

PRD (Pension Related Deduction) Levy

From 2009 the new Pension Related Deduction must be applied to the remuneration of public servants from the 01st March 2009.

This document contains important facts on the Pension related deduction and illustrates how it is implemented in Micropay Professional.

-Who does the Pension Related Deduction apply to?

The Pension Related Deduction applies to public servants who:

- (i) Are members of a public pension scheme
- (ii) Are entitled to benefit under such a scheme
- or*
- (iii) Receive a payment in lieu of membership in such a scheme

While full medical card holders are exempt from the Income Levy they are not exempt from the Pension Related Deduction.

-What pay does the Pension Related Deduction apply to?

The Pension Related Deduction applies to all Schedule E remuneration covering all elements of gross pay, including overtime, arrears, all taxable allowances, Notional Pay on Benefits and taxable portions of Disability Pay.

Full PAYE and PRSI relief is allowed on the Pension Related Deduction.

The Pension Related Deduction is to be calculated on a **Week One** Basis.

Pension Related Deduction Rates, Bands and Thresholds Pre Supplementary Budget (1st March '09 to 30th April '09)

<u>Remuneration</u>	<u>Rate</u>
Up to €15,000	3%
From €15,000 to €20,000	6%
From €20,000 and over	10%

For 2009 the bands are based on a 44 week year and will revert to a 52 week year in 2010.

Pension Related Deduction Rates, Bands and Thresholds Post Supplementary Budget (1st May '09 to 31st Dec '09)

<u>Remuneration</u>	<u>Rate</u>
Up to €15,000	Exempt
€15,000 to €20,000	5%
€20,000 to €60,000	10%
€60,000+	10.5%



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Rate Thresholds for 2009(1st March '09 to 30th April '09)

Annual	Weekly	Fortnightly	Monthly	Rate	
€15,000	€340.91	€681.82	€1,500.00	3%	<u>Rate 1</u>
Earnings from €15,000 to €20,000	€454.55	€909.09	€2,000.00	6%	<u>Rate 2</u>
Exceeding €20,000				10%	<u>Rate 3</u>

Rate Thresholds for 2009(1st May '09 to 31st Dec '09)

Annual	Weekly	Fortnightly	Monthly	Rate	
0 to €15,000	€340.91	€681.82	€1,500.00	0%	<u>Exempt</u>
Earnings from €15,000 to €20,000	€454.55	€909.09	€2,000.00	5%	<u>Rate 1</u>
Earnings from €20,000 to €60,000	€1,363.64	€2,727.27	€6,000.00	10%	<u>Rate 2</u>
Earnings Exceeding €60,000+	€1,363.65+	€2,727.28+	€6,000.01+	10.5%	<u>Rate 3</u>

Issuing a P45 to an Employee

No changes are required to the P45 issued to employees who leave employment from whom a Pension Related Deduction has been deducted, however, a statement of Pension Related Deductions should be issued with the P45 to the employee.

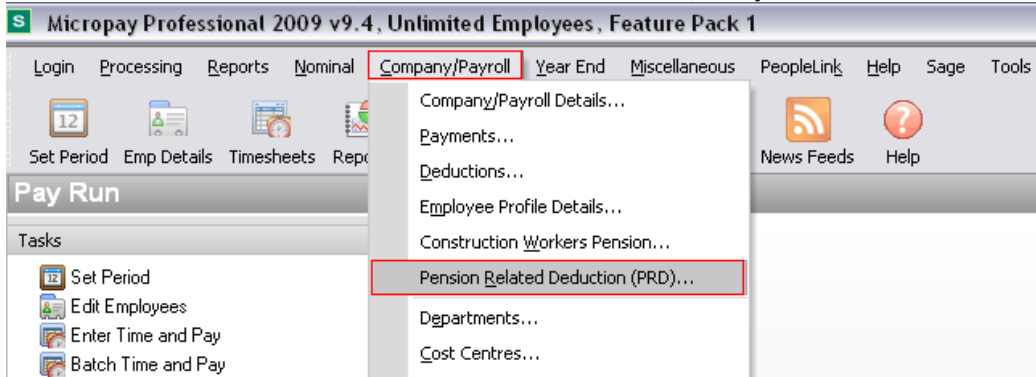
Issuing P45 to an Employee with a Pension Levy within two years of commencement

Where an employee leaves employment within two years and neither transfers to another public service employment nor retains any pension benefits they are due a refund of both the pension contributions and the Pension Related Deduction. Per the Department of Finance this refund is to be calculated manually outside of the payroll software.

