

24 The collection and allocation of PRSI receipts

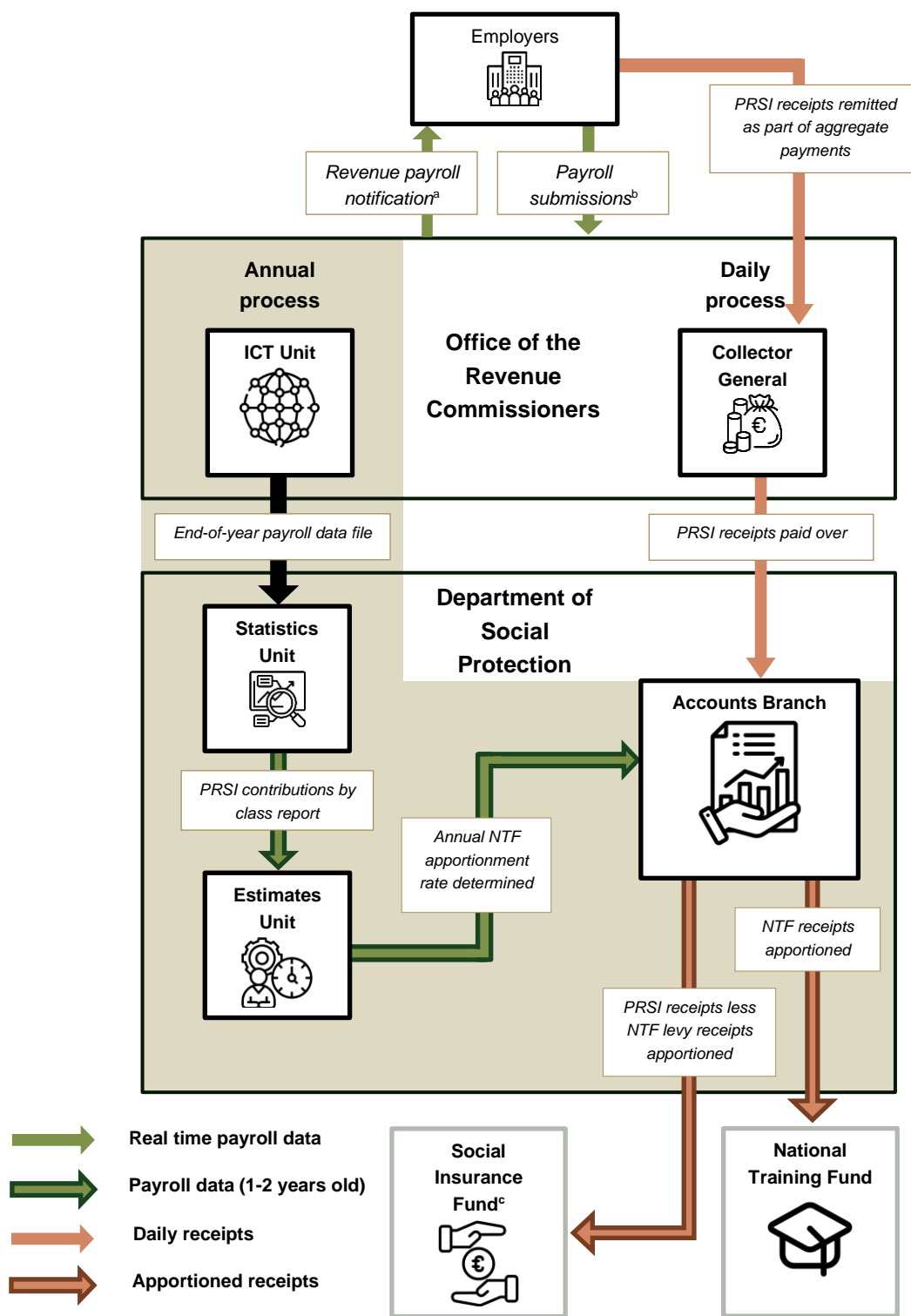
- 24.1** Pay-related social insurance (PRSI) is payable in respect of the income of most workers and the self-employed. PRSI contributions collected from employees, employers and the self-employed are paid into the Social Insurance Fund (SIF), which provides benefits and entitlements to insured persons.
- 24.2** The Department of Social Protection (the Department) has responsibility for the PRSI system and the determination of all social insurance matters. The Office of the Revenue Commissioners (Revenue) collects the vast majority of PRSI receipts on behalf of the Department on a statutory basis.¹
- 24.3** The National Training Fund (NTF) was established by the National Training Fund Act 2000 (the Act) as a dedicated fund to support employment-focused training.² The Act provides for funding of the NTF through the imposition of a levy on employers in respect of certain employees. The levy receipts are collected by Revenue as part of overall PRSI receipts through the tax collection system and are remitted directly to the current account of the SIF.^{3,4} The Act provides that the amount paid into the SIF in respect of NTF levies should be matched by an amount paid from the SIF to the NTF.
- 24.4** The Department allocates the amounts received from Revenue between the SIF and the NTF using estimates based on underlying payroll data provided by Revenue. Any weaknesses in the integrity of the underlying data could result in an under or over allocation of funds from the SIF to the NTF, directly impacting on the amounts available to spend in each fund. The data used in the allocation process must therefore be accurate and available on a timely basis.
- 24.5** This examination was undertaken to review the process by which PRSI is collected and allocated to the SIF and NTF. In particular, it focuses on
- the collection of PRSI receipts (including the NTF levy) by Revenue and the underlying information available
 - the remittance of PRSI receipts to the Department and the subsequent allocation to the SIF and NTF
 - the impact of recent developments on the allocation of PRSI receipts.
- 24.6** The examination team reviewed key documents and data produced by the Department and Revenue, interviewed relevant members of staff of both organisations and performed data analysis.
- 24.7** Figure 24.1 provides an overview of how payroll data and PRSI receipts are processed by Revenue and the Department to arrive at an allocation of funds to the SIF and the NTF.

