

IMPORTANT NOTICE TO EMPLOYERS

UNIVERSAL SOCIAL CHARGE (USC)

In the course of enactment of the Finance Act, a significant change to the operation of the USC was effected which was not included in the provisions announced by the Minister for Finance in his Budget speech on 7 December 2010 or in the subsequent Financial Resolutions giving effect to certain of the Budget measures. This change caps the maximum rate of USC at 4% where the individual is the holder of a **full** medical card. The provision applies from 1 January 2011.

Before applying the capped rate of 4% to employees' earnings, employers must satisfy themselves that the relevant employee holds a current **full** medical card.

In cases where an employee, in possession of a full medical card, had USC deducted at the rate of 7% from 1 January 2011 this change means that they will have overpaid the USC and will be due a refund. In these exceptional circumstances, employers should make the refund arising from this change immediately rather than wait until the end of the year.

Further details on the operation of the USC are available on the Revenue website at www.revenue.ie

The rates and thresholds of the Universal Social Charge are as follows:

		Rate
Individual in possession of a full medical card (regardless of age)	Income up to €10,036 *	2%
	Income above €10,036	4%

		Rate
Individual aged under 70 years	Income up to €10,036. *	2%
	Income above €10,036 up to €16,016	4%
	Income above €16,016	7%

		Rate
Individual aged 70 years and over	Income up to €10,036. *	2%
	Income above €10,036	4%

***Where the income for the year is €4,004 or less, no deduction of USC should be made.**

The **Employer Customer Service Unit** provides information and support to employers. Contact details as follows:

Telephone: 1890 25 45 65

If calling from outside the Republic of Ireland please phone + 353 67 63400

Email: employerhelp@revenue.ie