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Sub-Postmasters

Social Welfare Branch Managers

1. Taxation

For income tax purposes, the income arising to Sub-Postmasters and Social Welfare (SW) Branch Managers in their capacities as Sub-Postmasters and SW Branch Managers is taxed as self-employment income and charged under Case I of Schedule D.

2. PRSI

Income paid to Sub-Postmasters by An Post and SW Branch Managers by the Department of Social Protection (DSP) attracts a class A PRSI contributions which is deducted at source and paid to the DSP's Special Collection System.

In the case of Sub-Postmasters, class A PRSI is only charged on an element of the total payment made by An Post. The cost of staff and a percentage of the scale payment (to cover expenses) are not within the class A PRSI charge. With regard to SW Branch Managers, PRSI is charged on the total payment by DSP. This is in accordance with the terms of their respective contracts.

Where a question arises from a Sub-Postmaster or SW Branch Manager in relation to PRSI payable on income received it should be referred to [DSP](#).

3. Self-Assessing

Where Sub-Postmasters and SW Branch Managers are in receipt of income in addition to their payments from An Post and DSP, they are liable to pay PRSI on that income. When completing an annual return of income, (Form 11), unless an individual otherwise qualifies for an exemption from PRSI, he/she should not claim an entitlement to such an exemption on the return.

Sub-Postmasters – Form 11 provides for the reporting of income as a Sub-Postmaster together with the amount of PRSI paid on such income. PRSI is charged in the normal way on all income returned including the Sub-Postmaster income. A credit is then given to cancel the PRSI charge raised on the Sub-Postmaster income that was already liable to PRSI at source. The amount of this credit is capped at the amount of PRSI due on the Sub-Postmaster income returned. No refund of PRSI is made of any excess credit that cannot be given in the assessment.

The following examples illustrate the position—

Example 1

Payment from An Post from which PRSI of €2,600 has been deducted at source.	€100,000	Consisting of the agreed (a) service fees (€65,000) and (b) other amounts.
Less Trading Expenses	25,000	Wages, Rent of premises, etc.
Taxable as a Sub-Postmaster	75,000	Case I profits
PRSI charged in assessment	3,000	75,000 x 4%
Reduction	2,600	Amount deducted by An Post and paid directly to DSP.
PRSI payable in Assessment	400	Total PRSI in the Assessment of 3,000 reduced by PRSI paid at source of 2,600.

Example 2

Payment from An Post from which PRSI of €3,200 has been deducted at source.	€100,000	Consisting of the agreed (a) service fees (€80,000) and (b) other amounts.
Less Trading Expenses	25,000	Wages, Rent of premises, etc.
Taxable as a Sub-Postmaster	75,000	Case I profits
PRSI charged in assessment	3,000	75,000 x 4%
Reduction	3,000	The total PRSI deducted at source by An Post exceeds the PRSI in the assessment. However, the reduction is limited to the actual PRSI charged in the assessment. A PRSI overpayment does not arise.
PRSI payable in Assessment	Nil	

Example 3

Payment from An Post from which PRSI of €3,200 has been deducted at source.	€100,000	Consisting of the agreed (a) service fees (€80,000) and (b) other amounts.
Less Trading Expenses	25,000	Wages, Rent of premises, etc.
Taxable as a Sub-Postmaster	75,000	Case I profits
Rental Income	35,000	Case V
Total Taxable Income	110,000	Case I + Case V
PRSI charged in assessment	4,400	110,000 x 4%
Reduction	3,000	The PRSI element related to the Sub-Postmaster's business is taxable Case I of 75,000 x 4% = 3,000. The total PRSI deducted at source by An Post exceeds this amount. However, the reduction is limited to 3,000. A PRSI overpayment does not arise.
PRSI payable in Assessment	1,400	Effectively, Case V of 35,000 x 4%.

SW Branch Managers – A similar facility for identification as a SW Branch Manager is not provided currently on the Form 11 but will be incorporated into a version of the ROS Form 11 2014 shortly. Pending the change, SW Branch Managers should return their income on the same basis as Sub-Postmasters to ensure that they pay the correct PRSI.

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