

The CPD Fest 2020

PRSI Housekeeping & Update on Brexit and Welfare Issues

Presenter: Brendan Casey - PRSI Consultant

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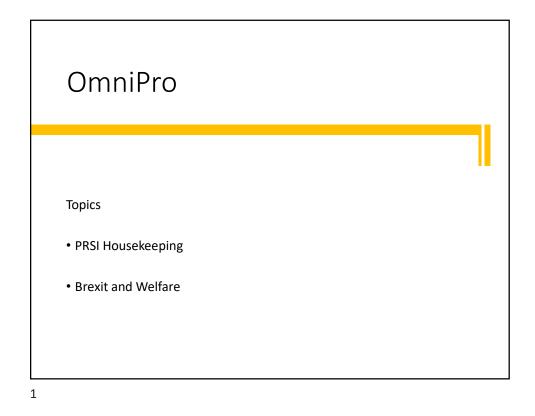
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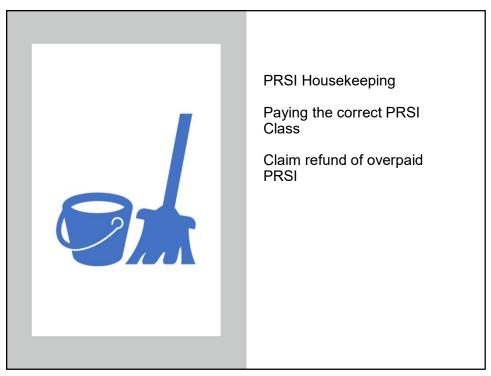
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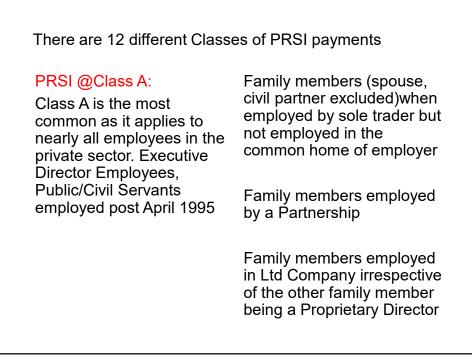


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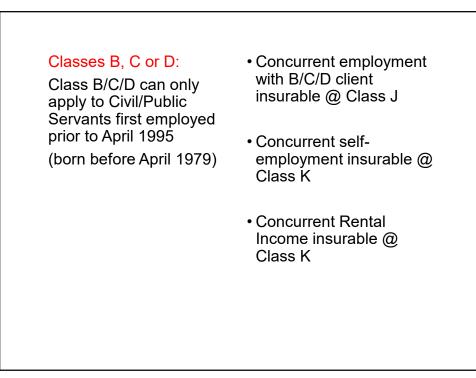
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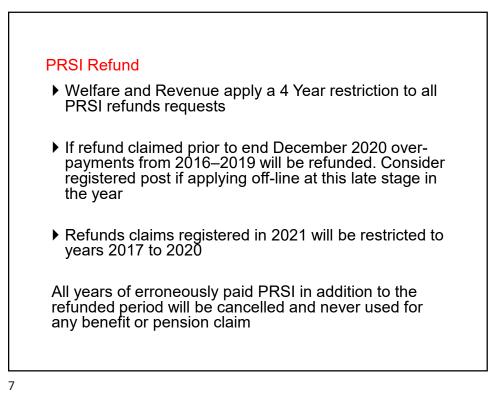


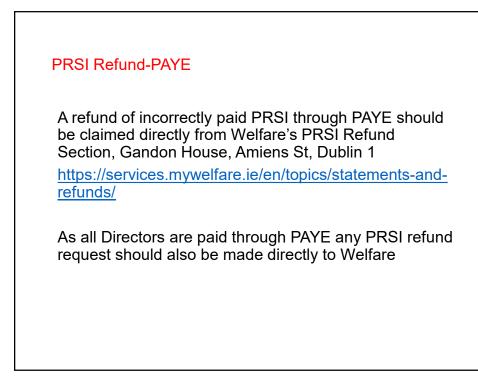
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PRSI Classes:	<mark>K:</mark> Unearned income if also
E: Ministers of Religion (Church of Irl)	employed, Unearned income if in receipt of an Occupational Pension
H: NCO and Enlisted Army personnel	TDs, Coroners, Judges, President, Public Office Holders,
J: <€38, Over age 66, Concurrently employed when paying Class B/C/D	Self-employed while concurrently employed in civil/public service paying B/C/D PRSI

