



Information Services  
 Department of Social and Family Affairs  
 Oisín House  
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 Dublin 2

# 2005

## Advance Notice of PRSI changes for Computer Users

This Notice contains rate changes announced in the December 2004 Budget.  
 Changes are effective from 1 January 2005.

### Health Contribution changes

With effect from 1 January 2005, employees are not liable to pay the 2% Health Contribution on reckonable earnings up to €400 per week. The employees weekly earnings limit for exemption from the Health Contribution has been raised from €356 to €400. The annual earnings threshold has been raised accordingly to €20,800. **This change affects all PRSI contribution classes (except Class P).**

The weekly earnings limit up to which employers pay Class A at the lower PRSI rate of 8.5% remains at €356. The standard rate of employer's PRSI of 10.75% continues to apply on all earnings in any week where an employee's earnings are more than €356. **This results in one new subclass in Class A, AL.**

### Employees annual earnings ceiling

The employees annual earnings ceiling (above which they pay no social insurance contributions) has increased from €42,160 to €44,180.

### Employee's PRSI-Free Allowance

The PRSI-Free Allowance for employees in Classes A and H with weekly earnings of more than €287 remains at €127 per week and at €26 per week for all employees in Classes B, C and D.

For employee's paid other than weekly, alternatives to the PRSI-free allowance are:

Classes	A	B,C,D
Fortnightly	€254	€52
Monthly	€551	€113

### Earnings bands and subclasses

Subclasses A0 A6, A8, B0, C0, D0 and H0

Weekly	€38 to €287	≤€287
Fortnightly	€76* to €574	≤€574
Monthly	€165* to €1,244	≤€1,244

\*This threshold only applies to Class A employees, whose total earnings in each week of the fortnight or month are at least €38.

Subclass AX

Weekly	€287.01 to €356
Fortnightly	€574.01 to €712
Monthly	€1,244.01 to €1,543

Subclass AL

Weekly	€356.01 to €400
Fortnightly	€712.01 to €800
Monthly	€1,543.01 to €1,733

Subclasses A7, BX, CX, DX and HX A9 J0, M and S0

Weekly	€287.01 to €400	>€287	≤€400
Fortnightly	€574.01 to €800	>€574	≤€800
Monthly	€1,244.01 to €1,733	>€1,244	≤€1,733

Subclasses A1, A2, A4 and A5

Weekly	> €400
Fortnightly	> €800
Monthly	> €1,733

### Self-employed PRSI

The minimum annual contribution for Class S remains at €253.

If you need to receive instant notification of changes to PRSI, please visit our website at [www.welfare.ie/schemes/employer/index.html](http://www.welfare.ie/schemes/employer/index.html) and subscribe to our new PRSI mailing list.

## PRSI contribution rates from 1 January 2005

Non-cumulative weekly earnings Bands	PRSI subclass	How much of weekly earnings	Cumulative earnings ceilings					
			first €44,180			Balance over €44,180		
			EE %	ER %	EE+ER %	EE %	ER %	EE+ER %

### Private and some public sector employments

Up to €37.99	<b>J0*</b>	All	0	0.50	0.50	0	0.50	0.50
€38 - €287	<b>A0</b>	All	0	8.50	8.50	0	8.50	8.50
€287.01 - €356	<b>AX</b>	First €127	0	8.50	8.50	0	8.50	8.50
		Balance	4.00	8.50	12.50	0	8.50	8.50
€356.01 - €400	<b>AL</b>	First €127	0	10.75	10.75	0	10.75	10.75
		Balance	4.00	10.75	14.75	0	10.75	10.75
More than €400	<b>A1</b>	First €127	2.00	10.75	12.75	2.00	10.75	12.75
		Balance	6.00	10.75	16.75	2.00	10.75	12.75
	<b>A2</b>	First €127	0	10.75	10.75	0	10.75	10.75
		Balance	4.00	10.75	14.75	0	10.75	10.75

Use the following subclasses (A6, A7, A4 and A5) only for approved employees under the Employer's PRSI Exemption Scheme.

Up to €287	<b>A6</b>	All	0	0	0	0	0	0
€287.01 - €400	<b>A7</b>	First €127	0	0	0	0	0	0
		Balance	4.00	0	4.00	0	0	0
More than €400	<b>A4</b>	First €127	2.00	0	2.00	2.00	0	2.00
		Balance	6.00	0	6.00	2.00	0	2.00
	<b>A5</b>	First €127	0	0	0	0	0	0
		Balance	4.00	0	4.00	0	0	0

Use the following subclasses for Community Employment participants.

Up to €287	<b>A8</b>	All	0	0.50	0.50	0	0.50	0.50
More than €287	<b>A9</b>	First €127	0	0.50	0.50	0	0.50	0.50
		Balance	4.00	0.50	4.50	0	0.50	0.50

\* Class J normally relates to people with reckonable earnings of less than €38 per week (from all employments). However, the following employees are insurable at Class J, regardless of earnings: employees aged 66 or over and people in subsidiary employment.

Up to €400	<b>J0</b>	All	0	0.50	0.50	0	0.50	0.50
More than €400	<b>J1</b>	All	2.00	0.50	2.50	2.00	0.50	2.50
	<b>J2</b>	All	0	0.50	0.50	0	0.50	0.50
FAS Allowance	<b>J9</b>	All	0	0.50	0.50	Training in FAS training centres		

### Occupational Pensions

Up to €400	<b>M</b>	All	0	0	0	0	0	0
More than €400	<b>K1</b>	All	2.00	0	2.00	2.00	0	2.00

Class M: This class should be used where there is a Nil liability i.e. employees under 16 years of age, people within Class K with a Nil liability, such as people aged 70 or over, medical card holders, widows or widowers. etc.

