

Universal Social Charge

Frequently Asked Questions

These FAQs have been updated on 7 February 2011. The changes from the previous version (published on 11 January 2011) are listed hereunder:

Revised FAQs

FAQ	Subject	Change
1.3	Are there special treatments for older persons?	Text added regarding self employed earning > €100,000
1.7	What are the rates and thresholds of the Universal Social Charge?	Reference to full medical card holders inserted. New rates for self-assessed individuals inserted.
1.8	Are the higher rates being charged on all earnings or just on the earnings over the relevant threshold?	Reference to full medical card holders inserted.
1.9	How is the Universal Social Charge collected?	Text added for self-employed individuals.
2.4	I have a medical card – do I pay Universal Social Charge on my wages?	New text re maximum 4%
3.1	How will the Universal Social Charge be collected?	Text amended re preliminary tax.
3.1	Am I allowed to deduct capital allowances or losses?	New text added re losses
3.6	What Universal Social Charge should I include in my preliminary tax for 2011?	Text amended re the calculation of preliminary tax for 2011.
4.13	What is the weekly/monthly, etc. breakdown of the Universal Social Charge thresholds?	Layout of table changed to separate Under 70's and Over 70's. Text in 'Note' tweaked a little. Medical Card heading added to table. Example 4 inserted.
4.15	Circumstances in which employer/pension providers/pension providers should make adjustments to the Universal Social Charge liabilities at the end of the year	'Individuals aged 70 or over' paragraph revised. Where the employer/pension provider knows at the start of the year that the individual will reach 70 at some stage in the year the 4% max can be applied from the first pay period. New paragraph inserted re Individuals in possession of a full medical card.
4.21	An employee reaches 70 years of age during the year after having paid the higher rate of 7% on some of their earnings. What is the employer to do?	Note added re employer applying 4% max from first pay period when aware individual will reach 70 during the year.

New FAQs

1.3A	Are there special treatments for full medical card holders?	New FAQ
2.25	I am employed in a bank and receive performance-related payments. Am I affected by the special tax on bank bonuses?	New FAQ
2.26	Does the Universal Social Charge have to be paid on pension lump sums?	New FAQ
3.7	I have a medical card. Will this affect my liability for Universal Social Charge?	New FAQ
4.27	Where an employee has two sources of income, which when combined will exceed the 7% threshold, can the employee opt to pay the USC at 7% in the employment(s) where their income is below the 7% threshold?	New FAQ
4.28	Are an employee's contributions to a Permanent Health Insurance Scheme chargeable to USC?	New FAQ
4.29	My employer makes a contribution on my behalf to my Permanent Health Insurance Scheme. Is this contribution subject to the USC?	New FAQ
4.30	How is the Universal Social Charge applied in cases where an individual holds a full medical card?	New FAQ
4.31	How are arrears of pay due to an employee who has ceased employment treated for USC purposes?	New FAQ

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1. Universal Social Charge (USC) General Provisions

1.1 What is the Universal Social Charge?

The Universal Social Charge, which came into effect on 1 January 2011, is a tax payable on gross income, including notional pay, after any relief for certain trading losses and capital allowances, but before pension contributions.

1.2 Who is liable for the Universal Social Charge?

All individuals are liable to pay the Universal Social Charge if their gross income exceeds the threshold of €4,004 p.a. (€77 per week).

For example:

- Gross income of €3,500 – as the gross income is less than the exemption threshold of €4,004 no Universal Social Charge applies
- Gross income of €4,500 – as the gross income exceeds the exemption threshold of €4,004 Universal Social Charge applies to the **full** €4,500

1.3 Are there special treatments for older persons?

Yes. While there is no age related exemption individuals aged 70 or over will only pay Universal Social Charge at a maximum rate of 4% irrespective of the level of their income. However, individuals who have income from self-employment that exceeds €100,000 in a tax year are subject to a 3% surcharge. A rate of 7% therefore applies to any income in excess of €100,000.

1.3A Are there special treatments for full medical card holders?

Yes. Individuals in possession of a full medical card will only pay Universal Social Charge at a maximum rate of 4% irrespective of the level of their income. However, where an individual has **self-employment income** in excess of €100,000 for a tax year, the maximum rate is 7% on the amount of the excess. Non-medical card holders are subject to a maximum rate of 10% on such income.

1.4 What is exempt from the Universal Social Charge?

- Where an individual's total income for a year does not exceed €4,004
- All Dept of Social Protection payments
- Payments that are made in lieu of Dept of Social Protection payments such as Community Employment Schemes paid by the Department of Enterprise, Trade and Innovation or Back to Education Allowance paid by the Department of Education and Science. [Appendix A contains examples of these types of payments]
- Income already subjected to DIRT

- Income sources listed in Appendix B.

1.5 Will the Universal Social Charge apply to non-domiciles?

Income from Ireland or income sourced from Ireland will be subjected to the Universal Social Charge.

1.6 I am a non-resident director – will I be liable to pay Universal Social Charge?

Directors fees paid by an Irish company to a non-resident director will be subject to the charge.

1.7 What are the rates and thresholds of the Universal Social Charge?

The standard rates of Universal Social Charge are:

- 2% on the first €10,036
- 4% on the next €5,980
- 7% on the balance.

However, these standard rates are modified in certain circumstances. In the case of individuals aged 70 or over, and individuals who hold **full** medical cards, the 4% rate applies to all income over €10,036.

There is a surcharge of 3% on individuals who have income from self-employment that exceeds €100,000 in a year, regardless of age. Thus, where such individuals are under 70 years and do not hold a full medical card, a rate of 10% applies to such income and where such individuals are aged over 70 years or hold a full medical card, a rate of 7% applies.

A special USC rate of 45% applies to certain bank bonuses paid to employees of those financial institutions that have received financial support from the State. See FAQ 2.25.

1. For **payroll purposes** the following Universal Social Charge rates apply to persons aged under 70 years:

Applicable to payments made from 1 January 2011

Income Thresholds			
Per Year	Per Week	Per Month	Rate of Universal Social Charge
Up to €10,036.00	Up to €193.00	Up to €837.00	2%
From €10,036.01 to €16,016.00 inclusive	From €193.01 to €308.00 inclusive	From €837.01 to €1335.00 inclusive	4%
In excess of €16,016.00	In excess of €308.00	In excess of €1335.00	7%

2. For **payroll purposes** the following Universal Social Charge rates apply to persons aged 70 years and over:

Applicable to payments made from 1 January 2011

Income Thresholds			
Per Year	Per Week	Per Month	Rate of Universal Social Charge
Up to €10,036.00	Up to €193.00	Up to €837.00	2%
In excess of €10,036.00	In excess of €193.00	In excess of €837.00	4%

3. For **payroll purposes** the following Universal Social Charge rates apply to persons in possession of a full medical card (regardless of age):

Applicable to payments made from 1 January 2011

Income Thresholds			
Per Year	Per Week	Per Month	Rate of Universal Social Charge
Up to €10,036.00	Up to €193.00	Up to €837.00	2%
In excess of €10,036.00	In excess of €193.00	In excess of €837.00	4%

4. For **self-assessed individuals under 70 years** the 2011 annual rates are as follows:

Part of aggregate income	Rate of Universal Social Charge
The first €10,036	2%
The next €5,980	4%
The next €83,984	7%
The remainder (> €100,000)	10%

5. For **self-assessed individuals aged 70 years and over or individuals under 70 years who hold a full medical card**, the 2011 annual rates are as follows:

Part of aggregate income	Rate of Universal Social Charge
The first €10,036	2%
The next €89,964	4%
The remainder (> €100,000)	7%

1.8 Are the higher rates being charged on all earnings or just on the earnings over the relevant threshold?

- Aged under 70 years of age

The 2% Universal Social Charge applies to all payments up to €10,036.00 p.a.
The 4% Universal Social Charge is charged on all payments from €10,036.01 p.a. to €16,016.00 p.a. inclusive and the 7% is being charged on all payments in excess of €16,016.00 p.a.