¹ The operational arrangements between the Department and Revenue are set out in a memorandum of understanding and a data sharing agreement.

² The Department of Further and Higher Education, Research, Innovation and Science has responsibility for the management of the NTF, and for the related annual financial reporting.

³ The current account of the SIF is a commercial bank account controlled by the Department.

⁴ See *Report on Accounts of the Public Services 2022*, chapter 19, [National Training Fund](#).

Figure 24.1 Overview of the collection and allocation of Schedule E PRSI receipts

Source: Analysis performed by the Office of the Comptroller and Auditor General

- Notes:
- a Revenue payroll notification provides employers with up-to-date details on employee's tax credits and rate bands.
 - b When making a payment to an employee, an employer must report a number of details to Revenue in the form of a payroll submission. This includes pay and statutory deductions.
 - c The Social Insurance Fund is funded by PRSI receipts derived from both Schedule D and E income.

Assessment of PRSI receipts

24.8 Income is categorised into four ‘schedules’ for income tax purposes, with Schedules D and E making up the majority of taxable income (see Figure 24.2).¹

- **Schedule D income** relates to a range of income types arising from self-employment, as well as investment income and rental income.²
- **Schedule E income** is derived from employment, with income taxes, universal social charge and PRSI deducted at source by the employer under the pay as you earn (PAYE) system.

While both Schedules D and E income are subject to PRSI, 97% of all PRSI receipts remitted to the Department in 2024 were derived from Schedule E income.³

Figure 24.2 Characteristics of Schedule D and E income

	Schedule D	Schedule E
Income type	Trading, rental, investments, dividends, interest etc.	PAYE – Employment income
PRSI class/ categories	Class K and S	Class A, B, C, D, E, H, J, K, M and S ^a
Return frequency	Annual	Monthly
Assessable income	Total income	Salary subject to PAYE
Duration	Once-off or continuous income	Full or part-time employment
Payees	Self-employed	Employee and employer
PRSI rates	4.1% ^b	Various ^a

Source: Department of Social Protection

Notes: a See Annex 17A of the *Report on the Accounts of the Public Services 2024*, chapter 17, Classification of workers for PRSI purposes, which summarises the different PRSI classes and the underlying rates.

b Rates are due to increase by 0.1% from 1 October 2025.

Collection of PRSI receipts

24.9 The Collector General’s division in Revenue is responsible for the collection of PRSI receipts for both Schedule D and E income.

