

# Employers' guide to the Pay-Related Social Insurance (PRSI) contribution system

The Department of Social and Family Affairs has compiled this booklet as a guide for employers. It has no legal force and does not purport to be a legal interpretation of the statutory provisions relating to the operation of the PRSI system.

More complete details can be obtained from:

## **Information Services**

The Department of Social and Family Affairs  
212-213 Oisín House  
Pearse Street  
Dublin 2

Telephone: (01) 704 3000

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For more information, read Revenue's publication IT50 *PAYE/PRSI Guide for Small Employers*.

# Employers' Checklist

To ensure that you are complying with the law, check if you are doing the following:

- deducting PRSI under the correct contribution class for each employee,
- deducting PRSI on **all** relevant payments to all employees, for example wages and salaries, bonuses, fees, overtime payments, part-time pay, benefit-in-kind (notional pay) and Christmas bonuses,
- deducting the Health Levy from all relevant payments to all employees,
- keeping accurate and up-to-date records for each employee,
- making PRSI payments to the Collector-General,
- keeping records for up to six years,
- properly recording all your employees' PPS Nos. on P35L, and
- returning your P35 by 15 February each year.

If you have any queries or need advice on any of the above, contact your local Social Welfare Inspector.

**Remember – If you are an employer PRSI is your responsibility.**

**Failure to fulfil your legal responsibilities as an employer in relation to PRSI may result in penalties, prosecution or both.**

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# 1. Introduction

As an employer, you pay Pay-Related Social Insurance (PRSI) contributions for **all** employees aged 16 and over.

PRSI contributions are also paid by self-employed people and by certain other categories of people who are not engaged in insurable employment, for example people getting occupational pensions.

Revenue collects PRSI contributions in most cases through the PAYE income tax system and the self-assessment system for the self-employed.

PRSI contributions may also be deducted by you for employees who do not pay income tax under the PAYE system. The PRSI is collected (also on a pay related basis) and paid directly to the Department of Social and Family Affairs under a special collection system.

# 2. Purpose of this guide

**This guide is intended to help you to operate the PRSI of the PAYE/PRSI system.** If you have any questions about any aspect of the PAYE/PRSI system, consult the appropriate Department for further information (see useful addresses in paragraph 70).

**Note**

The SW 14 booklet contains details of the main PRSI contribution classes and the rates of contribution appropriate to each class. It is issued annually and shows the information for the income tax year beginning 1 January and ending 31 December of the same year (since 2002). If you do not have a copy already, you can request a copy of this booklet from the Department of Social and Family Affairs, Information Services (see paragraph 70 for contact details). (The SW14 is downloadable from our website at [www.welfare.ie](http://www.welfare.ie).)

You can also get a copy of the Ready Reckoner (PRSI1). This calculates the percentage rates paid *weekly* for the most common classes (A, J, K, M and S) for each income tax year. You can get the Ready Reckoner from Information Services. (The Ready Reckoner is downloadable from our website at [www.welfare.ie](http://www.welfare.ie).)

## Section one – PRSI contributions

### (Paragraphs 3 to 49)

This section deals with PRSI contributions and related matters, such as earnings on which contributions are payable, registration, contribution classes, the employee earnings ceiling, concurrent employments, benefit-in-kind, using the Ready Reckoner, weeks of insurable employment and back payments.

## 3. Personal Public Service Number

The Personal Public Service Number (PPS No.) is a person's unique reference number for all dealings with the public service, including social welfare, tax, education and health services.

The PPS No. replaced the Revenue and Social Insurance Number (RSI No.), so if an employee has an RSI No. there is no need to apply for a PPS Number.

### Who has a Personal Public Service Number?

- people who have worked in this country since 1979
- people getting a Social Welfare payment or benefit
- people in the Drugs Payments Scheme
- medical card holders

All children are automatically allocated a PPS No. when a claim is made for Child Benefit or when a child is claimed for as a dependant of an adult who is getting a social welfare payment.

If an employee does not know their PPS No. they should contact their Local Office of the Department of Social and Family Affairs. Where a new number is required, the person must supply the Local Office with a long version of their Birth Certificate, a Passport or Driving Licence and supporting documentation, such as household bills (see leaflet **SW 100** for more information).

### Make sure you know the PPS No. of each of your employees

It is vital that you quote the correct PPS No. for each of your employees on your P35L end-of-year return.

Without the correct PPS No. we may not be able to update your employee's social insurance record or process any claim to social welfare benefit. This will, almost certainly, lead to many enquiries, which you will have to deal with as an employer.

If you need help in tracing PPS No.(s) for any of your employee(s), please contact:

#### **Client Eligibility Services**

Tel: (01) 704 3283 or (01) 704 3407

(See useful addresses in paragraph 70)

You will need the following information when you call:

- your own employer's PAYE Registration Number,
- the employee's name and address, and
- the employee's date of birth.

Alternatively, you may fax in a request with the above information on your headed notepaper to:

#### **Client Eligibility Services**

Fax: (01) 704 3392

## 4. What is a PRSI contribution?

A PRSI contribution consists of an employer's and, where due, an employee's share of PRSI. The contribution is a percentage of an employee's reckonable earnings. It may be made up of some or all of the following parts:

- Social Insurance,
- Health Levy,
- National Training Fund Levy.

Each part may be payable on all earnings or up to a specific ceiling. Details of the main PRSI contribution classes (see paragraphs 26 and 27) are available in the **SW 14** booklet which you can get from Information Services (see address in paragraph 70) or on our website at [www.welfare.ie](http://www.welfare.ie).

## 5. Which employees are covered?

A PRSI contribution at a particular rate is paid for almost all employees under the PAYE system. It is paid for employees whose employment is insurable under the Social Welfare Acts, or who do not work in insurable employment but who get occupational pensions.

## 6. Who is responsible for deducting/paying PRSI?

You, the **employer**, are responsible in law for paying the **entire contribution**. However, you may deduct the employee's share when you are paying the employee's wages.

So it is in your interest to make the correct deduction at the time of payment of wages. Otherwise you will have to bear the cost of the entire contribution and, in addition, any arrears that may be due.

## 7. Special Collection System

The majority of employees pay PRSI through the Revenue PAYE system. However, PRSI contributions for employees who are insurable under Irish social security legislation and who do not come within the PAYE system are collected through the Special Collection System operated by the Department of Social and Family Affairs. The Special Collection system is for the following categories of employees:

- those whose earnings are paid by an employer whose place of business or residence is outside the State, where the employer is not registered for Irish tax under PAYE,
- those whose employer holds a certificate from Revenue excluding them from PAYE because their income tax liability is assessed under another system,
- those who continue to be insured under Irish social security legislation while they are temporarily posted by their employer to another country under E.C. Regulation 1408/71, relevant Bilateral Agreement or S.I. 312 of 1996,

- people who are self-assessed for income tax purposes but classified as employees for PRSI purposes, e.g. Sub Post Masters, Social Welfare Branch Managers, medical professionals employed on a fee basis by the various Health Service Executives.

The Social Insurance element is the only element of the PRSI contribution that is paid through the Special Collection system. The health levy is not included. In some cases this levy should be paid to Revenue.

Additional information on the Special Collection system, and arrangements in place for posting employees temporarily overseas, can be obtained from:

### **PRSI Special Collection Section**

Social Welfare Services Office  
Cork Road  
Waterford

Telephone: Waterford (051) 356 000  
Dublin (01) 704 3000

E-mail [e101spc@welfare.ie](mailto:e101spc@welfare.ie)

See information booklet **SW 63** for more details.

## 8. How are PRSI rates determined?

The total PRSI contribution for each employee is determined by both the contribution class that applies to that employee and by the subclass that applies within that employee's contribution class.

In general, contribution classes are determined by the nature of the employment and are identified by a letter (A, B, C, D, E, H, J, K, M, P and S) (see paragraph 26).

Subclasses are identified by the codes 0, X, L, 1 and 2 (combined codes are, for example, A0, AX, AL, A1, A2 etc) (subclass L applies only to Class A) (see current **SW14** for details).

The rates of employer and employee share may vary depending on the sub-class within each contribution class that applies to the employee.