- Aged 70 years and over

The 2% Universal Social Charge applies to all payments up to €10,036.00 p.a.
The 4% Universal Social Charge is charged on all payments in excess of €10,036.00

- Individuals in possession of a full medical card

The 2% Universal Social Charge applies to all payments up to €10,036.00 p.a.
The 4% Universal Social Charge is charged on all payments in excess of €10,036.00

1.9 How is the Universal Social Charge collected?

Employer/pension providers are responsible for deducting the Universal Social Charge from their employees' salaries. Self-employed individuals will make a payment of Universal Social Charge along with their preliminary tax payment by 31 October with any balance payable by 31 October in the following year. For the year 2011, preliminary tax is to be calculated as if Universal Social Charge had been payable for 2010.

1.10 What income is liable for the Universal Social Charge?

The Universal Social Charge is payable on gross income after relief for certain trading losses and capital allowances, but before relief for pension contributions.

Employers/pension providers should note however that if any Dept of Social Protection payments, for example, illness benefit, have been paid to an employee, or salary sacrifices approved by the Revenue Commissioners have been made by the employee, the amount on which the Universal Social Charge is calculated will differ. Therefore, when recording gross pay, these amounts should be deducted and the total pay thereafter, before superannuation contributions, should be used when calculating the Universal Social Charge due.

1.11 Will redundancy payments be subject to the charge?

Statutory redundancy payments are exempt from the charge. Statutory redundancy payments amount to 2 weeks pay per year of service plus a bonus week subject to a maximum payment of €600 per week.

In addition, ex-gratia redundancy payments in excess of the statutory redundancy amount are exempt from income tax, and therefore also the Universal Social Charge, up to certain

limits. These limits are up to €10,160 plus €765 per complete year of service in excess of the statutory redundancy. This basic exemption can be further increased by up to €10,000 if the person is not a member of an occupational pension scheme. There is a lifetime tax exempt limit of €200,000 on ex-gratia payments.

Any relevant emoluments paid which are in excess of these limits are subject to the Universal Social Charge. It should be noted that the charge applies after granting the statutory exemptions set out above, and after granting any additional deduction for Standard Capital Superannuation Benefit (SCSB).

1.12 I am separated from my spouse and paying maintenance payments. How are these payments treated for Universal Social Charge purposes?

How maintenance payments are treated for Universal Social Charge purposes will depend on the nature of the maintenance payments arrangements in place, i.e. are they voluntary payments or legally enforceable payments.

Voluntary maintenance payments (payments paid under an informal arrangement)

- The spouse making the payments does not receive exemption from the Universal Social Charge on the portion of their income which they pay as maintenance.
- The spouse who receives the payments is not subject to the Universal Social Charge on the maintenance payments they receive.

Legally enforceable maintenance payments (payable under legal obligation)

The spouse making the payments is entitled to receive an exemption from the Universal Social Charge on the portion of their income which they pay as maintenance either directly or indirectly to their spouse. There is no Universal Social Charge exemption due in respect of any portion of the maintenance payments paid towards the maintenance of children.

An employee wishing to claim Universal Social Charge exemption in respect of legally enforceable maintenance payments throughout the year may either give the information required to their payroll office, or alternatively they can apply to Revenue at the end of the year to claim any refund of Universal Social Charge that may be due in respect of maintenance paid.

The spouse who receives the payments is subject to the Universal Social Charge on the portion of the maintenance payments they receive in respect of themselves. Any portion of the maintenance payments paid towards the maintenance of children is not subject to the Universal Social Charge.

Note: In the case of a legally enforceable maintenance arrangement, where a separated couple has jointly elected to be treated as a married couple for income tax purposes, the spouse making the payments does not receive exemption from the Universal Social Charge on the portion of their income which they pay as maintenance. The spouse who receives the payments is not subject to the Universal Social Charge on the maintenance payments they receive.

1.13

[Are share option gains chargeable to income tax under section 128 of the Taxes Consolidation Act 1997 liable to the Universal Social Charge?]

This question was deleted on 11 January 2011. Share option gains are liable to the Universal Social Charge. Revenue are currently examining how the charge is to apply.

1.14

[Am I obliged to include the Universal Social Charge due on share option gains when making my payment of RTSO (Relevant Tax on Share Options)?]

This question was deleted on 11 January 2011. Revenue are currently examining how the charge is to apply.

1.15 In the case of “restricted shares” to which section 128D Taxes Consolidation Act 1997 applies, is the Universal Social Charge payable on the gross amount chargeable to income tax or on the abated amount?

Universal Social Charge is payable on the abated amount. If, at a future date, the abated amount is revised additional Universal Social Charge will then be payable.

1.16 Is my employer’s contribution to an approved retirement benefit scheme liable to Universal Social Charge?

No, section 778 of the Taxes Consolidation Act 1997 provides that an employer’s contribution to an approved retirement benefit scheme or a statutory scheme is not treated as a benefit-in-kind for income tax purposes. As the Universal Social Charge treatment follows the income tax treatment, any employer contribution to such schemes will not be subject to Universal Social Charge. An employer’s contribution to an employee’s **PRSA** is, however, treated as a benefit-in-kind and chargeable to both income tax and Universal Social Charge.

Irrespective of this, employee contributions are not relieved for Universal Social Charge purposes.

2. PAYE Taxpayers and the Universal Social Charge

2.1 Are the first €4,004 p.a. earnings exempt?

No – once your income is greater than the exemption threshold above, you pay the Universal Social Charge on the full amount of your income.

2.2 I'm over 70 years and my income is €25,000 - is the first €4,004 exempt?

No. You are liable to pay the Universal Social Charge on the full amount of your income on a week1 / month 1 basis. Your income for Universal Social Charge purposes is determined after excluding any Dept of Social Protection or similar type income.

2.3 My spouse and I are both over 65 and taxed under joint assessment– are we exempt from the Universal Social Charge?

Each spouse is treated individually by their employer/pension provider throughout the year. The amount of Universal Social Charge you pay will depend on your age and the amount of your income. The age of 65 is not relevant for the purposes of Universal Social Charge purposes. A lower maximum rate of 4% applies to individuals (other than those with self-employment income over €100,000) aged over 70. See FAQ 1.7 for the rates and thresholds applicable.

2.4 I have a medical card – do I pay Universal Social Charge on my wages?

Yes. However, individuals in possession of a full medical card will only pay Universal Social Charge at a maximum rate of 4% irrespective of the level of their income from employment/pension. This treatment does not apply to individuals who hold other types of 'medical card', such as a GP Visit Card, a Drugs Payment Scheme Card or a Long-Term Illness Scheme Card..