24.10 From 1 January 2019, Revenue introduced a modernised PAYE system that requires real-time payroll reporting from employers. As part of this modernised system, employers are required to retrieve the most up-to-date Revenue information (e.g. tax credits and rate bands) for each of their employees from Revenue, in advance of each pay period. This allows employers to calculate the correct income tax liability and deduct the correct amounts from each employee in every pay period.

24.11 On finalising the payroll, employers report payroll data to Revenue in the form of a payroll submission. The payroll submission includes information such as the pay date, the amount of pay and the statutory deductions for each employee.

1 Schedule C relates to income arising from certain interest annuities, dividends or shares of annuities payable in the State out of public revenue. Schedule F includes dividends paid and distributions made by Irish resident companies.

2 See *Report on the Accounts of the Public Services 2024*, chapter 22, Taxation of rental income.

3 Total employment income is significantly higher than total income derived from self-employment. In addition, the PRSI rates applied to Schedule E income are higher than those applied to Schedule D income.

24.12 Revenue then provides the employer with an aggregate monthly statement based on payroll submissions, and this forms the basis of a monthly payroll return.¹ Each return provides a breakdown of the employer's liability for income tax, universal social charge, local property tax and PRSI. Employer liabilities and payments are recorded at this aggregate level.

24.13 As outlined in Revenue's annual report for 2024, 99% of PAYE and PRSI liabilities were paid in the month they were due.² However, Revenue stated the actual PRSI cash receipts paid over to the Department cannot be reconciled with the underlying payroll data that provides the basis of the liability due.

24.14 Revenue has stated that a reconciliation between the amounts paid and the underlying payroll data would only be achieved with a full real-time payroll system which requires employers to report payroll data at employee level and make a corresponding payment, in full, of the consequential liabilities at employee level at the same time. Revenue considers that such a system would not be an efficient or effective method of tax collection and would be costly and burdensome on employers and their businesses. In the absence of such a system, there are challenges that prevent a reconciliation between the amounts paid and the underlying payroll data.

- PRSI payments from employers (i.e. cash receipts data) are made in settlement of the liabilities declared on an employer's monthly return. These liabilities, while based on payroll submissions made by an employer, are the aggregate or 'rolled up' amount owing for PRSI at an overall employer level, and do not include details of the underlying employee's payroll data.
- Revenue's customer accounting system for tax returns compiles transactions into tax-head categories.³ This presents a view of the 'rolled up' balances by tax head returned by each employer.
- PRSI receipts paid over in a period may have been adjusted for repayments, transfers, offsets and lodgements from various payment sources and periods. Similar to above, these adjustments are reflected on a 'rolled up' basis at an employer level and do not include details of the underlying payroll data.

¹ Employers are required to amend or correct details of any inaccuracies identified in the relevant payroll submissions.

² See [Annual Report 2024, Revenue](#).

³ Income-related tax 'heads' include income tax, universal social charge, local property tax income deductions and PRSI.

24.15 Revenue also stated that a policy decision was taken not to implement a full real-time payroll system on the introduction of the modernised PAYE system having regard to the cash flow implications that a move to such a system would have on employers and their businesses.

Schedule D and Schedule E payover process

24.16 Revenue pays over PRSI related payments in respect of Schedule D and Schedule E taxpayers to the Department/SIF at different intervals. As part of the payover process, Revenue provides different accompanying statements to the Department (see Figure 24.3).

- Revenue uses an internal reporting tool when preparing the reports that accompany the Schedule D monthly payovers. This allows Revenue to report PRSI receipts by year that the PRSI liability relates to for Schedule D income.¹
- In the case of Schedule E payovers, the Department receives a daily estimate of the amount collected, based on employers' payment instructions to Revenue, and a notification of the actual amount paid the following day.

Figure 24.3 Schedule D and Schedule E payover reports produced by Revenue

	Schedule D	Schedule E
Daily	—	<ul style="list-style-type: none"> • Estimate of aggregate Schedule E payover amount • Actual Schedule E payover amount
Monthly	<ul style="list-style-type: none"> • Breakdown of Schedule D cumulative daily returns collected. Includes a breakdown of years to which the payments relate i.e. 2020 – 2025^a • Breakdown of Schedule D monthly returns by type and year 1990 – 2025 	<ul style="list-style-type: none"> • Statement of daily amounts paid over in the month
Annual	<ul style="list-style-type: none"> • Summary of the amounts collected, paid and outstanding as at year-end • Breakdown of the receipts paid by year of liability i.e. 2020 to 2025 • Summary of any adjustments in the amounts paid over in the year 	<ul style="list-style-type: none"> • Summary of the amounts collected, paid and outstanding as at year-end

Source: Revenue Commissioners and the Department of Social Protection

Note: a Figures extracted from Revenue's reporting tool.