## 9. PRSI-Free Allowance for employees

Employees do not have to pay PRSI up to an earnings limit of €287 (first €127 only for those employees who earn more than €287) gross per week in the 2005 tax year. Since 6 April 1995, a weekly (non-cumulative) PRSI-Free Allowance applies to employees' social insurance contribution. **This allowance does not apply to the Health Levy** and does not affect the employer's contribution. The allowance is at the higher rate (€127) for people in Classes A, E and H and at the lower rate (€26) for people in Classes B, C and D in the 2005 tax year (see current **SW 14** for details).

## 10. Health Levy

The Health Levy is paid by anyone aged between 16 and 70 who has earnings or income of more than the weekly, monthly or yearly Health Levy threshold for that year (see current **SW 14** booklet for current rates and thresholds).

However, the Health Levy does not apply to medical card holders, or to people who get a social welfare payment such as a Widow's/Widower's Pension or One-Parent Family payment from the Department of Social and Family Affairs or Widow's or Widower's Pension under the social legislation of a country covered by E.C. regulations. These people are exempt from the 4% or 5% Health Levy regardless of how much they earn.

## 11. National Training Fund Levy

A National Training Fund Levy of 0.7% was introduced on 6 April 2000. It was incorporated into the employer's share of PRSI in Classes A and H, causing no increase in the overall rate payable by the employer. So there is no need for an employer to account separately for this levy when they return the P35.

## 12. Definition of reckonable earnings for PRSI purposes

Reckonable earnings for PRSI purposes are gross pay minus superannuation or PRSA and approved permanent health insurance (see paragraphs 13, 14 and 15 for further clarification). Reckonable earnings include the following: salary, wages, fees, commissions, bonuses, Christmas boxes, overtime, pay during sickness, holiday pay or pay in lieu of holidays and (from 1 January 2004) benefit-in-kind e.g. company car.

### **Note**

**For people who are liable to pay PRSI contributions at the Class K rate (see paragraph 26), for example a person who is getting an occupational pension or whose employment is not insurable for social welfare purposes, 'pay' includes any remuneration which is dealt with under PAYE.**

## 13. Benefit-in-Kind

From 1 January 2004, the value of a benefit-in-kind and perquisites (known collectively as benefits) from employers to their employees should be included along with normal cash payments and are liable to PRSI and PAYE. These benefits include low-interest loans or private use of a company car, and perquisites such as gift vouchers, club subscriptions or medical insurance. Employers must combine the value of a benefit, i.e. the notional pay, with employee's money wages or salary when calculating, deducting and remitting PRSI and PAYE. The new rules apply to notional pay for:

- employees whose total income from money pay and notional pay is €1,905 or more a year,
- directors, regardless of how much they earn,
- benefits received by members of an employee's family or household.

PRSI should be paid by both the employer and the employee. Employers who don't know the exact value of a benefit should deduct PRSI and PAYE on the basis of their best estimate of that value.

### **When to deduct PRSI and PAYE on notional pay**

PRSI and PAYE for notional pay is calculated and deducted in the pay period for which the non-cash benefit is received and remitted to the Collector-General as normal. The employer's best estimate of the notional pay for the pay period in which the benefit is provided must be added to the money wages or salary for that pay period. This applies to perquisites such as medical insurance or club subscriptions paid in a lump sum once a year. However, where employers, for example, provide the use of a company car or a preferential loan, the annual value of the benefit, i.e. the notional pay, can be divided out over the relevant pay periods for which the benefit is available and PRSI and PAYE deducted accordingly.

## Deducting and remitting PRSI and PAYE when an employee's money earnings are insufficient

If an employee's money earnings are insufficient in a certain pay period to cover the full amount of PRSI and PAYE that may be due on all earnings including notional pay, PRSI should be calculated, deducted and remitted in the first instance. PAYE is then deducted and any shortfall in tax is remitted by the employer. Arrangements can be made between the employer and employee to claw back the shortfall in tax over the remainder of the year. An employee has until 31 March of the **following** tax year to refund the shortfall to the employer. After 31 March any income tax left unpaid should be treated as notional pay and PRSI and PAYE should be applied to it. Where an employee receives no cash income from which to deduct the employee's share of a contribution, the employer is liable for the full PRSI contribution.

### Exceptions

- Employers do not need to apply PRSI and PAYE to small benefits worth €250 or less as long as an employee receives only one such benefit a year. If a non-cash benefit is worth more than €250, PRSI and PAYE must be applied to the full value of the benefit.
- For minor benefits that are offered on an irregular basis, employers may make arrangements with Revenue to pay PRSI and PAYE on behalf of their employees. To do this, employers must factor-in the 'grossed up' value of benefit - this is the notional amount which, if PRSI and PAYE were deducted from it, would leave the employee with the net value of the benefit received. The grossed-up value is determined by reference to the relevant PRSI rate and the employee's marginal rate of tax.

### Further information

A fuller description of these new rules and how to apply them is available in the *'Employers Guide to Operating PAYE and PRSI for Certain Benefits'*, published by Revenue and available on their website at [www.revenue.ie](http://www.revenue.ie). Alternatively, please contact the employer's helpdesk on LoCall 1890 25 45 65.

## 14. Superannuation contributions

An employee's ordinary contributions to a superannuation fund or PRSA scheme are exempt from PRSI as long as they are:

- paid into a scheme which is approved by Revenue,
- and*
- deducted at source by the employer.

However, an employee can pay pension contributions themselves and then claim a refund from Revenue Customer Services Section in Limerick - see address in paragraph 70.

All AVCs (Additional Voluntary Contributions) that are allowable as a deduction for income tax are exempt from PRSI.

For a full statement on pay for PAYE purposes, refer to either one of Revenue's publications – IT50 *PAYE/PRSI Guide for Small Employers* or the *Employers' Guide to PAYE* available from Revenue's Forms & Leaflets Service, tel: (01) 865 5002 or 1890 30 67 06.

## 15. Permanent Health Insurance

Employees' contributions to Revenue-approved Permanent Health Insurance and Income Continuance Plans (**not** private health insurance companies) are exempt from PRSI since 6 April 2001, as long as the employer deducts the amount under a net pay arrangement.

## 16. Lump sum payments when employment ends

Certain lump sum payments made to employees when they leave their employment are not reckonable earnings for PRSI purposes. Examples of such payments are redundancy payments, gratuities or ex-gratia lump sum payments and payments in lieu of notice to an employee when they retire or leave their employment (see Revenue's information leaflet **IT21** *Lump Sum Payments on Redundancy/Retirement* regarding the tax treatment of such payments).

However, a Health Levy (Class K contribution) is paid on the lump sum payment, or part of such a payment, that is treated as pay for income tax purposes.

## 17. Registration of employers

In order to pay PRSI contributions to the Collector-General, an employer must register with the Revenue Commissioners as an employer. If you are not registered yet, do so immediately by filling in a form TR1 or TR2 and returning it to the Registration Section in your Regional Revenue Office. This applies to all employers who have an employee, whether or not income tax and PRSI are payable (see Revenue's publication **IT50** *PAYE/PRSI Guide for Small Employers*).

Under Social Welfare legislation, an employer who fails to pay PRSI contributions for an insurable employee is liable to severe penalties.

## 18. Registration of employees

Every employee must have a registration number for income tax and social insurance purposes. This number, now known as the PPS No., always appears on the certificate of tax credits and standard rate cut-off point issued by the Revenue Commissioners.

The Department of Social and Family Affairs is responsible for allocating Personal Public Service numbers. In order to preserve your employees' entitlement to social welfare benefits, please ensure that you quote the employee's correct PPS No. on all communications with Revenue, particularly on the P35Ls. (For further information on PPS Nos., please refer to paragraph 3.)

## 19. Employees' annual PRSI ceiling

Employees only pay PRSI contributions up to a certain amount of their annual earnings. Once their earnings, including notional earnings from BIK, exceed a cut-off point (known as the annual PRSI ceiling) only the employer share of PRSI is payable. The **SW 14** booklet explains how the earnings ceiling operates for a particular income tax year. That booklet shows how the percentage rates of the employee's share are affected for the main PRSI contribution classes.

