

Cumulative Basis Universal Social Charge 2012 - Example Payroll Calculations

As and from 1 January 2012, for PAYE taxpayers, the deduction of USC will change from the present week 1 basis to a cumulative basis similar to the way PAYE is deducted. Employer Tax Credit Certificates (P2Cs), as well as displaying PAYE rates and cut-off points, will now feature USC rates and cut-off points. Example calculations hereunder – using 2011 figures.

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Example 1 – Cumulative basis / standard rates

Weekly-paid employee

P2C advises:

Cumulative Basis - effective from 1 January 2012

Rates of USC		Weekly COP	
USC Rate 1	2%	USC Rate 1 Cut-Off Point	193.00
USC Rate 2	4%	USC Rate 2 Cut-Off Point	115.00
USC Rate 3	7%		

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
1	250.00	250.00	193.00	3.86	115.00	2.28	0.00	0.00	6.14	6.14	0.00
2	250.00	500.00	386.00	7.72	230.00	4.56	0.00	0.00	12.28	6.14	0.00
3	475.00	975.00	579.00	11.58	345.00	13.80	51.00	3.57	28.95	16.67	0.00
4	250.00	1,225.00	772.00	15.44	460.00	18.12	0.00	0.00	33.56	4.61	0.00

The employee was absent on sick leave in weeks 5 and 6 and did not receive any pay. (Illness Benefit is not chargeable to USC).

5	0.00	1,225.00	965.00	-	575.00	-	-	-	-	-	-
6	0.00	1,225.00	1,158.00	-	690.00	-	-	-	-	-	-
7	250.00	1,475.00	1,351.00	27.02	805.00	4.96	0.00	0.00	31.98	0.00	1.58
8	250.00	1,725.00	1,544.00	30.88	920.00	7.24	0.00	0.00	38.12	6.14	0.00
...											

Example 2 – Week 1 basis / standard rates

Weekly-paid employee - commenced employment 4 March 2012. First payday: 11 March 2012.

P2C advises:

Week 1 Basis - effective from date of issue: 7 March 2012

Rates of USC		Weekly COP	
USC Rate 1	2%	USC Rate 1 Cut-Off Point	193.00
USC Rate 2	4%	USC Rate 2 Cut-Off Point	115.00
USC Rate 3	7%		

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
...											
10	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
11	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
12	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
13	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
...											

Example 3 – Cumulative basis / reduced rates (individual is aged 70 or over / or holds a full medical card)

Weekly-paid employee

P2C advises:

Cumulative Basis - effective from 1 January 2012

Rates of USC		Weekly COP	
USC Rate 1	2%	USC Rate 1 Cut-Off Point	193.00
USC Rate 2	4%		

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
1	800.00	800.00	193.00	3.86		24.28			28.14	28.14	0.00
2	800.00	1,600.00	386.00	7.72		48.56			56.28	28.14	0.00
3	800.00	2,400.00	579.00	11.58		72.84			84.42	28.14	0.00
4	800.00	3,200.00	772.00	15.44		97.12			112.56	28.14	0.00
...											

Reduced rates: there is no 4% Cut-Off Point and no 7% rate. Once the 2% Cut-Off Point is reached the balance is charged at 4%.

Example 4 – Week 1 basis / reduced rates (individual is aged 70 or over / or holds a full medical card)

Weekly-paid employee - commenced employment 4 March 2012. First payday: 11 March 2012.

P2C advises:

Week 1 Basis - effective from date of issue: 7 March 2012

Rates of USC		Weekly COP	
USC Rate 1	2%	USC Rate 1 Cut-Off Point	193.00
USC Rate 2	4%		

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
...											
10	800.00	800.00	193.00	3.86		24.28			28.14	28.14	0.00
11	800.00	800.00	193.00	3.86		24.28			28.14	28.14	0.00
12	800.00	800.00	193.00	3.86		24.28			28.14	28.14	0.00
13	800.00	800.00	193.00	3.86		24.28			28.14	28.14	0.00
...											

