



An Roinn Coimirce Sóisialaí
Department of Social Protection

A Guide to Pay Related Social Insurance (PRSI) for the Self-Employed



What to expect when you contact us

In most cases, self-employed people aged between 16 and 66 years of age, and those born on or after 1 January 1958 aged between 66 and 70 years, who have not been awarded the State Pension (Contributory), with income of €5,000 or more a year must pay Class S Pay Related Social Insurance (PRSI) contributions. This leaflet is a guide to help you understand the PRSI position of self-employed people.

In general, PRSI is paid to the Office of the Revenue Commissioners, along with tax, under self-assessment using the pay and file system. PRSI can also be paid through the Pay As You Earn (PAYE) system if you are a director of a limited company.

What benefits may I get by paying Class S PRSI?

PRSI Class S provides cover for:

- Adoptive Benefit,
- Benefit Payment for 65 Year Olds,
- Guardian's Payment Contributory,
- Invalidity Pension,
- Jobseekers Benefit for the Self-employed,
- Maternity Benefit,
- Parent's Benefit,
- Partial Capacity Benefit,
- Paternity Benefit,
- State Pension Contributory,
- Treatment Benefit: Dental, Optical and Aural, and
- Widow's, Widower's or Surviving Civil Partner's Contributory Pension.

Class S PRSI does not provide cover for any other schemes or benefits.

Who pays Class S PRSI?

PRSI Class S is paid by self-employed people such as:

- Farmers, doctors, dentists, solicitors, authors, artists, religious, contractors, sub-contractors and other professionals and people in business on their own account or in partnerships,
- People whose only income is from investments, rents or maintenance payments,
- Employees who are also self-employed pay Class S PRSI in addition to their PRSI contribution as an employee,
- Councillors, with reckonable emoluments from their local authority positions.

For more information

For more information on Pay Related Social Insurance (PRSI) for the self-employed, please contact your local Intreo Centre or Branch Office. You can find the name and address by visiting www.gov.ie/intreocentres.

You can also contact any Citizens Information Centre or:

Client Eligibility Services

Department of Social Protection

Social Welfare Services Office

Cork Road

Waterford

X91 EH04

Telephone: 0818 690 690 or (01) 471 5898

If you are calling from outside of Ireland, please call +353 1 471 5898

Email: selfemployment@welfare.ie.

PRSI Class S applies to individuals who own or control 50% or more of the shares in the company in which they work. The classification of individuals who own or control less than 50% of the shareholding of the company is determined on a case by case basis, taking into consideration the Code of Practice for Determining the Employment or Self-employment Status of Individuals.

Who does not pay Class S PRSI?

The following people do not pay PRSI at Class S:

- Prescribed relatives such as a son, daughter, parent, brother or sister, who help a self-employed person with their business but who are not partners in the business,
- People whose total income from self-employment, earned and unearned, and employment is below a certain amount, currently €5,000 a year,
- People classified by the Office of the Revenue Commissioners as non-residents who hold solely unearned income,
- People classified by the Revenue Commissioners as non-resident directors of Irish Companies,
- People insured as employees whose only other income is unearned such as share dividend payments or rent. They may be liable for PRSI contributions at Class K on this income,
- People who are under pensionable age and in receipt of a pension arising from a previous employment of theirs or of their spouse, or civil partner and whose only other income is unearned. They may be liable for PRSI contributions at Class K on this income,
- Public servants paying PRSI at Class B, C or who are also self-employed. Those contributors who have self-employed income from a trade or profession are liable for PRSI contributions at Class K on this income. If they also have unearned income, they are liable for PRSI contributions at Class K on that income too, and
- Certain public office holders in respect of their income from public office are liable for PRSI contributions at Class K on this income.

For more information on extension of PRSI liability to unearned income and PRSI contributions at Class K, visit www.gov.ie/prsik.

Do I pay PRSI on all income?

