



GES NewsFlash

Ireland — Share Remuneration — PRSI Update

August 26, 2011

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Social Insurance (PRSI) on Share Based Remuneration — Employee PRSI Changes

The Minister for Social Protection announced on 23 August 2011 that the employee PRSI charge will apply to all share-based remuneration from 1 January 2012, regardless of when any written agreements were entered into between the employer and employee. Please note that this announcement only affects PRSI and the position regarding PAYE/Income tax and Universal Social Charge remains unchanged from previous newsflashes.

Therefore from 1 January 2012, the employee PRSI charge will apply in all cases with the exception of shares already held in an Employee Share Ownership Trust before 1 January 2011.

Deloitte's view

There have already been a number of announcements and legislative changes in 2011 by the Irish Government in relation to PRSI on share remuneration which were outlined in previous Newsflashes. While this latest announcement is intended to clarify the PRSI position for share remuneration, it will unfortunately result in further confusion of the position.

The below table summarizes the current PRSI position on share based remuneration for 2010, 2011 and 2012.

PRSI — Share Remuneration	PRSI Applicable		
	2010	2011	2012
Employer PRSI	No	No	No
Employee PRSI (For Share Remuneration subject to a written agreement entered into before 1 January 2011)	No	No	Yes
Employee PRSI (For Share Remuneration subject to a written agreement entered into on/or after 1 January 2011)	No	Yes	Yes

Social Insurance (PRSI) on Share Based Remuneration — Clarification of PRSI Refunds

Following the previous announcement of the abolition of the employer PRSI charge on share remuneration with effect from 1 January 2011, the Department of Social Protection has issued further guidance in relation to claiming refunds of PRSI incorrectly deducted and paid to Revenue in 2011.

To facilitate the refund of PRSI paid on share-based remuneration within the 2011 tax year, PRSI due to be refunded can be recouped and offset against current PRSI liabilities through the normal monthly P30/end-of-year P35 returns.

Employers should consider taking the following actions:

- Review all current share based remuneration from 1 January 2011 to ensure that the correct PRSI treatment has been applied.
- Ensure that any PRSI (employee and employer) paid (but not due) to Revenue on such share based remuneration from 1 January 2011 to date via the company payroll is reversed via the monthly P30 payroll mechanism and that the employees are refunded their contributions.
- Ensure that employee communication documents are updated accordingly particularly in light of the application of employee PRSI to all share based remuneration from 1 January 2012.

Our GES team in Deloitte Dublin will be happy to assist you with regard to any queries you may have in this regard.

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People to contact

If you have any questions concerning the issues in this GES NewsFlash, please contact one of the tax professionals at our Deloitte offices as follows:

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