Reduced rates: there is no 4% Cut-Off Point and no 7% rate. Once the 2% Cut-Off Point is reached the balance is charged at 4%.

Example 5 – Cumulative basis / standard rates – moving to Cumulative basis / reduced rates [Refund situation]

Weekly-paid employee

P2C advises:

Cumulative Basis - effective from 1 January 2012

Rates of USC		Weekly COP	
USC Rate 1	2%	USC Rate 1 Cut-Off Point	193.00
USC Rate 2	4%	USC Rate 2 Cut-Off Point	115.00
USC Rate 3	7%		

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
1	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
2	800.00	1,600.00	386.00	7.72	230.00	9.20	984.00	68.88	85.80	42.90	0.00
3	800.00	2,400.00	579.00	11.58	345.00	13.80	1,476.00	103.32	128.70	42.90	0.00
4	800.00	3,200.00	772.00	15.44	460.00	18.40	1,968.00	137.76	171.60	42.90	0.00
...											

The employee receives a full medical card on 26 January 2012 and notifies Revenue. Revenue issue a revised P2C to the employer, advising the following rates and thresholds:

Cumulative Basis - effective from 1 January 2012

Rates of USC			Weekly COP
USC Rate 1	2%	USC Rate 1 Cut-Off Point	193.00
USC Rate 2	4%		

The employer operates on this revised P2C in payroll week 5:

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
1	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
2	800.00	1,600.00	386.00	7.72	230.00	9.20	984.00	68.88	85.80	42.90	0.00
3	800.00	2,400.00	579.00	11.58	345.00	13.80	1,476.00	103.32	128.70	42.90	0.00
4	800.00	3,200.00	772.00	15.44	460.00	18.40	1,968.00	137.76	171.60	42.90	0.00
5	800.00	4,000.00	965.00	19.30		121.40			140.70	0.00	30.90
6	800.00	4,800.00	1,158.00	23.16		145.68			168.84	28.14	0.00
...											

From week 5 there is no 4% Cut-Off Point and no 7% rate. Once the 2% Cut-Off Point is reached the balance is charged at 4%.

Example 6 – New employee with P45 – moving to Cumulative basis when P2C received [Refund situation]

Weekly-paid employee - commenced employment 4 March 2012. Date of first payment: 11 March 2012.

The employee handed in a P45 from his previous employment, showing a date of cessation of 15 January 2012. As this is a 2012 P45, it shows USC details from the previous employment, along with the following USC cut-off points:

- Weekly USC Cut-Off Point 1: €193.00
- Weekly USC Cut-Off Point 2: €115.00

The employer submits P45 Part 3 to Revenue and awaits a P2C. In the meantime the employer will deduct USC using the cut-off points shown on the P45, on a week 1 basis, applying the USC rates in force for the year:

Rates of USC	
USC Rate 1	2%
USC Rate 2	4%
USC Rate 3	7%

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
...											
10	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
11	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
12	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
13	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
...											

Revenue issue a cumulative P2C, advising the following rates, thresholds, and previous gross pay for USC purposes and USC deducted:

Cumulative Basis - effective from 1 January 2012

Rates of USC		Weekly COP	
USC Rate 1	2%	USC Rate 1 Cut-Off Point	193.00
USC Rate 2	4%	USC Rate 2 Cut-Off Point	115.00
USC Rate 3	7%		

The following details of Gross Pay for USC purposes and USC deducted, from 1 January 2012, to date of commencement with your employment, should be taken into account when calculating current USC deductions:

- Gross Pay for USC purposes: €1,400
- USC Deducted: €1.80

The employer operates on this revised P2C in payroll week 14:

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
...											
10	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
11	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
12	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
13	800.00	800.00	193.00	3.86	115.00	4.60	492.00	34.44	42.90	42.90	0.00
	Previous	+ 1,400.00							+ 71.80		
14	800.00	5,400.00	2,702.00	54.04	1,610.00	64.40	1,088.00	76.16	194.60	0.00	* 48.80
15	800.00	6,200.00	2,895.00	57.90	1,725.00	69.00	1,580.00	110.60	237.50	42.90	0.00
16	800.00	7,000.00	3,088.00	61.76	1,840.00	73.60	2,072.00	145.04	280.40	42.90	0.00

* Week 14 refund:

Cumulative USC payable €194.60 less amount already paid €243.40 [(42.90 x 4) + previous USC deducted from P2C €71.80]

Example 7 – New employee with P45 showing just one USC cut-off point

Weekly-paid employee - commenced employment 4 March 2012. Date of first payment: 11 March 2012.

The employee handed in a P45 from his previous employment, showing a date of cessation of 15 January 2012. As this is a 2012 P45, it shows USC details from the previous employment, along with the following USC cut-off point:

- Weekly USC Cut-Off Point 1: €193.00

The employer submits P45 Part 3 to Revenue and awaits a P2C. In the meantime the employer will deduct USC using the cut-off point shown on the P45, on a week 1 basis, applying the USC rates in force for the year:

His current employer will deduct USC using this cut-off point, on a week 1 basis, applying the USC rates in force for the year:

Rates of USC	
USC Rate 1	2%
USC Rate 2	4%
USC Rate 3	7%

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
...											
10	800.00	800.00	193.00	3.86		24.28			28.14	28.14	0.00
11	800.00	800.00	193.00	3.86		24.28			28.14	28.14	0.00
...											

There is no 4% Cut-Off Point and no 7% rate. Once the 2% Cut-Off Point is reached the balance is charged at 4%.

Example 8 – Cumulative basis – moving to Exemption

Weekly-paid pensioner (aged 67) – annual pension: €3,640

P2C advises:

Cumulative Basis - effective from 1 January 2012

Rates of USC		Weekly COP	
USC Rate 1	2%	USC Rate 1 Cut-Off Point	193.00
USC Rate 2	4%	USC Rate 2 Cut-Off Point	115.00
USC Rate 3	7%		

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
1	70.00	70.00	193.00	1.40	115.00	0.00	0.00	0.00	1.40	1.40	0.00
2	70.00	140.00	386.00	2.80	230.00	0.00	0.00	0.00	2.80	1.40	0.00
3	70.00	210.00	579.00	4.20	345.00	0.00	0.00	0.00	4.20	1.40	0.00

As the income is below the annual exemption threshold of €4,004, the pensioner contacts their local Revenue office who issues a cumulative USC-exemption P2C to the employer, advising the following revised rates and thresholds:

Cumulative Basis - effective from 1 January 2012

Exemption Case

Y

The employer operates on this revised P2C in payroll week 4:

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
1	70.00	70.00	193.00	1.40	115.00	0.00	0.00	0.00	1.40	1.40	0.00
2	70.00	140.00	386.00	2.80	230.00	0.00	0.00	0.00	2.80	1.40	0.00
3	70.00	210.00	579.00	4.20	345.00	0.00	0.00	0.00	4.20	1.40	0.00
4	70.00	280.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	0.00	0.00	4.20
5	70.00	350.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	0.00	0.00	0.00
...											
52	70.00	3,500.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	0.00	0.00	0.00

As the individual's income is liable to USC, (but because the income is below the €4,004 USC exemption threshold, they are exempt from paying USC), it must be reported on the P60 and P35 (and P45, if applicable).

P60:

Gross Pay for USC purposes: €3,640.00

Amount of USC deducted: €0.00

Example 9 – Emergency basis

Weekly-paid employee - commenced employment 1 February 2012.

