

PRSI and Levies on Offshore Income

NB - each individual's income is treated separately for PRSI and levies. In the case of married taxpayers, each spouse's income should be worked out separately.

Self-employed taxpayers (“self-employed contributors”)

PRSI

Since the tax year 1988/89, self-employed taxpayers are liable to pay PRSI on “reckonable income”. Offshore income is within the definition of “reckonable income” in the Social Welfare (Consolidation) Act 1993. It is therefore subject to PRSI.

There was a minimum PRSI contribution for self-employed contributors in all years.

There was an upper income limit for self-employed PRSI contributors from 1988/89 to 2000/01. If you are a self-employed PRSI contributor with undeclared offshore income and your income was above the PRSI income limit in that year, you will not have a PRSI liability arising from your offshore income.

The upper income limit for self-employed PRSI was abolished with effect from 6 April 2001. After that date self-employed contributors are liable to PRSI on all income.

Self-employed taxpayers over the age of 66 are exempt from PRSI

Levies

Self-employed taxpayers are liable to pay levies on “reckonable income”. Offshore income is within the definition of “reckonable income” in the Employment and Training Levy (Amendment) Regulations 1988 and the Health Contributions (Amendment) Regulations 1988, as amended. Such income is therefore subject to levies.

Self-employed taxpayers over the age of 70 are exempt from levies.

Three types of levies were payable in the tax years 1987/88 to 2002, inclusive: the **Employment and Training Levy**; the **Income Levy**; and the **Health Contribution**.

Employment and Training Levy

The Employment and Training Levy was at a rate of 1% per annum and applied in all years from 1987/88 to 1998/99. There was no upper income limit, so the levy applied to all “reckonable income”. There was no Employment and Training Levy from 1999/00 to 2002.

Income Levy

The Income Levy was at a rate of 1% per annum and applied in the tax year 1993/94. There was no upper income limit, so the levy applied to all “reckonable income”. There was no Income Levy in the years 1987/88 to 1992/93 or the years 1994/95 to 2002.

Health Contribution

The Health Contribution was at a rate of 1.25% per annum from 1987/88 to 1998/99 and at a rate of 2% per annum from 1999/2000 to 2002.

There was an upper income limit on the health contribution between 1987/88 and 1990/91. If you are a self-employed contributor with previously undeclared offshore income, but your reckonable income was over the upper income limit for the health contribution in those years, you will not have a health contribution liability from your offshore income for those years.

From 1991/92 to 2002 there was no upper income limit for the Health Contribution. Therefore the levy applied to all “reckonable income”.

PAYE taxpayers (“employed contributors”)

PRSI

PAYE taxpayers must pay PRSI on “reckonable earnings”. Offshore income is not within the definition of “reckonable earnings” in the Social Welfare (Consolidation) Act 1993. It is therefore not subject to PRSI for PAYE taxpayers.

Levies

PAYE taxpayers with income other than employment income must pay levies on such income under the Youth Employment Agency Act 1981 and the Health Contribution Act 1979. Any offshore income is therefore subject to levies.

PAYE taxpayers over the age of 70 are exempt from levies.

Three types of levies were payable in the tax years 1987/88 to 2002, inclusive: the **Employment and Training Levy**; the **Income Levy**; and the **Health Contribution**.

Employment and Training Levy

The Employment and Training Levy was at a rate of 1% per annum and applied in all years from 1987/88 to 1998/99. There was no upper income limit, so the levy applied to all income for levies purposes. There was no Employment and Training Levy from 1999/00 to 2002.

PRSI (Self-employed)

Self-employed taxpayers (or “self-employed contributors”) are liable to pay PRSI on all income up to the upper income limit.

Step 1

If you are married, and both spouses had income, divide Total Income (box A on tax computation sheets) between spouses for each year. Do this according to whose income it is.

Step 2

Check whether each individual’s **previously declared income** is above the **upper income limit** for PRSI.

Income Levy

The Income Levy was at a rate of 1% per annum and applied in the tax year 1993/94. There was no upper income limit, so the levy applied to all “reckonable income”. There was no Income Levy in the years 1987/88 to 1992/93 or the years 1994/95 to 2002.

Health Contribution

The Health Contribution was at a rate of 1.25% per annum from 1987/88 to 1998/99 and at a rate of 2% per annum from 1999/2000 to 2002.

There was an upper income limit on the health contribution between 1987/88 and 1990/91. If you were an employed contributor with previously undeclared offshore income, but your reckonable income was over the upper income limit for the health contribution in those years, you will not have a health contribution liability from your offshore income for those years.

From 1991/92 to 2002 there was no upper income limit for the Health Contribution. Therefore the levy applied to all income for levies purposes.

