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Qualifying conditions for our schemes change from time to time. Always check with your local Social Welfare Office or with Information Services to see if qualifying conditions have changed (see page 12 for contact details).

The information in this booklet is correct at the time of going to print.

1. Who pays Pay Related Social Insurance (PRSI)?

You will normally pay PRSI if you are aged between 16 and 65 and you are:

- an employee, or
- self-employed with a total income of €3,174 or more a year.

By paying PRSI, you are covered for a range of social insurance benefits and pensions.

2. How do I know if I am employed or self-employed?

Whether you are employed or self-employed depends on the facts of your individual working arrangement.

To clarify the difference between being employed and being self-employed, the Employment Status Group (set up under the Programme for Prosperity and Fairness) has published a **Code of Practice for determining Employment or Self-Employment status of Individuals.**

3. What social welfare benefits does my PRSI payment cover?

The type of benefits and pensions you may qualify for are decided by the class of PRSI you pay. In general, employees pay Class A PRSI and self-employed people pay Class S. The benefits covered by each class are listed below.

Social welfare benefits and pensions under Class A PRSI

- State Pension (Transition) [was Retirement Pension]
- State Pension (Contributory) [was Old Age (Contributory) Pension]
- Widow's or Widower's (Contributory) Pension
- Guardian's Payment (Contributory)
- Invalidity Pension
- Occupational Injuries Benefits
- Treatment Benefit (Dental or Optical)
- Jobseeker's Benefit
- Illness Benefit
- Carer's Benefit
- Maternity Benefit
- Adoptive Benefit
- Health and Safety Benefit
- Bereavement Grant

Social welfare benefits and pensions under Class S PRSI

- State Pension (Contributory) [was Old Age (Contributory) Pension]
- Guardian's Payment (Contributory)

- Widow's or Widower's (Contributory) Pension
- Maternity Benefit
- Adoptive Benefit
- Bereavement Grant

4. How are my PRSI and social welfare benefits affected if I am employed by my spouse?

The table below and on page 6 outlines the different forms of employment and how they affect your cover for social welfare benefits and pensions.

Employment arrangement	Social welfare cover as a result of the arrangement
1. Your spouse is a sole trader and employs you	None
2. You assist your self-employed spouse but you are not a partner in the business	None
3. You work as an employee for a partnership in which your spouse is a partner	You will be covered under Class A PRSI. This is because your employment relationship is with the partnership as a business, not with your spouse.

4.	You provide a service as a self-employed person to a partnership in which your spouse is a partner	<p>You will be covered under Class S PRSI.</p> <p>This is because your relationship is with the partnership as a business, not with your spouse.</p>
5.	You work as an employee for a limited company in which your spouse is a shareholder	<p>You will be covered under Class A PRSI.</p> <p>This is because your employment relationship is with the limited company, not with your spouse.</p>
6.	You provide a service as a self-employed person to a limited company in which your spouse is a shareholder	<p>You will be covered under Class S PRSI.</p> <p>This is because your relationship is with the limited company as a business, not with your spouse.</p>

Note

If your working arrangement is in category 1 or 2 (on page 5) you may be eligible to pay Voluntary Contributions to cover you for a pension. See information booklet SW8 for more information on Voluntary Contributions and their qualifying conditions.

For more information on insurability of spouses, see information booklet **SW102**.

5. How are my PRSI contributions and tax affected if my spouse and I operate a business in partnership?

PRSI

If you and your spouse share the profits of your business, you each pay Class S PRSI as self-employed contributors, as long as you each have income of €3,174 or more a year from all sources.

Tax

As a first step, the partnership should be recognised by the Revenue Commissioners and registered for all relevant taxes (see page 9). When you work with your spouse in a business partnership, you must make tax returns under the Revenue self-assessment system (for self-employed people). These tax returns must show the partnership income of each spouse so that PRSI contributions can be calculated accurately.

6. How does the Department or Revenue decide that I am working with my spouse in a partnership?

The Department of Social and Family Affairs and the Revenue Commissioners use the following factors to decide if a partnership normally exists:

- there is a written partnership agreement (a written agreement is not required by law, however);
- each partner writes cheques on the business accounts in their own right;
- there is a joint business account;
- it is apparent to those doing business with the partnership that a partnership exists;
- business accounts and activities are in joint names of the partners;
- each partner makes a significant contribution to the running of the business;
- the business is owned jointly by the partnership;
- the profits and losses of the partnership are shared by each partner;
- the business stationery reflects the existence of a partnership.