	PRSI Classes: M: Spouse employed by sole- trader, Family member living and working with sole trader. Self employed over pension age Family member running sole- trading business though not in partnership	S: Sole Traders, NEDs Self-employed Directors, County Councillors (2017) Personal Maintenance payments Registered Partnerships Spouses running a business with sole trading Spouse though not in partnership (since 2014)
	V: Voluntary Contributor • V1: Employee (6.6%) • V2. Self-Employed.€500 • V3: Previous Class B/C/D (2.6%)	P: Share/Fisherman
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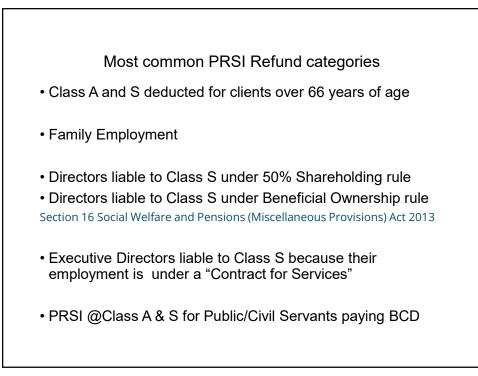


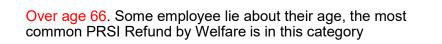


PRSI Refund-Self Assessment

Clients in self-employment who overpaid PRSI contributions through self-assessment in error to not apply for a refund to Welfare's PRSI refund Section.

They should request an amended annual assessment to be issued by the Revenue Commissioners and any PRSI refund that may be due, will issue on foot of that request.

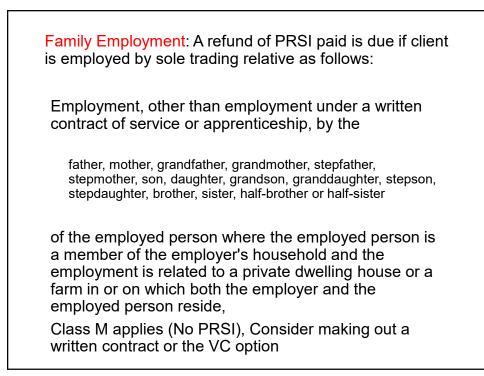




Use indicators to identify these cases. If the client is in receipt of a Welfare State Pension Contributory and the amount of the pension is already being factored in the Tax Credits then:

- Class J (0.9% paid by employer) will apply to an employee
- Class M applies to self-employed
- Get refund application in before end of year or else the employer and the client will be denied a refund for 2016

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Family Employment

Employment of a spouse, as an employee, by the sole trading spouse is exempt from a "Class A" PRSI charge

Class M applies

Consider the VC option

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Family Employment: Self-Employment with a sole trading relative is not liable to Class S rate of PRSI, Class M applies
Where a Parent, Grandparent, Step-parent, Son, Daughter, Grandson, Granddaughter, Stepson, stepdaughter, brother, sister, half brother, half sister participates in running the business, but not as a partner, they are exempt from any PRSI charge (Class M applies)
Again, where a refund request is being made, because the client will now have a gap in their Welfare Insurance record, for future pension qualification purposes they should consider applying to become a Voluntary Contributor

PRSI REFUNDS IN RESPECT OF MAINTENANCE CONTRIBUTIONS

An employee who makes a maintenance payment to a separated or divorced spouse under a legally enforceable agreement may claim a refund of PRSI in respect of that payment.

If the recipient of these maintenance payments (portion of maintenance specifically for children excluded) is not employed, they are liable to register for self-assessment and pay PRSI @Class S on this income.

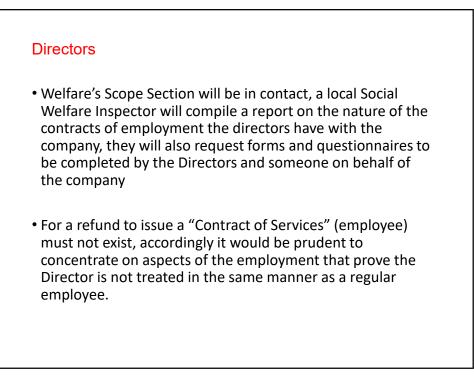
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Directors Pees paid specifically in respect of Non Executive Directors attending Director meetings are subject to Class S (subject to €5,000 income threshold) If the Company is already paying Class A rate of PRSI for their Directors they should apply for a refund for any director who: Controls or owns at least 50% Shareholding in the Company (applies to employees also) PRSI Refunds in the above category will be processed immediately without any investigation

