

# Advance Notice for 2021

## PRSI changes announced in Budget 2021



An Roinn Gnóthaí Fostaíochta  
agus Coimirce Sóisialaí  
Department of Employment Affairs  
and Social Protection

### Employee PRSI

- There are no changes in employee rates of PRSI.
- There is no change to the employee PRSI Credit.

### Self-employed Payments

- There are no changes to the rate of self-employed PRSI or in the minimum/flat rate self-employed PRSI payments.

### Employer PRSI

- In line with the increase in National Minimum Wage the upper threshold for paying the 8.8% Class A rate of employer PRSI is increasing from €395 to €398 from 1 January 2021.

### Other PRSI Classes

- There are no changes to other PRSI Classes.

### Employment Wage Subsidy Scheme

- A reduced rate of employer's PRSI of 0.5% is charged on wages paid which are eligible for the Employment Wage Subsidy Scheme
- Further information on the Employment Wage Subsidy Scheme can be found at:

<https://www.revenue.ie/en/employing-people/documents/ewss/ewss-guidelines.pdf>

## Income bands and subclasses

Subclasses	AO	A8, BO, CO, DO and HO
<b>Weekly</b>	€38 to €352	up to and including €352
<b>Fortnightly</b>	€76 to €704 *	up to and including €704
<b>Monthly</b>	€165 to €1,525 *	up to and including €1,525

\* This threshold only applies to Class A employees, whose total earnings/income, including if appropriate share-based remuneration, in each week of the fortnight or month are at least €38.

Subclass	AX (PRSI credit applies)
<b>Weekly</b>	€352.01 to €398
<b>Fortnightly</b>	€704.01 to €796
<b>Monthly</b>	€1,525.01 to €1,725

Subclass	AL (PRSI credit applies)
<b>Weekly</b>	€398.01 to €424
<b>Fortnightly</b>	€796.01 to €848
<b>Monthly</b>	€1,725.01 to €1,837

Subclass	A1
<b>Weekly</b>	more than €424
<b>Fortnightly</b>	more than €848
<b>Monthly</b>	more than €1,837

Subclass	A9 (PRSI credit applies on earnings up to €424)
<b>Weekly</b>	more than €352.01
<b>Fortnightly</b>	more than €704
<b>Monthly</b>	more than €1,525

Subclass	HX (PRSI credit applies)
Weekly	€352.01 to €424
Fortnightly	€704.01 to €848
Monthly	€1,525.01 to €1,837

Subclasses	BX, CX and DX	JO, M and SO
Weekly	€352.01 to €500	up to and including €500
Fortnightly	€704.01 to €1,000	up to and including €1,000
Monthly	€1,525.01 to €2,167	up to and including €2,167

Subclass	K1
Weekly	more than €100
Fortnightly	more than €200
Monthly	more than €433

## PRSI contribution rates from 1 January 2021

Non-cumulative weekly income band	PRSI Subclass	How much of weekly income	Employee %	Employer %	Employee & Employer %
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### Private and some public sector employments

Up to €37.99	JO	All	0	0.50	0.50
€38 - €352	AO	All	0	8.80	8.80
€352.01 - €398	AX	All	4.00	8.80	12.80
€398.01 - €424	AL	All	4.00	11.05	15.05
More than €424	A1	All	4.00	11.05	15.05

**€12 PRSI credit applies to sub-classes AX and AL.**

Use the following subclasses for Community Employment participants.

Up to €352 (inc)	A8	All	0	0.50	0.50
More than €352	A9	All	4.00	0.50	4.50

**€12 PRSI credit applies on earnings up to €424.**

Class E applies to Ministers of the Church of Ireland paid under the Special Collection System

Up to €352 (inc)	EO	All	0	6.87	6.87
More than €352	E1	All	3.33	6.87	10.20

**€10 PRSI credit applies to sub-class E1 on earnings up to €412.**

Class J normally relates to people with reckonable earnings of less than €38 a 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 €500 (inc)	JO	All	0	0.50	0.50
More than €500	J1	All	0	0.50	0.50
Certain Solas Training Allowances	J9	All	0	0.50	0.50

### Office Holders

Up to €100	M	All	0	0	0
More than €100	K1	All	4.00	0	4.00

Class M relates to people with a nil contribution liability (such as employees under age 16 and persons in receipt of occupational pensions) and Office Holders earning €100 per week or less.

