

Pay related social insurance (PRSI)

Rates

Employees (Earning over €480 per week or equivalent)

Earnings	Employer	Employee
Class A1 - most employed persons		
First €48,800 ^a	10.75% ^b	6% ^c
€48,801 - €100,100	10.75%	2%
Balance (no ceiling)	10.75%	2.5% ^d
Class K1 - (health contribution only) persons in receipt of occupational pensions		
First €100,100 (subject to "low" income exemption)	Nil	2%
Balance (no ceiling)		2.5%
Class S1 - proprietary and non executive directors, not insurable under Class A		
First €100,100 ^c	Nil	5%
Balance (no ceiling)		5.5% ^d

^a For employees the first €127 per week is exempt from PRSI contributions but not from the health contribution

^b Inclusive of national training fund levy of 0.7%

^c Inclusive of health contribution (2%)

^d If an individual's PAYE weekly/monthly income exceeds the weekly (€1,925)/monthly (€8,341.66) equivalent of €100,100, the additional 0.5% health contribution is payable in that week/month.

Self employed persons

Class S	
First €100,100 ^a	5%
Balance ^b	5.5%

^a Inclusive of health contribution (2%)

^b If an individual's PAYE weekly/monthly income exceeds the weekly (€1,925)/monthly (€8,341.66) equivalent of €100,100, the additional 0.5% health contribution is payable in that week/month.

Employees' PRSI

PRSI is charged on employment earnings including most benefits. The only allowable deductions are contributions paid to an approved employee superannuation scheme, certain maintenance payments and certain permanent health insurance policies.

A weekly PRSI exemption applies to all employees paying PRSI at the full rate (Class A). The first €127 of weekly earnings are exempt from PRSI but not from the health contribution. This exemption operates on a weekly non-cumulative basis. In addition, individuals who earn less than €339 in any week are not required to pay PRSI in that week.

Employers' PRSI

A two tier system of employers' contributions applies for 2007. Where an employee earns less than €356 in any week, a reduced rate of 8.5% applies. If the earnings exceed €356 in any week, the full rate of 10.75% applies to all earnings for that week. These rates are inclusive of the national training fund levy of 0.7%.

Employers' PRSI is charged on employment earnings, including most benefits, in the same way as employees' PRSI. The only allowable deductions are contributions paid to an approved employee superannuation scheme, certain maintenance payments and certain permanent health insurance policies.

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Self employed PRSI

Self employed persons are liable for PRSI contributions in respect of income from a trade or profession, or from investment income. The contributions are payable on income net of capital allowances. The minimum contribution payable for 2007 is €253. Payment must be included with preliminary tax, which is payable on or before 31 October each year. Self employed persons whose income from all sources is less than €3,174 for 2007 will not be liable to PRSI.

Health contribution

The health contribution is charged at the rate of 2%/2.5% on all personal income including taxable employee benefits. Persons under 16 years of age, certain widows/widowers, persons aged 70 years of age or over and holders of medical cards are exempt from the health contribution. Unlike PRSI, there is no earnings ceiling. The only allowable deductions are capital allowances, certain maintenance payments, contributions to an approved employee superannuation scheme or PRSA and certain permanent health insurance policies. Persons on "low" incomes are, however, exempt from the health contribution. Where an individual's earnings do not exceed €100,100 in a tax year and the individual has suffered the increased 2.5% health levy charge, he/she can apply to the Department of Social and Family Affairs for a refund of any excess amount paid in the tax year.

Employees who earn less than €480 in any week in the year ended 31 December 2007 will be exempt from the contribution for that week. If the employee's income for 2007 does not exceed €24,960, the employee will be exempt from the contribution for the year. Similarly, self employed persons whose income, after deducting capital allowances, does not exceed €24,960 will be exempt from the health contribution.

Cross-border workers who work and pay social insurance in Northern Ireland or elsewhere in the EU, but who reside in the State, are exempt from the health contribution.

Multiple employments

Persons who are paid by more than one employer may pay PRSI on their combined earnings in excess of the employees' earnings ceiling of €48,800. In any such case, a claim should be made to the Department of Social and Family Affairs for repayment of the excess contributions. It will no longer be possible to reclaim Class S PRSI paid in respect of dual directorships, as this is classed as self employed income in respect of which there is no earnings ceiling.

The international dimension

The question of social insurance liability for Irish people working abroad, and those coming to Ireland to take up employment, should not be overlooked. Careful planning for international assignments can help to reduce or eliminate the often higher cost of social insurance abroad, particularly in mainland Europe. Ireland has concluded a number of bilateral social security agreements which, together with the EU regulations on social security, make up a network covering 35 countries.