Certain individuals who are ordinarily resident in Ireland automatically qualify for an Irish medical card under EU Regulations. However, they still need to submit the appropriate application form to the HSE before a medical card is issued to them. The European Health Insurance Card which provides for access to hospital care similar to that provided in public hospitals is not regarded as a full medical card.

An individual who holds a Northern Ireland medical card will be treated as holding a full medical card for the purposes of qualifying for the 4% rate.

The individual does not need to hold the medical card for the full year to qualify for the 4% maximum USC. It is due as long as the individual holds a full medical card for some period during the year. The individual should supply sufficient evidence to their employer/pension provider that they hold a full medical card to enable the employer/pension provider to apply the 4% maximum rate from the next pay period.

In cases where an employee, in possession of a full medical card, had USC deducted at the rate of 7% from 1 January 2011 they will have overpaid the USC and will be due a refund. Employers should make any such refunds immediately rather than wait until the

end of the year. See FAQ 2.22 for information in relation to the refund of other types of overpayment.

2.5 Given that my employer/pension provider records my Dept of Social Protection Illness Benefit after 6 weeks for tax purposes, will I now have to pay the Universal Social Charge on this benefit?

Dept of Social Protection payments are not subject to the Universal Social Charge.

2.6 I earn €50,000 per annum – what rate of Universal Social Charge will I pay?

An individual who is earning €50,000 p.a. will have a liability to the Universal Social Charge at a rate of 2% on the first €10,036, 4% on the next €5,980 and 7% on the balance of €33,984.

2.7 I earn €70,000 and my spouse earns €120,000 - what rate will we pay?

You will pay the Universal Social Charge at the rate of 2% on the first €10,036, 4% on the next €5,980 and 7% on the balance of €53,984.

Your spouse will pay 2% on the first €10,036, 4% on the next €5,980 and 7% on the balance of €103,984.

2.8 I am 45 years old and paid weekly. If I get a bonus of €6,000 will the Universal Social Charge apply at the 7% rate?

The Universal Social Charge is calculated on the following weekly thresholds:

Applicable to all payments made on or after 1 January 2011	2% on income up to €193.00
	4% on income from €193.01 to €308.00 inclusive
	7% on income above €308.00

An employee will pay the Universal Social Charge at the appropriate rate(s) on a week 1 basis according to the amount of their payment in that particular week. Where an employee is paid on a monthly basis, the monthly thresholds will apply to the payment.

2.9 Are Occupational Pensions subject to the Universal Social Charge?

Yes. Occupational Pensions are subject to the Universal Social Charge. Dept of Social Protection pensions are not subject to the Universal Social Charge.

2.10 Will the Universal Social Charge affect tax credits?

No. The Universal Social Charge is a separate charge to income tax and there are no deductions or credits due against it. It is collected from gross income at the progressive rates. Excess or unused tax credits cannot be used to reduce an individual's liability to the Universal Social Charge.

2.11 Am I allowed a deduction for pension contributions?

No. Deductions (from gross income) for pension contributions are not allowed.

2.12 My medical expenses are greater than my taxable income. Can I set the excess expenses against Universal Social Charge to reduce my liability to it?

No. Excess medical expenses which have not been set against income tax liability cannot be used to reduce liability to the Universal Social Charge.

2.13 Are married couples who are jointly assessed allowed double the threshold limits?

No. The thresholds apply to each spouse individually and cannot be combined where one spouse is below the thresholds and the other above.

2.14 Short-term working arrangement Job Seeker's Benefit is not taxable. Will I now have to pay the Universal Social Charge on it?

No. All payments from the Department of Social Protection, and payments made by other Departments, which are similar to Dept of Social Protection payments are exempt from the Universal Social Charge. Appendix A contains a list of these similar payments.

2.15 Should I pay the Universal Social Charge on travel expenses, etc?

Any expense payments which are only a recompense for expenses incurred in the performance of duties, are not subject to the Universal Social Charge. Allowances which are in the nature of pay and are part of an individual's gross income are subject to the charge.

2.18 If I change employment during the year and earn €50,000 with my first employer/pension provider and €100,000 with my second employer/pension provider will the higher Universal Social Charge rates automatically kick in?

No. Each employer/pension provider is responsible for collecting the Universal Social Charge by reference to the gross income arising in their own employment only. Details of the Universal Social Charge are not carried forward from one employment to another. The Universal Social Charge is collected on a week 1 basis. In circumstances where, in the aggregate of the income arising between the two employments, there is an underpayment of the Universal Social Charge, Revenue will identify this and make arrangements for the collection of the underpayment from the employee concerned.

2.19 Is it true that although I am exempt from income tax, I may still have to pay the Universal Social Charge?

Appendix B contains a list of income sources that are exempt from income tax. These income sources are also exempt from Universal Social Charge.

An individual whose income consists of exempt (or partly exempt) source income from occupation of certain woodlands, profits from stallion fees, stud greyhound services fees and farmland leasing, along with patent royalty income and earnings of certain writers, artists and composers, will be subject to the charge on any or all of these income sources.

An individual who has no liability to income tax based on their entitlement to tax credits or by use of losses or capital allowances may still have a liability to the Universal Social Charge.

2.20 I am a single person and will be 70 years old in June 2011. Will I benefit from the maximum 4% rate for all of 2011?

Yes. If a person reaches 70 years at any stage during the year they will benefit from the maximum 4% rate for the whole year.

2.21 I have just left my job and my employer/pension provider has given me a Universal Social Charge Certificate along with my form P45. What do I do with the Universal Social Charge Certificate?

Your employer/pension provider gave you the Universal Social Charge certificate as your own personal record of the amount of Universal Social Charge deducted while in that employment. You need not do anything with this certificate. Just keep it safely. It should not be sent to Revenue or given to your new employer/pension provider when you commence another employment. Please see 2.22 and 2.24 below regarding overpayments and refunds of the Universal Social Charge.

2.22 What if I have overpaid the Universal Social Charge? How can I claim a refund?

The Universal Social Charge is calculated on a pay period by pay period basis. Where the Universal Social Charge has been applied for particular pay period(s) throughout the year but you are ultimately liable at either a lower rate or are exempt because you have not exceeded the thresholds at the end of the year, you will have overpaid the Universal Social Charge. In this situation you will be due a refund of some or all of any Universal Social Charge paid.

Where you have been in continuous employment with an employer/pension provider throughout the year in question (i.e., from 1 January to 31 December), your employer/pension provider may refund any overpayment of Universal Social Charge deducted at the end of the year. Where you have not been in continuous employment with an employer/pension provider throughout the year in question, Revenue, rather than the employer/pension provider, will deal with any refund of Universal Social Charge due at the end of the year.

2.23 My employer makes a contribution on my behalf to my Personal Retirement Savings Account (PRSA). Is the charge payable in respect of this contribution given it qualifies for tax relief as a pension contribution?

Yes. Universal Social Charge applies to all emoluments of an employment, including anything treated as a taxable benefit-in-kind. An employer contribution to a Personal Retirement Savings Account (PRSA) is chargeable to income tax in the hands of the employee as a benefit-in-kind under section 118 of the Taxes Consolidation Act 1997. As the Universal Social Charge treatment follows the income tax treatment the employer contribution to the PRSA will also be subject to the Universal Social Charge. Universal Social Charge should be deducted on this contribution in a similar manner to any other

benefit provided by an employer and accounted for with Universal Social Charge deducted on emoluments.

