



Bill Digest

Social Welfare Bill 2019

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Diarmaid O'Sullivan
Senior Parliamentary Researcher, Social Science

Abstract

The *Social Welfare Bill 2019* provides for the extension of Jobseeker's Benefit to the self-employed.

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Summary

In 2018, there were 282,000 people self-employed in Ireland, accounting for 13% of those in employment. They pay a different, lower class of PRSI contribution than employees and have access to fewer benefits as a result.

Social Welfare Bill 2019 (the Bill) seeks to provide for a **new social insurance based Jobseeker's Benefit (Self-employed) scheme**. The scheme will provide support to self-employed contributors whose self-employment business has ceased to operate.

The Bill relates to this Budget 2019 commitment

“Self-employed to become eligible for Jobseeker's Benefit from Quarter 4, 2019.”¹

It is intended that the scheme will come into effect from November 2019. It is estimated that some 1,000 people could benefit from the scheme in 2019, while some 6,500 could benefit at any point in time in a full year. The estimated cost for the new scheme is €31m in a full year but some of this cost will be offset by reductions in expenditure on the Jobseeker's Allowance scheme.²

The two main social welfare supports for the unemployed are Jobseeker's Benefit and Jobseeker's Allowance. Currently the self-employed are not covered under social insurance for Jobseeker's Benefit but they can qualify under social assistance for Jobseeker's Allowance if they are unemployed or suffering reduced earnings, capable of work, satisfy the means test and the Habitual Residence Condition.

The means test is the key difference between Jobseeker's Allowance and Jobseeker's Benefit. Currently, if a self-employed person who becomes unemployed is deemed to have failed the means test then they cannot avail of Jobseeker's Allowance nor are they eligible for Jobseeker's Benefit – the eligibility to which is calculated on the basis of sufficient Class A, H or P social insurance (PRSI) contributions. Self-employed people pay Class S PRSI.

If this Bill is enacted then Jobseeker's Benefit will be available to self-employed people who become unemployed. It will be paid for nine months to people with 260 or more Class S PRSI contributions and six months to those with fewer than 260 Class S PRSI contributions.

Rates of payment will be the same as those paid to employees receiving Jobseeker's Benefit - currently €203 per week is the maximum personal rate. Payments, including increases for qualified adults and children will also be made in line with those in place for the existing Jobseeker's Benefit.

Payments will be subject to tax, in line with the current Jobseeker's Benefit scheme for employees.

¹ Department of Social Protection, “Minister Doherty Announces Budget Package to Deliver Increases across Core Welfare Payments,” accessed July 1, 2019, <https://www.welfare.ie/en/pressoffice/Pages/pr091018.aspx>.

² <https://www.welfare.ie/en/pdf/Social-Welfare-Bill-Explanatory-Memo-2019.pdf>

This *Bill Digest*

- Considers the Principal Provisions of the *Social Welfare Bill 2019*.
- Provides a statistical profile of the self-employed in Ireland.
- Outlines the primary unemployment supports for the self-employed
- Explains the proposals within the Bill to extend Jobseeker's Benefit to the self-employed.
- Explores the PRSI (Pay Related Social Insurance) system as it relates to employees, employers and the self-employed.
- Presents perspectives from different stakeholders.
- Explores the case for extending coverage to the self-employed and counter arguments against doing so without increasing PRSI. **The infographic overleaf provides an overview of the main arguments along with references to relevant sections where these issues are considered in**

Reasons to extend Jobseeker's Benefit to the self-employed

Estimations of the **at-risk of poverty** rate for the self-employed were as high as 25% in 2013, significantly above the national at-risk poverty rate of 15% at the time.

Watson et al (2016) using Department of Social Protection Data ([read more on 9](#))

17% of the self-employed across Europe are categorised as '**vulnerable**'. They mostly work alone and are more likely to be dependent on one client, with little prospect of finding new clients.

Living and Working in Europe, 2017, Eurofound ([read more on page 24](#))

"...many owner -managers simply **cannot afford increased PRSI bills**"

"The social welfare entitlements disparity between the self-employed and PAYE workers acts as a **disincentive for entrepreneurial activities** within the Irish economy"

Irish Small and Medium Enterprises ([read more on page 24](#))

There is a **broad consensus across Europe** on the need to provide a better social security safety net for self-employed workers

Living and Working in Europe, 2017, Eurofound ([read more on page 17](#))

Ireland and the UK have the **least generous coverage for the self-employed**, where social security rights for the self-employed are very limited, costly and complemented by means-tested benefits

Living and Working in Europe, 2017, Eurofound ([read more on page 18](#))

There is **recent precedence for the increase in benefits for the self-employed without an increase in contributions**. The extension of Invalidity Pension and Treatment Benefit to the self-employed were made without an increase in their Class S PRSI contributions.

European Social Network Thematic Report ([read more on page 20](#))

Reasons against extending coverage without increasing PRSI rate

“Employer PRSI should be regarded as a payment to cover employment-related benefits, such as jobseeker’s benefit, illness benefit, occupational injuries benefit and health and safety benefit which are available only to employees, while other benefits, which are available to all workers, should be linked to the employee and self-employed PRSI”.

[Commission on Taxation, 2009 \(read more on page 19\)](#)

“the current system of means tested **Jobseeker’s Allowance payments adequately provides cover to self-employed people** for the risks associated with unemployment”.

[The Advisory Group on Tax and Social Welfare, 2013 \(read more on page 19\)](#)

Extending short-term benefits to the self-employed like Jobseeker’s Benefit: “would have **significant financial implications** and would have to be considered in the context of a much more significant rise in the rate of contribution payable”

[\(Previous\) Minister for Social Protection, Joan Burton, 2012 \(read more on page 20\)](#)

“79% of self-employed people surveyed would pay extra PRSI to receive Jobseeker’s Benefit”.

[Survey of Class S Contributors, Dept of Social Protection, 2017 \(more on page 20\)](#)

The social insurance contribution rate by the self-employed should be raised in accordance with the range of social welfare benefits extended to them.

[The Advisory Group on Tax and Social Welfare, 2013 \(read more on page 22\)](#)

“The extension of social insurance benefits without an increase in PRSI is linked to the **sustainability of the Social Insurance Fund (SIF)** from which supports for all beneficiaries, employees and the self-employed, are drawn”.

[The Advisory Group on Tax and Social Welfare, 2013 \(read more on page 22\)](#)

Ensuring integrity of Social Insurance Fund

Beyond the scope of this Bill Digest but worth considering is the robustness of the Social Insurance Fund to accommodate a possible future scenario whereby negative macro-economic factors, such as a hard Brexit, might lead to a large number of self-employed people claiming Jobseeker’s Benefit.