## PRSI contribution rates from 1 January 2005

Non-cumulative weekly earnings Bands	PRSI subclass	How much of weekly earnings	Cumulative earnings ceilings					
			first €44,180			Balance over €44,180		
			EE %	ER %	EE+ER %	EE %	ER %	EE+ER %

### Public sector employments

Up to €287	<b>B0</b>	All	0	2.01	2.01	0	2.01	2.01
€287.01 - €400	<b>BX</b>	First €26	0	2.01	2.01	0	2.01	2.01
		Balance	0.90	2.01	2.91	0	2.01	2.01
More than €400	<b>B1</b>	First €26	2.00	2.01	4.01	2.00	2.01	4.01
		Balance	2.90	2.01	4.91	2.00	2.01	4.01
	<b>B2</b>	First €26	0	2.01	2.01	0	2.01	2.01
		Balance	0.90	2.01	2.91	0	2.01	2.01

Up to €287	<b>C0</b>	All	0	1.85	1.85	0	1.85	1.85
€287.01 - €400	<b>CX</b>	First €26	0	1.85	1.85	0	1.85	1.85
		Balance	0.90	1.85	2.75	0	1.85	1.85
More than €400	<b>C1</b>	First €26	2.00	1.85	3.85	2.00	1.85	3.85
		Balance	2.90	1.85	4.75	2.00	1.85	3.85
	<b>C2</b>	First €26	0	1.85	1.85	0	1.85	1.85
		Balance	0.90	1.85	2.75	0	1.85	1.85

Up to €287	<b>D0</b>	All	0	2.35	2.35	0	2.35	2.35
€287.01 - €400	<b>DX</b>	First €26	0	2.35	2.35	0	2.35	2.35
		Balance	0.90	2.35	3.25	0	2.35	2.35
More than €400	<b>D1</b>	First €26	2.00	2.35	4.35	2.00	2.35	4.35
		Balance	2.90	2.35	5.25	2.00	2.35	4.35
	<b>D2</b>	First €26	0	2.35	2.35	0	2.35	2.35
		Balance	0.90	2.35	3.25	0	2.35	2.35

Up to €287	<b>H0</b>	All	0	10.05	10.05	0	10.05	10.05
€287.01 - €400	<b>HX</b>	First €127	0	10.05	10.05	0	10.05	10.05
		Balance	3.90	10.05	13.95	0	10.05	10.05
More than €400	<b>H1</b>	First €127	2.00	10.05	12.05	2.00	10.05	12.05
		Balance	5.90	10.05	15.95	2.00	10.05	12.05
	<b>H2</b>	First €127	0	10.05	10.05	0	10.05	10.05
		Balance	3.90	10.05	13.95	0	10.05	10.05

### Self-employed (on PAYE system only)

Up to €400	<b>S0</b>	All	3.00	0	3.00	3.00	0	3.00
More than €400	<b>S1</b>	All	5.00	0	5.00	5.00	0	5.00
	<b>S2</b>	All	3.00	0	3.00	3.00	0	3.00

## IMPORTANT POINTS TO NOTE

- The **annual earnings ceiling** for PRSI has increased from **€42,160** to **€44,180** for employees in classes A, B, C, D and H, effective from 1 January 2005.
- Class A employees earning between €38 and €287 inclusive per week should be recorded under **Subclass A0**.
- Class A employees earning between €287.01 and €356 per week should be recorded under **Subclass AX**.
- Class A employees earning between €356 and €400 per week should be recorded under **Subclass AL**.
- Community Employment participants earning €287 or less per week should be recorded under Subclass A8. Subclass A9 applies when earnings are more than €287 per week.
- Medical card holders and people who get a Social Welfare Widow's or Widower's Pension, Deserted Wife's Benefit or Allowance or One-Parent Family Payment do not have to pay the 2.00% Health Contribution in any week that the reckonable earnings are more than €400. Where earnings are more than €400, record under Subclass 2 i.e. A2, B2, C2, D2, H2, J2, S2 or Class M (for people within Class K) as appropriate.
- Everyone aged 70 or over qualifies for a medical card and do not pay the 2.00% Health Contribution, regardless of whether or not they have a medical card.
- The Class J contribution normally relates to people with reckonable earnings of less than €38 per week (from all jobs). However, a small number of employees are insurable at Class J regardless of earnings for example employees over age 66 and people in subsidiary employment.
- For employees taken on under the Employer's PRSI Exemption Scheme, Subclass A6 is applied for employees earning €287 or less per week, normally insurable at Subclass A0. Subclass A7 is for those earning between €287.01 and €400 inclusive per week, normally insurable at Subclass AX or AL. In any week where earnings exceed €400, Subclass A4 applies to exempted employees who would normally be insurable at Subclass A1. Subclass A5 applies for those who would normally be insurable at Subclass A2 (medical card holders, widows/widowers etc.).

**When completing a P35, P60 or P45, do not include any class or subclass of PRSI that did not apply during the year**

This leaflet is intended as a guide only and does not purport to be a legal interpretation.