24.17 The estimated and actual amounts of Schedule E payovers are usually different, due to adjustments made for repayments, transfers and offsets. The estimated figures provided by Revenue are used as indicators for the Department's cash flow forecasting process. The actual figures, received subsequently, are relied upon by the Department for financial reporting purposes.

24.18 Despite Schedule E accounting for 97% of all PRSI receipts paid over, the information provided by Revenue to support the Schedule E payover is significantly less detailed than that provided for Schedule D. Revenue stated that the information provided for Schedules D and E PRSI amounts are different by necessity due to the way PRSI receipts are paid over, and the tax obligations which affect timing of returns and frequency of payments.

¹ The Schedule D payover report includes PRSI derived from self-employment, relevant tax on share options, levies on health contributions and other Schedule D income not captured by Revenue's online systems.

24.19 For this examination, the audit team reviewed a breakdown of monthly Schedule E PRSI payroll data by subclass on the Revenue reporting system. However, Revenue stated that reconciling payroll data at employee level with aggregate payments made at employer level can only be achieved with a full real-time payroll system.

Revenue end-of-year file

24.20 Under the terms of a data sharing agreement, Revenue provides the Department with details of the Schedule E payroll data, including PRSI related data, in an 'end-of-year' file which is generated annually.¹ This file provides the Department with detailed employment records for taxpayers on an employment-by-employment basis. It includes corresponding payroll and PRSI information for the relevant tax year (see Figure 24.4).

Figure 24.4 Breakdown of data included in the end-of-year file

Category	Details
Personal	Employees PPSN, first name, family name, address, date of birth, record type.
Employment	Employment IDs, employer references, employer registration numbers.
Payroll	Gross pay, share-based remuneration, exclusion order ^a , tax year, taxable benefits, medical insurance.
Pension	Retirement annuity contract, additional voluntary contribution, additional superannuation contribution, personal retirement savings account, retirement benefit scheme.
PRSI	PRSI class, PRSI class history, insurable weeks, pay subject to employee PRSI, employee PRSI paid, pay subject to employer PRSI, employer PRSI paid.
Scheme	Temporary Wage Subsidy Scheme (subsidy amount, top up amount) Employment Wage Subsidy Scheme (subsidy amount, PRSI credit).

Source: Revenue Commissioners and the Department of Social Protection

Note: a Certification from Revenue authorising an employer not to deduct Income Tax or Universal Social Charge from the payment of an employee.

24.21 As part of this examination, Revenue confirmed that a similar report could be provided on a monthly basis to the Department. This would facilitate the Department to carry out more timely analysis of Schedule E PRSI contribution data.

24.22 However, Revenue stated that more frequent transfers of data may not result in more accurate analysis given the level of valid payroll corrections and adjustments that can occur on a monthly basis. The Department stated that while more timely information would be welcome, it would not fully resolve the underlying issue as the monthly payroll report would not be linked to the cash amounts remitted to the Department.

¹ The end-of-year file is generated towards the end of the first quarter of the following tax year e.g. the initial file for 2024 was generated in the first quarter of 2025. Following this end-of-year file, Revenue also sends a standard weekly file with late corrections to the data in the end-of-year file to the Department.

Allocation to the National Training Fund

- 24.23** To fund the NTF, a levy (currently a rate of 1%) is applied in respect of the reckonable earnings of employees in certain class A and class H employments (Schedule E), covering approximately 80% of all insured employees.¹ As required by legislation, the levy is paid by employers and collected through the employer PRSI contribution i.e. it is not a deduction from the employees' gross income.
- 24.24** As the levy is incorporated into employer PRSI contribution rates, employers do not separately report NTF levy amounts in their payroll submissions to Revenue. The NTF levy receipts are included in the aggregate PRSI receipts collected by Revenue and remitted to the Department. Legislative amendments would be required in order for employers to report the NTF amount separately.
- 24.25** In the absence of such information, the Department must apportion the NTF levy from employer PRSI receipts returned under reckonable PRSI classes. Therefore, the Department calculates and applies an apportionment percentage each year to estimate the portion of PRSI contribution receipts to be allocated to the NTF.