Table 1: Summary of the Social Welfare Bill 2019

Section	Title	Effect
Part 1: Preliminary and General		
1	Short title, construction, collective citation and commencement	Provides for the title and citation of the Bill once enacted. Part 2 of the Bill will be commenced by the Minister for Employment Affairs and Social Welfare. Part 3 of the Bill will be commenced by the Minister for Finance
Part 2: Amendment to <i>Social Welfare Consolidation Act 2005</i>		
2	Definitions	Defines that the “Principal Act” for Part 1 is the Social Welfare Consolidation Act 2005 .
3	Jobseeker’s benefit - conditions for receipt	This amends s. 64 of the Principal Act and provides that to be eligible for Job seekers benefit payment a person must have employment contributions or 156 self-employment contributions. It also provides that where a person has an entitlement to both Jobseeker’s benefit and JBSE any payment under the latter will count toward an entitlement to jobseeker’s benefit.
4	Jobseeker’s Benefit – duration of payment	Section 4 amends s.67 of the Principal Act to provide that where a claimant who is in receipt of Jobseeker’s Benefit (self-employed) also satisfies the qualifying conditions for Jobseeker’s Benefit, periods spent in receipt of Jobseeker’s Benefit (self-employed) will be treated as though Jobseeker’s Benefit were being paid.
5	Jobseeker’s Benefit (self-employed)	Section 5 proposes to insert Chapter 12A (jobseeker’s benefit (self-employed)) following the Principal Act’s existing Chapter 12 (Jobseeker’s benefit). Among other things, Chapter 12A seeks to provide for the following in respect of Jobseeker’s benefit (self-employed): <ul style="list-style-type: none"> - Entitlement and qualifying conditions; - Conditions for receipt of payments; - Rates of benefit; - Increase for qualified adults and qualified children; - Duration of payment; - Refusal/failure to attend activation meetings and prescribed scheme programmes or courses; and, - Disqualifications.
6.	Jobseeker’s Benefit (self-employed) – consequential	Provides for the inclusion of references to JBSE in the various relevant provisions of the Principal Act.

	amendments	
Part 3	Amendment to <i>Taxes Consolidation Act 1997</i>	
7.	Definition	References to the 1997 Act are references to the Taxes Consolidation Act 1997
8.	Amendment of s.3 of the 1997 Act	This deals with the tax treatment of Jobseeker's Benefit (self employed)
9.	Amendment of s.126 of the 1997 Act	This deals with the tax treatment of Jobseeker's Benefit (self employed)

Self-employed profile

Self-employment reached a peak of 322,500 people in 2008.³ Over the following four years of the recession self-employment fell by 53,900 or 20%. Self-employment between 2008 and 2018 amounted to between 13% and 15% of total employment (see table 2, below).⁴

Table 2 also shows that self-employment in Ireland is predominantly a male phenomenon and that there has been little change in this regard over the years. In 2007, fewer than one in four (24%) self-employed people were women.

Table 2: Self-employment in Ireland by gender (000s)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Male	259.7	244.7	224.7	216.0	210.7	217.7	221.4	220.2	220.7	216.6	213.0
Female	62.8	61.0	61.1	59.6	58.0	62.4	62.4	64.7	67.9	67.5	69.0
Total	322.5	305.8	285.7	275.6	268.6	280.1	283.8	284.9	288.7	284.1	282.0

Source: Eurostat, Self-employment by sex, age* and educational attainment level (1 000) [database reference: lfsa_esgaed].* From 15 to 64 years

Table 2 shows that 13% of the total workforce is self-employed. This figure is comparable to the EU average.⁵

Table 3: Self-employment by gender as a percentage of male, female and total employment, 2008-2018 (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Male	21.7	23.1	22.5	22.2	21.8	21.6	21.3	20.5	19.9	19.1	18.3
Female	6.6	6.7	6.9	6.9	6.7	7.1	7.0	7.0	7.1	6.8	6.8
Total	15.0	15.5	15.2	15.0	14.7	14.9	14.7	14.3	14.0	13.4	12.9

Source: Eurostat, Self-employment by sex, age* and educational attainment level (1,000) [database reference: lfsa_esgaed]. Eurostat, Employment by sex, age* and educational attainment level (1,000) [lfsa_epgaed] * From 15 to 64 years

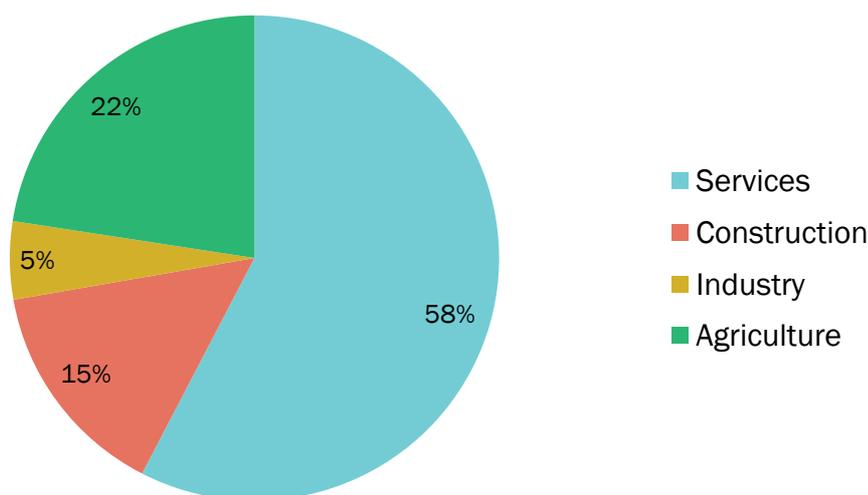
³ Eurostat, Self-employment by sex, age and educational attainment level (1 000) [lfsa_esgaed]

⁴ This section leans on the following report. The researcher could not replicate the figures exactly so uses the most recent Eurostat figures instead. Gerard Hughes and Mary Daly, "ESPN Thematic Report on Access to Social Protection of People Working as Self-Employed or on Non-Standard Contracts. Ireland." (European Commission, 2017), <https://ec.europa.eu/social/main.jsp?advSearchKey=ESPnsensw&mode=advancedSubmit&catId=22&policyArea=0&policyAreaSub=0&country=0&year=0>.

⁵ Hughes and Daly.

Looking at different economic sectors, data from the Department shows over half of self-employed people work in the service industry (58%), over a fifth (22%) work in agriculture, 15% work in construction while 5% work in industry.⁶

Figure 1: Sectoral composition of self-Employed workforce



Source: adapted from Department of Social Protection data, Self-Employment Sectoral Analysis Trends, Q8 2018⁷

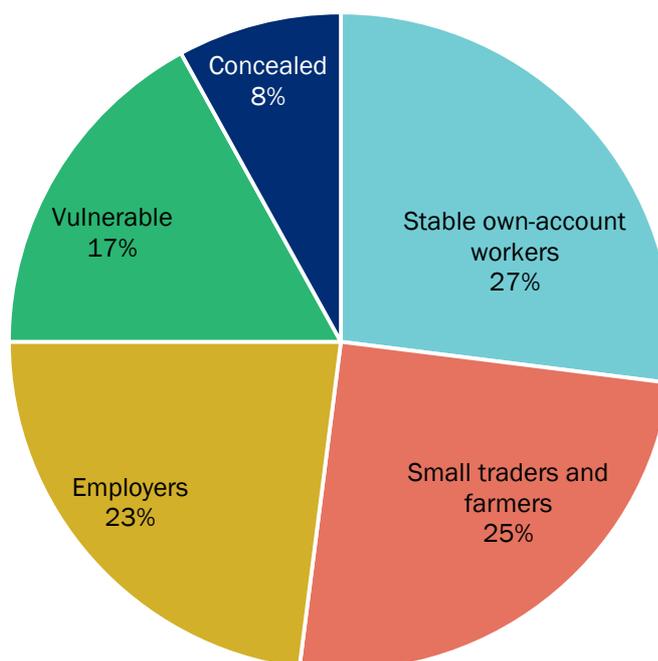
Self-employed across Europe, vulnerability to stability.

A 2015 European Working Conditions Survey (EWCS) gives greater insight into the different circumstance of self-employed Europeans. This sophisticated analysis clusters the self-employed into five groups according to entrepreneurialism, economic dependence and economic sustainability.

⁶ Department of Social Protection, "Self Employment Sectoral Analysis Trends Q4 2018," November 2018, https://data.oireachtas.ie/ie/oireachtas/committee/dail/32/committee_of_public_accounts/submissions/2018/2018-11-29_briefing-document-john-mckeeon-secretary-general-department-of-employment-and-social-protection-32r001745-pac_en.pdf.

⁷ Department of Social Protection.