## 20. Employees in two or more employments at the same time

If a person is working in two or more insurable employments at the same time, each employer deducts PRSI contributions up to the prescribed employee ceiling on the earnings of that person and should not take account of their earnings in the other employment(s).

(The position regarding people in part-time employment is set out in paragraph 28.)

The rate of PRSI contribution paid for each of the employments will normally be at the Class A rate, based on the amount paid in each individual employment. However, when a person paying PRSI at Class B, C, D or H in their full-time employment takes up another insurable employment, only contributions at the Class J rate are paid for that other employment (see also paragraph 30).

If the employee's total earnings for the income tax year from two or more concurrent employments exceed the employee's ceiling quoted in the **SW 14** booklet, the employee may have overpaid his or her share of the PRSI contribution. He or she can claim any refund due by forwarding copies of their P60s for each employment for the tax year in question to:

### **PRSI Refunds**

Department of Social and Family Affairs  
Oisín House  
Pearse Street  
Dublin 2  
Telephone: (01) 673 2586

They should quote their PPS No. when they contact the office.

## 21. Employed and self-employed in same contribution year

Where an employee is simultaneously self-employed, employment contributions are to be deducted as usual by the employer up to the earnings ceiling and returned on the P35. The employee is due to return their self-employment income through self assessment to the Revenue Commissioners on which PRSI Class S is deducted as appropriate.

## 22. Termination of employment

Where an employee leaves his or her employment their employer should complete form P45 and give it to the employee. The P45 is a very important document in the PRSI system. It is essential that you should give this form **immediately** to an employee when he or she leaves employment.

It is also very important to fill in **all** the entries on the P45 as clearly as possible so that all the information on the form is easy to read.

Part 4 of the P45 must be presented to a Local Office of the Department of Social and Family Affairs by a person claiming Unemployment Benefit, so it is essential that the entries on the form are clearly legible.

At item 6 on the P45, you should enter the amount of any lump sum payment (see paragraph 16) made to the employee to which the Class K contribution applied.

You should fill in item 7 on the P45 if the employment began since the previous 1 January and you received a P45 Part 2 when the employee started. You should enter details of the contribution class and of the number of weeks of the employee's last employment on the current P45.

## 23. Employees with two or more consecutive employments

If an employee starting work produces a current P45, the employee will pay PRSI contributions on all reckonable earnings (including benefit-in-kind) between the amount shown on the P45 and the prescribed earnings ceiling for the income tax year in question. If a new employee does not produce a P45, PRSI contributions must be paid on all reckonable earnings up to the prescribed ceiling in the new employment.

## 24. Voluntary insurance

A person who is no longer covered by compulsory social insurance or who is no longer self-employed can opt to continue insurance on a voluntary basis to protect his or her pension if he or she

- is under 66 years of age, and
- has paid at least 260 reckonable contributions while compulsorily insured.

Applications to become a voluntary contributor must be made before the end of the income tax year following the tax year in which compulsory insurance ends. Application form VC1 and information leaflet **SW 8** are available at Local Social Welfare Offices or from Voluntary Contributions Section (see useful addresses in paragraph 70).

### Note

**You should let employees know about voluntary insurance at the time they leave their employment.**

## 25. Where a husband and wife are both employed

The earnings of a married couple where both husband and wife are insurably employed by either the same employer or by different employers are treated separately for PRSI purposes. The earnings ceiling(s) apply to each of the couple separately.

## 26. How to decide the Social Insurance contribution class

The nature of employment mainly determines the PRSI contribution class that applies to the employee.

PRSI Class A applies to the majority of employees in the private sector and to employees recruited in the public sector since 6 April 1995.

### Note

**Since April 1991 the level of earnings, not the number of hours worked, determines insurability.**

You can get full details of the main contribution classes and examples of both the employees covered by each class and the rate of contribution appropriate to each class from the **SW 14** booklet.

**Contribution Class A** applies to people in industrial, commercial and service-type employment under a contract of service and civil and public servants recruited since 6 April 1995, whose combined reckonable earnings from all employments bring them into Class A.

The appropriate subclass within Class A is based on the earnings in each separate employment (see codes within PRSI classes in paragraph 27).

**Contribution Class J** applies to the following groups of people:

- employees in industrial, commercial and service-type employment under a contract of service, whose combined weekly reckonable earnings from **all** employments are below the threshold for Class A (less than €38 per week in the 2005 tax year. Please check **SW 14** for the current amount),
- employees over 66 years of age,
- employees who are also full-time civil and public sector employees and paying PRSI Class B, C, D or H in their full-time job.

**Contribution Classes B, C and D** apply to pensionable employees in the civil and public service, including civil servants, teachers, gardaí, the army and local authority employees who were recruited before 6 April 1995.

**Contribution Class H** applies to NCOs and enlisted personnel of the defence forces.

**Contribution Class K** applies to people under 70 years of age who are not insurably employed under the Social Welfare Acts. The following are examples:

- people getting a pension from a former occupation,
- people normally paying Class S who have reached 66 years of age,
- people receiving income from positions of certain office holders, e.g. Judiciary, State Solicitors,
- prescribed relatives.

However, if the **weekly** income is below the threshold for Class K (€400 in 2005 tax year) **contribution Class M** applies. Please see **SW 14** booklet for current thresholds.

You should also use **contribution Class M** for people who:

- are under 16 years of age;
- are normally insurable at Class K who:
  - hold a medical card or
  - get a Social Welfare Widow's/Widower's Pension
  - get a One-Parent Family Payment
  - get Deserted Wife's Benefit/Allowance
  - are aged 70 years or over
  - get a widow's or widower's pension under the social security legislation of another country covered by E.C. Regulations.

**Contribution Class S** applies to self-employed contributors who pay tax and PRSI under the self-assessment system (Schedule D). For enquiries contact the Self-Employment Section (see address in paragraph 70).

Directors whose income is assessable under Schedule E tax may also be liable to pay Class S.

### *Directors*

Depending on the circumstances, Directors can either be employees paying PRSI at Class A insurance or self-employed under a contract for services and therefore paying PRSI at Class S. The Department's website has a comprehensive checklist to determine Employment or Self-employment status of individuals.

The links to these booklets are

<http://www.welfare.ie/publications/taxguide.pdf>

<http://www.welfare.ie/publications/codeofpract.pdf>

Hard copies of these booklets are also available from Scope Section. If you are still unsure and require clarification on the Class of PRSI for specific directors you should contact Scope Section (address in paragraph 70).

If you are a company director and you are correctly paying Class S PRSI you should contact **Directors Unit**, Waterford for queries regarding your PRSI rates and entitlements. See paragraph 70 for contact address and phone numbers.

### *Agency Workers*

Persons employed by Employment Agencies under a contract of service are insurable at PRSI Class A. The person or company who is liable to pay the wages or salary of the individual concerned in respect of work or service is deemed to be the individual's employer.

If a person, recruited by an Employment Agency and acting as a sole-trader, performs any work or service for a third party then that person is insured at PRSI Class S provided the annual income exceeds €3,174 for year 2005 (see **SW14** for current rate).

### *Excepted Employments*

There are employments that are specifically excluded from cover under Social Welfare regulations. These employments are listed in Part II of the first Schedule of the Social Welfare Acts. A common excepted employment would be that of a spouse working for a sole-trading spouse, no PRSI is payable and Class M should be returned where the income is less than the Health Levy threshold and Class K when the Health Levy is payable.

For full information on insurability matters please consult our link on the social welfare website under

[http://www.welfare.ie/foi/scope\\_insofemp.html](http://www.welfare.ie/foi/scope_insofemp.html)

If you are not sure what contribution class should apply to any particular employee, consult Information Services (see address in paragraph 70).

## 27. Codes and subclasses within the PRSI classes

Record the code 0, X, L, 1, 2, 8 or 9 against the particular class that applies to an employee. This number refers to a particular subclass within each contribution class. The subclass is important because it determines what percentage of earnings the employer and employee PRSI contributions will be.

Please refer to **SW 14** for current details. This booklet is issued each year to all registered employers. You can get extra copies from Information Services (see address in paragraph 70).

