

# **Sub-Postmasters & Social Welfare Branch Managers – Taxation and PRSI**

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## Introduction

This manual sets out the income tax and PRSI treatment of persons who are engaged as Sub-Postmasters by An Post, and Social Welfare (SW) Branch Managers by the Department of Social Protection (DSP).

### 1. Taxation

For income tax purposes, the income arising to Sub-Postmasters and 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 DSP attracts class A Pay Related Social Insurance (PRSI) contributions which are 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 engaged by Sub-Postmasters and a percentage of the scale payment made by the DSP (to cover expenses) are not within the class A PRSI charge.

With regard to SW Branch Managers, for 2016 and onwards, class A PRSI is only charged on an element of the total payment made to the SW Branch Managers. The cost of staff engaged by SW Branch Managers and a percentage of payments made by DSP other than salary are not within the class A PRSI charge.

For years up to 2015 inclusive, PRSI has been charged on the total payment by DSP. SW Branch Managers may seek to have their PRSI liability re-assessed for these years, subject to the normal 4-year limit.

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 Income Tax Return (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.

Income Tax Return (Form 11) provides for the reporting of income as a Sub-Postmaster or SW Branch Manager 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 and SW Branch Manager income. A credit is then given to cancel the PRSI charge raised on the Sub-Postmaster and SW Branch Manager income that was already subject to PRSI at source.

The amount of this credit is capped at the amount of PRSI due on the Sub-Postmaster and SW Branch Manager 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 / DSP from which PRSI of €2,600 has been deducted at source.	€100,000	Consisting of the agreed (a) salary and (b) other amounts.
Less Trading Expenses	€25,000	Wages, Rent of premises, etc.
Taxable as a Sub-Postmaster / SW Branch Manager	€75,000	Case I profits
PRSI charged in assessment	€3,000	€75,000 x 4%
Reduction	€2,600	Amount deducted by An Post / DSP and paid directly to DSP special collection section.
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 / DSP from which PRSI of €3,200 has been deducted at source.	€100,000	Consisting of the agreed (a) salary and (b) other amounts.
Less Trading Expenses	€25,000	Wages, Rent of premises, etc.
Taxable as a Sub-Postmaster / SW Branch Manager	€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 / DSP 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 / DSP from which PRSI of €3,200 has been deducted at source.	€100,000	Consisting of the agreed (a) salary and (b) other amounts.
Less Trading Expenses	€25,000	Wages, Rent of premises, etc.
Taxable as a Sub-Postmaster / SW Branch Manager	€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 / SW Branch Manager's business is taxable Case I of €75,000 x 4% = €3,000. The total PRSI deducted at source by An Post / DSP 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%.