

Micropay Professional

Health Levy Recalculation

If the employee's PRSIable Pay for the tax year is less than €26,000, the employee is not liable to pay Health Levy.

So if such an employee paid an amount of Health Levy in any pay period of 2009, they are entitled to a full refund.

To determine the amount of Health Levy to be refunded, the system must recalculate the Health Levy paid by each employee in 2009.

This recalculation occurs when you process the employee's pay in the 2009 pay period in which the employee reaches 52 insurable weeks or more.

Note: The Health Levy recalculation will not take place if there was a PRSI override in a previous period or if the relevant employee was added to the system in a mid year setup. Any such cases will be reported in the Control Summary.

No extra pay period

In the following example, the employee's PRSIable Pay This Year does not exceed the €26,000, so they are **not subject to the Health Levy**. However, because of his weekly rates of pay, he has paid the Health Levy in some pay periods.

A Weekly payroll in which Period 52 is the pay period when the employee's number of insurable weeks reaches 52.

In this example, the recalculation is carried out by the system in Period 52.

- PRSIable Pay up to and including Week 52: €23,590
- Health Levy Paid is recalculated by the system as follows:
 - In weeks 1-18 (pay dates 01/01/2009 to 30/04/2009, when the rates set in Budget 2009 were in place), the employee got paid €500 per week.

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Health Levy for Weeks 1-18 is calculated as follows:

$$€500 @ 2\% = €10.20$$

$$€10.20 \times 18 \text{ weeks} = €183.60$$

- In weeks 19-29 (pay dates 07/05/2009 to 16/07/2009, when the rates set in the Supplementary Budget 2009 were in place), the employee got paid €510 per week.

Health Levy for Weeks 19-29 is calculated as follows:

$$€510 @ 4\% = €20.40$$

$$€20.40 \times 11 \text{ weeks} = €224.40$$

- In weeks 30-52 (pay dates 23/07/2009 to 24/12/2009, when the employee's weekly pay was below the Health Levy ceiling set in Supplementary Budget 2009), the employee got paid €400 per week.

Health Levy for Weeks 30 -52 is calculated as follows:

$$€400 @ 0\% = €0$$

$$€0 \times 22 \text{ weeks} = €0$$

That is, the employee has a Nil Health Levy liability for these pay periods.

Employee's Total Health Levy Amount Paid:

$$€183.60 + €224.40 + €0 = \mathbf{€408}$$

The employee is entitled to a full refund of this amount.

The employee's Period 52 payslip will contain the following items:

- the normal Period 52 Health Levy (in the EE PRSI field)
- an additional item representing the full amount of the Health Levy refund received by the employee

If the payroll requires a period 53 in 2009, this will be processed as normal (the Health Levy recalculation will not be carried out again.)

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Extra pay period

In the following example, the employee's PRSlable Pay This Year does not exceed the €26,000, so is **not subject to the Health Levy**. However, because of the weekly rates of pay, they have paid the Health Levy in some pay periods.

A Weekly payroll in which Period 53 is the pay period in which the employee's insurable weeks reaches 52.

In this example, the recalculation is carried out by the system in pay period 53.

- PRSlable Pay up to and including Week 53: €25,900
- Health Levy is recalculated by the system as follows:
 - In weeks 1-18 (pay dates 01/01/2009 to 30/04/2009, when the rates set in Budget 2009 were in place), the employee got paid €500 per week.

Health Levy for Weeks 1-18 is calculated as follows:

$$€510 @ 2\% = €10.20$$

$$€10.20 \times 18 = €183.60$$

- In weeks 19-50 (pay dates 07/05/2009 to 10/12/2009, when the rates set in the Supplementary Budget 2009 were in place), the employee got paid €510 per week.

Health Levy for Weeks 19-50:

$$€510 @ 4\% = €20.40$$

$$€20.40 \times 32 = €652.80$$

- Employee was not paid in Period 51

In week 52 (pay date 24/12/2009, when the rates set in the Supplementary Budget 2009 were in place) the employee got paid €400.

Health Levy for Week 52:

Nil Liability

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- In week 53 (pay date 31/12/2009, when the rates set in the Supplementary Budget 2009 were in place) the employee got paid €500

Health Levy for Week 53:

€510 @ 4% = €20.40

Employee's Total Health Levy Amount Paid

€183.60 + €652.80 + €0 + €20.40 = €857

The employee is entitled to a full refund of this amount.

The employee's Period 53 payslip will contain the following items:

- the normal Period 53 Health Levy (in the EE PRSI field)
- an additional item representing the full amount of the Health Levy refund received by the employee

Employee incorrectly subjected to higher rate:

A higher Health Levy rate has been applied to an employee in some pay periods of 2009, but ultimately it emerges that they are liable to a lower rate.

This situation will lead to a health Levy overpayment by the employee in 2009.

If one or both of the following situations arose, the employee will be entitled to a refund of their 0.5% or 1% Health Levy contributions if they finish the year having paid in excess of the amounts they were liable for according to **aggregated annual rates***:

- employee's weekly pay fluctuates above and below €1,925 from 1st Jan 2009 to 30th April 2009 (pre-Supplementary Budget)
- employee's weekly pay fluctuates above and below €1,443 from 1st May 2009 to 31 December 2009 (post-Supplementary Budget)

* The aggregated annual rates are as follows:

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- First €75,036 of PRSlable pay: 3.333%
- Second €25,064 of PRSlable pay: 4%
- Remainder of PRSlable pay: 4.167%

Please Note:

- If the Health Levy recalculation determines that the employee has underpaid Health Levy over the year, the discrepancy will not be highlighted in their payslip. Underpayments will be dealt with directly by the Department of Social and Family Affairs.
- Only employees who have been in continuous employment with the company throughout 2009 will be refunded a Health Levy overpayment in the manner described above. Other employees entitled to a Health Levy refund must apply to the Department of Social and Family Affairs