You can accept the Social Welfare pension or allowance book (or other documentary evidence) or a current medical card (issued by a Regional Health Service Executive) as evidence for applying the PRSI code '2'. You should note the relevant reference number of the book or card on the PAYE/PRSI record.

## 28. Part-time employment

From April 1991 all employees (including part-time) who work in ordinary industrial, commercial or service-type employments are insurable at Class A, provided their reckonable earnings in any week (from *all* employments) reach the Class A threshold (€38 weekly for 2005 tax year). Please refer to **SW 14** for the current threshold.

If an employee's reckonable earnings are less than the Class A threshold, a Class J contribution applies (see paragraph 26 for full details). These rules do not apply to systematic short-time employment (see paragraph 29).

## 29. Systematic short-time employment

Systematic short-time employment occurs when an employee normally works full-time in a firm but because of a temporary reduction of work in the business, his or her hours per week are reduced for a temporary period. In such cases, even if the reckonable earnings in any week fall below the Class A threshold (see **SW 14** for current threshold), Class A will continue to be paid for these employees (see paragraph 26).

## 30. Subsidiary employment regulations

Subsidiary employments are employments that are considered secondary, for insurance purposes, to the principal employment. Since April 1991 the following categories of employees are covered by the subsidiary employment regulations:

- civil and public servants, paying Class B, C, D or H in their full-time employment, who take up additional employments,
- people who are employed as attendants at or in connection with examinations held by the Department of Education and Science,
- people who are employed as returning officers at elections or referenda, and
- members of the FCA or Slua Muiri who are employed for 21 consecutive days or less.

Class J applies to employment of a subsidiary nature regardless of how much people earn from this type of employment. (However, under the provisions of SI 83/92, members of FCA or Slua Muiri who are employed for a period of 21 days or less are not insurable). Contact Scope Section for further information (address in paragraph 70).

## 31. Domestic employer scheme

The Domestic Employer Scheme applies to individual domestic employers who employ one domestic employee for less than €40 wages per week. Companies, clubs, organisations etc. are not covered by the Scheme.

PRSI is paid directly to the Department of Social and Family Affairs in a single annual payment at the end of each tax year.

Employers who qualify under the scheme will pay PRSI at a rate of either Class J or Class A (where the domestic employee is also working for another employer, and the total weekly payments from all employments is €40 or more).

The pay to the domestic employee continues to be taxable and the employee must declare this income on income tax returns. Any queries as to how to pay this income tax should be referred to Revenue.

Information on this scheme together with a Registration Form is available on Revenue leaflet “Domestic Employer Scheme”, IT53.

Further information is available from:

**PRSI Special Collection Section**

Social Welfare Services Office  
Department of Social and Family Affairs  
Cork Road  
Waterford

Telephone: (01) 704 3000 ext 6019  
(051) 356 000 ext 6019

Email: [e101spc@welfare.ie](mailto:e101spc@welfare.ie)

## 32. Employees abroad

Employers may wish to send employees abroad to work temporarily. The following explains what happens when an employer posts employees abroad to work in another country on their behalf for temporary periods of employment.

- ***Posted in a Country covered by EC Regulations***

If an employer sends an employee employed in Ireland to work temporarily in a country covered by EC Regulations the employee will remain subject to the Irish PRSI system while he/she is employed abroad. The period of posting abroad is normally 12 months but this can be extended to cover a longer period. An E101 certificate (available from PRSI Special Collection) must be available for inspection by the Social Security Authorities in the Member State where the employee is sent to work.

- ***Posted in a Country covered by Bilateral Social Security Agreements with other Countries***

There are special Social Security Agreements with the following countries:

- Canada (see information leaflet SW 84)
- Australia (see information leaflet SW 87)
- the United States of America (see information leaflet SW 91)
- New Zealand (see information leaflet SW 95)
- Québec (see information leaflet SW 96)

(Agreements with Austria and Switzerland have been superseded by the application of the EC Regulations.)

Ireland also has an agreement with the United Kingdom which covers workers outside the scope of the EU Regulations, eg workers in the Isle of Man.

These agreements include arrangements for posted workers, who are sent by their employer on short work assignments from Ireland to the other country, to remain subject to Irish PRSI instead of transferring to the social security system of the other country. The maximum period allowed varies and the relevant information leaflet should be consulted in any particular case.

- ***Posted in a Country NOT covered by EC Regulations NOR by a Bilateral Social Security Agreement***

If an employer sends an employee to work temporarily in a country not covered by EC Regulations or to a country with which Ireland does not have a Bilateral Social Security Agreement, the employee remains liable for Irish PRSI contributions for up to 12 months.

If the employment exceeds 12 months, it may be possible to remain liable for Irish PRSI for longer than 12 months.

Employees working abroad who are not subject to the Irish PRSI system may opt to pay Voluntary Contributions - See paragraph 24.

- ***Workers from Abroad Posted Temporarily in Ireland***

A worker who is ordinarily resident in a country not covered by EC Regulations, or with which Ireland does not have a Bilateral Social Security Agreement and who is sent to work temporarily in Ireland by an employer who is not ordinarily registered in Ireland nor has their principal place of business in Ireland, Northern Ireland, Great Britain or the Isle of Man, may be exempt from paying Irish PRSI contributions for up to 12 months.

Further details and relevant forms on posted workers can be obtained from:

**PRSI Special Collection Section**

Social Welfare Services Office  
Cork Road, Waterford

Telephone: Waterford (051) 356 000  
Dublin (01) 704 3000

E-mail: [e101spc@welfare.ie](mailto:e101spc@welfare.ie)

## 33. Paying the correct PRSI class

Make sure you apply the correct contribution class to each employee at the time you pay him or her. If, for any reason, you cannot establish the correct class, apply the class that you reasonably believe is correct.

If under these circumstances the employee ends up paying **more** PRSI than he or she owes, their employer must repay him or her the difference. If the employee ends up **paying less** than he or she owes, the **employer** is liable to pay the difference. So, it is important that the employer establish and apply the correct class from the outset.

## 34. Calculating PRSI contributions

You may calculate the PRSI contributions by either:

- applying the relevant percentage rates and allowances set out in booklet **SW 14**  
*or*
- if staff are weekly paid, using the free Ready Reckoner from the Department of Social and Family Affairs.

## 35. Manually calculating PRSI

If you use this method, you must calculate your employee's PRSI contribution and the total PRSI contribution separately. If the answer includes an amount of less than one cent, round it up or down to the nearest whole cent, as appropriate.

## 36. Using the Ready Reckoner

Only use the Ready Reckoner for weekly paid staff. If you use the Ready Reckoner, you should read carefully the information contained at the start of the book and at the top of each page. You can get copies of these Ready Reckoners from Information Services (see useful addresses in paragraph 70).

## 37. Retrospective payments

For PRSI purposes, any overtime, commission, BIK (see paragraph 13 for more information on benefit-in-kind) or bonus is treated as pay at the date of payment, regardless of the period over which the employee earns it or to which it relates. The same rule applies to arrears of pay and other retrospective adjustments. So, payments made in the current tax year for periods of work in a previous year are subject to a PRSI contribution in the current income tax year.

### Note

**The contribution class that applies to payments of this type is the class that applies at the time the payment is made, not the class that applied at the time covered by the payment.**

However, if you make a payment to an employee **after** they leave their employment, the employee must also make a PRSI contribution. The **contribution class** that applies in this case is the class that applied to the former employment. The **rate of contribution** that applies is the rate appropriate to that contribution class in the year you make the payment (see paragraph 47 for information on recording insurable weeks).

## 38. Change of contribution class on reaching age 66

A change of contribution class can occur in the middle of a pay period where a person, paid monthly, could reach pensionable age in the middle of the month. In this case, the contribution class would change from Class A to Class J. In such cases the contribution class that applies on the date of payment of salary or wages determines the rate of PRSI contribution (see paragraph 48 for procedure for recording these changes).

