



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

2006

Advance notice of PRSI changes for computer users

This notice contains rate changes announced in the December 2005 Budget.
 Changes are effective from 1 January 2006.

▶ Employee's annual earnings ceiling

The employee's annual earnings ceiling (above which they pay no social insurance contributions) has increased from €44,180 to €46,600.

▶ Employee income thresholds

- The threshold for employee PRSI has increased from €287 a week to €300 a week.
- The threshold for payment of the 2% Health Contribution has increased from €400 a week to €440 a week.
- The annual earnings threshold for the Health Contribution has increased from €20,800 to €22,880.

▶ Employee's PRSI-Free Allowance

The PRSI-Free Allowance for employees in Classes A and H with weekly earnings of more than €300 remains at €127 per week and at €26 per week for all employees in Classes B, C and D.

For employees paid other than weekly, alternatives to the PRSI-Free Allowance are:

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

▶ Self-employed PRSI

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

▶ Earnings bands and subclasses

Subclasses	A0	A6, A8, B0, C0, D0 and H0
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Weekly	€38 to €300	≤€300
Fortnightly	€76* to €600	≤€600
Monthly	€165* to €1300	≤€1,300

*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	€300.01 to €356
Fortnightly	€600.01 to €712
Monthly	€1,300.01 to €1,543

Subclass	AL
Weekly	€356.01 to €440
Fortnightly	€712.01 to €880
Monthly	€1,543.01 to €1,907

Subclasses	A7, BX, CX, DX and HX	A9	J0, M and S0
Weekly	€300.01 to €440	>€300	≤€440
Fortnightly	€600.01 to €880	>€600	≤€880
Monthly	€1,300.01 to €1,907	>€1,300	≤€1907

Subclasses	A1, A2, A4 and A5
Weekly	> €440
Fortnightly	> €880
Monthly	> €1,907

This advance notice of PRSI changes for computer users is available on our website at www.welfare.ie/publications/anprsi.pdf or through our PRSI mailing list. If you wish to add your name to our list, register at www.welfare.ie/schemes/employer/index.html

PRSI contribution rates from 1 January 2006

Non-cumulative weekly earnings Bands	PRSI subclass	How much of weekly earnings	Cumulative earnings ceilings					
			first €46,600			Balance over €46,600		
			EE	ER	EE+ER	EE	ER	EE+ER
%	%	%	%	%	%			

Private and some public sector employments

Up to €37.99	J0*	All	0	0.50	0.50	0	0.50	0.50
€38 - €300	A0	All	0	8.50	8.50	0	8.50	8.50
€300.01 - €356	AX	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 - €440	AL	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 €440	A1	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
	A2	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 €300	A6	All	0	0	0	0	0	0
€300.01 - €440	A7	First €127	0	0	0	0	0	0
		Balance	4.00	0	4.00	0	0	0
More than €440	A4	First €127	2.00	0	2.00	2.00	0	2.00
		Balance	6.00	0	6.00	2.00	0	2.00
	A5	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 €300	A8	All	0	0.50	0.50	0	0.50	0.50
More than €300	A9	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 €440	J0	All	0	0.50	0.50	0	0.50	0.50
More than €440	J1	All	2.00	0.50	2.50	2.00	0.50	2.50
	J2	All	0	0.50	0.50	0	0.50	0.50
FÁS Allowance	J9	All	0	0.50	0.50	Training in FÁS training centres		

Occupational Pensions

Up to €440	M	All	0	0	0	0	0	0
More than €440	K1	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 2006

Non-cumulative weekly earnings Bands	PRSI subclass	How much of weekly earnings	Cumulative earnings ceilings					
			first €46,600			Balance over €46,600		
			EE	ER	EE+ER	EE	ER	EE+ER

Public sector employments								
Up to €300	B0	All	0	2.01	2.01	0	2.01	2.01
€300.01 - €440	BX	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 €440	B1	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
	B2	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 €300	C0	All	0	1.85	1.85	0	1.85	1.85
€300.01 - €440	CX	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 €440	C1	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
	C2	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 €300	D0	All	0	2.35	2.35	0	2.35	2.35
€300.01 - €440	DX	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 €440	D1	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
	D2	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 €300	H0	All	0	10.05	10.05	0	10.05	10.05
€300.01 - €440	HX	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 €440	H1	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
	H2	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 €440	S0	All	3.00	0	3.00	3.00	0	3.00
More than €440	S1	All	5.00	0	5.00	5.00	0	5.00
	S2	All	3.00	0	3.00	3.00	0	3.00

Important points to note

- The annual earnings ceiling for PRSI has increased from **€44,180** to **€46,600** for employees in classes A, B, C, D and H, effective from 1 January 2006.
- Class A employees earning between €38 and €300 inclusive per week should be recorded under subclass A0.
- Class A employees earning between €300.01 and €356 per week should be recorded under subclass AX.
- Class A employees earning between €356 and €440 per week should be recorded under subclass AL.
- Community Employment participants earning €300 or less per week should be recorded under subclass A8. Subclass A9 applies when earnings are more than €300 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 where the reckonable earnings are more than €440. Where earnings are more than €440, 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. They 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 €300 or less per week, normally insurable at subclass A0. Subclass A7 is for those earning between €300.01 and €440 inclusive per week, normally insurable at subclass AX or AL. In any week where earnings exceed €440, 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 or widowers etc.).
- You can order the following PRSI information booklets from our LoCall leaflet request line. Telephone: **1890 20 23 25** or download them from our website www.welfare.ie/publications/index.html
 - SW3** - Employers Guide
 - SW63** - PRSI for Non-PAYE Employees
 - SW73** - Employer's PRSI Exemption Scheme
 - SW74** - A guide to PRSI for self-employed
 - SW102** - Family Employments and PRSI
 - SW105** - Worksharing.

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.