### Occupational Pensions

All income	M	All	0	0	0
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## PRSI contribution rates from 1 January 2021

Non-cumulative weekly income band	PRSI Subclass	How much of weekly income	Employee %	Employer %	Employee & Employer %
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Public sector employments					
Up to €352	<b>BO</b>	All	0	2.01	2.01
€352.01 - €500	<b>BX</b>	All	0.90	2.01	2.91
More than €500	<b>B1</b>	Up to €1,443 inclusive	0.90	2.01	2.91
		Balance	4.00	2.01	6.01

Up to €352	<b>CO</b>	All	0	1.85	1.85
€352.01 - €500	<b>CX</b>	All	0.90	1.85	2.75
More than €500	<b>C1</b>	Up to €1,443 inclusive	0.90	1.85	2.75
		Balance	4.00	1.85	5.85

Up to €352	<b>DO</b>	All	0	2.35	2.35
€352.01 - €500	<b>DX</b>	All	0.90	2.35	3.25
More than €500	<b>D1</b>	Up to €1,443 inclusive	0.90	2.35	3.25
		Balance	4.00	2.35	6.35

Up to €352	<b>HO</b>	All	0	10.35	10.35
€352.01 - €424	<b>HX</b>	All	3.90	10.35	14.25
More than €424	<b>H1</b>	All	3.90	10.35	14.25

**PRSI Credit applies to sub-class HX.**

Self-employed (on PAYE system only)					
Up to €500	<b>SO</b>	All	4.00	0	4.00
More than €500	<b>S1</b>	All	4.00	0	4.00

## Important points to note

- Under Classes A and H, employers pay a combined PRSI charge and contribution to the National Training Fund Levy (NTFL). The current NTFL contribution for both Class A and Class H employers is 1%. The balance of the employer charge is PRSI.
- For Class A and Class H employees with gross earnings between €352.01 and €424, the amount of the PRSI charge at 4% is reduced by the tapered weekly PRSI Credit.
- There is no annual earnings ceiling for PRSI for employees.
- There is no PRSI relief on pension contributions made by private sector employees.
- PRSI relief on pension contributions paid by private sector employers remains unchanged.
- Civil and public servants pay PRSI on the Additional Superannuation Contribution.
- Civil and public service employers do not have to pay employer PRSI on the Additional Superannuation Contribution.
- Employer and employee PRSI should be added together as normal. If a different subclass applies to the employee and to the employer, the return must always be made at the employee's subclass.
- Class A employees earning between €38 and €352 inclusive a week should be recorded under Subclass AO.
- Class A employees earning between €352.01 and €398 a week should be recorded under Subclass AX and the tapered PRSI credit applied.
- Class A employees earning between €398.01 and €424 a week should be recorded under Subclass AL and the tapered PRSI credit applied.
- For income of more than €424 a week, Subclass A1 should be returned.
- For income of more than €500 a week, Subclasses B1, C1, D1, H1, J1 and S1, as appropriate, should be returned.
- Community Employment participants earning €352 or less a week should be recorded under Subclass A8. Subclass A9 applies when earnings are more than €352 a week. The PRSI Credit applies to Class A9 for earnings up to €424.
- The Class J contribution normally relates to people with reckonable earnings of less than €38 a 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 participants in the JobsPlus scheme the appropriate rates of PRSI apply to both the employer and the employee.
- Subclasses A4, A6 and A7 which were previously used for the Employer's PRSI Exemption Scheme are no longer in use as the scheme was closed to new entrants since 1 July 2013.
- Share-based remuneration may, in certain circumstances, be subject to employee PRSI. Employer's PRSI is not chargeable on share-based remuneration.

**You can download PRSI information booklets from our website at [www.gov.ie](http://www.gov.ie).**

## Calculation of the Class A PRSI Credit

- Class A employee PRSI is calculated at 4% of gross weekly earnings.
- For gross earnings between €352.01 and €424 in a week, the 4% PRSI charge is reduced by the PRSI Credit.
- The amount of the PRSI Credit depends on an employees gross weekly earnings.
- At gross weekly earnings of €352.01, the maximum PRSI Credit of €12.00 per week applies.
- For earnings between €352.01 and €424 (sub-classes AX and AL), the maximum weekly PRSI Credit of €12.00, is reduced by one-sixth of earnings in excess of €352.01.
- The following example shows how to calculate the PRSI Credit and the new PRSI charge, for gross weekly earnings of €377.

### **PRSI Credit Example:**

Maximum PRSI Credit	€12.00
One-sixth of earnings in excess of €352.01 (377.00 – 352.01) = (24.99 / 6)	<u>(€ 4.17)</u>
Reduced PRSI Credit	€ 7.83
PRSI @ 4%	€15.08
Less: Reduced PRSI Credit	€ 7.83
<b>2021 weekly PRSI Charge</b>	<b>€ 7.25</b>

**Note: The calculation of the PRSI charge, and accordingly the PRSI Credit, is based on gross weekly earnings.**

**This advance notice of PRSI changes for computer users is available on our website at [www.Gov.ie](http://www.Gov.ie).**

**The information in this leaflet is correct at the time of publication.**

**This leaflet is intended as a guide only and is not a legal interpretation.**

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