



Employment taxes update Employer Job (PRSI) Incentive Scheme

Employment taxes have become more complex and burdensome in recent times. However a recent Revenue exemption may enable tax savings for the employer.

Explanation

This new exemption allows an employer to be exempt from paying employer PRSI contributions for certain new eligible employees for 12 months, providing certain conditions are met, both with regard to the employee and the employment.

How it works:

To qualify, an employer must create a new / additional job in 2011 and the person who is employed must meet and fulfil certain criteria. (See employee criteria below). The employment must be for at least 30 hours a week and last for at least 6 months. If the employment ends within 6 months, the employer may be liable to pay the employer's PRSI contributions for that employee. The employment must be a 'new' / additional / position – if the employer replaces existing staff with these 'new' employees the employer will not qualify for the exemption.

Employee criteria:

The person who is newly employed must be either on the FÁS Work Placement Programme for at least 3 months or be in receipt of one of the following social welfare payments for a continuous period of at least 6 months:

- Jobseeker's Benefit
- Jobseeker's Allowance
- One-Parent Family Payment
- Disability Allowance

Maximum participation rate

The employer may only get the exemption for a limited number of employees. This limit is 5% of the employer's existing workforce, or, for smaller companies, a maximum of 5 new jobs.

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