

Universal Social Charge (USC) – 2012 Employer Factsheet

The Universal Social Charge, which came into effect on 1 January 2011, is a tax payable on gross income, including notional pay, after any relief for certain capital allowances, but before pension contributions. As and from 1 January 2012, the deduction of USC has changed from a week 1 basis (operable in 2011) to a cumulative basis – similar to the manner in which PAYE is deducted.

USC rates and thresholds advised to employers on Employer Tax Credit Certificates (P2Cs)

As with PAYE tax credits and rate bands, Revenue will notify employers on P2Cs of the USC rates and thresholds to be applied for all employees. Where lower rates of USC apply in certain circumstances, – for example, in the case of employees aged 70 and over, or where employees hold full medical cards – these lower rates will be stated on the P2Cs issued by Revenue. Where Revenue determine that USC exemption applies, it will be advised on the P2C. Employers are **not** to apply lower rates or USC exemption themselves but are to operate strictly on the USC rates and cut-off points advised on the P2Cs.

For further information see www.revenue.ie/en/tax/usc/universal-social-charge-faqs.pdf

What are employers to do where they have not received 2012 P2Cs in time to run January 2012 payroll(s)?

As soon as possible after the Budget in December 2011, Revenue will issue to employers 2012 Tax Credit Certificates (P2Cs) for all employees. In the situation where an employer has not received 2012 P2Cs in time to run January 2012 payroll(s), the following instructions apply:

Use the *standard 2012 USC rates (listed below) and thresholds and apply them on the same basis as applies for PAYE – i.e. where the P2C carrying over from 2011 to 2012 is on a cumulative basis, apply USC on a cumulative basis; where the P2C carrying over from 2011 to 2012 is on a week 1 basis, apply USC on a week 1 basis.

Where an employer does not hold a P2C that has effect for 2011, as in the case of a new employee who has handed in a P45, the following instructions apply:

- P45 on a Cumulative or Week 1 basis – apply USC on a week 1 basis, using the *standard 2012 USC rates
- P45 on Emergency basis – apply USC on emergency basis (see hereunder).

* 2012 USC Standard Rates

	Annual Threshold	Weekly	Fortnightly	Monthly	4-Weekly	Bi-monthly (every 2 months)	Twice-monthly	Quarterly
2%	0.00 up to 10,036.00	0.00 up to 193.00	0.00 up to 386.00	0.00 up to 837.00	0.00 up to 772.00	0.00 up to 1,673.00	0.00 up to 419.00	0.00 up to 2,509.00
4%	From 10,036.01 to 16,016.00	From 193.01 to 308.00	From 386.01 to 616.00	From 837.01 to 1,335.00	From 772.01 to 1,232.00	From 1,673.01 to 2,670.00	From 419.01 to 668.00	From 2,509.01 to 4,004.00
7%	From 16,016.01	From 308.01	From 616.01	From 1,335.01	From 1,232.01	From 2,670.01	From 668.01	From 4,004.01

2012 USC Emergency Basis

The emergency rate of USC is 7%.

No cut-off points are allowed. Deduct USC from all payments at the rate of 7%.

P45

The P45 (paper and ROS) has been revised to include employee USC details. Employers are not to issue a USC Certificate – this applied in 2011 only.

Paper P45's are available from:

Revenue's Forms & Leaflets Service

Telephone (24-Hour service) 1890 30 67 06

If calling from outside the Republic of Ireland please phone + 353 1 70 23 050

Email: custform@revenue.ie