You pay PRSI on your total income, which includes:

- Benefit-in-kind,
- Income from a trade or profession,
- Interest, annuities and income from foreign investments, such as property,
- Rent from any property in Ireland,

- Income from which tax has already been deducted such as, annuities, bank or building society interest, maintenance payments,
- Income from share dividends and dividends from Approved Retirement Funds (ARF), and
- Certain taxable income from employment for example, company directors, motorcycle couriers.

You may have to pay PRSI on both **earned** and **unearned** income.

What is excluded from total income?

The following are not included when you work out income for your Class S PRSI contribution:

- Capital allowances;
- Social welfare payments or benefits;
- Payment for attendance at a training course administered by SOLAS, which is taxed under PAYE;
- Mobility Allowance paid by the Health Service Executive (HSE), which is taxed under PAYE;
- Pension payments, which are taxed under PAYE;
- Revenue income continuance payments received by a person forced to leave employment due to illness, which are taxed under PAYE;
- Redundancy payments and payments received as a consequence of the termination of an office or employment which are taxed under PAYE;
- Funds received by the early withdrawal of funds from certain Additional Voluntary Contributions (AVC), which are taxed under PAYE;
- Certain retirement lump sums in excess of the maximum lifetime tax free limit of €200,000;
- The early encashment of certain amounts of private pensions by individuals in the public sector who had previously been self-employed;
- A payment in respect of or a gain arising on a disposal of certain foreign life assurance policies;
- A payment received in respect of or a gain arising from a disposal of certain material interests in an offshore fund; and
- Certain chargeable excesses of a Benefit Crystallisation Event (BCE) which is a pension, or a retirement lump sum received under a pension arrangement.

What amount of PRSI do I pay?

Your contribution is 4% of your income or €500 whichever is greater. Under the self-assessment system, PRSI is paid directly to the Office of the Revenue Commissioners using their pay and file system together with any other amounts that are due to you.

If you are a self-employed company director, PRSI is deducted by your employer under the PAYE system.

If you have been told by an Inspector of Taxes that you do not need to make a Tax Return for a particular year, but your income is €5,000 or more per year, you may be liable to pay a flat rate social insurance contribution to the Department of Social Protection.

If you are a share fisherman or fisherwoman, who is classified as self-employed, you may choose to pay an additional contribution for certain benefits under PRSI Class P. You will pay a contribution of 4% of income in addition to the PRSI being paid already under Class S after the application of the PRSI free allowance of €2,500.

These additional contributions paid under Class P provide cover for:

- Limited Jobseeker's Benefit for up to 13 weeks in each calendar year, and
- Limited Illness Benefit.

What happens if I am no longer self-employed?

If you are no longer liable to pay Class S PRSI for example if you stop being self-employed or if your annual income falls below the €5,000 limit, and you are under pensionable age, you may apply to become a voluntary contributor, in order to maintain the continuity of your PRSI record for **pension purposes only**.

Voluntary contributions give cover for the pensions that you were covered for when you were last working and paying compulsory PRSI.

For more information about the Voluntary Contributions Scheme, visit www.gov.ie/volcon or contact **Client Eligibility Services**, contact details on page one.

How do I register as a self-employed person?

If you become self-employed you must register with the Office of the Revenue Commissioners.

However, if your only source of self-employed income is from a company directorship, you do not need to register as self-employed with the Revenue Commissioners because your tax and PRSI will be collected under the PAYE system.

Where can I get more information ?

For more information in relation to the insurability of employment, please visit www.gov.ie/insurability or contact Scope Section:

Scope Section

Department of Social Protection

Floor 5

Áras Mhic Dhiarmada

Store Street

DO1 WY03

Telephone: (01) 673 2585

If you are calling from outside Ireland please call +353 1 673 2585

Email: scope@welfare.ie

For more information:

- Visit www.gov.ie/dsp
- Contact your local Intreo Centre, Branch Office or any Citizens Information Centre.

You can find the name and address of your local Intreo Centre or Branch Office by visiting www.gov.ie/intreocentres.

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