

# A Guide to PRSI for the Self-Employed

## Introduction

In most cases, self-employed people aged between 16 years and 66 with earnings of €5,000 or more a year must pay Class S PRSI. This leaflet is a guide to help you understand the PRSI position of self-employed people.

In general, PRSI is paid to Revenue, along with tax, under self-assessment using the pay and file system.

## What benefits may I get by paying Class S PRSI?

PRSI Class S provides cover for:

- Widow's, Widower's or Surviving Civil Partner's (Contributory) Pension,
- Guardian's Payment (Contributory),
- State Pension (Contributory),
- Maternity and Paternity Benefit,
- Adoptive Benefit,
- Treatment Benefit (Dental, Optical and Aural) with effect from 27 March 2017.

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

## Who pays Class S PRSI?

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

- farmers, professional people (for example, doctors, dentists, solicitors etc.), people in business on their own account or in partnerships, authors, artists, religious, contractors, sub-contractors carrying on independent businesses,
- people with income 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,
- certain company directors, motorcycle couriers etc. who pay their tax through the PAYE system but who are not regarded as employees for social insurance purposes,
- from 1 January 2017, Local Authority members (City and County Councillors) with reckonable emoluments from their local authority positions.

### Note

**PRSI Class S applies to working directors who own or control 50% or more of the shares in the company in which they work. The classification of working directors 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.**

For more information please, log on to **[www.welfare.ie](http://www.welfare.ie)** or contact:

### Scope Section

Department of Social Protection  
Gandon House  
Amiens Street  
Dublin 1

Telephone: (01) 673 2585 (from Republic of Ireland only) or +353 1 6732585 (from Northern Ireland or overseas).

Email: **[scope@welfare.ie](mailto:scope@welfare.ie)**

## Who does not pay Class S PRSI?

The following people do not pay PRSI at Class S:

- 'prescribed relatives' (son or daughter, parent, brother or sister, etc) who help a self-employed person with their business **but who are not partners in the business**,

### Note

**If you employ a relative you must contact Scope Section, for a decision on the relative's social insurance contribution.**

- people getting Pre-Retirement Allowance on an ongoing basis,
- 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 Revenue as non residents who hold solely unearned income,
- people insured as employees whose only other income is unearned such as share dividend payments or rent. From 1 January 2014 they may be liable for PRSI contributions at Class K on this income\*,
- people in receipt of a pension arising from a previous employment of theirs or of their spouse, or civil partner who are under pensionable age and whose only other income is unearned. From 1 January 2014 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. From 1 January 2013 these 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\*,
- certain public office holders in respect of their income from public office. From 1 January 2011 certain public office holders are liable for PRSI contributions at Class K on this income.

\*For more information on extension of PRSI liability to unearned income, log on to [www.welfare.ie](http://www.welfare.ie)

## Do I pay PRSI on all income?

You pay PRSI on your total income, which includes:

- benefits-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),
- 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,
- any social welfare payments or benefits,
- any payment for attendance at a training course administered by SOLAS, taxed under PAYE,
- Mobility Allowance paid by the Health Service Executive, taxed under PAYE,
- pension payments, taxed under PAYE
- any 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 taxed under PAYE,
- any funds received by the early withdrawal of funds from certain AVCs, 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 policies,
- a payment received in respect of or a gain arising in respect of a disposal of certain material interests in an offshore fund,
- certain chargeable excesses of a Benefit Crystallisation Event.

- Log on to [www.welfare.ie](http://www.welfare.ie).
- Telephone: (071) 919 3302  
LoCall Information Line 1890 66 22 44  
If you are calling from outside the Republic of Ireland call +353 71 91 93313.
- Drop in to your local Citizens Information Centre, your local Intreo Centre or Branch Office.

## 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 Revenue 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 need not make a Tax Return for a particular year, but your income is €5,000 or more per year, you are 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 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),
- limited Illness Benefit (for up to 52 weeks).

## 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, log on to [www.welfare.ie](http://www.welfare.ie) or contact **Client Eligibility Services** (at the address below).

## Can I get a PRSI refund?

If you reached age 56 on or before 6 April 1998, and you paid PRSI for the first time on or after that date and if you do not qualify for a State Contributory or Non Contributory Pension, you may get a refund of the pension element of the contribution you have paid.

## How do I register as a self-employed person?

If you become self-employed you **must** register with 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 on PRSI for the self-employed, contact your local Citizens Information Centre, your local Intreo Centre, your local Branch Office or:

### Client Eligibility Services

Social Welfare Services Office  
Cork Road  
Waterford

Telephone: 01 471 5898

LoCall 1890 690 690

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

### Note

**The rates charged for using 1890 (LoCall) numbers may vary among different service providers.**

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