Tax Year	Previously Declared Income	
	Upper Income Limit	Self/Spouse 1 Spouse 2
87/88	No PRSI due	Not applicable
88/89	IR£16,200	
89/90	IR£16,700	
90/91	IR£17,300	
91/92	IR£18,000	
92/93	IR£19,000	
93/94	IR£20,000	
94/95	IR£20,900	
95/96	IR£21,500	
96/97	IR£22,300	
97/98	IR£23,200	
98/99	IR£24,200	
99/00	IR£25,400	
00/01	IR£26,500	
2001	No threshold	
2002	No threshold	

Self-employed individuals are not liable to PRSI in the 1987/88 tax year.

If an individual's **previously declared income was over the upper income limit**, in any of the years 1988/89 to 2000/01, he or she has **no additional PRSI liability** in that year.

If the individual's **previously declared income was below the income limit** in any of those years, he or she must pay **PRSI on your previously undeclared income, up to the upper income limit**.

If the total income is still below the threshold after adding undisclosed income, you pay PRSI on all the undisclosed income.

If your total income for the year is over the threshold, but your previously undeclared income was under the threshold, you now pay PRSI on the following amount: upper income limit minus previously disclosed income.

Example - in 1993/94 you had total income of IR£21,000, made up of self-employed income of IR£13,000 plus offshore income of IR£8,000.

You owe PRSI on the upper limit (IR£20,000) minus previously declared income (IR£13,000), which equals IR£7,000.

The PRSI due is IR£7,000 multiplied by 5%, which is IR£350.

There is no upper income limit in 2001 and subsequent years. You are therefore liable to pay PRSI on all previously undisclosed income.

Step 3

Write your undisclosed income (up to the upper income limit) for each year in the boxes below and multiply by the PRSI rate to get the amount of PRSI payable.

Self/Spouse 1				Spouse 2			
Tax Year	Undisclosed Income (to upper income limit)	Multiplied by PRSI Rate	Equals Amount Due	Tax Year	Undisclosed Income (to upper income limit)	Multiplied by PRSI Rate	Equals Amount Due
87/88	not applicable			87/88	not applicable		
88/89	IR£	3%		88/89	IR£	3%	
89/90	IR£	4%		89/90	IR£	4%	
90/91	IR£	5%		90/91	IR£	5%	
91/92	IR£	5%		91/92	IR£	5%	
92/93	IR£	5%		92/93	IR£	5%	
93/94	IR£	5%		93/94	IR£	5%	
94/95	IR£	5%		94/95	IR£	5%	
95/96	IR£	5%		95/96	IR£	5%	
96/97	IR£	5%		96/97	IR£	5%	
97/98	IR£	5%		97/98	IR£	5%	
98/99	IR£	5%		98/99	IR£	5%	
99/00	IR£	5%		99/00	IR£	5%	
00/01	IR£	5%		00/01	IR£	5%	
2001	IR£	3%		2001	IR£	3%	
2002	€	3%		2002	€	3%	

Note 1: There is a minimum PRSI payment in each year from 1989/90 onwards. It is included overleaf for reference. If your **previously declared income** was less than IR£5,000/€6,350, your PRSI liability may be slightly lower than a calculation on these lines will show. You may contact the Offshore Assets Group for further information.

Note 2: There was a PRSI-free allowance in tax years from 1995/96 to 2000/01, inclusive. It is included overleaf for reference. This would have been set against previously declared income.

Step 4

Add the totals for each spouse together to get the total PRSI for each tax year.

Tax Year	PRSI		Total
	Self/Spouse 1	Spouse 2	
87/88	not applicable		IR£
88/89			IR£
89/90			IR£
90/91			IR£
91/92			IR£
92/93			IR£
93/94			IR£
94/95			IR£
95/96			IR£
96/97			IR£
97/98			IR£
98/99			IR£
99/00			IR£
00/01			IR£
2001			IR£
2002			€

Write the “Total” figure into the “PRSI” box in each year on the Tax Computation Worksheets.

Minimum PRSI Payments and PRSI-free Allowances

Tax Year	Minimum PRSI	PRSI-free Allowances
87/88	not applicable	not applicable
88/89	IR£208	
89/90	IR£208	
90/91	IR£208	
91/92	IR£234	
92/93	IR£234	
93/94	IR£250	
94/95	IR£250	
95/96	IR£230	
96/97	IR£215	IR£1,040
97/98	IR£215	IR£1,040
98/99	IR£215	IR£1,040
99/00	IR£215	IR£1,040
00/01	IR£215	IR£1,040
2001	IR£200	not applicable
2002	€254	

Levies (Both PAYE and Self-employed)

PAYE taxpayers (Employed Contributors) and self-employed taxpayers (self-employed contributors) are liable to pay levies (employment and training levy, health contribution, income levy) on offshore income.

Step 1

If married and both spouses had income, divide Total Income (box A on tax computation sheets) between spouses for each year. Do this according to whose income it is.