Apportionment process

- 24.26** The estimated apportionment rate is based on data from the end-of-year payroll file and internal workings performed by the Department's Statistic Unit and Estimates Unit.
- 24.27** As outlined in Figure 24.1, the Department's process requires several phases in order to transform the data received from Revenue in the end-of-year file into information that can be used to calculate the NTF apportionment rate.
- 24.28** The Statistics Unit compiles information from the end-of-year payroll file (Schedule E) and the latest available self-employment (Schedule D) returns to produce a dataset that apportions PRSI contribution receipts between the PRSI classes (e.g. A, H, S, etc.), compiled into a 'PRSI contributions by class report'. Due to the timing of pay-and-file requirements for Schedule D income, the data for Schedule D income is up to two years old i.e. data from 2021 PRSI contributions was used in calculating the apportionment rate for 2023.²
- 24.29** The Estimates Unit uses information from the PRSI contributions by class report to calculate a funding apportionment rate. The apportionment rate is then used by the Department's accounts branch to allocate receipts to the SIF and the NTF. This process involves a number of further steps which are illustrated in Annex 24A.
- 24.30** The examination team found that, as only Schedule E data is relevant to the NTF apportionment, there does not appear to be any reason why the '*PRSI contributions by class report*' for Schedule E cannot be provided on a timelier basis. This would reduce the risk of inaccuracies caused by using outdated data to inform current-year decisions.
- 24.31** For example, if 2023 contribution data was used to apportion the funds in 2024, instead of the 2021 contribution data, it would have resulted in an additional €5.2 million (0.45%) being paid to the NTF in 2024.

¹ The NTF levy does not apply to workers on community employment schemes, classified as PRSI class A8 or A9.

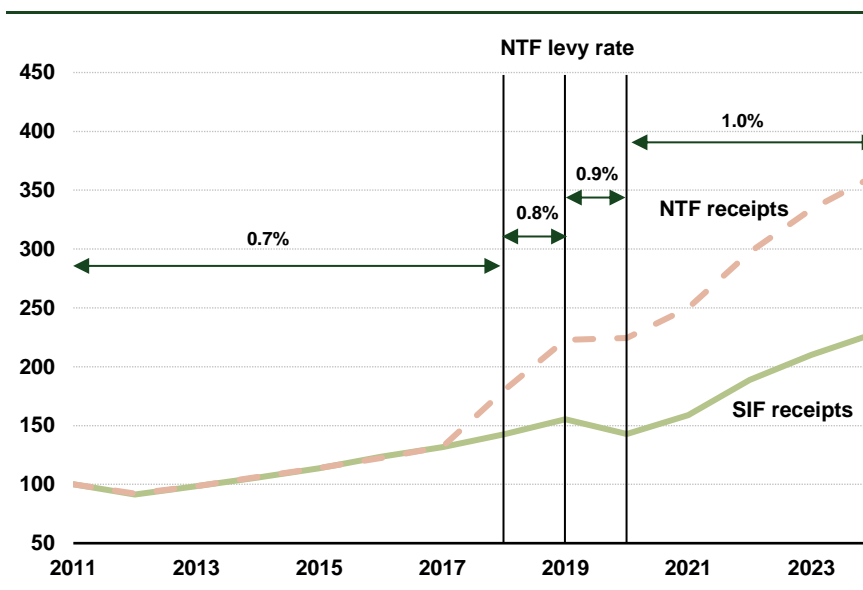
² Schedule D requires self-employed individuals to file an annual return and pay tax due by 31 October of the following year.

24.32 There is potential for errors to be introduced and compounded when estimates are based on data that has been heavily processed. In accordance with best practice, as few steps as possible should be taken to maintain the integrity of the data.

PRSI receipts and apportionment

24.33 The Department is responsible for apportioning PRSI receipts between the SIF and the NTF. PRSI receipts in 2024 totalled €18.1 billion, of which nearly €1.16 billion was reappportioned to the NTF. The rate of allocation and the amount apportioned to the NTF is disclosed in the SIF financial statements.¹ Figure 24.5 shows the rate of growth in SIF and NTF receipts since 2011.

