



NEWS RELEASE

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**'Working with your spouse: how it affects your social welfare contributions and entitlements'**

***Pension entitlement possible for both spouses in farming or small business through commercial partnership - Hanafin***

**Thousands of women and men who are working with their spouses in a partnership were urged today to check their eligibility for a State pension.** Minister for Social and Family Affairs Mary Hanafin TD, today (25<sup>th</sup> June 2008) launched a new information leaflet which clearly sets out how such commercial partnerships are viewed from a Tax and PRSI point of view.

The new leaflet - **Working with your spouse: how it affects your social welfare contributions and entitlements** (SW124) was jointly produced by the Department of Social and Family Affairs and the Revenue Commissioners. Minister Hanafin was joined at the launch in Government Buildings by members of farming and business organisations as well as women's groups.

Launching the new leaflet Minister Hanafin said "**generally, spouses working with their partners do not pay social insurance contributions. However, this leaflet clarifies 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 Minister went on to say **“this is hugely important for women who have over many years contributed greatly to the partnership and this will primarily benefit women who are approaching pension age but are not covered for a contributory pension”**.

The Minister said that if they can clearly demonstrate that they have been working with their spouse in a partnership for a number of years, **“then we can backdate their PRSI liability and allow them to create a PRSI contribution record. Of course, they will have to pay the Department of Social and Family Affairs any such PRSI liability before an application for a pension can be considered but PRSI contributions, especially for self-employed people, represent superb value for money so it is a very worthwhile investment”**.

Minister Hanafin said that the new publication recognises that, while their names might not always be on the deeds, wives often make just as much of a contribution to the running of a farm or business as their husbands do. **“Over the past number of years we have made great strides in bringing more people, particularly women, into the social insurance system so that their pension entitlements can be secured – this publication is another important milestone in that regard.”**

However, Minister Hanafin also sounded a note of caution by urging those who are considering their options to seek professional advice. **“This leaflet sets out only the tax and social welfare implications of entering into a business partnership arrangement with one’s spouse but there may be legal and other financial implications. The Department of Social and Family Affairs and the Revenue Commissioners are committed to offering as much assistance as we can but I urge couples considering business partnership**



**to study the leaflet carefully before proceeding. 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.”**

Minister Hanafin concluded by paying tribute to the input of the farming social partners in producing the leaflet. **“As with our consultations on future pensions development, as part of the Green Paper on Pensions process, the input of the social partners has been very beneficial. In preparing this leaflet the farming organisations helped us greatly to make it as clear and user-friendly as possible.”**

**ENDS**

### **Further Information**

The new 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.



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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?**

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.



## **Department of Social and Family Affairs**

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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:**

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