You should meet some of these general criteria if you are claiming to be in a partnership with your spouse. If you cannot do this, you will be deemed not to be in a business partnership.

7. How do I meet my tax and PRSI obligations in a partnership?

- First, register with the local Revenue Office by completing a TR1 registration form.
- Second, ensure you 'pay and file' - pay tax, PRSI and Health Contributions and file your income tax return by 31 October each year - under the Revenue's self-assessment system.

Remember that entering into a partnership with your spouse, or any other person, might have consequences other than those related to tax or PRSI. It is important to obtain advice from a legal professional and a tax professional before you make any formal arrangements.

8. How do I prove to the Department of Social and Family Affairs that I was in a partnership for previous years?

You should contact Scope Section at the address on page 11 if you believe that you were in a partnership in previous years. A Social Welfare Inspector will interview you and your spouse, examine any relevant documents you have and report on your case to Scope Section.

Based on the Inspector's report and the criteria listed on page 8, a Deciding Officer may conclude:

- that a partnership existed for some years before the investigation (if so, you and your spouse may pay Class S PRSI if you each had an income of at least €3,174 each year), or
- that a partnership did not exist (if so, you may appeal the decision).

If a Deciding Officer concludes that a partnership existed and your income or your spouse's income from the partnership was less than €3,174 in any previous year, you or your spouse will not pay PRSI for that year. The year will not then count towards pension entitlement.

If a Deciding Officer concludes that a partnership existed and that PRSI was underpaid, you must make up any shortfall to the Department of Social and Family Affairs before we can consider any application for a social welfare benefit or pension.

9. What happens if I want to appeal a decision about partnership status?

If you want to appeal a decision by the Department of Social and Family Affairs, contact the Social Welfare Appeals Office, an independent body that hears social welfare appeals. Its decisions can be further appealed to the High Court on a point of law. See information leaflets **SW53** and **SW56** for more information.

If you want to appeal a decision by the Revenue Commissioners, contact the Office of the Appeal Commissioners, an independent body that hears tax appeals. You may lodge an appeal of an assessment produced by the Revenue Commissioners after the tax year to which it refers. Decisions made by the Appeal Commissioners can be appealed to the courts.

10. Where can I get more information?

If you have any questions about this guide or you are still unsure if you have been in a partnership (**having received professional advice**), you should contact Scope Section of the Department of Social and Family Affairs or your local Revenue Office. In cases of any continuing doubt, a Scope Section Deciding Officer or your Revenue Office will look at the facts of your case and advise you on your status.

Scope Section

Department of Social and Family Affairs
Oisín House
Pearse Street
Dublin 2

Telephone: (01) 673 2585
Fax: (01) 673 2460
Email: **scope@welfare.ie**
Web: **www.welfare.ie**

Local Revenue Office - details available at
www.revenue.ie/index.htm?/cont_main.htm

You can get information on social welfare services, or get information booklets and application forms:

- on the Internet at **www.welfare.ie**,
or
- from your local Social Welfare Office (see State Directory section of your phone book or the Golden Pages for contact numbers),
or
- by telephoning the Department's LoCall Leaflet Request Line at **1890 20 23 25** (from the Republic of Ireland only),
or
- by telephoning Information Services at LoCall **1890 66 22 44** (from the Republic of Ireland only) or **+ 353 71 91 93313** (from Northern Ireland or overseas).

Note

The rates charged for using 1890 (LoCall) numbers may vary among different service providers.

Other useful booklets

**Code of Practice for determining Employment or
Self-Employment status of Individuals**

Guide to Voluntary Contributions SW 8

Widow's or Widower's

Contributory Pension SW 25

Invalidity Pension SW 44

Carer's Benefit SW 49

Social Welfare Appeals Office

Appeals Hearings SW 53

Social Welfare Appeals Office

An Introduction SW 56

Family Employments & PRSI SW 102

State Pension (Transition)

State Pension (Contributory) SW 118

Illness Benefit SW 119

Citizens Information

The Citizens Information Board is the statutory body which supports the provision of information, advice and advocacy on the broad range of social and civil services to the public. It provides the Citizens Information website and supports the voluntary network of Citizens Information Services and the Citizens Information Phone Service.

www.citizensinformation.ie

Lo-Call 1890 777 121 (Mon-Fri 9am-9pm)

Local Centres (see Golden Pages)

Citizen Information is available from over 250 locations nationwide. The contact details and opening hours of your nearest Citizens Information Centre are listed in the Golden Pages.