Guidance on PRSI adjustments for ineligible TWSS payslips.

Adjustments required for ineligible TWSS payslips.

Where an employer has applied the J9 PRSI class to a payslip and

- the employer has opted out/reversed out of TWSS; or
- the employer was not eligible for TWSS; or
- the employee was not eligible for TWSS; or
- the payslip was not eligible for TWSS

then adjustments may be required to correct the position.

These adjustments would correct the employee's PRSI class and associated insurable weeks, employee's PRSI and the employer's PRSI liability. The employee's Income Tax and USC will be addressed in the employee's end of year statement.

If a PAYE or PRSI assessment has been raised by Revenue on the employer for some, or all, of the period 26 Mar 2020 to 31 Aug 2020 then the employer should confirm with the Revenue caseworker before making further adjustments.
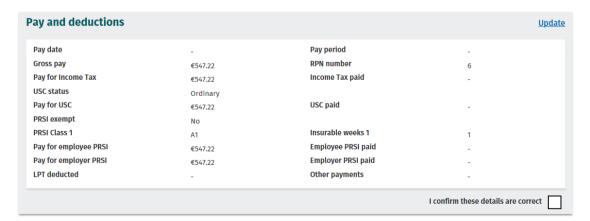
The following, using an example case, are the steps the employer should take to make the required adjustment for each affected employee in turn.

1. Correcting Insurable weeks and PRSI

1.1.   Create a new adjusting payroll submission

When making these adjustments the employer should not correct the original payslip, rather the employer must make, for each employee, a single adjusting payroll submission (using ROS or their payroll package if it supports such adjustments) with a pay date between **1 Sept 2020 and 29 Dec 2020** to make the appropriate adjustments for the employee. For these adjusting payslips, Employers could opt to use the pay date of 25 Dec 2020 as this is unlikely to conflict with normal pay dates and would make these adjusting submissions somewhat easier to identify.

To create this submission the employer logs in to ROS and chooses "Submit payroll" from the "Employer services" section then "Submit payroll by online form". After selecting the employee, a default payroll submission form will display, click on the "Update" for the "Pay and deductions" section. **As there is no pay for this payslip, the default values in both sections will have to be edited to zero values.**

Pay and deductions			Update
Pay date	-	Pay period	-
Gross pay	€547.22	RPN number	6
Pay for Income Tax	€547.22	Income Tax paid	-
USC status	Ordinary		
Pay for USC	€547.22	USC paid	-
PRSI exempt	No		
PRSI Class 1	A1	Insurable weeks 1	1
Pay for employee PRSI	€547.22	Employee PRSI paid	-
Pay for employer PRSI	€547.22	Employer PRSI paid	-
LPT deducted	-	Other payments	-

I confirm these details are correct ☐

The adjusting payroll submission can be submitted during 2021 after the employer has reconciled TWSS. This adjusting payroll submission is a mechanism to update the employee's and employer's PRSI records only and where necessary trigger a PRSI liability, it does not result in a payment to the employee. Therefore, the payroll submission should not have EWSS, COVID19 or GovCov19 "Other payments" on it.

1.2. Correcting employee's cumulative 2020 insurable weeks

NB DSP have introduced legislation that allows the Department to attribute the reported number of insurable weeks using the J9 PRSI class to the employee's last PRSI class used prior to the employee entering TWSS. In this way the employee will retain their related PRSI benefits.

As a result, while the employer may opt to do so, it is not necessary for the employer to decrease the number of J9 insurable weeks and increase the number of non J9 insurable weeks for TWSS ineligible payslips. The steps in this section (1.2) are only required if the employer is making such adjustments. The employer will still have to consider the remaining sections (1.3 to 1.5)
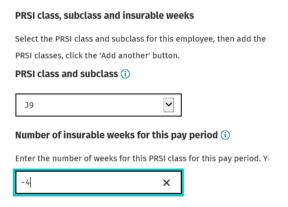
Where incorrect, the total number of the 2020 insurable weeks at the J9 class and other PRSI classes may have to be adjusted on employee's PRSI record.

Example: Employee who received a total weekly pay of €425 (gross pay of €122 plus a "subsidy paid" of €303) was processed as J9 and this is being reversed as if the employee was processed as A1.

The employer submitted four payslips for the employee using the J9 PRSI class instead of the employees normal PRSI class of A1. As the Employer was not eligible to operate/decided to reverse out of TWSS the employer wishes to make adjustments.

Four weeks payroll were submitted as J9, requiring a decrease of 4 weeks for PRSI class J9 and an increase of 4 weeks for PRSI class A1

a) Input the number of insurable weeks for the PRSI class to be decreased as a minus figure

b) Click on "Add Another", the display will change and show the first PRSI class entered as follows and allow entry of the second PRSI class.

c) Select the PRSI class to be increased and enter the matching number of insurable weeks

PRSI class, subclass and insurable weeks

Select the PRSI class and subclass for this employee, then add the number of insurable weeks for this pay period. To enter multiple PRSI classes, click the 'Add another' button.