Directors

- Has more than 25% Shareholding in the company and can therefore be classified as a Beneficial Owner (applies to employees also)
- Is employed under a "Contract for Service", when this claim is being investigated, the lack of indicators of a "Contract of Services" is the chief argument to be made to Welfare
- Be prepared for an investigation for PRSI refund of the Class A paid

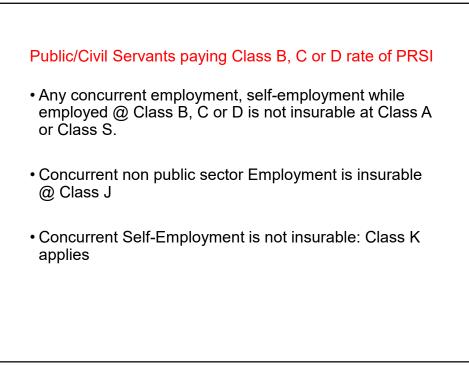


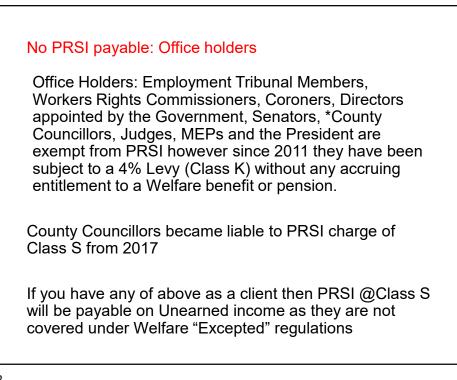
Directors

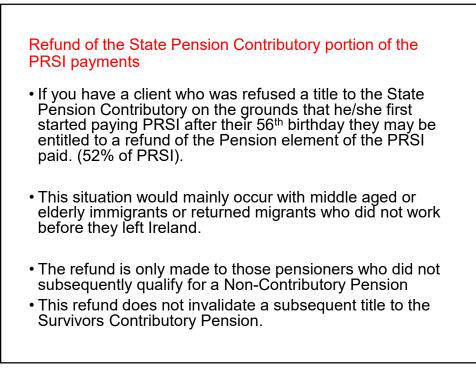
- Recently, Scope have been using a lack of sufficient Shareholding to justify a decision for Class A, appeal those cases as that conclusion has no legal basis
- All Scope decisions can be appealed, provided you state solid grounds on which to do so
- Appeal cases: Oral Hearing are currently suspended because of the Covid 19 restrictions so there will be an extensive waiting period before some cases can be heard.

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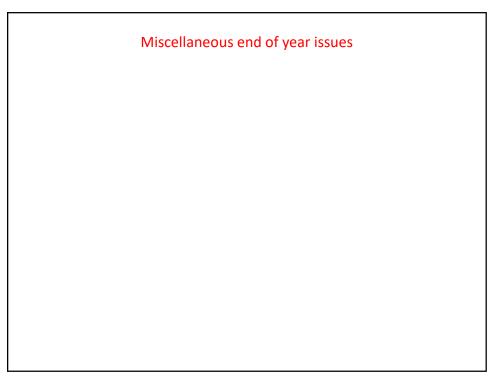
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Drawdowns from ARFs

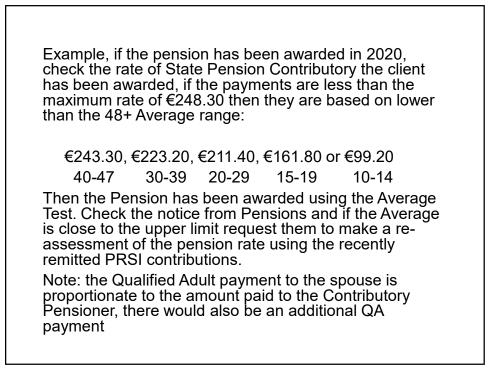
- Under the provisions of section 784A TCA 1997, Drawdowns from an ARF are treated as emoluments assessable under Schedule E and to which Chapter 4 of Part 42 TCA 1997 (PAYE) applies.
- For Social Welfare purposes an ARF is not a pension and is therefore a reckonable emolument liable to a deduction of PRSI @Class S (until the individual reaches the age of 66, thereafter Class M applies.
- However, if the client is also in receipt of an Occupational Pension, any drawdowns from an ARF are not subject to Class S PRSI but to Class K (also 4%) which will not be used in the Welfare Pension calculation: Explore the VC option

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Potential importance of remitting PRSI returns for the year immediately prior to your client's pension age.