Setting up Pension Related Deduction in Micropay Professional

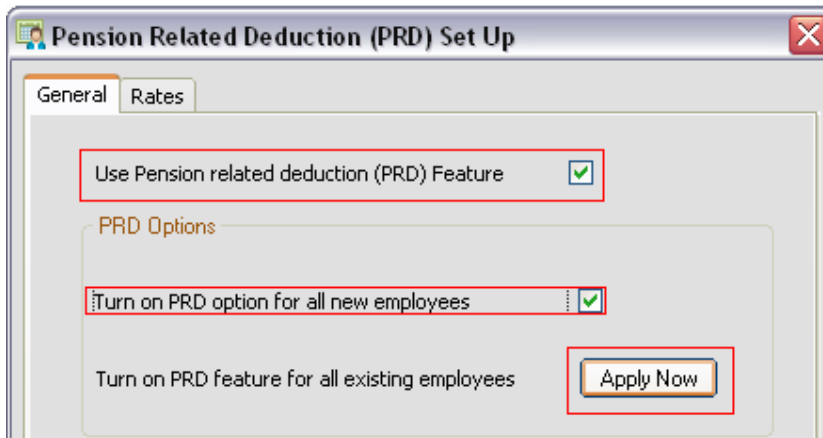
NB -To be able to use the PRD in Micropay Professional you must be on at least version 9.4.

1- To activate the PRD feature you will need to go to Company/Payroll and select Pension Related Deduction.



2. The Pension Related Deduction Settings window opens. The window contains two tabs:

General



The **General** tab enables you to carry out the following tasks:

- Activate the PRD feature:

To do this, select the **Use Pension Related Deduction (PRD) Feature** checkbox.

- Enable PRD calculations for new employees:

To do this, select the **Turn on PRD option for all new employees** checkbox.

- Enable PRD calculations for all existing employees:

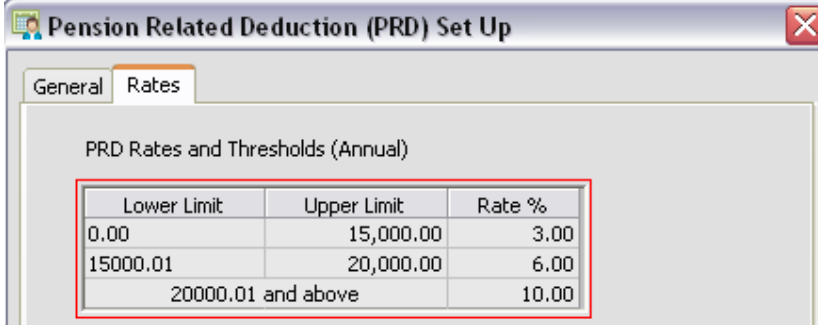
To do this, click the **Apply Now** button.

-Rates

The **Rates** tab enables you to view the current PRD rates and annual thresholds.

Listed below are the Two rate tables, pre and post the May 1st budget.

PRD (Pension Related Deduction) Levy



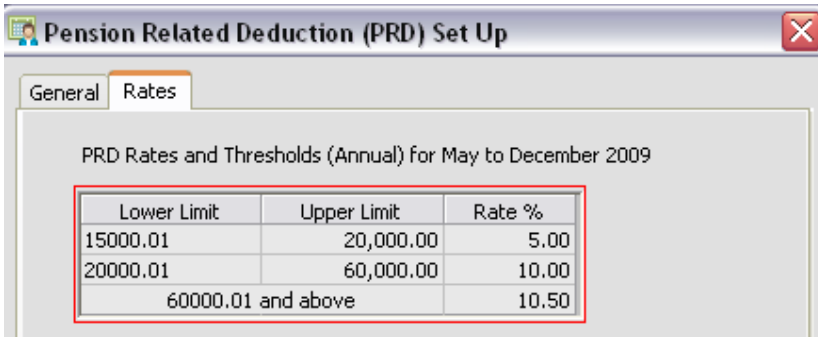
Pension Related Deduction (PRD) Set Up

General Rates

PRD Rates and Thresholds (Annual)

Lower Limit	Upper Limit	Rate %
0.00	15,000.00	3.00
15000.01	20,000.00	6.00
20000.01 and above		10.00