Figure 2: European self-employed, vulnerability to stability



Source: European Union Labour Force Survey (Eurofound calculations)⁸

Two of the five groups, employers and stable own-account workers, comprise about half of the self-employed and are generally doing well. Those classed as stable own-account workers do not employ staff but enjoy the same benefits of self-employment as the employers cluster, such as economic independence and autonomy in their work, and running bigger and economically more viable businesses. These individuals are more likely to be self-employed out of choice.⁹

Workers in the groups labelled ‘vulnerable’ and ‘concealed’ operate under much more uncertainty and much poorer working conditions. Those in the vulnerable cluster mostly work alone and are more likely to be dependent on one client, with little prospect of finding new clients. The concealed self-employed resemble employees – having co-workers, working five-day weeks and being paid weekly or monthly – but enjoy few of the benefits of being an employee, such as job security and paid leave. These two groups generally lack independence and autonomy over their work, and their earnings are low. Most of them are self-employed for lack of a better alternative. ‘Bogus self-employment’ – discussed further below – is more likely to occur in these groups.

The situation of the fifth group, small traders and farmers, is more mixed. They are generally economically independent, and incomes tend to be at the higher end.

They work long hours, however, and find it difficult to take time off. For the most part, self-employment was a choice but many describe the responsibility of running a business as burdensome.¹⁰

⁸ Helen Burke, “Living and Working in Europe 2017” (Eurofound), accessed June 27, 2019, https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef18007en.pdf.

⁹ Burke.

¹⁰ Burke.

Bogus self-employment

Analysis on the subject of extending social welfare benefits to the self-employed frequently references the challenge of what is known as ‘bogus self-employment’ where an employer wilfully and wrongly treats an employee as a self-employed contractor in order to avoid tax and social insurance contributions and other employment rights which attach to employment.

False self-employment has long been widespread in sectors such as construction, “but it has now reached its apogee in the ‘gig’ or ‘portal’ economy under employers such as Uber and Deliveroo”.¹¹ The most recent report (2013) of the Advisory Group on Tax and Social Welfare on Extending Social Insurance Coverage for the Self-Employed stated that:

The issue of “disguised employment” remains a serious concern, particularly in the construction and food processing sectors. Employment trends over the last two decades towards greater flexibility and casualization have resulted in low paid and precarious employment, with some workers being classified as self-employed even though they might not possess those characteristics of entrepreneurship and risk-taking often perceived as features of the self-employed.¹²

The treatment of bogus self-employment is beyond the scope of this research paper. It has been discussed by the Oireachtas Committee on Employment Affairs and Social Protection as recently as [Thursday 28 March 2019](#).

Furthermore, the [Employment \(Miscellaneous Provisions\) Act 2018](#) introduced measures to deal with related matters such as improving the security and predictability of working hours for employees who work under insecure contracts and also those who work variable hours.¹³ [A Library & Research Bill Digest considers the related \(2017\) Bill in further detail](#).

Finally, Minister Doherty is reported to be considering [new proposals aimed at clamping down on bogus self-employment practices](#).¹⁴

¹¹ Sinead Pembroke, “Precarious Work Precarious Lives: How Policy Can Create More Security” (TASC & Foundation for European Progressive Studies, 2018), https://www.tasc.ie/download/pdf/18454_precarious_workersweb.pdf.

¹² Advisory Group on Tax and Social Welfare, “Extending Social Insurance Coverage for the Self-Employed,” May 2013, <https://m.welfare.ie/en/downloads/Third-Report-Extending-Social-Insurance-Coverage-for-the-Self-Employed.pdf>.

¹³ [Commenced](#) 4 March 2019.

¹⁴ <https://www.irishtimes.com/news/politics/new-proposals-to-clamp-down-on-bogus-self-employment-practices-1.3837094>

Social welfare supports for the self-employed

Self-employed people can become unemployed if their business has to close down or if the amount of work they are generating has reduced so much that it no longer provides a sufficient income.

The two main social welfare supports for unemployed people are Jobseeker's Benefit and Jobseeker's Allowance.

Jobseeker's Benefit¹⁵

To receive Jobseeker's Benefit an applicant must have enough Class A, H or P social insurance (PRSI) contributions. Self-employed people pay Class S PRSI. Class S PRSI only provides covers for certain social welfare payments. It currently **does not** provide cover for Jobseeker's Benefit. The provisions in this Bill seek to change that.

As it stands to qualify for Jobseeker's Benefit an applicant must

- A) have paid at least 104 weeks of Class A, H or P PRSI contributions since they first started work. Class A is the contribution paid by most private sector employees.

AND

- B) 39 weeks of PRSI paid or credited in the relevant tax year (a minimum of 13 weeks must be paid contributions¹⁶)

OR

- C) 26 weeks of PRSI paid in the relevant tax year and 26 weeks of PRSI paid in the tax year immediately before the relevant tax year.

Jobseeker's Allowance¹⁷

The self-employed can receive Jobseeker's Allowance if they are unemployed or suffering reduced earnings, capable of work, satisfy the means test and the Habitual Residence Condition.

The means test is the key difference between Jobseeker's Allowance and Jobseeker's Benefit. It is assessed on the basis of cash income, value of capital, income for property personally used and benefit and privilege from living with parents for persons who are aged 18 to 24 years. The means test is based on the income one expects to receive over the next 12 months and the income received over the last 12 months is used as a guide but elements expected to vary over the next 12 months are allowed for. Work expenses are deducted from gross earnings to calculate expected earnings from self-employment by dividing the total by 52. Earnings from the

¹⁵ <http://www.welfare.ie/en/Pages/Jobseekers-Benefit.aspx>

¹⁶ If you do not have 13 paid contributions in the relevant tax year, you must have paid 13 contributions in any of the following years: the 2 tax years before the relevant tax year; the last complete tax year; the current tax year.

¹⁷ <http://www.welfare.ie/en/Pages/Jobseekers-Allowance.aspx>

business are not allowable expenses. Receipts and payment documentation or audited accounts are required.

A self-employed person who passes the means test may qualify for other benefits including a medical card, a GP visit card, assistance in paying rent on a house or apartment and help with the cost of uniforms and footwear for children attending school.¹⁸

A full breakdown of Jobseeker's Allowance as it relates to the self-employed is available on the [Citizen's information website](#).

Rate and duration of payments:

The weekly Jobseeker's Benefit rate is

- €203 for those with average weekly earnings of €300 or more;
- €159 for those with average weekly earnings of €220-€299.99
- €131 for those with average weekly earnings of €150-€219.99
- €91.10 for those with average weekly earnings of less than €150

Jobseeker's Benefit is paid for 9 months (234 days) for people with 260 or more PRSI contributions paid. It is paid for 6 months (156 days) for people with fewer than 260 PRSI contributions paid. An applicant may apply for Jobseeker's Allowance if they have used up their entitlement to Jobseeker's Benefit.

The weekly Jobseeker's Allowance rate is

- €112.70 for those aged 18 to 24,
- €157.80 for those aged 25 years and
- €203 for those aged 26 and over.