### **Example**

**A person, in contribution Class A, paid monthly on the 30th of each month, reaches 66 years of age on 10 June. The contribution class therefore changes to J. When the next payday occurs, on 30 June, Class J applies (Class J is deducted but Class A is recorded - see paragraph 48 on how to show such periods in the context of recording weeks of insurable employment).**

## 39. Contribution class in the case of more than one employment

If an employee works for different employers in the same income tax week, each employer should make sure that contributions are at the percentage rate that applies to the employment with him or her only (see paragraph 26).

## 40. Paying PRSI contributions during illness

If you pay an employee when they are ill, a PRSI contribution applies to the amount of pay. Some employers pay an employee when they are out of work due to illness as long as he or she hands over to the employer any Disability Benefit payment he or she may receive from the Department of Social and Family Affairs. In these circumstances, you should calculate the rate of PRSI contribution on the amount of sick pay *minus* the amount of Disability Benefit.

If you pay an employee during illness and you allow him or her to keep the Disability Benefit payment, the normal PRSI contribution is paid on the full amount of the sick pay, ignoring the Disability Benefit payment.

If you do not pay an employee who is absent through illness, no PRSI contributions are due.

### Note

**The first six weeks of Disability Benefit in any tax year and any payments for dependent children are non-taxable. Employers must make certain adjustments to their normal PAYE procedures to take account of the taxable portion of the Disability Benefit. You can get more information in Revenue's *PAYE Notice To Employers January 2005* and in Revenue's guide IT50, both of which are available on the Revenue website [www.revenue.ie](http://www.revenue.ie).**

## 41. Permanent health benefit schemes (Income Continuance)

Payments from a health benefit scheme, operated by an assurance company, are subject to PRSI at Class K provided the scheme is approved by Revenue.

If the scheme is unapproved, operated by the employer, PRSI at Class A applies, unless the payee also gets an Invalidity Pension from the Department of Social and Family Affairs. In this case Class K will apply to the health benefit payments.

## 42. Weeks of insurable employment

A week of insurable employment is any contribution week during the whole or any part of which:

- an employee works and gets a payment of reckonable earnings (see paragraph 12)
- the employee is absent from employment due to illness, maternity, holidays or special paid leave (e.g. see paragraph 44) and gets or will get a payment of reckonable earnings (payments for holidays are always due a separate PRSI contribution)
- you pay the employer's share of the contribution but you do not deduct a PRSI employee contribution because the employee's reckonable earnings:
  - a) have previously reached the prescribed ceiling or
  - b) are less than the weekly, fortnightly or monthly social insurance threshold for PRSI for that period (as outlined in the **SW 14** booklet for that tax year)
- you make a payment for holidays due when the employment ceases.

A week can count as a week of insurable employment even if you do not pay reckonable earnings during the week of employment, sickness or holidays. It is sufficient that the payment relates to that week.

## 43. Contribution week

### **Note**

**The contribution year runs from 1 January to 31 December.**

A contribution week (which in practice is the same as an income tax week) is each successive period of seven days starting on 1 January each year. So week 1 is the period from 1 to 7 January inclusive; week 2 is the period from 8 to 14 January inclusive and so on.

If 1 January falls on a Wednesday, the contribution weeks and weeks of insurable employment for that year will continue to begin on a Wednesday and finish on the following Tuesday.

### **Note**

**1 January falls in 2005 on Saturday, Sunday in 2006, Monday in 2007.**

### **Note**

**When the employee's working week spans two contribution weeks, you should record two weeks of insurable employment.**

## 44. Worksharing – effect on PRSI contributions (see leaflet SW105)

You should tell any employees who opt to avail of worksharing about how their chosen **work pattern may affect the number of PRSI contributions they may be awarded** in the contribution year.

An employee will **not be** awarded a contribution for any contribution week where he or she is not rostered to work and no earnings are due. Employees who receive payment for a contribution week where no earnings are due will **not** be entitled to a contribution for such a week.

Exceptions are employees on special paid leave, for example maternity, sickness, marriage or bereavement.

### Example

Say 1 January is a Wednesday. An employee works week-on/week-off beginning Wednesday on alternate weeks, resulting in 26 weeks work for the year. Box F2 on the P60 form should show 26 weeks of insurable employment.

### Note

There could be a greater number of weeks of insurable employment than paydays, or vice versa.

### Example

Again, say 1 January is a Wednesday. An employee works week-on/week-off beginning Monday on alternate weeks resulting in 26 weeks work for the year. This means there are earnings in two contribution weeks. Monday and Tuesday is in one contribution week, so you should award one week of insurable employment. Wednesday, Thursday and Friday is in a different contribution week, so you should award another week of insurable employment. Box F2 on the P60 form should show 52 weeks of insurable employment.

It is essential that you as an employer award and record the correct number of weeks of insurable employment on P60/P35 so that your employees will not experience difficulty and delays in obtaining Social Welfare benefits or pensions.

**Note**

**A worksharing employee may be entitled to additional contributions on the basis of their entitlement to public holiday pay as provided for under the Organisation of Working Time Act 1997.**

## 45. Worksharing – effect on amount of PRSI due

PRSI due is based on wages for the contribution week. If the employee's weekly jobsharing pattern spans two contribution weeks then each week counts as a separate contribution week.

If the weekly jobsharing pattern spans only one contribution week then only that week counts as a contribution week. (This could result in a greater amount of PRSI being paid - see following example.)

In any contribution week that the employee's earnings are less than the minimum threshold amount for Class A (€38 from all employee's for 2005), Class J applies. In any week that earnings are above the minimum earnings threshold for Class A, Class A applies.

**Example**

*A* and *B* are worksharers, each working a week-on/  
week-off pattern. Again, say 1 January is a Wednesday.

*A* works Monday to Friday every second week.

*B* works Wednesday to Tuesday every second week.

Both *A* and *B* receive fortnightly wages of €420.

*B* earns: €420 in week one; nothing in week two

*A* earns: week one 2 days (Mon and Tues) = €168  
week two 3 days (Weds, Thurs, Fri) = €252\*

*B* is classed as A1 for 2005 tax year

Employer pays 10.75% = €45.15

Employee pays €127 @ 2% = € 2.54

€293 @ 6% = €17.58

Employee total = €20.12

*A* is classed as A0 (under €287 for both weeks) in 2005

Employer pays 8.5% = €35.70 (over 2 weeks)

Employee pays nil = 0

\*Where an employee is due a PRSI contribution for both weeks the employer may average the wage over the two weeks (ie €210 each week)

For further information on PRSI classes and rates, please refer to the current SW 14 booklet.

## 46. Week 52

The maximum number of weeks of insurable employment that any employee can have in any income tax year is 52. However, if two paydays occur from the beginning of week 52 until the end of the income tax year, PRSI contributions will be paid on each payment as normal.

Remember, for PAYE purposes, an income tax year can have 53 tax weeks if there are 53 paydays in the year. Full details on how to calculate income tax in this situation are contained in Revenue's publication **IT50** *PAYE/PRSI for Small Employers*.

## 47. Recording the correct number of weeks of insurable employment

Recording the correct number of weeks of insurable employment is important, because to qualify for Social Welfare benefits and pensions an employee must have a minimum number of weeks of insurable employment.

## 48. Counting weeks of insurable employment where a change of PRSI class occurs

When a person changes from one contribution class to another, record and count the week or month the change occurs at the contribution class with the higher rate of contribution. You can do this even if your employee has not paid the PRSI for that class for that week or month (see paragraph 38).

**Example**

An employee paying contributions at Class A1 rate reaches age 66 on 29 March (mid-way in week 13). The class code changes to J1 or J2 from the next payday. In recording weeks of insurable employment for this person, you would record 13 weeks Class A1 and 39 weeks at Class J1 (or J2), so that the employee would not lose any Class A contributions.

## 49. What weeks are not weeks of insurable employment?

The following are examples of weeks that are **not** weeks of insurable employment:

- all complete income tax weeks during which the employee is absent from work and does not get, and is not due, a payment of reckonable earnings,
- any income tax week after an employee leaves their employment for which you make a payment in lieu of notice,
- arrears of pay (other than basic pay) - regardless of whether the employee has left the employment or still remains with the employer (in this instance no additional contribution week should be recorded but PRSI is still due to be paid on the arrears of pay).