(1st March '09 to 30th April '09)



Pension Related Deduction (PRD) Set Up

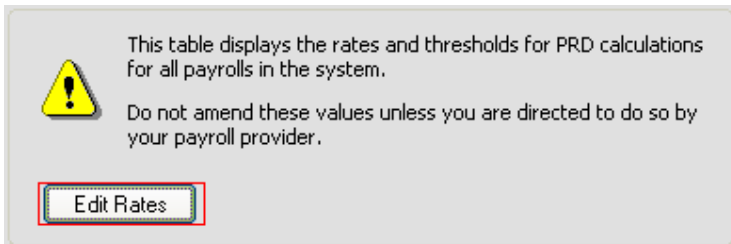
General Rates

PRD Rates and Thresholds (Annual) for May to December 2009

Lower Limit	Upper Limit	Rate %
15000.01	20,000.00	5.00
20000.01	60,000.00	10.00
60000.01 and above		10.50

(1st May '09 to 31st Dec '09)

If you need to change the Upper Limit and Rate values, click **Edit**.

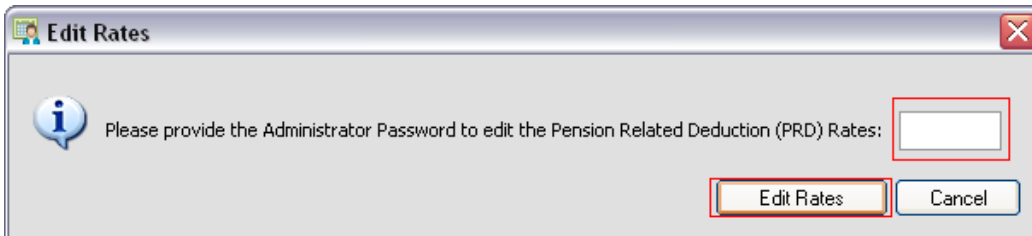


This table displays the rates and thresholds for PRD calculations for all payrolls in the system.

Do not amend these values unless you are directed to do so by your payroll provider.

Edit Rates

Then enter the administrative password, and make the necessary alterations.



Edit Rates

Please provide the Administrator Password to edit the Pension Related Deduction (PRD) Rates:

Edit Rates **Cancel**

You should bear in mind that the changes you make apply to all the payrolls set up on your system.

How Do I Mark a Payment as Being Subject to the PRD?

The Pension-Related Deduction is payable on gross pay. It must be calculated on the individual elements of gross pay:

- Gross pay,
- Overtime
- Arrears
- All taxable allowances

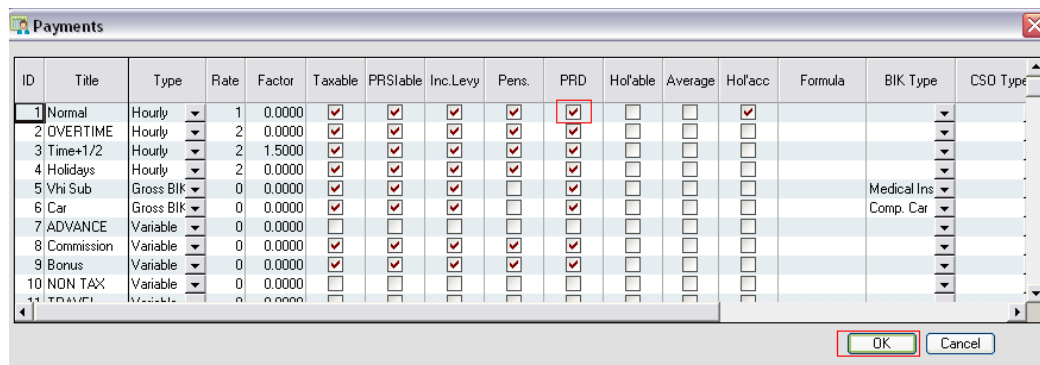
Note: All non-taxable allowances are exempt from PRD.