2.24 I have overpaid the Universal Social Charge in 2011. How can I claim a refund?

If you have overpaid the Universal Social Charge you can apply to Revenue for a refund at the end of the year in one of two ways. You can either:

- Complete a Universal Social Charge Refund Claim Form and send it to your local Revenue office. The form will be available to download from www.revenue.ie or from

Revenue's Forms & Leaflets Service Telephone (24-Hour service) 1890 30 67 06
If calling from outside the Republic of Ireland please phone + 353 1 70 23 050
Email: custform@revenue.ie

Or

- Submit your claim online using the online facility on the Universal Social Charge page on www.revenue.ie.

Note

These facilities are not yet in place but will be highlighted when they are available.

2.25 I am employed in a bank and receive performance-related payments. Am I affected by the special tax on bank bonuses?

Employees of the five financial institutions that have received financial support from the State - Bank of Ireland, AIB, Anglo Irish Bank, EBS and Irish Nationwide Building Society – are chargeable to a special Universal Social Charge rate of 45% where they receive performance-related bonus payments. Normal rates apply where the cumulative amount of any bonus payments does not exceed €20,000 in a single tax year. Where this threshold is exceeded, the full amount is charged at 45% and not just the excess over €20,000. Regular salary that does not vary with the performance of the business or the employee is not subject to the increased charge.

2.26 Does the Universal Social Charge have to be paid on pension lump sums?

From 1 January 2011 there is a new lower lifetime limit of €200,000 on the amount of retirement lump sums that are exempt from income tax. Amounts in excess of this limit are subject to income tax in two stages. The portion between €200,000 and €575,000 is taxable at a special 20% rate of income tax and any portion above that is taxable at the individuals marginal income tax rate. Universal Social Charge is only payable on the portion above €575,000.

3. Self-Assessed Taxpayers and the Universal Social Charge

3.1 How will the Universal Social Charge be collected?

Self-assessed taxpayers have responsibility for operating the charge in respect of all income sources. They will make a payment of Universal Social Charge along with their preliminary tax payment, by 31 October with any balance payable by 31 October in the following year. For the year 2011, preliminary tax is to be calculated as if Universal Social Charge had been payable for 2010.

3.2 I am self-employed – how do I calculate gross income for the purposes of the Universal Social Charge?

Gross income is determined after deduction of legitimate expenses directly associated with the performance of the trade. This is in accordance with the normal principles of commercial accounting.

3.3 Can expenses be deducted?

Legitimate revenue expenses directly associated with the performance of the trade can be deducted in calculating the taxable profit figure upon which the Universal Social Charge is chargeable.

3.4 Am I allowed to deduct capital allowances or losses?

Normal business expenses incurred in carrying on a trade are deductible before the Universal Social Charge is calculated. This includes allowances for capital expenditure incurred on providing certain items for the purposes of the trade, such as

- Plant and machinery
- Vehicles used for business purposes
- Certain types of buildings, such as factories or farm buildings

Capital allowances (other than those used to create or increase a loss under section 392 TCA 1997) must actually be used in a tax year to be deductible. Only standard rate capital allowances are deductible. Apart from farm buildings, capital allowances that are written off over accelerated 7-year periods are not allowed. Any capital allowances due to people that do not actively carry on a trade are not deductible. Therefore, lessors and other passive investors, such as non-active partners in a partnership trade, will pay the Universal Social Charge on gross income before the deduction of capital allowances. Appendix C contains details of both deductible and non-deductible allowances in respect of the different types of buildings.

Losses other than those arising from the carrying on of a trade or profession are not deductible before Universal Social Charge is charged. Nor can trading losses arising in a tax year reduce other non-trading income in that year. Where unused trading losses are carried forward, only that part of the losses that is actually used to reduce taxable income from the same trade in the tax year to which they have been carried forward is deductible.

3.5 Are exempt sources of income liable for the Universal Social Charge?

Yes. An individual whose income consists of exempt source income from occupation of certain woodlands, profits from stallion fees, stud greyhound services fees and farmland leasing, along with patent royalty income and earnings of certain writers, artists and composers, will be subject to Universal Social Charge on the sources above – subject to the relevant thresholds.

3.6 What Universal Social Charge should I include in my preliminary tax for 2011?

An individual can calculate their preliminary tax for 2011 on the basis of 90% of the 2011 liability, and incorporate Universal Social Charge using the 2011 rates of 2%, 4%, 7% and 10%, as appropriate.

However where the individual wishes to pay preliminary tax on the basis of 100% of the previous year liability then their preliminary payment should be on the basis of the final liability for the year 2010 as if Universal Social Charge at the appropriate rates had been paid for that year, and as if the income levy and health contributions had not been payable for 2010.

3.7 I have a medical card. Will this affect my liability for Universal Social Charge?

In general, individuals in possession of a **full** medical card will only pay Universal Social Charge at a maximum rate of 4% irrespective of the level of their income. However, individuals who have income from self-employment that exceeds €100,000 in a tax year are subject to a 3% surcharge. A rate of 7% therefore applies to any income in excess of €100,000. See FAQ 2.4 for further information about what is regarded as a **full** medical card.

4. Employers/pension providers and the Universal Social Charge

4.1 As an employer/pension provider, what are my responsibilities in relation to the collection and remittance of the Universal Social Charge?

- Identify “Gross Income” as defined
- Deduct the Universal Social Charge from this income at the appropriate rates
- Pay the total amount of the Universal Social Charge deducted from your employees on form P30 to the Collector General – the Universal Social Charge amount is to be included with figure for PAYE on form P30.
- At end of year give details of the Universal Social Charge on form P35L – see section 4.12

4.2 Who is responsible for deducting and returning the Universal Social Charge?

Employer/pension providers have responsibility for operating Universal Social Charge in relation to payments they make to their employees. They will deduct and pay the Universal Social Charge to the Collector General on behalf of employees.

4.3 I am an employer/pension provider – when do I pay this Universal Social Charge?

Employer/pension providers should pay the Universal Social Charge to the Collector General at the same time and in the same manner as the deductions under the PAYE system.

4.4 If the employer/pension provider is responsible, what will the penalty be if the Universal Social Charge is not correctly administered?

Penalties similar to those that apply where the employer/pension provider fails to operate PAYE correctly will apply for failure to operate the Universal Social Charge.

4.5 Will there be an interest charge for late payment of the Universal Social Charge?

Yes. Interest will be payable on late payments of the Universal Social Charge to the Collector General.

4.6 If all earnings are taken into account, how does an employer/pension provider know what an employee may earn in another employment to determine which Universal Social Charge % should be applied?

The employer/pension provider is only responsible for deducting the Universal Social Charge from income, including notional pay, which he or she is paying to an employee. They are not required to take account of income arising from other sources.

4.7 Are Dept of Social Protection payments added to income to determine whether the Universal Social Charge will be charged or not?

No. Dept of Social Protection payments are exempt from the Universal Social Charge.

4.8 Is calculation of the Universal Social Charge different from calculation of PAYE & PRSI?

- The calculation is separate to PAYE and PRSI and is based on gross income as defined
- The Universal Social Charge is collected on a stand-alone basis for each employment
- The Universal Social Charge is collected on a week 1 basis within each employment.