# Section two – paying PRSI contributions to the Collector-General

## (Paragraphs 50 to 54)

This section deals with paying PRSI contributions to the Collector-General, making estimates by Revenue in certain cases and charging interest on overdue payments.

## 50. Monthly remittance to the Collector-General

If you are a registered employer, each month you get a customised form P30 from the Collector-General, on which your relevant details are computer encoded. You should enter the total tax (PAYE) and PRSI contributions deducted from employees on this form and pay them to the Collector-General no more than 14 days after the end of the income tax month in which you made deductions. For example, if you made deductions between 1 January and 31 January, you must lodge a payment to the Collector-General between 1 February and 14 February.

You can lodge your payment to the Collector-General using any of the following methods.

### 1. Revenue On-Line Service (ROS)

You can send your payment electronically using Revenue's On-Line Internet Service. For details phone **1890 20 11 06** or visit the Revenue website at **[www.revenue.ie](http://www.revenue.ie)**.

### 2. Direct Debit

You can arrange a scheme of direct debit to suit your cash flow requirements.

3. Using the customised bank giro or payslip at the bottom of the P30 to pay through any **bank**.
4. Sending your payment with the completed **bank giro or payslip** to the Collector-General in the prepaid envelope provided.

Cross all cheques and make them payable to the Collector-General or Revenue. Please ensure that you quote your PAYE/PRSI registration number on the back of your cheque.

## 51. Submitting “Nil” returns where no PAYE tax or PRSI is due

If you have no liability to pay PAYE or PRSI for a particular month, you must return a P30 to the Collector-General with a “Nil” declaration. If you have not made a payment of PAYE or PRSI for an income tax month, Revenue can serve you with a notice of estimated tax and PRSI. The estimate may be set aside by lodging a completed P30 together with any payment you owe. However, if Revenue begin enforcement action to recover the tax specified in the notice, you cannot cancel notice of the estimated tax until the recovery action is completed unless Revenue direct otherwise.

## 52. Interest on overdue payments

If a payment is overdue, the employer must pay interest on it. Interest on all overdue payments is chargeable at 1% per month or part month.

**Note**

Each P30 the Collector-General issues is customised for each employer for each individual month so you should not use it to reflect the remittance of any month or employer other than that specified on the P30. If you use a form P30 with the wrong coding or registration number, payments will be appropriated incorrectly, leaving you open to further collection action.

## 53. Separation of PRSI contributions from PAYE income tax

The amount you enter for PRSI contributions is the amount you deduct from the pay of employees, plus the amount you pay.

**You must** always show PAYE deductions separately from PRSI contributions, because the amounts of PRSI contributions the Collector-General receives are transferred to the Minister for Social and Family Affairs.

If you have to refund any PAYE income tax, do **not** deduct it from the PRSI contributions. Similarly, PRSI refunds should **not** be deducted from income tax (see paragraph 66).

## 54. Small monthly remittance

If you only employ a small number of people, you may apply to the Collector-General to make your PRSI/PAYE remittance on an annual basis.

## Section three – recording PRSI details and end-of-year procedure

### (Paragraphs 55 to 64)

This section deals with recording PRSI details at the start, throughout, and at the end of the year.

## 55. Recording PRSI details

At the start of each income tax year or employment you should record the following details for each employee on the Tax Deduction Card (P9/P11) issued by the Revenue Commissioners, or other approved PAYE records system (see *Employers' Guide to PAYE*).

- a) Under code F4, record the date of commencement of employment if:
  - i) the employment begins on or after 1 January, or
  - ii) the employment begins before 1 January and the first pay day occurs on or after 1 January.
- b) Under code C2, record the Social Insurance contribution class and code (see paragraph 26 on how to determine the correct class).

### Important notes

- i) The employee's PPS No. will be printed on the top of all official Tax Deduction Cards (P9/P11) issued by the Revenue Commissioners.
- ii) You record the PRSI contribution details on the Temporary/Emergency Card (P13/P14) in exactly the same way as on an official Tax Deduction Card.

- iii) If you use the Temporary Tax Deduction Card/Emergency Tax Deduction Card (P13/P14) it is especially important to make sure that you know the employee's full PPS No. and enter it on the card (see paragraph 18). If an employee does not have a PPS No., advise him or her to register immediately with their Local Office of the Department of Social and Family Affairs and obtain their PPS No. (see paragraphs 3 and 18). If you don't have the employee's PPS No., take note of the employee's date of birth and their mother's surname at birth, until the employee obtains a PPS No. If you do not record the employee's PPS No., the PRSI contributions paid will not be credited to the employee in the records of the Department of Social and Family Affairs. As a result he or she could then find it difficult to qualify for Social Welfare benefits.

#### Note

**When the employee obtains their PPS No. they should then contact their Regional Revenue Office to obtain their Certificate of Tax Credits and standard rate cut-off point. They can make contact by calling the PAYE LoCall Service on 1890 60 50 90, calling to Revenue's public offices or completing a Form12A and posting it to their Regional Revenue office.**

## 56. Details to record during the year on the Tax Deduction Card (or other approved record)

You should calculate the PRSI contribution at the correct percentage rate (shown in the current **SW 14**) on the pay figure in column **F** on the Temporary/Emergency Tax Deduction Card (P13/P14). Alternatively, calculate the PRSI on the pay figure in column **G** on the Tax Deduction Card (P9/P11). In column **C** enter the employee's PRSI contribution. In column **D** enter the total

amount of the PRSI contribution, that is your share and your employee's share.

In column **E** you should record the weeks of insurable employment, as defined in paragraph 42, by placing a tick (✓) in the appropriate space for each week in which insurable employment occurs. This is necessary to complete box F2 at the end of the tax year. Record the PRSI Class in this column and the initial class at box C2.

## 57. Change of contribution class

If the employee changes contribution class during the employment, record the date of change at **B4** and the new PRSI class at **C3** (see also paragraph 48).

When a new tax deduction card is received for an employee the entries at columns **C** and **D** on the old **P13/P14** or **P9/P11** should be totalled and the new totals recorded at column **C** and **D** in the line of the new tax deduction card immediately above the week in which the tax deduction card is to be used. The entries in column **E** of the old tax deduction card should be brought forward to the new tax deduction card. The details in the coded boxes **C2**, **B4** and **C3** at the bottom of the old tax deduction card should also be brought forward to the corresponding coded boxes on the new tax deduction card.

## 58. Completing end-of-year returns

If you are a registered employer, the Collector-General will send forms to you at the end of the tax year. You should make end-of-year returns on these forms. The forms will be **P35**, **P35L** and **P35L/T**. However, if you are using a computerised system you will only receive form **P35**.

**Form P35** is your annual declaration and certificate for tax and PRSI. You should complete it in accordance with the notes printed on the form.

**Form P35L** is the list on which you return PAYE and PRSI particulars for each employee whose PPS No. you know. Make one entry for each employee on form P35L.

**Form P35L/T** is a form on which you return PAYE and PRSI particulars for each employee whose PPS No. you do not know. You should make only one entry for each employee on form P35L/T. You should give the employee's private address, date of birth and mother's surname at birth on this form. Every effort should be made to obtain the correct PPS No. of each employee before completing this form.

You may also submit:

- your listings of employees on disk (Diskette Return System),
- employee details on a pre-formatted disk provided by Revenue,
- forms P35, P35L and P35L/T online using the Revenue On-Line Service (ROS).

If you submit your employees' details on disk you may choose to receive these employees' Certificates of Tax Credits and Standard Rate Cut-Off Point on disk.

Where an employer ceased to have employees during the course of the year, the forms P35, P35L and P35L/T will be issued to the employer on request, at the time of the cessation.