Numbers in receipt of Jobseeker's Benefit

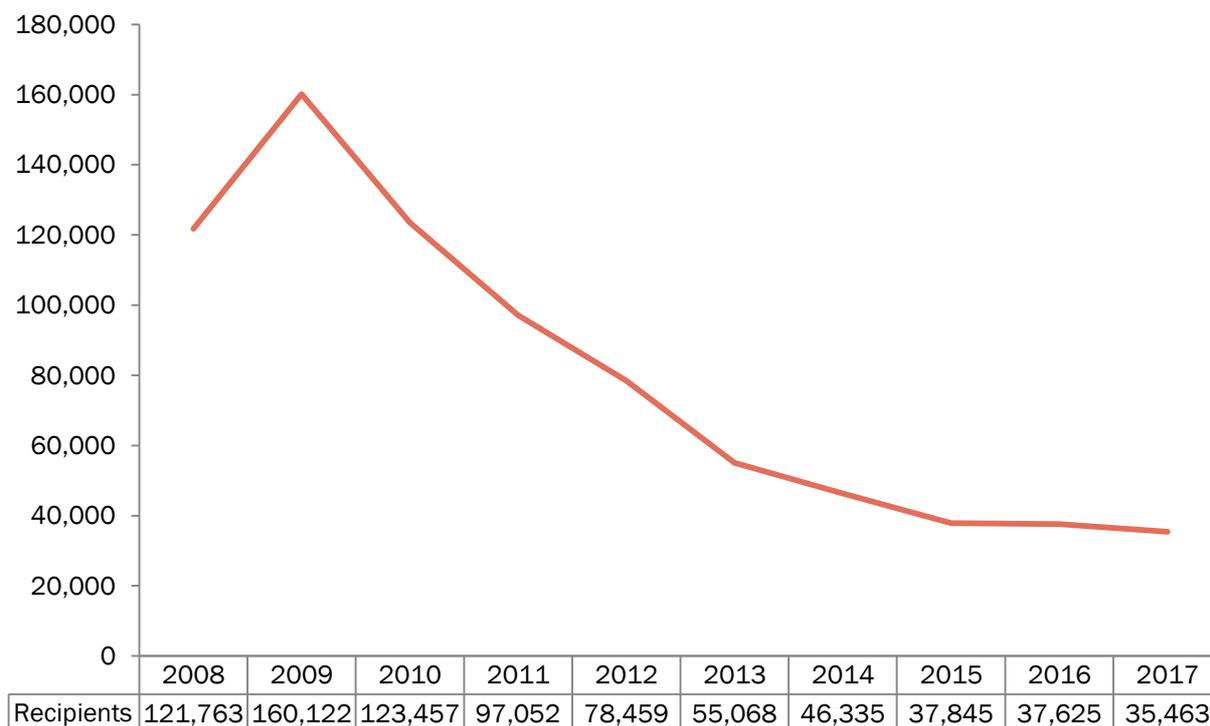
The numbers of people in receipt of Jobseeker's Benefit has dropped steadily from a high of 121,763 in 2009 to 35,463 in 2017. Accordingly expenditure on Jobseeker's Benefit reached a peak in 2009 of €1,734 million in 2009 and dropped to €341 million in 2017. Currently the self-employed cannot avail of this support, the purpose of this Bill is to extend this scheme to the self-employed.

It is expected that in 2020, in it's first full year of operation, some 6,500 self-employed people will become eligible for Jobseeker's Benefit at a cost of €31million.¹⁹

¹⁸ Hughes and Daly, "ESPN Thematic Report on Access to Social Protection of People Working as Self-Employed or on Non-Standard Contracts. Ireland."

¹⁹ Oireachtas, "Farm Assist Scheme Eligibility – Wednesday, 10 Apr 2019 – Parliamentary Questions (32nd Dáil) – Houses of the Oireachtas."

Figure 3: Numbers in receipt of Jobseeker’s Benefit



Source: L&RS chart created from data in Statistical Information on Social Welfare Statistics, Annual Report 2017²⁰

Jobseeker’s Benefit scheme as it will apply to the self-employed

A press release issued by the Minister for Social Protection on Friday 28th June 2019 outlines how Jobseeker’s Benefit will operate for the self-employed. The text from that press release is presented verbatim below:

Many of the features of the existing Jobseeker’s Benefit available to employees will apply to the new scheme. These include:

- Duration – it will be paid for 9 months to people with 260 or more PRSI contributions and 6 months to those with fewer than 260 PRSI contributions on their social insurance record;
- Rates of payment will also be the same as those paid to employees receiving Jobseeker’s Benefit - currently €203 personal rate per week. Payments, including increases for qualified adults and children will also be made in line with that in place for the existing Jobseeker’s Benefit;
- Payments will be subject to tax, in line with the current Jobseeker’s Benefit scheme for employees.

A self-employed person who loses their self-employment will have to satisfy the qualifying

²⁰ Department of Social Protection, “Statistical Information on Social Welfare Services. Annual Report 2017.,” 2018, https://www.welfare.ie/en/downloads/Annual_Statistics_Report_2017.pdf.

conditions for the new scheme including satisfying a PRSI contribution requirement. They will have access to the full range of activation supports available to all Jobseeker's such as referral to group information sessions, one to one interviews with caseworkers and subsequent caseworker support.

It is estimated that the cost of the new scheme will be approximately €2 million this year. It is expected to be in the region of €31 million in 2020 - the first full year of operation.

The Jobseeker's Benefit Self-Employed will be payable to individuals who lose their self-employment and have the required number of PRSI contributions. A person cannot remain in self-employment and qualify for the scheme. Their self-employment must have ceased. If someone works in any week in a self-employed capacity they will not be entitled to payment for that week.

Similar to the current Jobseeker's Benefit scheme for employees, applicants will be disqualified for receiving payment for up to 9 weeks where they do not engage with activation measures or offers of employment, training or education or where they become unemployed by selling their business.

Where a person's self-employment has ceased the Department will not request that the business is de-registered with Revenue as part of this process.

The cessation of self-employment activity cannot be attributed to a normal seasonal reduction or temporary closure of the business.

Social welfare contributions

The self-employed are a recognised, separate category of social insurance contributor in Ireland. They are treated differently in terms of both contribution rate and entitlement. Their contribution rate is set at 4% of their personal reckonable income, much lower than that of the average for employees (who, together with their employers, pay a total social insurance contribution of 14.75%).²¹ However, the self-employed are covered only for old age and survivors' pension and some family-related benefits.²² This sets them apart from employees who are covered through social insurance for unemployment, sickness or long-term invalidity. As discussed earlier the self-employed are entitled to Jobseeker's Allowance provided they pass the means test.²³ This system is outlined below as the relationship between social insurance contribution amount and the benefits received in terms of social welfare and unemployment support are issues that have been raised by analysts.

²¹ Hughes and Daly, "ESPN Thematic Report on Access to Social Protection of People Working as Self-Employed or on Non-Standard Contracts. Ireland."

²² Eligibility for the Treatment Benefit Scheme was extended to the self-employed from March 2017 and to the Invalidity Pension from December 2017.

²³ Hughes and Daly, "ESPN Thematic Report on Access to Social Protection of People Working as Self-Employed or on Non-Standard Contracts. Ireland."

The PRSI system²⁴

The Social Insurance system was first introduced in Ireland in 1911 while the current PRSI system was legislated for in the *Social Welfare Act 1953*. PRSI is administered by the Department and collected by Revenue on the Department's behalf. Individuals are required to pay PRSI based on the source and amount of their income. However, unlike tax, the payment of PRSI contributions may entitle the individual to various social insurance benefits, for example Illness Benefit, Maternity Benefit, State Pension (Contributory), etc. Such payments made by the DEASP are funded by PRSI contributions made by employees, employers, the self-employed and by the Exchequer. The rate and amount of PRSI payable depends on the PRSI classification of a taxpayer's income. It is the income of a taxpayer which is classified for PRSI purposes and not, as is commonly believed, the taxpayer. It is therefore possible for a taxpayer who has two different sources of income to have two different PRSI classifications, applied respectively to each source of income.

PRSI for employees and employers

For PRSI purposes, an employee is defined (with some exceptions) as a worker who is engaged "under a contract of service". Exceptions include direct employment by a spouse. Certain categories of workers are automatically regarded to be employees, such as agency workers.

Depending on the nature of the employment, different PRSI Classes apply. The PRSI classes applying to employees are: A, B, C, D, E, H, J, K and M. Class A applies to the vast majority of employments as it caters for industrial, commercial and service-type employments and civil and public servants recruited after April 1995. The PRSI class determines the rate of PRSI charged.