4.9 For employer/pension providers using Direct Debit, should their amounts be increased, to take account of the Universal Social Charge?

Yes. Direct Debit amounts should be revised to take account of Universal Social Charge payments.

4.10 What records should employer/pension providers keep regarding the Universal Social Charge?

Employer/pension providers should keep the following records in relation to the Universal Social Charge for each employee for each year.

- Amount of emoluments liable to Universal Social Charge
- Amount of Universal Social Charge deducted from each payment made
- Total amount of Universal Social Charge deducted.

4.11 Should pay-slips record the Universal Social Charge details separately?

Yes. Details of the Universal Social Charge should be recorded separately on payslips.

4.12 What revisions to forms will be made to cater for the Universal Social Charge?

Further information will be available shortly in relation to changes in forms issued from the Collector-General to allow for reporting of the Universal Social Charge.

4.13 What is the weekly/monthly, etc. breakdown of the Universal Social Charge thresholds?

The breakdown of the Universal Social Charge threshold figures is as follows:

Applicable to all payments made on or after 1 January 2011

Persons aged under 70 years

	Annual Threshold	Weekly	Fortnightly	Monthly	4-Weekly	Bi-monthly (every 2 months)	Twice-monthly	Quarterly
	Exemption Threshold 4,004 See Note below	77	154	334	308	668	167	1,001
2%	0.00 up to 10,036.00	0.00 up to 193.00	0.00 up to 386.00	0.00 up to 837.00	0.00 up to 772.00	0.00 up to 1,673.00	0.00 up to 419.00	0.00 up to 2,509.00
4%	From 10,036.01 to 16,016.00	From 193.01 to 308.00	From 386.01 to 616.00	From 837.01 to 1,335.00	From 772.01 to 1,232.00	From 1,673.01 to 2,670.00	From 419.01 to 668.00	From 2,509.01 to 4,004.00
7%	From 16,016.01	From 308.01	From 616.01	From 1,335.01	From 1,232.01	From 2,670.01	From 668.01	From 4,004.01

Persons aged 70 years and over, and Persons in possession of a Full Medical Card (regardless of age)

	Annual Threshold	Weekly	Fortnightly	Monthly	4-Weekly	Bi-monthly (every 2 months)	Twice-monthly	Quarterly
	Exemption Threshold 4,004 See Note below	77	154	334	308	668	167	1,001
2%	0.00 up to 10,036.00	0.00 up to 193.00	0.00 up to 386.00	0.00 up to 837.00	0.00 up to 772.00	0.00 up to 1,673.00	0.00 up to 419.00	0.00 up to 2,509.00
4%	From 10,036.01	From 193.01	From 386.01	From 837.01	From 772.01	From 1,673.01	From 419.01	From 2,509.01

Note:

Employers/pension providers are to apply the €4,004 exemption threshold in payroll – **similar to the operation of the Income Levy**. The USC is operated on a week 1 basis. Where the weekly earnings are €77 or below, no USC is deducted. Where the weekly earnings are above €77, USC is deducted on the **full** payment. See above table for monthly, fortnightly, etc, equivalents.

Example 1

Weekly pay €75

As the payment is less than the weekly exemption threshold of €77, no USC is deducted from this payment.

Example 2

Weekly pay €400

As the payment exceeds the weekly exemption figure of €77, USC is applied to the **full** payment as follows:

€193	@ 2% =	3.86
€115	@ 4% =	4.60
€ 92	@ 7% =	<u>6.44</u>
Total		14.90

Example 3

Individual aged over 70 - Weekly pay €400

As the payments exceed the weekly exemption figure of €77, USC is applied to the **full** payment as follows:

€193	@ 2% =	3.86
€207	@ 4% =	<u>8.28</u>
Total		12.14

Individuals aged 70 years and over pay USC at a maximum rate of 4%.

Example 4

Individual with full medical card - Weekly pay €400

As the payments exceed the weekly exemption figure of €77, USC is applied to the **full** payment as follows:

€193	@ 2% =	3.86
€207	@ 4% =	<u>8.28</u>
Total		12.14

An individual with full medical card (regardless of age) pays USC at a maximum rate of 4%.

4.14 Where a payment is made for a period of less than, or more than, a week/month/etc., have the weekly/monthly/etc. threshold amounts to be adjusted accordingly?

No. The same standard threshold amounts, listed at 4.13 above, apply in all instances. For example, a weekly paid employee should, if a payment of salary is made in the week in which employment commences or ceases, have the full Universal Social Charge threshold applied for the week, even if the payment relates to part of the week only.

4.15 Circumstances in which employers/pension providers should make adjustments to the Universal Social Charge liabilities at the end of the year

Where an employee is in continuous employment/pension (from 1 January to 31 December) with an employer/pension provider throughout the year in question the employer/pension provider should make adjustments to Universal Social Charge liabilities in the circumstances listed hereunder.

Continuous employment

‘Continuous employment throughout the year’ means that the employee has been in employment/pension with the employer/pension provider for the full period, 1 January 2011 to 31 December 2011. It is not necessary for the employee to have ‘52 paid insurable weeks of employment’ in the year to be included in the end of year employer/pension provider calculation. An individual who has been in continuous employment with an employer/pension provider from 1 January 2011 to 31 December 2011 and who was absent from work on various forms of unpaid leave (e.g. sick leave, maternity leave, adoptive leave, etc) throughout the year is eligible to be included.

For example, a weekly paid employee, in continuous employment throughout 2011, is absent on unpaid leave for a period of 3 weeks in February 2011. As a result they had only 49 pay days in the January to December period. In the end of year Universal Social Charge calculation the employer/pension provider should use 52 pay days in the January-December calculation for this employee.

Where the employee has not been in continuous employment (1 Jan – 31 Dec) with an employer/pension provider throughout the year in question (e.g. employee commenced current employment on 15 January 2011) Revenue, rather than the employer/pension provider, will deal with any refund of Universal Social Charge due.

(Note: Adjustment should be made in respect of overpayment of the Universal Social Charge only. Where an employer/pension provider finds that the Universal Social Charge has been under deducted at the end of the year they are not to deduct more Universal Social Charge. Revenue will deal with any underpayments arising.)

Exemption threshold €4,004 not exceeded

Where the Universal Social Charge has been applied for particular pay period(s) throughout the year but the exemption threshold of €4,004 p.a. has not been exceeded at the end of the year then no liability to the Universal Social Charge arises. In this situation the employer/ pension provider should make an adjustment at the end of the

year and refund all Universal Social Charge deducted. Where the employee has not been in continuous employment with an employer/pension provider throughout the year in question Revenue, rather than the employer/pension provider, will deal with any refund of Universal Social Charge due.

Individuals liable at a lower rate(s)

Where a rate of Universal Social Charge has been applied for particular pay period(s) but the employee ultimately is liable at a lower rate(s) at the end of the year they will have overpaid the Universal Social Charge. In this situation the employer/pension provider should make an adjustment at the end of the year and refund any overpayment of Universal Social Charge deducted. Where the employee has not been in continuous employment with an employer/pension provider throughout the year in question Revenue, rather than the employer/pension provider, will deal with any refund of Universal Social Charge due.