PRSI class and subclass ⓘ

| A1 | ⌄ |

Number of insurable weeks for this pay period ⓘ

Enter the number of weeks for this PRSI class for this pay period. You will need to add weeks at other classes separately.

| 4| | ✕ |

Click on "Add Another", The adjustment would appear on ROS as

Remove all

PRSI class and subclass	Number of insurable weeks for this pay period	Action
A1	4	Remove
J9	-4	Remove

1.3. Correcting Employee PRSI paid

As J9 has a 0% employee PRSI rate and A1 has a 4% rate, the employee's PRSI on the pay received must be manually recalculated to ensure the correct PRSI amount is reported.

This process will increase the PRSI liability on the employer's statement of account for the pay month specified on the adjusting submission (for example, if an adjusting submission is made on 1 April 2021 with a pay date of 25 Dec 2020 the adjusted liability will be reflected on the Employer's December 2020 Statement of Account). The employer will pay this increased liability in the usual manner.

Where the employer is not opting to pay the employee's PRSI liability, the employer can recoup the underpayment from the employee as a net pay deduction. This is a matter between employer and employee.

Example: Employee who received a total weekly pay of €425 (gross pay of €122 plus a "subsidy paid" of €303) was processed as J9 and this is being adjusted as if the employee was processed as A1.

a) Calculate the Employee PRSI on the A1 class. In this example the weekly Employee PRSI on A1 is €425 * 4% = €17.00 PRSI per week. PRSI for 4 weeks is €17.00 * 4 = €68.00

b) As the original payslip had been processed at PRSI class J9 there was no employee PRSI deducted on it. If Employee PRSI had been deducted it would be taken from the €68.00

c) Enter €68.00 in the employee PRSI paid field.

Employee PRSI paid ⓘ

| 68.00 |

1.4. Correcting Employer PRSI paid

As J9 has a 0.5% employer PRSI rate and A1 has a 11.05% employer PRSI rate, the employer's PRSI on the pay received must be manually recalculated to ensure the correct employer PRSI amount is reported.

This process will increase the PRSI liability on the employer's statement of account for the pay month specified on the adjusting submission (for example, if an adjusting submission is made on 1 Feb 2021 with a pay date of 11 Sep 2020 the adjusted liability will be reflected on the Employer's September 2020 Statement of Account). The employer will pay this increased liability in the usual manner.

Example: Employee who received a total pay of €425 (gross pay of €122 plus a "subsidy paid" of €303) was processed as J9 and this is being adjusted as if the employee was processed as A1.

a) Calculate the Employer PRSI on the A1 class. In this example the weekly Employer PRSI on A1 is €425.00 * 11.05% = €46.96 PRSI per week. PRSI for 4 weeks is €46.96 * 4 = €187.84

b) Deduct any Employer PRSI reported on the original submission. In this example the weekly Employer PRSI at J9, on the gross pay, was €122.00 * 0.5% = €0.61 so for 4 weeks €0.61 * 4 = €2.44

c) The additional Employer PRSI liability to be reported is €187.84 - €2.44 = €185.40

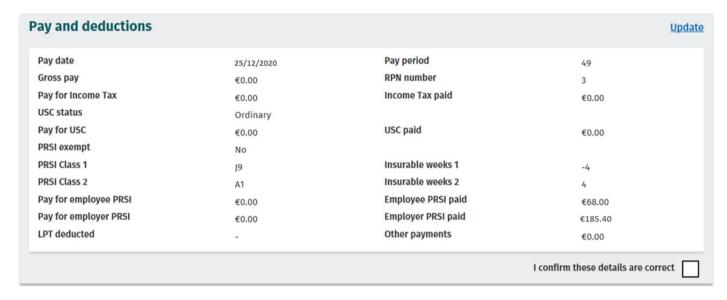d) Enter €185.40 in the employer PRSI paid field.

Employer PRSI paid ⓘ

> 185.40

The ROS screen will now show any additional employer and employee PRSI.

Employee PRSI paid ⓘ

> 68.00

Employer PRSI paid ⓘ

> 185.40

1.5. Save and submit

Note: As there is no pay for this payslip, verify that Nil values have been entered for all other pay and deduction values and that the PRSI Class corrections are correct.

Pay and deductions   Update

Pay date	25/12/2020	Pay period	49
Gross pay	€0.00	RPN number	3
Pay for Income Tax	€0.00	Income Tax paid	€0.00
USC status	Ordinary		
Pay for USC	€0.00	USC paid	€0.00
PRSI exempt	No		
PRSI Class 1	J9	Insurable weeks 1	-4
PRSI Class 2	A1	Insurable weeks 2	4
Pay for employee PRSI	€0.00	Employee PRSI paid	€68.00
Pay for employer PRSI	€0.00	Employer PRSI paid	€185.40
LPT deducted	-	Other payments	€0.00

I confirm these details are correct ☐

When all values have been entered click on save.

You will be asked to confirm the values, tick all 3 boxes – 'I confirm these details are correct' & 'Save'

Select 'Submit Payroll' and then 'Sign & Submit'

2. Employee's Income Tax and USC

If, during the operation of TWSS, the employee was actually paid an untaxed TWSS subsidy payment, then, if not already reported, this Subsidy Paid must be reported on the active J9 payslip for that pay date as a COVID19 additional payment. This value will be included in the employee's Statement of Liability. If no subsidy payment was made to the employee, then the employer must report a zero value on each active J9 payslips.

Note: late submission of the employee's pay and subsidy paid information could impact on the employee's end of year tax liability and in some cases require them to resubmit their Income Tax Return.