

## The Universal Social Charge [USC] and PRSI – Budget 2010

The Universal Social Charge [USC] came into effect on the 1<sup>st</sup> January 2011 and applies to all individuals if their gross income exceeds the threshold of €4,004 per annum (€77 per week). Once you exceed this limit then you pay on the full amount.

However, the USC **does not** apply to Childminders who are eligible to claim the Childminder's Tax Relief of €15,000 per annum as they derive their income from a source that is classified as exempt income.

### The rates of USC are:

2% on the first €10,036  
4% on the next €5,980  
7% on the balance

Self-employed individuals will make a payment of USC along with their preliminary tax payment, and any balance will be collected when the final assessment issues. USC is payable on gross income after relief for certain capital allowances, but before relief for pension contributions. Gross income is determined after deduction of legitimate expenses directly associated with the performance of the trade. This is in accordance with the normal principles of commercial accounting.

For more information on the Universal Social Charge (USC) please follow the link provided on the Revenue website.  
<http://www.revenue.ie/en/press/budget/2011/index.html>

### PRSI

While the USC does not apply to those availing of the Childminder's Tax Relief, PRSI applies as before. Please note that the general rate for the self-employed was increased from 3% to 4% in the Budget. Therefore a Childminder will have to pay a Social Insurance Contribution of 4% of **all** income, or €253, whichever is greater. For further information in relation to PRSI please see [www.welfare.ie](http://www.welfare.ie).