Individuals aged 70 or over

Where an employee/pensioner is aged 70 Universal Social Charge is applied at a maximum rate of 4% after the first threshold of €10,036 has been applied. Where that individual reached the age of 70 at any time during the year the 4% ceiling applies for the full year.

Where the employer/pension provider knows at the start of the year that the individual will reach 70 at some stage in the year the 4% max can be applied from the first pay period.

Where the employer/pension provider only becomes aware mid-year that the individual has reached 70 or will reach 70 in the year, they should apply the 4% max rate from the next pay period. Any refund due to the individual as a result of paying USC at the 7% rate can be paid at the end of the year, provided the individual has been in continuous employment with the employer/pension provider throughout the year. Where the employee/pensioner has not been in continuous employment with an employer/pension provider throughout the year in question Revenue, rather than the employer/pension provider, will deal with any refund of Universal Social Charge due.

Individuals in possession of a full medical card

Individuals in possession of a full medical card will only pay Universal Social Charge at a maximum rate of 4% irrespective of the level of their income. See FAQ 4.30 for further information about medical cards.

In cases where an employee, in possession of a full medical card, had USC deducted at the rate of 7% from 1 January 2011 they will have overpaid the USC and will be due a refund. Employers should make the refund immediately rather than wait until the end of the year. See FAQ 4.30.

4.16 How is the Universal Social Charge applied to holiday pay paid in advance of the usual pay day?

If the effect of paying holiday pay in advance is that the employee receives the equivalent of two or three weeks' pay in the same week and no pay in the following week, or following two weeks, the Universal Social Charge will work in the same way as the tax credits and standard rate cut-off point currently work for those weeks. The 'increased' pay the employee receives in the week immediately preceding the week / 2 weeks holidays is not extra pay earned in that particular week but rather the pay for the following week / 2 weeks brought forward and paid in that particular week. In this situation the employee is due the Universal Social Charge thresholds applied to each of the following weeks' pay as normal. It should be noted that this does not apply where the employee is being paid holiday pay immediately before leaving the employment.

4.17 A four-weekly paid employee is receiving holiday pay paid in advance in respect of two weeks holidays. How is the Universal Social Charge applied in this case?

In this case the employee will be due the Universal Social Charge four-weekly threshold amount applied to their four-weekly salary as normal and have two weekly threshold amounts applied to their two weeks holiday pay. In their next four-weekly salary period they will receive payment for two weeks (as the other two have already been paid in advance) and have two weekly threshold amounts applied to this payment.

4.18 A weekly paid employee is receiving holiday pay paid in advance in respect of 4 weeks holidays. How is the Universal Social Charge applied in this case?

In this case the employee will be due the Universal Social Charge weekly threshold amount applied to their weekly salary as normal and have four separate weekly threshold amounts applied to their four separate weeks holiday pay. It is not correct to apply the four-weekly or monthly Universal Social Charge threshold amounts to the total of their four weeks holiday pay.

4.19 An employee is due to receive back pay in 2011. Even though the back pay relates to 2010 will the payment be subject to the Universal Social Charge?

Yes. Any payments made on or after 1 January 2011 but which relate to 2010 (or earlier years) will be subject to the Universal Social Charge. It depends on the date of the payment rather than on when the income was earned. For example, where an individual does overtime in December 2010 and receives the payment for this overtime in January 2011, this payment is subject to the Universal Social Charge.

4.20. Does the Universal Social Charge reduce the gross pay for PAYE/PRSI purposes?

No. Any deduction for the Universal Social Charge does not reduce the gross pay for PAYE/PRSI purposes, as illustrated in the following example:

An employee earns €800 per week.

Their weekly deduction for Salary Sacrifice for the Travel Pass Scheme is €20

Their weekly deduction for employee superannuation is €40

Universal Social Charge calculation:

Gross pay	€800
Less Salary Sacrifice for Travel Pass	<u>€ 20</u>
Universal Social Charge is applied to	€780
$193 \times 2\% = €3.86$, $115 \times 4\% = €4.60$, and $472 \times 7\% =$	€33.04
Total Universal Social Charge =	€41.50

Note: the Universal Social Charge is applied **before** the employee superannuation is deducted.

PRSI calculation:

Gross pay	€800
Less Salary Sacrifice for Travel Pass	<u>€20</u>
PRSI is applied to	€780 at the appropriate rate(s)

PAYE calculation:

Gross pay	€800
Less Salary Sacrifice for Travel Pass	€20
Less employee superannuation	<u>€ 40</u>
PAYE is applied to	€740 at the appropriate rate(s)

4.21 An employee reaches 70 years of age during the year after having paid the higher rate of 7% on some of their earnings. What is the employer to do?

Where an employee/pensioner is aged 70 Universal Social Charge is applied at a maximum rate of 4% after the first threshold of €10,036 has been applied. Where that individual reached the age of 70 at any time during the year the 4% ceiling applies for the full year. If the individual has already paid Universal Social Charge at the higher rate of 7%, they will be due a refund. This refund can be dealt with by the employer **at the end of the year** or the individual can apply to Revenue **at the end of the year**.

Note

Where the employer/pension provider knows at the start of the year that the individual will reach 70 at some stage in the year the 4% max can be applied from the first pay period.

4.22 Universal Social Charge Certificate on cessation of employment

When an employee ceases employment the employer should issue a Universal Social Charge Certificate to the employee together with form P45. It is not necessary to send a copy of this certificate to Revenue. It is for the employee's own records. The information detailed on this certificate will be for 'this employment only'. Where an individual had more than one period of employment with the same employer in the year the certificate will state the Universal Social Charge information in respect of the latest period of employment only. The individual will be given an Universal Social Charge certificate each time they cease employment. This will mean, for example, that where an individual commenced and ceased employment three times with the same employer in 2011 they will receive three Universal Social Charge certificates from this employer in 2011. Employers should note that details of the Universal Social Charge should **not** be included on forms P45.

The Universal Social Charge certificate should be issued even when employees have nil Universal Social Charge deducted during their employment.

Where a payment is made to an ex-employee that is not included on the form P45 an Universal Social Charge certificate should be issued to reflect this payment. This supplementary Universal Social Charge certificate can either show the details of the supplementary payment only and be marked 'Supplementary' or it can include the details from the P45 plus the supplementary payment and be marked 'Amended'.

Some payroll software systems will print a version of the certificate automatically from the payroll record.

Alternatively employers can use the Revenue template found at www.revenue.ie/en/tax/usc/forms/universal-social-charge-certificate-2011.pdf

Simply fill in the details on screen and print it out. A paper version of this Universal Social Charge certificate (see sample certificate in Appendix C) is available from:

Revenue's Forms & Leaflets Service

Telephone (24-Hour service) 1890 30 67 06

If calling from outside the Republic of Ireland please phone + 353 1 70 23 050

Email: custform@revenue.ie

The following information is required on the certificate:

- Employee name
- PPS Number
- Payroll / Works No. (if applicable)
- Date of commencement (if after 1 January)
- Date of cessation
- Year
- Gross Income for Universal Social Charge
- Amount of Universal Social Charge deducted
- Employer name and address

- Employer registered number
- Phone number
- Email address
- Date

Note regarding end of year forms:

An end of year Universal Social Charge certificate will not be in place. Instead, the form P60 will be revised to cater for the Universal Social Charge. See 4.12 regarding revision to forms.

