



Unit 4

# USC and PRSI for Employees

## Lesson Plan





## 1.0 Learning Outcome

To provide an overview of Universal Social Charge (USC) and Pay Related Social Insurance (PRSI) and to enable students to calculate Universal Social Charge arising from employment.



## 2.0 Learning Intentions

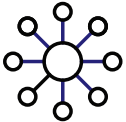
At the end of this lesson I will be able to:

1.	Explain the concept of Universal Social Charge (USC)
2.	Complete basic USC calculations
3.	Differentiate between income that is subject to USC and income that is exempt from USC
4.	Examine and explain the elements of a Tax Credit Certificate (TCC)
5.	Explain the components of PRSI contributions and the benefits received from these contributions
6.	Explain how PRSI is calculated



## 3.0 Duration

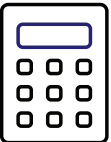
1 x 1hr classes



## 4.0 Links

### Literacy Links

Universal Social Charge (USC), USC Rate Bands, Tax Credit Certificate (TCC), Pay Related Social Insurance (PRSI)



### Numeracy Links

Tax rates, Addition, Subtraction, Percentages, Multiplication, Division



### Cross-Curricular Links

Business, Computer Science, Economics, Home Economics, Maths, Politics and Society



### TY Skills

Being personally effective, Communicating, Critical and creative thinking, Information processing, Working with others



## 5.0 Resources

The resources required for this lesson are:

1.	Whiteboard, Projector, PC / laptop with an internet connection
2.	Lesson Plan
3.	PowerPoint Presentation
4.	Student Activity Worksheet 1
5.	Student Activity Worksheet 2 & Solutions
6.	USC Calculations Worksheet
7.	USC Calculations Worksheet Solutions
8.	Tax Bands, Tax Credits, Tax Basis, and USC handout (retained from Unit 3)
9.	Student Learning Journal

## 6.0 Lesson Introduction

The **teacher** briefly **outlines the learning intentions** on **PowerPoint Slide 2** to highlight the topics to be covered during the lesson. A copy of **Unit 4: Student Activity Worksheets 1 and 2**, as well as **Unit 4: USC Calculations Worksheet** are **distributed** to all students. Students are reminded that they will also need to use **Unit 3: Tax Bands, Tax Credits, Tax Basis, and USC handout** for this Unit.

### 6.1 Retrieval Practice

#### Activity 1

Teacher displays **PowerPoint slide 3** showing a **retrieval practice activity** for the **students** to complete individually. This retrieval practice grid encourages students to **recall information** learned from **Units 1-3**. Students **answer** the questions **individually** on **Unit 4: Student Activity Worksheet 1, Activity 1** and the activity is **corrected** as a **whole class** exercise. **Students total their marks** achieved out of 18 marks.

Suggested answers could include:

Question	Suggested Answers
<p>1. List the four principles of a tax system. (3 marks)</p>	<ul style="list-style-type: none"> <li>Fairness, Certainty, Efficiency, Convenience</li> </ul>
<p>2. Distinguish between VAT and CAT. (3 marks)</p>	<p><b>VAT</b></p> <ul style="list-style-type: none"> <li>Value Added Tax is a tax on goods and services that is paid by the end consumer</li> </ul> <p><b>CAT</b></p> <ul style="list-style-type: none"> <li>Capital Acquisitions Tax is a tax paid on gifts and inheritances</li> </ul>
<p>3. What do the letters DIRT mean? (3 marks)</p>	<ul style="list-style-type: none"> <li>Deposit Interest Retention Tax</li> </ul>
<p>4. How many stages in a Bill? (2 marks)</p>	<ul style="list-style-type: none"> <li>5 stages</li> </ul>
<p>5. Name two Sin Taxes in Ireland? (2 marks)</p>	<ul style="list-style-type: none"> <li>Sugar Sweetened Drinks Tax (SSDT), Alcohol Tax, Tobacco Products Tax, Mineral Oil Tax, Betting Duty</li> </ul>
<p>6. List two stakeholders that influence tax law in Ireland. (2 marks)</p>	<ul style="list-style-type: none"> <li>Department of Finance, Revenue Commissioners, Special interest groups, Pre-election manifestos and policy documents of political parties, Tax strategy group, European Union, OECD, Public consultations, Irish courts, National agreements, Special reports and studies by representative groups, Statutory agencies, or Universities</li> </ul>
<p>7. Name three types of income received by an employed person. (1 mark)</p>	<ul style="list-style-type: none"> <li>Salary, Wage, Bonus, Commission</li> </ul>
<p>8. State the current rates of Income Tax in Ireland? (1 mark)</p>	<ul style="list-style-type: none"> <li>Standard rate – 20%</li> <li>Marginal rate – 40%</li> </ul>
<p>9. What do the letters PPSN mean? (1 mark)</p>	<ul style="list-style-type: none"> <li>Personal Public Service Number</li> </ul>