Figure 24.5 SIF and NTF receipts, 2011 to 2024, indexed to 2011^a



Source: Department of Social Protection

Note a Indexation provides a reference point (2011:100) to measure growth of the receipts over subsequent periods.

24.34 Annex 24B provides a summary of the rates and the basis of apportionment since 2011.

¹ As disclosed in the Social Insurance Fund 2024 financial statements, 6.55% of gross Schedule E PRSI contributions were allocated to the NTF in 2024.

² The results were communicated to the Department of Finance, who agreed with the application of a revised percentage from 2018 without a need to amend the rate for prior years.

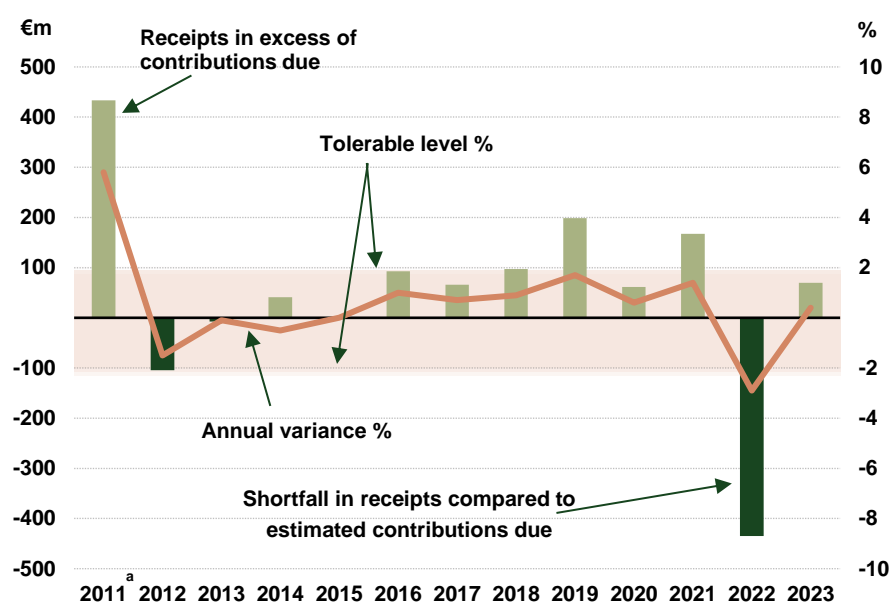
24.35 Between 2011 and 2017, the Department apportioned PRSI receipts to the NTF at a constant rate of 4.28%. During this period, the apportionment rate was not subject to review. In 2018, the Department undertook a retrospective review of the application of 4.28% for the period 2011 to 2017. The Department's retrospective analysis of PRSI contributions (using the current methodology) indicates that an apportionment rate of between 4.71% and 4.96% would have been appropriate during that period.²

24.36 In 2018, the Department began to incorporate PRSI contribution data into its apportionment rate calculation. This, coupled with increases in the NTF levy rate, led to a greater portion of PRSI receipts being allocated to the NTF.

24.37 The Department carries out a reasonableness check comparing the actual monies remitted by Revenue and the estimated annual PRSI contribution balances extracted from the 'PRSI contributions by class report'.¹ The estimated amounts due are based on payroll data from the end-of-year file. The Department has set the 'tolerable variance' level at +/-2%, based on its experience of historical trends in the annual variances.

24.38 The difference between the actual PRSI amounts received and the estimated amount due has been within the variance tolerance level between 2012 and 2021, with the highest variance being 1.7% in 2019 (see Figure 24.6). In that case, the amount of PRSI receipts into the SIF was 1.7% above the estimated amount due, using the 2019 contribution data.

Figure 24.6 Difference between actual PRSI receipts remitted and balances as per PRSI contributions by class report, 2011 to 2023



Source: Department of Social Protection

Note: a When USC was introduced in 2011, some employers reported USC as PRSI resulting in PRSI receipts being in excess of the due contributions.