Generally there are two elements to the PRSI charge applied to employments – a charge payable by the employee and by the employer. PRSI, along with tax, is deducted at source by the employer and remitted to Revenue under the PAYE system, together with the employer PRSI portion.

Out of the eleven different PRSI classes, most employees fall within Class A. The rate of PRSI under Class A for an employee is 4% of the employee's total reckonable earnings where earnings exceed €352 per week, €704 per fortnight or €1,525 per month. An employee contribution is not payable where reckonable earnings do not exceed these amounts.

Employer PRSI of 10.75% is payable under Class A. However, where the reckonable earnings for employer PRSI purposes do not exceed €356 per week (€712 per fortnight or €1,543 per month), a reduced rate of employer PRSI of 8.5% applies.

Class A employees have access to the full range of both short and long term social insurance benefits. These benefits are State Pension (contributory) and Widow's, Widower's or Surviving Civil Partner's Pension (contributory), Guardian's Payment (Contributory), Maternity Benefit, Adoptive Benefit, Jobseeker's Benefit, Illness Benefit, Partial Capacity Benefit, Invalidity Pension, Health and Safety Benefit, Carer's Benefit, Treatment Benefit and Occupational Injuries Benefit

²⁴ This description of the PRSI System for employees, employers and the self-employed is taken from the Appendix A of The Department of Social Protection's report on The use of intermediary-type structures and self-employment arrangements: Implications for Social Insurance and Tax Revenues (January, 2018).

including Disablement Benefit, as well as the new Paternity Benefit introduced later in 2016.²⁵

PRSI for the self-employed

Self-employed workers are, for PRSI purposes, those who work under a “contract for service” and include employment by a company where they are the beneficial owner of that company or own or control 50% or more of its share capital. There are a number of exceptions such as where annual income from all sources is less than €5,000 (before deducting any superannuation contributions or any allowances which are allowable for income tax purposes) or “prescribed relatives” (other than a spouse) who are not a partner in the business.

PRSI Class S applies to all self-employed contributors. The self-employed pay their PRSI, along with their tax liability, under the self-assessed system of tax collection or, as in the case of directors who own or control their company, through the PAYE system of tax collection.

A self-employed contribution of 4% of reckonable income and/or reckonable emoluments is payable under Class S, subject to a minimum contribution of €500 per year. There is no employer PRSI contribution payable under Class S.

Class S PRSI contributions entitle the self-employed to State Pension (contributory) and Widow’s, Widower’s or Surviving Civil Partner’s Pension (contributory), as well as Guardian’s Payment (contributory), Maternity Benefit and Adoptive Benefit. Self-employed contributors are also entitled to the new Paternity Benefit.

Budget 2017 provided for increased benefits for the self-employed, with no additional PRSI contributions:

- Invalidity Pension (from December 2017);
- Treatment Benefit Scheme (from March 2017).

²⁵https://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/social_welfare_payments_to_families_and_children/paternity_benefit.html

The case for extending coverage

Organisations representing the self-employed have stated that there is an inadequate safety-net for the self-employed should their business wind-up or fail to generate enough income to support their livelihood.²⁶

The self-employed themselves have expressed a clear preference for extra benefits. Enhanced unemployment support was amongst the top three additional benefits requested by self-employed people when surveyed by the Department of Employment Affairs and Social Protection (DEASP) in 2016. The other two preferred benefits were long-term illness and short-term illness support. An indication of how desirable these supports are to the self-employed is the fact that an overwhelming majority of those surveyed (88%) said that they would be willing to pay a higher headline rate of PRSI in return for at least one additional social insurance benefit.²⁷

Willingness to pay

An overwhelming majority of self-employed surveyed (88%) said that they would be willing to pay a higher headline rate of PRSI in return for at least one additional social insurance benefit.

There are indications that the self-employed are particularly exposed to a greater risk of poverty. Estimations of the at-risk of poverty rate²⁸ for the self-employed were as high as 25% in 2013, making it significantly in excess of the national at-risk poverty rate of 15% at the time.²⁹ Furthermore, Eurostat 2018 data³⁰ indicates that 68% (n=192,600) of the self-employed have no employees. This is notable given the European Union statistics on income and living standards from 2014 which show that 25% of the self-employed without employees are at risk of in-work poverty³¹.

A cross-European consensus for better supports for self-employed

The proposal within this bill to extend Jobseeker's Benefit to the self-employed is in line with a broad consensus across Europe *on the need to provide a better social security safety net for self-*

²⁶ ISME, "Entitlement to Social Welfare Payments of Self-Employed Persons. Presentation to the Joint Oireachtas Committee" (ISME, March 26, 2014), <https://www.isme.ie/assets/14078-Presentation-to-JOC-on-Ed.pdf>.

²⁷ Department of Social Protection, "Survey of Class S Contributors," April 2017, https://www.welfare.ie/en/downloads/Class_S_Survey_Results.pdf.

²⁸ Eurostat explains: "The **at-risk-of-poverty rate** is the share of people with an **equivalised disposable income** (after social transfer) below the **at-risk-of-poverty threshold**, which is set at 60 % of the national **median** equivalised disposable income after **social transfers**."

This indicator does not measure wealth or poverty, but low income in comparison to other residents in that country, which does not necessarily imply a low standard of living."

²⁹ Hughes and Daly, "ESPN Thematic Report on Access to Social Protection of People Working as Self-Employed or on Non-Standard Contracts. Ireland."

³⁰ Eurostat database reference: lfsa_esgaed

³¹ Burke, "Living and Working in Europe 2017."

employed workers; all EU countries are discussing the revision of social protection rights for the self-employed.³²

A 2017 Eurofound report indicates that sticking points to extension of supports to the self-employed include how to calculate the contribution based on self-declared income and what social insurance should cover.³³ The argument in favour of schemes covering all workers has been lent more weight by the European Pillar of Social Rights, one principle of which states the right of the self-employed to social protection under comparable conditions to employed workers. The European Commission has adopted a proposal for Council recommendation on access to social protection for workers and the self-employed.³⁴

As the world of work is transformed by digitisation and as the employee–self-employed divide becomes increasingly porous, the basis for differential treatment of different groups of workers is increasingly untenable.³⁵

Ireland & UK out of step with most of Europe

The Eurofound *Living and Working in Europe* report provides an overview of social protection schemes in Europe as they relate to the self-employed.³⁶ In most Member States, the self-employed have less entitlement to benefits such as unemployment benefit, paid sick leave, paid maternity leave and old-age pensions.

Denmark, Finland and Sweden are exceptions, providing the self-employed with the same social protection as employees, for the most part, since most schemes are universal, although some elements vary in depth of coverage or the amount of benefits received.

Other groups of Member States have a separate social protection system for the self-employed; these systems tend not to be as generous or wide-ranging as those for employees.

Social protection in another group of Member States has some universal elements, such as healthcare, while other elements are closed to the self-employed or voluntary.

The 2017 Eurofound report singles-out Ireland and the UK as operating the least generous coverage for the self-employed, where social security rights for the self-employed are very limited, costly complemented by means-tested benefits.³⁷ Workers who wish to have more generous protection must take out their own private insurance.

Ireland and the UK operate the most parsimonious systems, where social security rights for the self-employed are very limited, mostly complemented by means-tested benefits.³⁸

³² Burke.

³³ Burke.

³⁴ "Access to Social Protection - Employment, Social Affairs & Inclusion - European Commission," accessed June 28, 2019, <https://ec.europa.eu/social/main.jsp?catId=1312&langId=en>.

³⁵ Burke, "Living and Working in Europe 2017."

³⁶ Burke.

³⁷ Burke.

³⁸ Burke.