## 7.0 PAYE System Revision

The **teacher** provides a **recap of the PAYE system** on **PowerPoint slide 4**, including the collection of taxes and the role of the employer in this system.

## 8.0 Universal Social Charge

The **teacher** provides details about **Universal Social Charge (USC)** on **PowerPoint slides 5-6**. Further information on the **current tax rate bands** is outlined on **PowerPoint slides 7-8**. A brief **explanation of reduced rates** is provided on **PowerPoint slide 9**.

### 8.1 Universal Social Charge Calculations

The **teacher** goes through **three USC calculations** on **PowerPoint slides 10-12**. Students note the **solutions** on **Unit 4: USC Calculations Worksheet**. Students complete **five additional USC calculations** on **Unit 4: Calculations Worksheet**. These can be **corrected** as a **whole class exercise** using **Unit 4: Calculations Worksheet Solutions**.

## 9.0 Tax Credit Certificate

Teacher explains the **purpose** and **features** of a **Tax Credit Certificate (TCC)** on **PowerPoint slide 13**.

Teacher and students **examine** the sample **Tax Credit Certificate** and **answer** the following **questions**:

- |                                                                |
|----------------------------------------------------------------|
| 1. What period of time does this TCC relate to?                |
| 2. How many tax credits does this person receive?              |
| 3. Under USC, how much of this person's income is taxed at 8%? |

## 10.0 Pay Related Social Insurance (PRSI)

Teacher explains how **PRSI is calculated, collected** and the **benefits** received from contributions.

## 11.0 Reading a Payslip

Teacher and students examine the payslip for John Burke and answer the following questions:

Question	Answer
1. How often is John paid?	Weekly
2. If John works 40 hours per week, what is his hourly rate of pay?	$€700/40 = €17.50$
3. If John's overtime rate is €25 per hour, how many hours overtime did he work this week?	$€100/ €25 = 4 \text{ hours}$
4. Name two statutory deductions paid by John.	PAYE, PRSI, USC
5. Name one non-statutory deduction paid by John.	Union fees
6. What is the difference between PRSI ee and PRSI er?	PRSI ee relates to the employee's PRSI contribution whereas PRSI er relates to the contribution from the employer
7. What do the letters SRCOP mean?	Standard Rate Cut-Off Point
8. How much is John's weekly SRCOP?	€769.23
9. What is John's gross pay for this payslip?	$€700 + €100 = €800$
10. What is John's net pay for this payslip?	$€800 - €155.38 (€97.88 + €21.52 + €32 + €4) = €644.62$
11. Name one tax credit that John would receive?	Employee PAYE Tax Credit
12. List two PRSI benefits that John could receive based on his PRSI contributions.	Illness Benefit, Jobseeker's Benefit, State Pension, Dental benefits, Optical benefits

## 12.0 Revision Activity

Individually students complete **Unit 4: Student Activity Worksheet 2** to revise the content covered in Unit 3.



### Extension Task

### 12.1 Debate

#### Activity 2

Teacher divides students into groups to prepare a debate on the motion 'Employees in Ireland should pay higher taxes on their pay'. Teacher assigns the group that will take the perspective of employees, employers, and the government. Students can record their viewpoints on **Unit 4: Student Activity Worksheet 1, Activity 2**.

## 13.0 Learners' Journal

Teacher distributes **learning journal template** and students complete the learning journal associated with this lesson.