Step 2

Check whether each person's **total income** is above the earning threshold for levies:

Tax Year	Earning Threshold Per Individual		Total Income	
	Per Year (weekly amount x 52)		Self/Spouse 1	Spouse 2
87/88 to 93/94	No minimum threshold		Not applicable	
94/95	IR£	8,996		
95/96	IR£	9,256		
96/97	IR£	9,776		
97/98	IR£	10,244		
98/99	IR£	10,764		
99/00	IR£	11,284		
00/01	IR£	14,560		
2001	IR£	10,640		
2002	€	18,512		

If your total income is above the threshold, or there is no minimum threshold, you must pay levies on previously undisclosed income in that year.

If your total income is below the threshold, you do not have to pay levies on your undisclosed income in that year.

Step 3

Put each individual's **undisclosed income** for each year in the boxes below and multiply by the levy rate to get the levies payable.

Self/Spouse 1				Spouse 2			
Tax Year	Undisclosed Income	Multiplied by Levy Rate	Equals Amount Due	Tax Year	Undisclosed Income	Multiplied by Levy Rate	Equals Amount Due
87/88	IR£	1%		87/88	IR£	1%	
88/89	IR£	1%		88/89	IR£	1%	
89/90	IR£	1%		89/90	IR£	1%	
90/91	IR£	1%		90/91	IR£	1%	
91/92	IR£	2.25%		91/92	IR£	2.25%	
92/93	IR£	2.25%		92/93	IR£	2.25%	
93/94	IR£	3.25%		93/94	IR£	3.25%	
94/95	IR£	2.25%		94/95	IR£	2.25%	
95/96	IR£	2.25%		95/96	IR£	2.25%	
96/97	IR£	2.25%		96/97	IR£	2.25%	
97/98	IR£	2.25%		97/98	IR£	2.25%	
98/99	IR£	2.25%		98/99	IR£	2.25%	
99/00	IR£	2%		99/00	IR£	2%	
00/01	IR£	2%		00/01	IR£	2%	
2001	IR£	2%		2001	IR£	2%	
2002	€	2%		2002	€	2%	

Step 4

This step relates to the **Health Contribution (HC) only**.

It applies to individuals with **undisclosed income in the tax years 1987/88 to 1990/91 only**.

- A. Check whether each individual's **previously declared income** is above or below the upper income limit for the HC in each year.

Tax Year	IR£	Previously Declared Income	
		Self/Spouse 1	Spouse 2
87/88	15,000		
88/89	15,500		
89/90	16,000		
90/91	16,700		

If the previously declared income was **more than this upper limit**, the individual has **no additional liability** to the health contribution - go to Step 5.

If the previously declared income was **less than the upper limit**, the individual **does have an additional liability** to the health contribution - go to B below.

- B. If your total income (previously disclosed plus previously undisclosed) is below the upper income limit, you pay the health contribution on all the undisclosed income.

If your total income (previously disclosed plus previously undisclosed) is above the upper income limit, you pay the health contribution on the following amount: upper income limit minus previously disclosed income.

Example - your total income for 1987/88 was IR£15,500, made up of previously disclosed PAYE income of IR£10,000 and undisclosed income of IR£5,500.

The amount subject to the health contribution is the upper income limit (IR£15,000) minus your PAYE income (IR£10,000), which is a total of IR£5,000.

The health contribution was 1.25% in 1987/88, which means you have a HC liability in that year of IR£5,000 x 1.25%, or IR£62.50.

Write your undeclared income up to the upper income limit in the box below, and multiply by the Health Contribution rate to get amount payable for these years.

Self/Spouse 1				Spouse 2			
Tax Year	Undisclosed Income (to upper income limit)	Multiplied by HC Rate	Equals Amount Due	Tax Year	Undisclosed Income (to upper income limit)	Multiplied by HC Rate	Equals Amount Due
87/88	IR£	1.25%		87/88	IR£	1.25%	
88/89	IR£	1.25%		88/89	IR£	1.25%	
89/90	IR£	1.25%		89/90	IR£	1.25%	
90/91	IR£	1.25%		90/91	IR£	1.25%	

Step 5

Add together the figures from Step 3 (Self/Spouse 1 and Spouse 2) and Step 4 (Self/Spouse 1 and Spouse 2) for each year to get the total amount due in respect of levies.

Tax Year	Step 3		Step 4		Total
	Self/Spouse 1	Spouse 2	Self/Spouse 1	Spouse 2	
87/88					
88/89					
89/90					
90/91					
91/92					
92/93					
93/94					
94/95					
95/96					
96/97					
97/98					
98/99					
99/00					
00/01					
2001					
2002					

IF YOU WERE A PAYE TAXPAYER Write "Total" figure into Box E ("Total PRSI/Levies Due") on the Tax Computation sheets.
IF YOU WERE A SELF-EMPLOYED TAXPAYER write the "Total" figure from this section into the "Levies" box on the tax computation worksheets for the relevant tax year, and add to the PRSI figure to get the "Total PRSI and Levies" figure (box E).