## 59. How to complete form P35L

You should transfer the details for each employee from the coded boxes at the foot of the tax deduction card, or alternative approved document, to the corresponding columns on form P35L. The details required are:

**Code** (as printed on tax deduction card, or other approved document and on form P35L)

In **J6**, pay in your employment only

In **J7**, net tax deducted (or H9 – net tax refunded; you must enter “R” in the case of a net refund)

In **K3**, employee’s share of PRSI contributions

In **K4**, total amount of PRSI contributions

In **F2**, total weeks of insurable employment

In **C2**, initial social insurance contribution class

In **C3**, other class if the employee changed class during the year (see also paragraph 48)

In **F3**, number of weeks of insurable employment at the other class

In **F4**, date employment began if this occurred during the year

In **F5**, date employment ended if this occurred during the year

### Note

**If any employee began or left your employment more than once during the year, you should only show on the form the first date they began and the last date they left. However, keep a separate record of the other changes.**

## Important points to remember

- You must make a return for every person employed at any time during the year ending on 31 December, even if you didn't deduct any tax. If an employee is not listed on form P35L when you get the form, you must enter their name, PPS No. and the other information required on one of the blank lines provided on the form.
- If you do not know an employee's PPS No. and you are filling in form P35L/T, it is very important that you enter the full name, date of birth, mother's surname at birth and full private address of the employee. A business address is not sufficient.
- If an employee has left employment in the income tax year in question please indicate this after their name and enter the date on which he or she left employment at code F5.
- The details you supply will be transferred directly to computer records. So it is very important that all entries are correct and written clearly. For instance, do not insert € symbols or commas in four figure sums (for example 1000 is correct, **not** €1,000). Make the entries within the designated space.
- Make sure that you:
  - quote the full PPS No. exactly as shown on a tax deduction card or a Certificate of Tax Credits and Standard Rate Cut-Off Point for each employee. There should only be seven digits followed by a letter, followed by a space (that is, no entry), or W,
  - enter the total number of weeks of insurable employment at F2,
  - enter the PRSI contribution class at C2, for example Class A1 or J2,
  - make only one entry for each employee. If an employee had more than one period of employment with the employer during the year, the employer should enter totals for all those periods of employment,

- the details on the return should relate only to employment with you, the employer, who is making the return.
- Be careful to avoid the most common types of errors that employers make when completing form P35L:
  - leaving out the contribution class or weeks of insurable employment,
  - inserting details in the wrong column.

## 60. Two or more changes of contribution class in an income tax year

If an employee changed contribution class more than once during the income tax year, you should submit an additional return (form PRC1) with form P35L for that year, showing a detailed breakdown of the classes and the number of weeks of insurable employment in each class.

You will find PRC1 forms in the Employer P35 pack.

### **Note**

**Employers may find that changes of class often occur. The most common circumstances in which a change can happen will include when:**

- **a person's earnings fluctuate between the various subclasses,**
- **a person reaches pension age,**
- **a young employee (that is, under 16 years) becomes insurable on reaching his or her sixteenth birthday,**
- **a person gets a medical card.**

## 61. Lodging end-of-year returns

If you continue in business until the end of the income tax year, you must **send to the Collector-General** on or before 15 February:

- a) form P35 – the employer’s declaration and certificate,
- b) any balance of income tax or PRSI due (with completed form P35),
- c) form P35L – the return for each employee, and
- d) form P35L/T – only for employees whose PPS No. you do not know.

Do not send emergency cards and temporary tax deduction forms superseded in the course of the year by tax deduction cards or ‘own system’ type records. Instead keep them in accordance with the instructions in paragraph 67.

If all your employees cease employment during the year you must lodge completed returns within 46 days of ceasing to be an employer. In this case you must apply to the Collector-General for forms P35 and P35L. The names and PPS Nos. of employees will not be pre-printed on the form in such a case, so you will have to enter these details on the form, together with the other information required.

## 62. Importance of end-of-year returns

It is in your interest to return the forms without delay, as Revenue may take you to court if you do not lodge end-of-year returns within the proper time. If you fail to lodge the end-of-year returns in time, an employee may find it difficult to obtain social welfare benefits later on.

If your end-of-year returns are not complete, you may get them back for completion. So it is in both your and the employee's interests to ensure that you lodge accurate end-of-year returns in time.

## 63. Certificate to employees (form P60)

Between 31 December and 15 February you must give to every employee who was working for you on 31 December a certificate (or an approved alternative document), showing his or her total pay, tax and PRSI contribution for the year ended 31 December. This is called a form P60.

You should copy these figures from the tax deduction card or other approved record.

Form P60 is a two-part form; one part is for Revenue purposes and the other is for the employee who may need it as evidence of deductions of Social Insurance or Health Levies. However, the Department of Social and Family Affairs reserves the right to accept or reject P60s in support of claims to benefit.

## 64. Casual employees

Casual employees should be returned on the P35L. From 1 January 2002 the PAYE tax deduction system is applied to all casual employees (see Revenue publication IT50 *PAYE/PRSI for Small Employers* for instruction).

## Section four – end-of-year returns on P35L, checklist, general

### (Paragraphs 65 to 70)

This section deals with a number of topics, including:

- underpaying and overpaying contributions,
- keeping employee records,
- allowing employees to inspect their records,
- penalties for failing to comply with the statutory provisions dealing with the PRSI system.

## 65. Underpayments

If the amount of PRSI contributions paid is less than the amount due, the employer is responsible for making up the deficit.

You must deduct from the employees' earnings **at the time** you pay their wages:

- the amount of any PRSI employment contribution due by the employee on that payment of reckonable earnings,

*or*

- if you cannot ascertain the exact amount, the amount you reasonably believe is due.

### **Note**

**A contribution payable by an employee cannot be recovered by the employer other than by deduction as outlined above.**

## 66. Overpayments and refunds

- (a) If you discover you have overpaid PRSI within the same tax year as you made it, you should refund to your employee the amount you over-deducted from their earnings. In turn, you should recover this amount by reducing the PRSI contribution you owe for the next month in the same tax year.

If this reduction isn't enough to recover the overpayment, at the end of the year apply for a refund, stating the exact amount involved, to

### **PRSI Refunds**

Department of Social and Family Affairs

Oisín House

212-213 Pearse Street

Dublin 2

Telephone: (01) 673 2586

### **Note**

**The employer must not seek to recover the amount of an overpayment from PRSI contributions due in the next income tax year. Also, any PRSI refund which the employer is required to make should not, under any circumstances, be deducted from income tax.**

- (b) If you discover the error at the end of the income tax year in which the overpayment occurred, or later, you may claim for a refund from PRSI Refunds. The following cases are examples of when a PRSI refund may be due:

- If the error occurred as a result of **PRSI contributions being paid on earnings in excess of the ceiling** from a single employment or from consecutive employments. [The Health Levy may be payable in **excess of the ceiling** (see current leaflet **SW 14** for details).]

- You can claim a refund if the error has resulted from a mistake in calculating the percentage of earnings or from applying an incorrect percentage rate to a particular class.
- You can claim if your employee paid Class K contributions when the employee was not liable for such a payment.

### Example

**The above may apply to a person whose earnings were below the levy threshold, or an occupational pensioner who held a current medical card or who was getting a Social Welfare Widow's/Widower's Pension, One-Parent Family Payment, or a Widow's/Widower's Pension under the social security legislation of a country covered by E.C. Regulations. In this case the contribution will be refunded in full to the employee – there is no employer contribution under Class K.**

- You can claim a refund of the employee's share of the PRSI contribution if an employee's total earnings from **two or more concurrent jobs** exceeded the ceiling for the income tax year.
- If you deducted PRSI contributions at a contribution class rate higher than appropriate to an employment (for example Class A instead of Class J for an employee over age 66).
- If you deducted levies from an employee who held a medical card or who got a payment such as Widow's or Widower's Pension or One-Parent Family Payment or a Widow's or Widower's Pension acquired under the social security legislation of another country covered by E.C. Regulations.

In such cases you should apply for a refund of contributions paid in error at the end of the contribution year in which you paid them.

Apply to **PRSI Refunds Section** at the address in paragraph 70.

**Note**

**If an employee is due a refund of the Health Levy (and the Employment and Training Levy, abolished from 6 April 1999), as a result of having a medical card *before* 6 April 1994, you must refund the levies, as you were liable for the payment of these levies in this instance. In such cases, you should refund the amount over-deducted from the employee's earnings, from the first week to which the medical card applies.**

Since 6 April 1994, the employer is no longer liable for the Health Levy for an employee with a medical card.

