

Financial Guideline 2016/2017 - 08

1. Arrangement for Transferring Pension Related Deductions (PRD) to the Department of Education and Skills for the Tax Year Ended 31st December 2016

2. Pension Related Deduction in 2017

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As part of the year end payroll requirements, it is advised that schools remit PRD due to the DES for the calendar year 2016. Computerised payroll systems will produce a report from the 'Year End' report options called the PRDP35. This will list the employees who had PRD deducted from them and the amount deducted.

This report includes the amount of PRD deducted from employees for State Examinations work. Please note that the SEC retained this amount of PRD from the claim submitted to the SEC following the State Examinations. It is important that the PRD amount retained by the SEC is subtracted from the total PRD amount on the PRDP35 and the balance remaining is remitted to the DES.

Example: Total PRD per PRDP35	€5,000
PRD retained by the SEC	€3,000
Balance due to DES	€2,000

(The amount of PRD retained by the SEC can be obtained from the form submitted to the SEC following the State Examinations.)

The Department's Finance Unit operates a special bank account for the collection of the PRD deducted by schools since March 2009. The details of the special bank account are as follows:

Account Name - Department of Education and Science
Education Sector Pension Related Remittances
Public Bank Account

Account No - 29240489

Sort Code - 90-00-17

Bank and Branch – Bank of Ireland, 2 College Green, Dublin 2.

IBAN- IE36 BOFI 9000 1729 2404 89

BIC NO- BOFIIIE2D

When transferring the PRD, it is vitally important that the school **uses a reference** so that the

lodgment is easily identifiable to the Department. Schools are requested to ensure that the reference used enables the Department to identify where the payment has come from and what period it covers. The Bank of Ireland has indicated that the permitted reference sequence cannot exceed 18 characters in total.

The recommendation to schools is to use the school's unique roll number followed by the period covered – for example:

65431QJan-Dec16

where 65431Q is the school's roll number and Jan-Dec16 is the period for which the PRD is being paid. Remember, only 18 characters are allowable in this reference.

Before transferring the PRD to the Department, an email should be sent to cashier@education.gov.ie advising DES cashier staff of the expected arrival of the payment and giving details of the school including school roll number when sending the money. This email should specify the school's name and address, the school's roll number used in the lodgment reference, the period covered by the payment and the amount of money transferred. **See Appendix 1** on page 3 for detailed procedures.

In line with Government Directives and for security reasons the collection of receipts via electronic banking remains the preferred choice of the Department of Education and Skills.

2. Pension Related Deduction in 2017

As a result of the Lansdowne Road Agreement and the Financial Emergency Measures in the Public Interest Act 2015, the thresholds for the PRD will be adjusted with effect from the 1st of January 2017. The rates and thresholds for the PRD effective from the 1st of January 2017 are as follows:

Amount of Remuneration/Threshold	Rate of Deduction
Up to €28,750	Exempt
Greater than €28,750 but not over €60,000	10%
Greater than €60,000	10.5%

Pension Related Deduction (PRD) or Pension Levy was introduced in March 2009 to apply to income earned by anyone entitled to a public sector pension. Full details on the operation of the scheme as it relates to the education sector were issued by the FSSU in Financial Guideline 13 2008/2009 and in Financial Guideline 09 2012/2013, both of which are available on the JMB website. These guidelines are still relevant and in force. The rate of PRD to be applied for all subsidiary employment is 10.5%.

Payments made to teachers for supervised after school study and any after school activity where the income is raised privately from parents are not subject to the PRD but are subject to all other deductions such as PAYE, USC and PRSI.

**Louise McNamara, Director,
JMB Financial Support Services Unit
12th January, 2017**

Appendix 1

Procedures for Transferring Pension Related Deductions (PRD) to the Department of Education and Skills.

Step 1: Creating the Email for the Department

a) Determine the amount of PRD to be paid

Print the PRD report listing the employees' names, PPS numbers and the amount of PRD deducted from the Payroll System for the year. File the reports in a file labelled "PRD Returns". The reports should be reviewed and signed by the Principal. It is important that the PRD amount retained by the SEC is subtracted from the total PRD amount on the PRDP35 and the balance remaining is remitted to the DES.

b) Email the DES

Before transferring the PRD, complete the sample email form below for the year and email to the Department of Education and Skills using this email address cashier@education.gov.ie Please have the email approved by the Principal before sending it to the Department.

c) Sample Email for the Department

Subject: PRD Payment Returns

To Cashier, Department of Education and Skills

School Name	
School Roll Number	
School Address	
PRD Payment Reference No. e.g. 60015I Jan-Dec 2016	
PRD amount for the calendar Year (2016)	€
School Bank name and address	
School Bank Account number	
Date money transferred	

Step 2: Transferring the Money to the Department for PRD

PRD payments can be made in two ways either using electronic banking or by writing to your bank directly. See below for more information.

a) Transferring using Electronic Banking

- i. Set up the details of the Departments Bank account on the Electronic Banking.
- ii. Enter the details for the payment together with your Reference details on the system.
- iii. Get the Electronic Bank approvers to approve the payment.
- iv. Print a copy of the payment for your bank file and file a copy also on the PRD return file.

OR

b) Credit Transfer document available at your Bank