24.39 However, when the Department performed the comparison using 2022 PRSI contribution data, the amount of receipts in 2022 fell short of the estimated PRSI contribution analysis report figures by approximately €435 million or 2.9%. The Department queried this with Revenue, and additional information on outstanding PRSI liabilities was provided, but the reason for the variance was not resolved. The Department decided to reuse the apportionment rate calculated based on the 2021 contribution data to apportion the 2024 funds between the NTF and the SIF.

¹ The Department also carries out variance analysis of the proportion of the overall total contributions attributed to each subclass.

Impact of recent changes on the apportionment model

NTF levy rates

24.40 The NTF levy rate was set at a constant 0.7% in the years 2000 to 2017, before rising in a planned way to 0.8% in 2018, 0.9% in 2019 and 1% from 2020 on. However, the method used to apportion funds to the NTF does not take into account the year in which the PRSI liability arose. For example, PRSI receipts received in 2021 related to employment undertaken in 2019 or before would be apportioned using the 2021 rate, rather than the lower 2019 rate.

24.41 The Department does not receive data in relation to the timing of Schedule E PRSI receipts, and cannot, therefore, factor this information into its calculation. This may have resulted in an amount greater than the true liability having been paid to the NTF. However, this risk diminished when the levy rate settled at 1% from 2020.

Temporary Covid-19 wage subsidy schemes

24.42 The Temporary Wage Subsidy Scheme, and the Employment Wage Subsidy Scheme were introduced during the Covid-19 pandemic. Employers availing of these schemes were eligible to pay a reduced rate of employers' PRSI of 0.5% — a reduction of 10.55% from typical employers' PRSI rate at the time (11.05%). Employers could avail of the reduced rate from March 2020 until May 2022.¹

24.43 Information on the PRSI credit attributed to each employer availing of the Employment Wage Subsidy Scheme was returned as part of the end-of-year file submitted to the Department by Revenue. However, this information was not included in the Department's estimation of funds apportioned to the NTF.² The 1% NTF levy was applied to total reckonable earnings in class A and class H, regardless of the fact that employers on the reduced rate had paid only 0.5% in total employers PRSI. It is therefore likely that an amount in excess of the true liability was paid from the SIF to the NTF in respect of employers who availed of the Employment Wage Subsidy Scheme.

24.44 Due to a lack of sufficient detailed information, the examination team was unable to quantify the potential over allocation to the NTF arising from this issue. However, Revenue has previously estimated that the total PRSI forgone as a result of the 10.55% reduction of the employer's PRSI rate applicable in these schemes, amounted to just over €1 billion. This would indicate that around €47 million in employer PRSI receipts was paid at the reduced 0.5% rate.

Warehoused debt

24.45 During the Covid-19 pandemic, the introduction of the Debt Warehousing Scheme permitted businesses to defer certain tax payments and PRSI liabilities.³ Instead of requiring immediate payment, these liabilities were set aside or 'warehoused' to be paid back at a later date. Warehoused debt amounted to €3.2 billion at its peak in January 2022. Taxpayers were required to engage with Revenue by 1 May 2024 to agree debt repayment schedules. Revenue reported that at end-2024, warehoused debt amounting to €2 billion had been settled in full and an additional €1 billion was secured under phased payment arrangements.

¹ The Temporary Wage Subsidy Scheme was in place from March 2020 until August 2020.

Employees who were in receipt of the Temporary Wage Subsidy scheme were recorded as PRSI class J9 for this period. When the Employment Wage Subsidy Scheme replaced the temporary scheme on 1 September 2020, employees reverted to their usual PRSI class.

² The Department did not provide any relevant analysis undertaken on the impact of the wage subsidy schemes on PRSI receipts and the amounts apportioned to the NTF.

³ Debt warehousing formed part of the Government response to Covid-19, announced by the Minister for Finance and Public Expenditure and Reform in May 2020.