4.23 How is the Universal Social Charge applied in cases where an exclusion order has been issued?

In circumstances where an individual is in receipt of Schedule E income which is subject to an Exclusion Order, and that individual is resident in a State which has a Double Taxation Agreement with Ireland, Universal Social Charge should not be deducted from the Schedule E payment.

Where an individual is in receipt of Schedule E income which is subject to an Exclusion Order, and that individual is resident in a State which does **not** have a Double Taxation Agreement with Ireland, then that income is subject to the Universal Social Charge in the same way as the income of all other employees.

4.24 Are employees within the Employer PRSI Exemption scheme exempt from the universal social charge?

The Universal Social Charge applies to income rather than to categories of individuals. Income received in the form of Social Welfare payments is exempt income. The Employer PRSI Exemption Scheme allows employees who are in receipt of a 'back to work' allowance to retain part of that allowance for 3 years after they take up employment. This 'back to work' allowance is exempt from Universal Social Charge and is not added to other income to see if the €4,004 threshold is reached. However, the employment income (and any other non-Social Welfare income) is chargeable to the Universal Social Charge where it exceeds €4,004.

4.25 Is Maternity Benefit subject to the Universal Social Charge?

No. Maternity Benefit is not subject to the Universal Social Charge. Employees who are absent due to maternity leave but who are in continuous employment are not liable for the Universal Social Charge on their maternity benefit payment paid as part of their wages. The balance of any emoluments paid by an employer continues to be subject to the Universal Social Charge.

4.26 How are employers to treat payments arising in week 53 for Universal Social Charge purposes – given the particular arrangements set out in the employment regulations on how such income is treated for deduction of PAYE purposes?

Deduction of Universal Social Charge is on a “week-one” basis and therefore the Universal Social Charge should be deducted and remitted on the same basis as was applied in previous weeks.

4.27 Where an employee has two sources of income, which when combined will exceed the 7% threshold, can the employee opt to pay the USC at 7% in the employment(s) where their income is below the 7% threshold?

Yes. To avoid a situation where the employee has an under deduction of the USC at the end of the year it is preferable if the employer could accommodate this situation and deduct the USC at 7% even where the income is below the threshold.

4.28 Are an employee's contributions to a Permanent Health Insurance Scheme chargeable to USC?

Yes. An employee's contributions to a Permanent Health Insurance Scheme are chargeable to USC.

4.29 My employer makes a contribution on my behalf to my Permanent Health Insurance Scheme. Is this contribution subject to the USC?

Yes. Universal Social Charge applies to an employer's contribution to a Permanent Health Insurance Scheme. Such a contribution is treated as a taxable benefit-in-kind.

4.30 How is the Universal Social Charge applied in cases where an individual holds a full medical card?

Individuals in possession of a full medical card will only pay Universal Social Charge at a maximum rate of 4% irrespective of the level of their income. This treatment does not apply to individuals who hold other types of 'medical card', such as a GP Visit Card, a Drugs Payment Scheme Card or a Long-Term Illness Scheme Card.

Certain individuals who are ordinarily resident in Ireland automatically qualify for an Irish medical card under EU Regulations. However, they still need to submit the appropriate application form to the HSE before a medical card is issued to them. The European Health Insurance Card which provides for access to hospital care similar to that provided in public hospitals is not regarded as a full medical card.

An individual who holds a Northern Ireland medical card will be treated as holding a full medical card for the purposes of qualifying for the 4% rate.

The individual does not need to hold the medical card for the full year to qualify for the 4% maximum USC. It is due as long as the individual holds a full medical card for some period during the year. The individual should supply sufficient evidence to their employer/pension provider that they hold a full medical card.

Where the employer/pension provider knows at the start of the year that the individual holds a full medical card the 4% maximum USC can be applied from the first pay period. Where the employer/pension provider only becomes aware mid-year that the individual holds a full medical card, they should apply the 4% maximum USC rate from the next pay period.

In cases where an employee, in possession of a full medical card, had USC deducted at the rate of 7% from 1 January 2011 they will have overpaid the USC and will be due a refund. Employers should make the refund immediately rather than wait until the end of the year. See example refund calculations hereunder.

Example 1

A weekly-paid employee, under 70 and in continuous employment from 1 January 2011, has the following USC rates applied from 1 January 2011:

2%	Up to €193.00
4%	From €193.01 to €308.00
7%	From €308.01

Employer Payroll

Payday	Date	Gross Income for USC	USC Deducted this week
1	7 January 2011	1,000	56.90
2	14 January 2011	1,000	56.90
3	21 January 2011	1,200	70.90
4	28 January 2011	1,100	63.90

The employee receives a full medical card on 2 February 2011 and notifies his employer. As a holder of a full medical card the following weekly rates apply for the full year 2011:

2%	Up to €193.00
4%	From €193.01

On the next payday the employer applies these rates.

Payday	Date	Gross Income for USC	USC Deducted this week
5	4 February 2011	1,000	36.14

As this employee has had USC deducted at the rate of 7% on some of his earnings prior to receiving the full medical card he will have overpaid the USC and will be due a refund. His employer will calculate the refund as follows:

Weeks 1-4 Gross Income for USC €4,300

USC liability

772 (193 x 4) @ 2% =	15.44
3,528 @ 4% =	<u>141.12</u>
	156.56

USC already deducted: 248.60

Refund due: 92.04

Example 2

An individual ceased employment with Employer A on 11 February 2011 and earned €4,650 to date of leaving. She commenced employment with Employer B on 14 February 2011, earning €800 per week.

As the employee is under 70 years of age the following USC rates apply:

2%	Up to €193.00
4%	From €193.01 to €308.00
7%	From €308.01

Employer B Payroll

Payday	Date	Gross Income for USC	USC Deducted this week
7	18 February 2011	800	42.90
8	25 February 2011	800	42.90
9	4 March 2011	800	42.90

The employee receives a full medical card on 6 March 2011 and notifies her employer. As a holder of a full medical card the following weekly rates apply for the full year 2011:

2%	Up to €193.00
4%	From €193.01

On the next payday Employer B applies these rates.

Payday	Date	Gross Income for USC	USC Deducted this week
10	11 March 2011	800	28.14

As this employee has had USC deducted at the rate of 7% on some of her earnings with Employer B prior to receiving the full medical card she will have overpaid the USC and will be due a refund. Employer B will calculate the refund as follows:

Note

Employer B calculates the USC refund due from Employment B earnings only. The USC deducted in Employment A is NOT factored into Employer B's refund calculation. This employee may be due a further refund in respect of the 7% USC paid while employed with Employer A. Revenue will look after this further refund at the end of the year.

Weeks 7-9 Gross Income for USC in Employment B: €2,400

USC liability

579 (193 x 3) @ 2% =	11.58
1,821 @ 4% =	<u>72.84</u>
	84.42

USC already deducted: 128.70 (in weeks 7 to 9 in Employment B only)

Refund due: 44.28

Example 3

An individual had the following employments in 2011:

- Employer A from 1 January 2011 to 31 March 2011 - earned €12,000
- Employer B from 1 April 2011 to 25 June 2011 - earned €13,000
- Recommenced with Employer A on 11 July 2011 - earning €1,000 per week.

