

2012 PAYROLL REVIEW

The 2012 Budget held in December, set out a number of key changes which we have compiled into a handy factsheet.

USC Changes (From January 1st 2012)

1. The Universal Social Charge (USC) deduction will change to a cumulative collection system, similar to how PAYE is already deducted.
2. Details of USC should now be displayed on [Employer Tax](#) Credit Certificates (P2Cs) in the same manner as PAYE rates and cut-off points. These rates are set in place unless otherwise notified by Revenue.
3. In the event where employee details are unavailable, the Emergency basis will apply. While the rules applicable to emergency tax operable in PAYE include a gradual escalation in emergency [tax rates](#) over a given period, the USC is applied at a flat 7% rate (with no cut-off point) to all payments.
4. If an employees' income is below the annual exemption threshold of €10,036, the employee must contact Revenue to claim exemption from USC. The new USC rates are:
 - 2% €0 - €10,036,
 - 4% €10,037 - €16,016,
 - 7% on the balance.
5. If an exemption certificate issues for an employee, the exemption stays in force until a new certificate P2C is received, regardless of an increase in earnings. It is the employees' responsibility (not the employer), to advise their local Revenue office if their annual earnings will exceed the exemption threshold.

PRSI

The 50% employer PRSI relief was abolished on January 1st 2012. The exemption is still available for employee contributions. It is important to ensure that if you are making employer contributions to employees' pension scheme that these details are made available to your payroll personnel.

Illness Benefit

From January 1st 2012, Illness Benefit (formally known as Disability Benefit) and short-term Occupational Injury Benefit will be taxed from the first day of payment; previously the first 6 weeks (36 days) were [exempt from tax](#).

Ensure that employees' tax credits are adjusted or the employee placed on a week 1 basis so that refunds do not issue to the employee on returning to work and creating an underpayment at the end of the year.

P45

The layout of the P45 form, the form an employee receives when they leave a job has changed for 2012. This means that any paper P45's you may have on file from previous years cannot be used in 2012. For 2012 onwards the P45 will also show the USC information so a separate USC certificate will no longer be required.

P60s & P35s

P60's have been revised for 2011 to include USC. It is important that the new format is used going forward. Medical Insurance Benefit-in-Kind (BIK) should be noted and included on P35s.



Focus on your Business

Keeping ahead of payroll changes and updates can be time consuming. At Amatino Partners, we can help you manage your payroll and keep you up to date with all relevant changes. We offer competitive Outsourced Payroll Services which take the hassle out of payroll.

For information on payroll outsourcing or to discuss your specific business requirements, please contact [Barry Kieran](#) on 047 84955 [Geoff Foster](#) on 0494371211.