

2010/2011 Financial Guideline 08

Universal Social Charge for Medical Card holders

Amendment to “Financial Guideline 07-2010/11

The Minister for Finance announced changes to the Finance Bill 2011 on the 25th January 2011 as follows:

‘Among them is an amendment which deals with the position of medical card holders under the new Universal Social Charge. **We now propose that the maximum rate applying to medical card holders should be 4% rather than 7%**, the same rate as applies to persons over 70.’

- ❖ Employees in possession of a full medical card will only pay Universal Social Charge at a maximum rate of 4% irrespective of the level of their income. This treatment does not apply to individuals who hold other types of ‘medical card’, such as a GP Visit Card, a Drugs Payment Scheme Card or a Long-Term Illness Scheme Card.
- ❖ **An individual who holds a Northern Ireland medical card will be treated as holding a full medical card for the purposes of qualifying for the 4% rate.**
- ❖ The employee does not need to hold the medical card for the full year to qualify for the 4% maximum USC. It is due as long as the employee holds a full medical card for some period during the year. **The employee should supply sufficient evidence to his/her employer/pension provider that he/she holds a full medical card.**
- ❖ Where the employer/pension provider knows at the start of the year that the individual holds a full medical card the 4% maximum USC can be applied from the first pay period. Where the employer/pension provider only becomes aware mid-year that the individual holds a full medical card, the 4% maximum USC rate should be applied from the next pay period.
- ❖ **In cases where an employee, in possession of a full medical card, had USC deducted at the rate of 7% from 1 January 2011 he/she will have overpaid the USC and will be due a refund immediately.**

Individual aged 70 years or over USC Thresholds	
Rate	
Income up to €10,036	2%
Income above €10,036	4%

Fergus Dunne, Director,
JMB Financial Support Services Unit.
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