Counter arguments to extending coverage

Some of the counter-points below relate to extending unemployment benefits to the self-employed while others support such an extension but insist that it is accompanied by an increase in PRSI contribution rates. The extension of social insurance benefits without an increase in PRSI is also linked the sustainability of the Social Insurance Fund (SIF) from which supports for all beneficiaries, employees and the self-employed, are drawn.

Commission on Taxation, 2009

In 2009 the Commission on Taxation considered issues relating to the PRSI system as part of its examination of the structure of the taxation system. The Commission recommended that a similar PRSI base should apply to employees and the self-employed and there should be a single rate of charge which should apply to both. This was not acted upon.³⁹

The following quote from the Commission on Taxation presents a perspective on the purpose of Employer PRSI that is at odds with the extension of jobseeker's benefit to the self-employed:

“Employer PRSI should be regarded as a payment to cover employment-related benefits, such as jobseeker's benefit, illness benefit, occupational injuries benefit and health and safety benefit which are available only to employees, while other benefits, which are available to all workers, should be linked to the employee and self-employed PRSI”.⁴⁰

Advisory Group on Tax and Social Welfare

The Advisory Group on Tax and Social Welfare was established by the Minister for Employment Affairs and Social Protection in June 2011. In 2013, the Advisory Group produced a report examining issues involved in providing for the extension of social insurance cover for self-employed people in order to establish whether or not such cover was technically feasible and financially sustainable.⁴¹

The Advisory Group stated that there was a perception that that the self-employed are not eligible for any social welfare support while unemployed. The Group countered that the existing system of social assistance or means-tested payments, through Jobseeker's Allowance, provides support to those who were formerly self-employed. It noted that during the period 2009 to 2011 there were around 20,000 Jobseeker's Allowance claims from self-employed people, 85% of which were awarded. This was at a time when the numbers of self-employed declined by about 42,600 from the first quarter of 2009 to the first quarter of 2012.

The Advisory Group found that “the current system of means tested Jobseeker's Allowance payments adequately provides cover to self-employed people for the risks associated with

³⁹ Hughes and Daly, “ESPN Thematic Report on Access to Social Protection of People Working as Self-Employed or on Non-Standard Contracts. Ireland.”

⁴⁰ Frank Daly et al., “Commission on Taxation Report 2009,” September 7, 2009, <https://researchrepository.ucd.ie/handle/10197/1447>.

⁴¹ Advisory Group on Tax and Social Welfare, “Extending Social Insurance Coverage for the Self-Employed.”

unemployment”.⁴² The Group was “not convinced that there is a need for the extension of social insurance for the self-employed to provide cover for Jobseeker’s Benefit”.⁴³

Increased coverage, increased contribution?

The European Social Policy Network report highlighted previous Minister for Social Protection Joan Burton’s (2012) comments that extending short-term benefits to the self-employed like Jobseeker’s Benefit: “would have significant financial implications and would have to be considered in the context of a much more significant rise in the rate of contribution payable”.⁴⁴

Recommendations from the Advisory Group on Tax and Social Welfare (explored below) support the extension of greater supports, including Jobseeker’s Benefit, to the self-employed but insist that this should be accompanied by an increased rate of PRSI contributions.

Against this ISME⁴⁵ has rejected calls for increased PRSI contributions from the self-employed as they “ignore[s] the current realities of our business environment where many owner -managers simply cannot afford increased PRSI bills”.⁴⁶ Furthermore, there is recent precedence for the increase in benefits for the self-employed without an increase in contributions. The extension of Invalidity Pension and Treatment Benefit to the self-employed were made without an increase in their Class S contribution to PRSI.⁴⁷

Self-employed willing to pay more

In 2017 a large-scale survey of self-employed workers (more detail below) clearly indicated that they were prepared to pay higher PRSI contributions in order to receive additional benefits.⁴⁸ In particular, almost 8 out of 10 (79%) of respondents said they would pay extra PRSI to receive Jobseeker’s benefit. The chart below outlines their responses in detail.

⁴² Advisory Group on Tax and Social Welfare, 55.

⁴³ Advisory Group on Tax and Social Welfare, 55.

⁴⁴ <https://www.kildarestreet.com/wrans/?id=2012-01-26.1021.0>

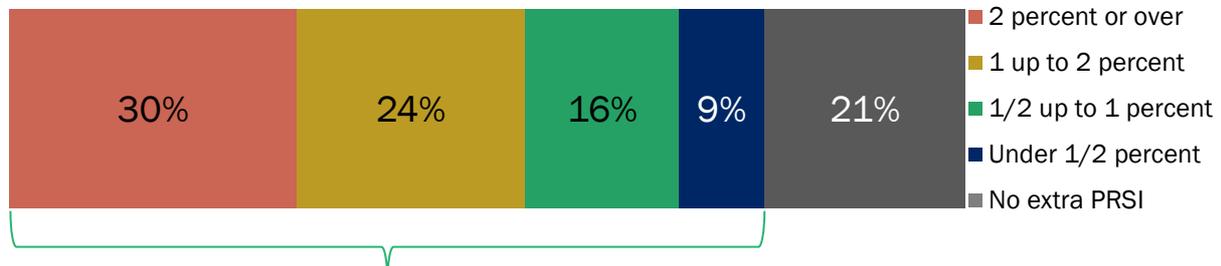
⁴⁵ Representing small and medium sized enterprises.

⁴⁶ ISME, “Entitlement to Social Welfare Payments of Self-Employed Persons. Presentation to the Joint Oireachtas Committee.”

⁴⁷ Hughes and Daly, “ESPN Thematic Report on Access to Social Protection of People Working as Self-Employed or on Non-Standard Contracts. Ireland.”

⁴⁸ Department of Social Protection, “Survey of Class S Contributors.”

Figure 4: Willingness to pay extra PRSI to receive Jobseeker's Benefit



79% would pay extra PRSI to receive Jobseeker's Benefit

Source: L&RS chart using data from Department of Social Protection, "Survey of Class S Contributors," April 2017. Self-employed people generally pay 4% PRSI and were asked how much extra PRSI they would be willing to pay to receive certain benefits.

Given the importance of these findings to the topic of this Bill Digest it is worth outlining the context and methodology of this survey. The Statistics and Business Intelligence Unit of the Department of Social Protection conducted a survey of Class S contributors – largely, self-employed workers and certain company directors – in August 2016 to understand how the pay-related social insurance (PRSI) system is perceived by individual self-employed workers. The overall purpose of the survey was to better inform consideration of appropriate changes to the social insurance system for the self-employed in line with the commitment in the Programme for a Partnership Government to "seek to introduce a PRSI scheme for the self-employed and provide a supportive tax regime for entrepreneurs and the self-employed".⁴⁹

Towards this end a stratified random sample of 20,022 people was generated from a population of 242,606 people who paid contributions under Class S in 2014, and who rely solely on Class S contributions to qualify for social insurance benefits. Responses were weighted to ensure that the responses of those who responded were representative of the entire sample of Class S contributors on the basis of the following characteristics: age; sex and Dublin/non-Dublin.

Main findings:

- Respondents rated cover for long-term illness, short-term illness and unemployment as the most important extra benefits to them. 82% ranked long-term illness in their top three of preferred additional benefits.
- The current headline rate of PRSI for self-employed people is 4%. An overwhelming majority of respondents – 88% – said they would be willing to pay a higher headline rate of PRSI in return for at least one additional social insurance benefit.

⁴⁹ Department of Social Protection.

- A smaller majority – 74% – would welcome an option to keep paying the current headline PRSI rate but also pay additional voluntary contributions in return for extra benefit coverage.
- Respondents reported low levels of coverage from private insurance, such as income continuance cover. Just 28% are covered for long-term illness and only 2% for unemployment.
- Respondents are dissatisfied with the range of social insurance benefits available to them. Over 80% of respondents rated their range of benefits as ‘poor’ or ‘very poor’.
- Respondents do not believe that the contributions that they make represent good value for money. Again, over 80% rated the value for money as ‘poor’ or ‘very poor’.

