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2011. This will ensure equity between pre January 2011 written agreements, which award shares on a once-off basis and those of a multi-annual or ongoing nature. By signaling in advance the cessation of this transitional concession, employers will have the opportunity to fulfill any pre-existing commitments in relation to share-based remuneration before the end of 2011.

To facilitate the refund of PRSI paid on share-based remuneration within the 2011 tax year, it has been agreed with the Office of the Revenue Commissioners that PRSI to be refunded can be offset against current PRSI liabilities through the monthly P30/end of year P35 returns. Such refunds may arise in relation to employer PRSI and to employee PRSI where a written agreement was in place before 1 January 2011. Details of the conditions for and method of availing of the offset of PRSI are provided in a Notice on PRSI Refunds issued by my Department today.

Legislative measures to give effect to these changes will be included in the next Social Welfare Bill.

ENDS