- **PRSI REFUNDS IN RESPECT OF PENSION CONTRIBUTIONS**

The office of the Revenue Commissioners is dealing with PRSI refunds in respect of pension contributions. Refunds are due where pension contributions (e.g. PRSA, RAC and AVC) are made **other than** through a scheme provided by an employer. Prior to making a claim for a pension PRSI refund, an application for a refund of tax on the pension contribution must be made to the applicant's tax district at the end of the tax year. Claims for refunds of PRSI in respect of pension contributions should be made in writing and a copy of the P60 for the tax year to which the claim relates should be sent to:

**Customer Service Section**

Office of the Collector-General  
Sarsfield House, Limerick  
LoCall 1890 203 070 Fax: 061 48873

- **PRSI REFUNDS IN RESPECT OF MAINTENANCE CONTRIBUTIONS**

An employee who makes a maintenance payment to a separated or divorced spouse under a legally enforceable agreement may claim a refund of PRSI in respect of that payment. The social insurance portion is only refundable from year 2000/01 together with levies. From 1994/95 to 1999/2000 only levies were refundable on maintenance contributions.

Applications for refunds should be made to:

**PRSI Refunds Section**

Department of Social and Family Affairs

Oisín House

Pearse Street

Dublin 2

Phone No. (01) 673 2586

Fax: (01) 673 2460

## 67. Keeping records

You must by law keep records relating to all employees for whom PRSI contributions must be paid. Record the following details (where applicable) at or before the time you pay wages:

- the amount of each payment of earnings made to each employee during the year,
- the PRSI contribution paid by the employee for each such payment and the total (employer's and employee's) contribution which you must pay over to the Collector-General,
- start and end dates of employment within any income tax year,
- the contribution class that applies to each employee at the start of each contribution year (or when the employment began),
- the number of weeks of insurable employment for each employee in any income tax year, and
- if a change of contribution class occurred during the year, the new contribution class or subclass and the number of weeks of insurable employment at each of the different rates.

You must keep these records for a period of **six years** after the end of the income tax year to which they refer and you must, on request, make them available for inspection by authorised officers of Revenue or the Department of Social and Family Affairs.

## 68. Allowing employees to inspect their records

An employee who pays PRSI contributions is entitled by law to inspect the records specified in the previous paragraph relating to themselves or can demand a statement of such record from their employer once every three months.

## 69. Penalties for failing to remit PRSI contributions

As an employer, your duties and responsibilities are laid down in **law**.

If you fail to meet your obligations, the consequences can be serious:

- you may face court proceedings to recover PRSI as a debt to the State,
- you may have to repay the Department of Social and Family Affairs any social welfare payment made to an employee because you:
  - failed to pay PRSI for him or her,
  - did not give accurate information, or
  - failed to keep accurate records.

There are severe penalties if you fail to meet your obligations. These include fines of up to €12,697.38, or imprisonment for up to three years, or both.

### Inspections

Department of Social and Family Affairs Inspectors undertake inspections of employers on a regular basis to ensure that employers:

- pay PRSI contributions for their employees,
- keep proper records for them,
- are not encouraging employees to claim Social Welfare payments illegally, and
- do not understate wages being paid to employees.

## 70. Where to get further information

### For information relating to:

- liability for PRSI contributions, PRSI general information, PRSI contribution rates and weeks of insurable employment, contact:

#### **Information Services**

Department of Social and Family Affairs  
Floor 1  
Oisín House  
212-213 Pearse Street  
Dublin 2

Telephone: (01) 704 3000

- the PRSI contribution class which should apply to a director, contact:

#### **Scope Section**

Department of Social and Family Affairs  
Floor 3  
Oisín House  
212-213 Pearse Street  
Dublin 2

Telephone: (01) 673 2585

- For PRSI Refunds **not** in respect of PRSA, RAC and AVC pension contributions, contact:

#### **PRSI Refunds Section**

Department of Social and Family Affairs  
Floor 3, Oisín House,  
212-213 Pearse Street, Dublin 2

Telephone: (01) 673 2586

- PRSI Refunds in respect of PRSA, RAC and AVC pension contributions:

**Customer Service Section**

Office of the Collector-General  
Sarsfield House  
Francis Street  
Limerick

If you need extra copies of forms, see below for contact details.

- For P45s, contact Revenue's Forms and Leaflets Service at LoCall 1890 30 67 06 if you are an employer in the Dublin area, or your local Inspector of Taxes for other areas.
- For P60s contact:

**Office of the Revenue Commissioners**

P35 Section  
Government Offices  
Nenagh  
Co. Tipperary  
  
Telephone: (067) 33533 or  
LoCall: 1890 25 45 65

If you have queries or want to return a P35 form, contact the P35 Section at the address above.

To make the PRSI remittance each month (P30), send your details and payment to:

**Inward Processing Section**

Collector-General  
Sarsfield House  
Francis Street  
Limerick  
  
LoCall 1890 20 30 70

To pay the PRSI remittance by direct debit contact:

**Collector-General**

Direct Debit Section  
 Apollo House  
 Tara Street  
 Dublin 2  
 LoCall: 1890 20 30 70

Useful addresses previously referred to in this booklet

	Paragraph
<p><b>Client Eligibility Services</b>            Dept. of Social and Family Affairs            Gandon House            Amiens Street, Dublin 1            Telephone: (01) 704 3000 Ext. 3283 or 3407</p>	3
<p><b>Directors Unit</b>            Social Welfare Services Office            Department of Social and Family Affairs            Cork Road, Waterford            Telephone: (051) 356 000 or (01) 704 3000</p>	26
<p><b>PRSI Special Collection Section</b>            Social Welfare Services Office            Cork Road, Waterford            Telephone: (051) 356 000 or                              (01) 704 3000 Ext 6010</p>	7, 31, 32
<p><b>Self-Employment Section</b>            Social Welfare Services Office            Cork Road, Waterford            Telephone: (051) 356 000 or                              (01) 704 3000 Ext 6003/6004/6005</p>	26

**Voluntary Contributions Section**

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Department of Social and Family Affairs  
Cork Road, Waterford

Telephone: (051) 356 000 or (01) 704 3000

You can contact **Revenue** by phoning (within the Republic of Ireland only) your Regional Revenue Office, the LoCall number of which is listed below:

**Border Midlands West Region****1890 777 425**

Cavan, Donegal, Galway, Leitrim,  
Longford, Louth, Mayo, Monaghan,  
Offaly, Roscommon, Sligo, Westmeath

**Dublin Region****1890 333 425**

Dublin (City and County)

**East & South East Region****1890 444 425**

Carlow, Kildare, Kilkenny, Laois,  
Meath, Tipperary, Waterford,  
Wexford, Wicklow

**South West Region****1890 222 425**

Clare, Cork, Kerry, Limerick

If you are calling from outside the Republic of Ireland, please telephone 00 353 (1) 647 4444.

Remember to always quote your PPS number when contacting your Regional Revenue Office.

The Revenue offices located in Dublin are:

Central Revenue Information Office, Árus Brugha, Cathedral Street,  
(Off Upper O'Connell Street) Dublin 1.

Revenue Information Office, Level 2, The Square, Tallaght,  
Dublin 24.

You can also get information by visiting Revenue's website at  
**[www.revenue.ie](http://www.revenue.ie)**

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Information and leaflets about PRSI can be obtained from the Department of Social and Family Affairs website at [www.welfare.ie](http://www.welfare.ie)

**Other booklets which may be of interest are:**

<b>Guide to Voluntary Contributions</b>	<b>SW8</b>
<b>PRSI Contribution Rates and User Guide</b>	<b>SW14</b>
<b>PRSI for Non-PAYE Employees</b>	<b>SW63</b>
<b>Employer's PRSI Exemption Scheme</b>	<b>SW73</b>
<b>A Guide to PRSI for the Self-Employed</b>	<b>SW74</b>
<b>Employers - PRSI is your responsibility</b>	<b>SW88</b>
<b>Worksharing</b>	<b>SW105</b>
<b>Guide to Pay Related Social Insurance</b>	<b>SW106</b>