Raise PRSI rates as benefits are extended

The 2013 Advisory Group on Tax and Social Welfare found that any extension of social insurance based benefits to self-employed contributors would have significant financial implications. It recommended raising the social insurance contribution rate by the self-employed in accordance with the range of social welfare benefits extended to them.

Spending on social insurance benefits would have to be funded by increasing the PRSI contribution rate for the self-employed, or increasing the deficit of the Social Insurance Fund with implications for rates of other contributors in the future.⁵⁰

“...the group is of the view that there is a strong rationale for increased social insurance rates not just to reduce Exchequer revenue losses but to reduce distortive effects in the labour market, to reduce the incentive to construct disguised employment relationships that may undermine employment rights, to bring the Irish social insurance system into closer alignment with systems in other EU countries and to better reflect the increased range of benefits now available to self-employed people. The fact that there is an apparent willingness among self-employed people to pay higher rates of social insurance further supports the closure of the differential with payment rates for employed people as the most appropriate policy response to the issue of disguised employment.”⁵¹

Impact on Social Insurance Fund

The discussion in the previous section links the extension of social insurance benefits without an increase in PRSI to a future increase in the deficit of the Social Insurance Fund (SIF). In this context it is worth noting analysis on the future financial position of the SIF. This analysis does not include in its calculations the extension of Jobseeker’s Benefit to the self-employed. The Advisory Group on Tax and Social welfare projected an increasing annual shortfall of the SIF into the future requiring sizeable Exchequer subvention.⁵²

⁵⁰ Advisory Group on Tax and Social Welfare, “Extending Social Insurance Coverage for the Self-Employed.”

⁵¹ Advisory Group on Tax and Social Welfare.

⁵² John McKeon, “Briefing Document Department of Employment and Social Protection Committee” (Department of Employment and Social Protection, November 29, 2018),

The actuarial review projected a SIF operating surplus of €0.2bn in 2018 which would turn into a deficit by 2020. The current projected out-turn for 2018 shows an operating surplus of €1.07bn and it is projected that, at the end of 2018, there will be a cumulative surplus of €2.25bn. Notwithstanding the improved short-term financial position of the Fund, as compared to the actuarial review, in the medium to long-term the Fund still faces challenges to its financial viability. This arises due to the expected significant increase in pension-related expenditure attributable to Ireland's rapidly altering population structure and the projected decline in the pensioner support ratio.

In terms of assessing what impact an increase in PRSI rates might have in terms on increased contribution to the Social Insurance Fund the Advisory Group on Social Welfare estimated that increasing self-employed PRSI rates by 0.5 percentage points would raise approximately €60 million per year.

Ensuring integrity of Social Insurance Fund

Beyond the scope of this Bill Digest but worth considering is the robustness of the Social Insurance Fund to accommodate a possible future scenario whereby negative macro-economic factors, such as a hard Brexit, might lead to a large number of self-employment people utilising Jobseeker's Benefit.

Stakeholder and media commentary

On 29 April 2019, the Irish Congress of Trade Unions (ICTU) policy officer Dr Laura Bambrick said of plans to extend Jobseeker's Benefit to the self-employed based on their current levels of PRSI contributions.⁵³

“... Congress takes issue that this is being done without requiring the self-employed to make a higher social insurance contribution to insure themselves against unemployment.”

ICTU emphasises the differing PRSI contribution rates by employees (including employer contribution this equals 14.95%) and the self-employed (4%) and links the justification for a lower rate for the self-employed to the fact that historically they did not have access to the full range of social welfare payments. Dr Bambrick said⁵⁴

Even before this new payment comes into effect, the self-employed now have access to 80 per cent in value terms of contributory benefits while contributing a mere 27 per cent of the effective rate of social insurance paid in respect to PAYE workers.

In a survey of 20,000 self-employed workers conducted by the Department of Employment Affairs and Social Protection ahead of the announcement of this new scheme in Budget 2019, over 4 in 5 of all respondents (88 per cent) said that they would be willing to pay a higher social insurance contribution in return for additional benefits.

Officials estimate a 0.5 per cent increase in the self-employed 4 per cent PRSI rate would yield €77.5 million per annum.⁵⁵ This was ignored by Government and instead this new payment is being introduced for the self-employed without a corresponding increase in their social insurance contribution rate.

Journalist Fiona Redden writing in the *Irish Times* emphasised the increased burden on the Exchequer due to the extension of Jobseeker's Benefit to the self-employed:⁵⁶

There will undoubtedly be an increase in the burden on the Exchequer due to broadening the range of benefits available. The introduction of the invalidity pension for the self-employed, for example, is estimated to cost about €23 million a year, while extending Jobseeker's benefit is expected to cost about €31 million a year, the Department of

⁵³ Irish Congress of Trade Unions, “Government Gives to Self-Employed with One Hand and Takes Away from Pensioners with the Other - ICTU » News & Press Releases from Congress » Media » Congress,” Irish Congress of Trade Unions, accessed June 28, 2019, <https://www.ictu.ie/press/2019/04/29/government-gives-to-selfemployed-with-one-hand-and/>.

⁵⁴ Unions.

⁵⁵ Please note this figure differs from estimation referenced on the preceding page; that a 0.5 percentage point would yield €60 million additional per annum. In the time available the researcher has not been able to find a source for the €77.5 million estimation.

⁵⁶ Fiona Reddan, “Should the Self-Employed Pay More for the Dole?,” *The Irish Times*, accessed June 28, 2019, <https://www.irishtimes.com/business/personal-finance/should-the-self-employed-pay-more-for-the-dole-1.3887827>.

Employment Affairs and Social Protection says, although this will be dependent on take-up levels, while there will be some displacement from those would have previously sought out jobseeker's allowance.

John Barry, a member of the national council of ISME and a managing director of human resources company Management & Support Services is against any move to increase contributions, arguing that the self-employed already pay enough.⁵⁷

“The reality is, I’m already paying [employers] PRSI for nine staff, my own PAYE, and corporation tax on profits if I don’t take them as wages,” he says. And, he adds that if the PRSI rate was to jump to 10.75 per cent for example, it’ll be tax money from somewhere else that goes to pay it. “All that will happen is that money that was going into profits or whatever, will be taken up in the PRSI contribution,” he says, adding, “We wouldn’t end up paying more, all we’d end up doing is moving it around from somewhere else”.

This echoes previous statements by ISME whereby they have criticised the disparity in social welfare entitlements between the self-employed and PAYE workers maintaining that the current system this state of affairs acts as a disincentive for entrepreneurial activities within the Irish economy.⁵⁸

The social welfare entitlements disparity between the self-employed and PAYE workers acts as a disincentive for entrepreneurial activities within the Irish economy. The current system ensures that traditional paid employment is ‘safer’ and more secure than starting and running a business. There is currently an inadequate and in some cases no ‘safety net’ for those who attempt to generate wealth and jobs in this economy.

Self-employed persons who pay Class S PRSI are not entitled to claim Jobseeker’s Benefit. Instead they must satisfy a means test in order to claim Jobseeker’s Allowance. This means test is more complex than for former employees and gives rise to delays. Employed persons who wish to claim Jobseeker’s Benefit at the cessation of employment are entitled to do so based on the number of Class A PRSI contributions that they have made. This is an inherently unfair system which immediately penalises the self-employed, having no regard for the revenue and employment they may have created in the economy in the preceding years.

⁵⁷ Reddan.

⁵⁸ ISME, “Entitlement to Social Welfare Payments of Self-Employed Persons. Presentation to the Joint Oireachtas Committee.”