You need to explicitly mark payments as being subject to the PRD. To do this, carry out these steps:

1. Select the **Company/Payroll - Payments** menu option.



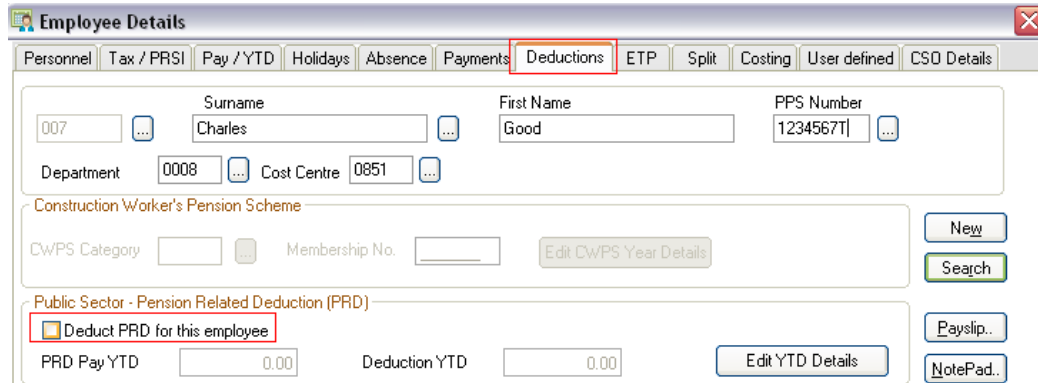
2. Select the payment's **PRD** checkbox.



3. Click OK.

How Do I Apply PRD to a Specific Employee?

To enable PRD calculations for the current employee, select the **Deduct PRD for this employee** checkbox in the Employee Details window's Deductions Tab.



The screenshot shows the 'Employee Details' window with the 'Deductions' tab selected. The 'Deduct PRD for this employee' checkbox is checked and highlighted with a red box. The PRD Pay YTD and Deduction YTD fields both show 0.00.

This tab also contains the following PRD information:

PRD Pay YTD

This field specifies the total amount of the employee's pay to date this year that is subject to the PRD.

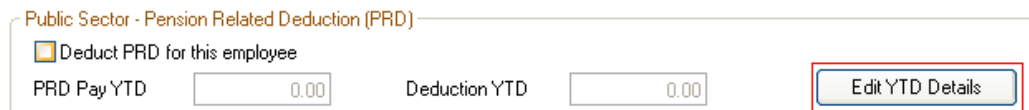
Deduction YTD

This field specifies the total amount of PRD taken from the employee's gross pay so far this year.

How do I Edit YTD Totals?

Click the **Edit YTD Details** button. This opens a screen that displays a breakdown of:

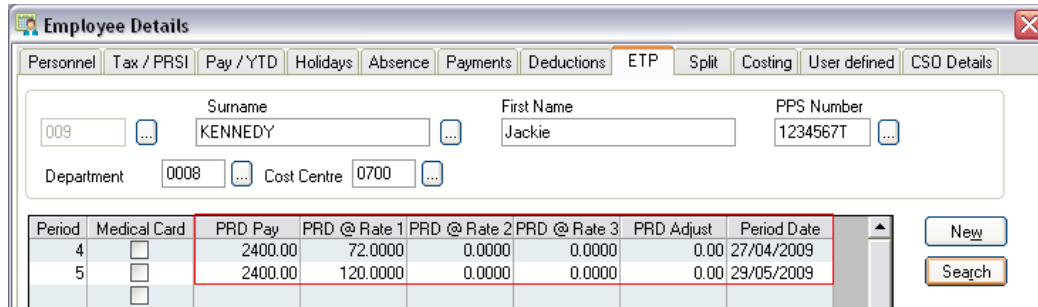
- The PRD Pay
- PRD paid at each rate
- Adjustments made the calculated PRD (PRD Manual adjust TP) in each pay period.



The close-up screenshot shows the 'Public Sector - Pension Related Deduction (PRD)' section. The 'Deduct PRD for this employee' checkbox is checked. The PRD Pay YTD and Deduction YTD fields both show 0.00. The 'Edit YTD Details' button is highlighted with a red box.

Where is this Information stored in each employee's details?

It is stored on each Employee's ETP tab.



How is the PRD recorded on the payslip?

The PRD amount is marked 'PRD' in the payslip's Deduction Details section.

DESCRIPTION	T/N	HOURS	VALUE	DESCRIPTION	T/N	THIS PERIOD	BALANCE
Salary	Y		2001.00	PAYE		-274.82	0.00
				PRSI		55.00	172.00
				Inc. Levy		20.01	65.16
				PRD	G	75.10	75.10

If you have any further questions regarding the PRD Levy and how to set it up in your Payroll please don't hesitate to contact us.