

**1. PRSI Ready Reckoner for 2013
August 2012 (Based on Macros – April 2012)**

1. Employer PRSI

1.1 Changes to the existing structure- Employer Higher Rate and Threshold - Refers to Class A only

<u>Higher Rate</u>	<u>Full Year Cost /Yield</u>	<u>Gainers/(Losers) i.e., Employments</u>
<u>Threshold:</u> PW - €356 PA - €18,512		
11.55%	€687m	(1,237,260)
11.05 %	€458m	(1,237,260)
10.55%	€229m	(1,237,260)
10.05%	€0	0

Notes

- (i) Full year costs are shown. First year costs are a function of the chosen implementation date of PRSI changes in 2013.
- (ii) The above costings are based on Class A Employer rates of the indicated higher rate and do not include the National Training Fund Levy (0.7%).
- (iii) The yield from increasing the lower rate of Employer PRSI by either 0.5% or 1% would be €24m or €48m respectively from 585,130 employments.
- (iv) The cost of increasing the PRSI entry point from €38pw to €70pw is €1.4m based on 24,880 employments.
- (v) The yield from lowering the employer PRSI threshold from €356pw to the employee threshold of €352pw is €9.2m based on 10,300 employments.
- (vi) Alternatively, the cost to the SIF from increasing the employee PRSI threshold from €352pw to the employer threshold of €356pw is €3.7m based on 10,300 employments.

2. Employee PRSI

2.1 Decrease in Employee Allowance (currently €127) - Full year Yield – class A only

PW PA	€127 €6,604 €m	€100 €5,200 €m	€70 €3,640 €m	€50 €2,600 €m	€0 €0 €m
5%	€383m	€460m	€545m	€602m	€744m
4.5%	€191m	€261m	€337m	€389m	€517m
4%	€0	€61m	€130m	€175m	€289m

Number of Employments affected

- A downward change in the €127 weekly allowance would adversely affect 1,247,560 employments.
- An upward change in the contribution rate from 4.0% adversely affects 1,247,560 employments.
- Abolition of the €127 weekly allowance would yield €289m and affect 1,247,560 employments.
- Abolishing the €26 employee allowance for classes B, C and D would yield €0.8m based on 73,835 employments in 2013.
- The yield from increasing the Class A employee PRSI rate for people earning in excess of €75,000pa by 0.5% or 1% would be €43.9m and €87.8m respectively affecting 84,990 employments.

2.2 **Decrease in Employee PRSI Exemption Threshold (currently €352) – class A only**

Full year yield.

Class A			
	€352 €m	€300 €m	€200 €m
5%	€383m	€432m	€482m
4.5%	€191m	€236m	€280m
4%	€0	€39m	€79m

Number of Employments affected

Class A			
	€352	€300	€200
5%	1,247,560	1,374,530	1,593,070
4.5%	1,247,560	1,374,530	1,593,070
4%	0	126,970	437,180

Full year yield.

Class H			
	€352 €m	€300 €m	€200 €m
5%	€2.5m	NB Only 20 Cases below the current exemption threshold	
4.5%	€1.3m		
4%	0		

NOTES

- (i) Any adjustments to the Class A Employee Allowance or the Class A Employee rate would have a follow through effect on Classes H and E.
- (ii) Any adjustments to the Class A weekly exemption threshold of €352 would have follow through effects on Class H, B, C, D, and E.
- (iii) These costings are based on macro- economic indicators provided by the Dept. of Finance in April 2012. Any change in the macros will impact on the estimates above.
- (iv) Increasing Class H by 0.5% or 1% would yield €1.3m or €2.5m respectively; this costing is not materially affected by reducing the Exemption Threshold.

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