Principal provisions

The *Social Welfare Bill 2019* is comprised of three parts and a Schedule which sets out technical consequential amendments. Part 1 (Preliminary and General) contains section 1. Part 2 (sections 2 to 6) amends the [Social Welfare Consolidation Act 2005](#). Part 3 (sections 7 to 9) amends the [Taxes Consolidation Act 1997](#).

Part 1 – Preliminary and General

Section 1 provides that Parts 1 and 2 of the Bill can be construed together with the *Social Welfare Acts* to be read as one Act. Part 3 of the Bill deals with tax and therefore is not included in the *Social Welfare Acts*. Parts 1 and 2 of the Bill will be commenced by the Minister for Employment Affairs and Social Welfare. Part 3 of the Bill will be commenced by the Minister for Finance.

Part 2 – Amendments to the Social Welfare Consolidation Act 2005

Jobseeker's Benefit: Conditions for receipt

Section 3(a) seeks to amend Section 64(1) of the Principal Act by substituting paragraph (a). The amendment provides that to be eligible for Job seekers benefit payment a person must have 104 PRSI Class A⁵⁹ employment contributions or 156 PRSI Class S⁶⁰ self-employment contributions. The effect of the proposed amendment is to recognise a person's employed and self-employed contributor status for eligibility to receive Jobseeker's Benefit payments or Jobseeker's Benefit (self-employed) payments. The amendment seeks to accommodate different labour market statuses, that is employed and self-employed and movements between the two.

Section 3(b) seeks to insert subsection 8(a) after the existing subsection (8). Section 3(b) provides that those in receipt of, based on Class S PRSI contributions, Jobseeker's Benefit (self-employed) (JBSE) for any week of unemployment, and who are entitled to Jobseeker's Benefit, based on Class A PRSI contributions, for that week of unemployment, any day of unemployment during that week will be treated as it were day for which Jobseeker's Benefit was paid. The effect of this is that

⁵⁹ People in employment pay contributions to the Social Insurance Fund. The contribution required depends on earnings and occupation and is therefore called a Pay Related Social Insurance (PRSI) contribution. There are currently 11 different PRSI classes. They are A, B, C, D, E, H, J, K, M, S and P. Source: Citizens Information, available [here](#).

PRSI CLASS A comprise people in industrial, commercial and service-type employment who are employed under a contract of service with reckonable pay of EUR38.00 or more per week from all employments; Civil and Public Servants recruited from 6 April, 1995 and Community Employment participants from 6 April, 1996. Class A benefits include: Jobseeker's Benefit; Illness Benefit; Maternity Benefit; Adoptive Benefit; Health and Safety Benefit; Invalidity Pension; Widow/Widower's or Surviving Civil Partner's (Contributory) Pension; Guardian's Payment (Contributory); State Pension (Contributory); State Pension (Transition); Treatment Benefit; Occupational Injuries Benefit; Carer's Benefit. Source: Department of Employment Affairs and Social Protection, available [here](#).

⁶⁰ PRSI Class S comprise self-employed people such as farmers, certain company directors, people in business on their own account and certain people with income from investments, rents and maintenance. Class S benefits include: Widow/Widower's or Surviving Civil Partner's (Contributory) Pension; Guardian's Payment (Contributory); State Pension (Contributory); Maternity Benefit; and, Adoptive Benefit. Source: Department of Employment Affairs and Social Protection, available [here](#).

where a person has an entitlement to both Jobseeker's benefit and JBSE, any payment under the latter will count toward an entitlement to jobseeker's benefit.

Jobseeker's Benefit (self-employed)

Section 5 of the Bill will amend the Principal Act by inserting a new Chapter 12A called "Jobseeker's benefit (self-employed)", following the Act's existing Chapter 12 – Jobseeker's benefit. These new provisions generally mirror the existing provisions dealing with entitlement to Jobseeker's benefit. The Digest does not go into detail in relation to each section.

Chapter 12A's provisions are set out over ten proposed sections (s.68B to s.68K).

s.68B: Interpretation

s.68C: Entitlement to benefit and qualifying conditions

s.68D: Conditions for receipt

s.68E: Rate of benefit

s. 68F: Reckonable weekly earnings and certain periods

s. 68G: Increases for qualified adult and qualified children

s. 68H: Duration of payment

s. 68I: Refusal or failure to attend activation meetings relating to jobseeker's benefit (self-employed)

s. 68J: Refusal or failure to participate in prescribed schemes, programmes or courses relating to jobseeker's benefit (self-employed)

s. 68K: Disqualifications

The proposed s. 68C provides, among other things, the main qualifying conditions for JBSE and that the Minister for Employment Affairs and Social Protection will make regulations setting out the requirements, including those around genuinely seeking work.

The proposed section 68D provides the PRSI qualifying conditions for JBSE. It provides that contributions and weekly earnings for the purposes of JBSE relate to the governing contribution year, that is as per the Principal Act "the second last complete contribution year before the beginning of the benefit year".⁶¹ It also provides for graduated rates of payment of JBSE related to average reckonable weekly earnings.

Section 68E sets out, among other things, the basic weekly rates of JBSE payable. It also provides for a reduction of €44 where claimants fail (subsequent to sections 68I and 68J) to attend activation meetings or participate in types of training related programmes or schemes.

Section 68F provides, among other things, for graduated rates of JBSE where the average reckonable weekly income of the claimant in the governing contribution year does not exceed €299.99. Section 68G proposes, among other things, a rate of increase in JBSE payment in the case of a qualified adult and / or qualified child.

⁶¹ Section 2 (Interpretation), *Social Welfare Consolidation Act 2005*

Section 68H proposes, among other things, entitlement to JBSE for 26 weeks where the claimant has made less than 260 but more than 156 contributions and for 39 weeks in the case of more than 260 contributions. The section also provides for period of entitlement to JBSE to be interrupted where work for short periods (less than 26 weeks) is secured. It also provides for claimants in certain circumstances to opt to receive Jobseeker's Allowance (JA) and that the time in receipt of JA will count toward JBSE entitlement.

The proposed sections 68I and 68J provide penalty measures in respect of JBSE for, respectively, refusal or failure to attend activation meetings and refusal to participate in schemes, programmes and courses of training and / or employment / work experience.

Consequential amendments because of Jobseeker's benefit (self-employed)

Section 6 provides for the inclusion of references to JBSE in the various relevant provisions of the Principal Act. These are set out in the Schedule and are not dealt with in the Digest as they are purely technical by nature.

Part 3 – Amendments to the Taxes Consolidation Act 1997

This Part of the Bill seeks to amend tax legislation to provide that Jobseeker's Benefit (self employed) will be taxable income in same way as the benefit is taxable for those who have lost their employment. Section 7 provides for the definition of the [Taxes Consolidation Act 1997](#) used in this Part. To achieve the required tax status Sections 8 and 9 seek to amend the Act as follows:

Amendment of section 3 of Act of 1997

Section 8 seeks to amend section 3 of the *Taxes Consolidation Act 1997* relating to earned income to confirm this tax treatment of Jobseeker's Benefit (self employed). The effect of this section would be that Jobseeker's Benefit (self employed) is treated as earned income for tax purposes.

Amendment of section 126 of Act of 1997

Section 9 seeks to amend and update section 126 of the *Taxes Consolidation Act 1997* relating to tax treatment of certain benefits payable under the Social Welfare Acts to ensure the required the tax treatment of Jobseeker's Benefit (self employed).



Contact:

Houses of the Oireachtas
Leinster House
Kildare Street
Dublin 2
D02 XR20

www.oireachtas.ie
Tel: +353 (0)1 6183000 or 076 1001700
Twitter: @OireachtasNews

Library & Research Service
Tel: +353 (0)1 6184701
Email: library.and.research@oireachtas.ie

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