As the employee is under 70 years of age the following USC rates apply:

2%	Up to €193.00
4%	From €193.01 to €308.00
7%	From €308.01

Employer A Payroll (recommencement) - July 2011

Payday	Date	Gross Income for USC	USC Deducted this week
28	15 July 2011	1,000	56.90
29	22 July 2011	1,000	56.90

The employee receives a full medical card on 24 July 2011 and notifies his employer. As a holder of a full medical card the following weekly rates apply for the full year 2011:

2%	Up to €193.00
4%	From €193.01

On the next payday Employer A applies these rates.

Payday	Date	Gross Income for USC	USC Deducted this week
30	29 July 2011	1,000	36.14

As this employee has had USC deducted at the rate of 7% on some of his earnings with Employer A (recommenced employment) prior to receiving the full medical card he will have overpaid the USC and will be due a refund. Employer A will calculate the refund as follows.

Note

Employer A calculates the USC refund due from Employment A's latest period of employment only. The USC deducted in Employment A during the period 1 January to 31 March 2011 and in Employment B from 1 April 2011 to 25 June 2011 is NOT factored into Employer A's refund calculation. This employee may be due a further

refund in respect of the 7% USC paid in previous periods of employment in 2011. Revenue will look after this further refund at the end of the year.

Weeks 28-29 Gross Income for USC in Employment A's latest period of employment: €2,000

USC liability

386 (193 x 2) @ 2% =	7.72
1,614 @ 4% =	<u>64.56</u>
	72.28

USC already deducted: 113.80 (in weeks 28 to 29 in Employment A's latest period of employment only)

Refund due: 41.52

4.31 How are arrears of pay due to an employee who has ceased employment treated for USC purposes?

Any payments made on or after 1 January 2011 are subject to the Universal Social Charge. The pay frequency which applied at the employee's date of leaving should be applied to the USC deduction. Where the employee was paid on a weekly basis, the USC should be applied using the weekly thresholds. Where the employee was paid on a monthly basis, the USC should be applied using the monthly thresholds.

Example 1

A weekly-paid employee ceased employment in January 2011. In March 2011 his employer pays him arrears of pay of €75.

As the employee was weekly-paid at his date of leaving, the USC is applied to the arrears payment using the weekly thresholds. As the arrears of pay €75 is below the weekly exemption threshold of €77 no USC is charged.

Example 2

A weekly-paid employee ceased employment in November 2010. In February 2011 her employer pays her arrears of pay of €500. The USC is applied to the arrears payment as follows:

€193 @ 2% =	3.86
€307 @ 4% =	<u>12.28</u>
	16.14

Example 3

A monthly-paid employee ceased employment in January 2011. During his employment he held a full medical card. In May 2011 his employer pays him arrears of pay of €2,000. The USC is applied to the arrears payment as follows:

€837 @ 2% =	16.74
€1,163 @ 4% =	<u>46.52</u> (4% maximum USC as a full medical card holder)
	63.26

Appendix A

List of Social-Welfare-Like Payments

Payments made by the Dept of Enterprise, Trade and Innovation

- Community Employment Scheme
- Job Initiative Scheme
- FÁS (non apprentice payments)

Payments made by the Health Service Executive (HSE)

- Blind Welfare Supplementary Allowance
- Domiciliary Care Allowance
- Mobility Allowance

Payments made by the Dept of Education

- VTOS Training Allowances
- Youthreach Training Allowances
- Senior Traveller Training Allowances
- Back to Education Initiative (BTEI) Training Allowances paid to Youthreach, STTC or VTOS eligible participants on a pro-rata basis.
- Vocational Education Committees' Scholarship Scheme
- Fund for Students with Disabilities
- Student Assistance Fund
- Millennium Partnership Fund for Disadvantage

Payments made by the Dept of Agriculture

- Farm Retirement Pensions
- Farm Retirement Workers Pensions

Payments made by the Dept of Social Protection

- Rural Social Scheme
- Farm/Fish Assist Jobseekers Allowance or Jobseekers Benefit
- One-Parent Family Payment, Widow(er)'s Pension or Disability Allowance
- Adult Dependent of a recipient of the non-contributory State Pension
- Domiciliary Care Allowance

Appendix B

Exempt Income Sources

Section	Title
42	Interest on savings certificates
118	Exemption from BIK – Travel Pass, new bicycle scheme
153	Distributions to certain non-residents
189	Payments in respect of personal injuries
189A	Special trust for permanently incapacitated
190	Haemophilia Trust
191	Hepatitis C
192	Thalidomide
192A	Exemption in respect of certain payment under employment law
192B	Foster Care Payment
193	Income from Scholarships
194	Child benefit
194A	Early Childcare Supplement
195A	Exemption in respect of certain expense payments
196	Expenses of members of Judiciary
196A	State Employees: Foreign Service Allowance
196B	Employee of certain agencies: foreign service allowances
197	Bonus or interest paid under instalment savings schemes
198	Certain interest not to be chargeable
199	Interest on certain securities
200	Certain foreign pensions
201	Basic and increased exemptions in respect of tax under section 123 (Redundancy) including SCSB
202	Relief for agreed pay restructuring
203	Lump sum weekly payment or resettlement allowance paid under the Redundancy Payments Act, 1967
204	Military & other pensions, gratuities and allowances
205	Veterans of war of independence
216A	Rent a Room relief
216B	Scéim na bhFoghlaimoirí Gaeilge
216C	Childcare service relief

Appendix C

Capital allowances for buildings

Deductible allowances

Type of building	Write-off period	Annual rate %	Notes
Factory, mill	25	4	
Dock undertaking	25	4	
Market gardening	10	10	
Intensive production of livestock	10	10	Outside of farming trade
Hotel	25	4	Previously 7 year write-off (up to 1 August 2008)
Tourist accommodation	25	4	holiday hostels, holiday camps, caravan parks, guest houses
Airport	10	10	
Farm building	7	15	
Farm pollution control	3	33 $\frac{1}{3}$	EU Nitrates Directive Does not apply where expenditure incurred after 31 December 2010

Non-deductible allowances

Type of building	Write-off period	Annual rate %	Notes
Hotel	7	15	Now 25-year write-off (since 1 August 2008)
Holiday cottage	10	10	
Private hospitals	7	15	
Mental health centre	7	15	
Nursing home	7	15	
Nursing home residential unit	7	15	
Convalescent home	7	15	
Sports Injury Clinic	7	15	
Childcare facility	7	15	
Mid Shannon Tourism Infrastructure Scheme	7	15	

Universal Social Charge (USC) Certificate 2011



Employee Details

Surname of Employee

First Name

PPS Number

Date of Commencement

(if after 1 January 2011)

Date of Cessation

Payroll/Works Number

USC Details

Below are the details of the USC deducted in this employment only in the year 2011

Gross Income for USC

€ .00 (Insert Euro figures only)

Amount of USC Deducted

€ (Including cent)

Where an employee had more than one period of employment with the same employer in the year 2011 please insert the USC figures in respect of the latest period of employment.

Employer Details

I certify that the particulars entered above are correct.

Employer

Employer Registered Number

Address

Phone No.

E-mail

Date

Employer

This certificate is to be given to the employee along with their form P45 when they cease employment.

Employee

This is a certificate of the Universal Social Charge deducted in this employment to date of cessation. Please retain carefully.

PLEASE COMPLETE THIS CERTIFICATE IN BLOCK CAPITALS