The employee handed in a P45 from his previous employment, showing a date of cessation of 30 November 2011 and that tax was deducted on a cumulative basis. As this is a 2011 P45, it does not show USC details. His current employer will operate payroll as follows:

- PAYE: Week 1 basis, using the tax credits and cut-off point shown on the P45
- USC: Emergency basis

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Emergency Basis (7%)
...		
5	800.00	56.00
6	800.00	56.00

The employer submits P45 Part 3 to Revenue and soon after receives a cumulative P2C advising the following rates and thresholds:

Cumulative Basis - effective from 1 January 2012

No previous earnings to be taken into account.

Rates of USC		Weekly COP	
USC Rate 1	2%	USC Rate 1 Cut-Off Point	193.00
USC Rate 2	4%	USC Rate 2 Cut-Off Point	115.00
USC Rate 3	7%		

The employer operates on this revised P2C in payroll week 7:

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
...											
5	800.00	800.00	E Basis	E Basis	E Basis	E Basis	E Basis	E Basis	E Basis	56.00	0.00
6	800.00	800.00	E Basis	E Basis	E Basis	E Basis	E Basis	E Basis	E Basis	56.00	0.00
7	800.00	2,400.00	1,351.00	27.02	805.00	32.20	244.00	17.08	76.30	0.00	35.70
8	800.00	3,200.00	1,544.00	30.88	920.00	36.80	736.00	51.52	119.20	42.90	0.00
...											

Example 10 – Exemption – moving to Week 1 basis

Situation at 1 January 2012: Weekly-paid pensioner (aged 67) – Annual private pension: €3,640

As the individual's income chargeable to USC is less than the €4,004 exemption threshold, they will be exempt from USC. (They are also in receipt of an old age pension from the Dept of Social Protection but this social welfare income is not chargeable to USC).

Revenue issue a cumulative tax credit certificate (P2C) to the pension provider showing 'USC Exemption', effective from 1 January 2012:

Cumulative Basis - effective from 1 January 2012

Exemption Case

Y

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
1	70.00	70.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	0.00	0.00	0.00
...											
19	70.00	1,330.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	0.00	0.00	0.00
20	70.00	1,400.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	0.00	0.00	0.00
21	70.00	1,470.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	0.00	0.00	0.00
...											

In May 2012, the individual commences a part-time employment, earning €100 per week. As their estimated income for the year will now exceed €4,004, they are no longer exempt from paying USC. They contact Revenue to have a P2C issued to their new employer and to have a revised P2C issued to their pension provider. They choose to divide their USC thresholds between the pension and the part-time job. Revenue issue a revised P2C to the pension provider, showing:

Week 1 Basis - effective from date of issue: 30 May 2012

(The P2C is issued on a week 1 basis as a cumulative P2C would result in an underpayment of USC)

Rates of USC		Weekly COP	
USC Rate 1	2%	USC Rate 1 Cut-Off Point	70.00
USC Rate 2	4%	USC Rate 2 Cut-Off Point	0.00
USC Rate 3	7%		

The employer operates on this revised P2C in payroll week 22:

Employer Payroll (USC)

Week No.	Gross Pay for USC (this week)	Cumulative Gross Pay for USC to date	Cumulative USC COP 1 (2%)	Cumulative USC Due at Rate 1 (2%)	Cumulative USC COP 2 (4%)	Cumulative USC Due at Rate 2 (4%)	Amount of pay chargeable at 7%	Cumulative USC Due at Rate 3 (7%)	Cumulative USC	USC Deducted this Period	USC Refunded this Period
...											
19	70.00	1,330.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	0.00	0.00	0.00
20	70.00	1,400.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	0.00	0.00	0.00
21	70.00	1,470.00	Exempt	Exempt	Exempt	Exempt	Exempt	Exempt	0.00	0.00	0.00
22	70.00	1,540.00	70.00	1.40	0.00	0.00	0.00	0.00	1.40	1.40	0.00
...											
52	70.00	3,640.00	70.00	1.40	0.00	0.00	0.00	0.00	1.40	1.40	0.00

The P60 for year ending 31 December 2012 will show the following USC details:

- Gross Pay for USC purposes: €3,640.00
- Amount of USC deducted: €0.00