• Too often the client and accountants fail to realise the significance of submitting a PRSI return for the year immediately prior to the pension age, it is assumed that, as the client has already been awarded their pension, that there is nothing to be gained by pursuing the additional weeks of PRSI being added to the record.

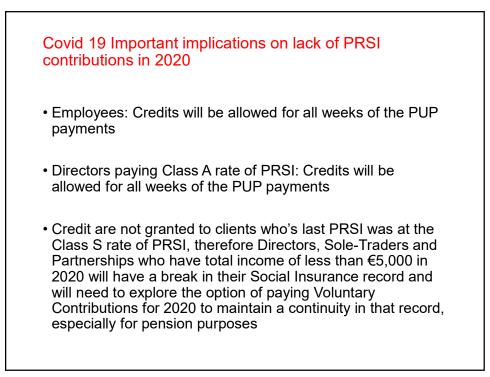
- Additional weeks of PRSI can have a major affect on the rate of pension, particularly if the Average Test was used in the pension calculation, one more year of PRSI may tip the client into the next average range which may increase their pension from anything from €5 to €62 per week.
- The client will have a document from the pension section which will outline the basis of the pension payment, this will help to identify possible underpayments
- If the TCA or ACM system was used in the Pension calculation, one additional 52 week year will definitely increase the pension by €6.30 per week
- Any Pension underpayments will be backdated to the clients 66th birthday and the Qualified Adult payment will also be adjusted

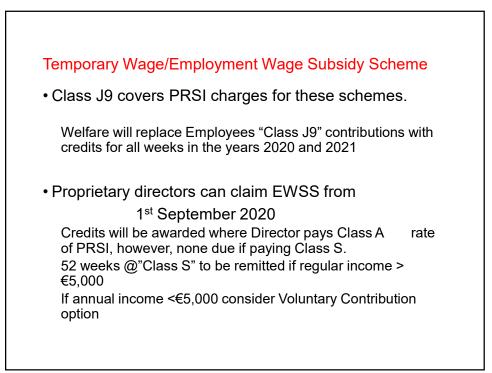


> Note, that "Class S" PRSI is not charged by Revenue under Self-Assessment in the year the client reaches pension age.

However, if the client has less than the minimum of 520 weeks of PRSI required for qualification to a Contributory Pension and PRSI that could be paid in the year of their 66th birthday are sufficient to reach the 520 target then weeks of PRSI @Class S due up to the week of their 66th birthday can be paid directly to Welfare, contact their Self-Employed Section, Cork Rd, Waterford to do so.

Note: Paradoxically there is no title to a refund of "Class S" PRSI paid for a Director through PAYE in the year of their 66th birthday



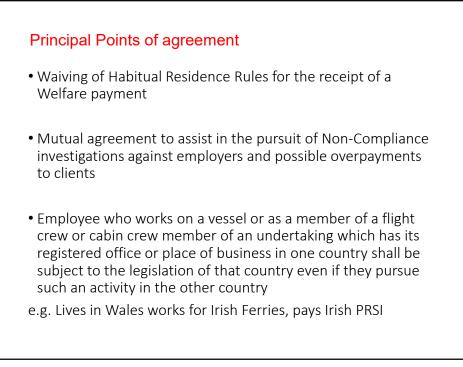






Principal Points of agreement

- Common Travel Area: Guarantees free movement in travel and employment for citizens of both countries
- Continuation of use of Social Security contributions in either country for the purpose of qualification for Benefits or Pensions in either state
- Change to the EU rule of the competent authority to pay the Benefit being the country of last employment to being the country of residence
- Posting rules will still apply to Employees being sent work in the other jurisdiction



Principal Points of agreement

• Continued right to pay Voluntary Contributions for pension purposes to the UK while also compulsorily insured in Ireland

(this is not allowed with other EU countries)

- Continuation of the Pro-Rata agreement that allows use of either countries Social Insurance Contributions to give part title to an Irish State Pension Contributory
- e.g. 500 weeks of Irish Contributions

1,580 weeks of UK Insurance

2,080 would pay an Irish Pension of €248.30

However as only 500 of the record used is Irish the pension will be €248.30 / 2,080 X 500 ergo Irish pension paid €59.70 per week