- 24.46** The Department, as informed by Revenue, reported that at year-end 2023, warehoused debt relating to PRSI receipts amounted to €267 million. Revenue records indicate that €98 million was repaid in 2024. Revenue stated that the additional reduction of €34 million in PRSI warehoused debt was due to numerous factors such as amended returns filed by taxpayers, assessments raised by Revenue and debt warehouse revocations and terminations. The balance outstanding at end 2024 was €135 million.¹
- 24.47** Information on PRSI warehoused debt and repayments is reported by Revenue to the Department at a specific point in time (usually year-end). Repayments of PRSI warehoused debt are included in the PRSI receipts remitted by Revenue to the Department throughout the year. The Department does not have sufficient information to identify repayments of PRSI warehoused debt when received, or the period or PRSI class that the repayment relates to.
- 24.48** It is possible that 'warehoused' PRSI liabilities influenced the recent variances between the amounts paid over by Revenue and the contribution analysis figures estimated by the Department. However, in the absence of further analysis, it is difficult to estimate the impact that this may have on the allocation of funds to the NTF.

Contractual agreements

Reimbursement of Revenue expenses

- 24.49** Revenue collects PRSI receipts on behalf of the Department in accordance with a memorandum of understanding between the two bodies. Section 261 of the Social Welfare Consolidation Act 2005 provides for information held by Revenue relating to reckonable earnings and PRSI receipts to be transferred to the Department.
- 24.50** The memorandum of understanding between the Department and Revenue was signed in 2017, prior to the introduction of the modernised PAYE system.
- 24.51** A formal data sharing agreement is also in place between the Department and Revenue to govern the sharing of personal data between the bodies in relation to the effective management, administration and/or operation of the tax and social welfare systems, and certain other statutory functions. The most recent data sharing agreement is from 2024. It sets out the category and frequency of transfer of PRSI information from Revenue to the Department.
- 24.52** The Department pays an annual fee of €37.4 million to Revenue for the collection of PRSI receipts. The fee was agreed as part of the annual estimates process and has remained unchanged since 2009. At that time, the fee level was based on the estimated cost to Revenue associated with collecting PRSI receipts on behalf of the Department. Documentation outlining the basis for the charge and how it was calculated was provided to the Department and the examination team.
- 24.53** Revenue has stated that the current fee is outdated, and a more appropriate fee structure is currently under consideration in consultation with the Department.

¹ As at March 2025, Revenue confirmed that €1.074 billion in income-related tax debt was due for collection for all periods up to the end of 2024. PRSI receipts accounted for €246 million (23%) of the total debt, of which €180 million was actively under collection through a phased payment arrangement or by enforcement.

Governance of NTF transfers

- 24.54** Each month, the Department pays an amount to the NTF, calculated in accordance with the annual NTF apportionment rate (as outlined above). The Department provides the Department of Further and Higher Education, Research, Innovation and Science with the percentage apportionment rate and monthly NTF levy amounts paid over. However, the Department does not provide information to support the basis of the calculation. There is no formal agreement between the Departments governing the transfers.

Conclusions and recommendations

- 24.55** The majority of PRSI receipts are collected by Revenue on behalf of the Department. The amount collected is paid over to the Department on a monthly basis for Schedule D receipts and daily for Schedule E receipts. The Schedule E receipts include NTF levy receipts collected through employers' PRSI contributions in respect of reckonable earnings in certain PRSI subclasses (A and H).
- 24.56** When the Schedule E PRSI cash amount is paid, there is no underlying payroll data or supporting information provided to the Department. Therefore, the Department is unable to determine how much of the amount received relates to employee, employer and self-employed PRSI contributions, or to the relevant PRSI classes.
- 24.57** With payroll modernisation and the availability of real-time payroll reporting in place since 2019, more reliable and timely information is being submitted by employers to Revenue. However, in accordance with legislation, NTF receipts are not reported separately and are collected through the tax system along with employer PRSI contributions. The Department is reliant on PRSI subclass information to disaggregate the NTF levy from PRSI receipts.
- 24.58** Revenue does provide retrospective Schedule E payroll data to the Department in the form of an end-of-year file. Although the information in the end-of-year file cannot be reconciled to PRSI cash receipts, the Department uses the information the file contains to allocate PRSI receipts to PRSI classes and subclasses, and in turn to apportion funds between the SIF and the NTF.
- 24.59** In the past, the NTF allocation rate applied in a year has been estimated by the Department in accordance with the data available to it, including Schedule D income data up to two years in arrears. As a result, the Department incurs significant time and effort in modelling information on PRSI contribution classes, to arrive at an estimate of reckonable earnings per PRSI class, despite this kind of information having been reported by employers to Revenue through payroll submissions.

Recommendation 24.1

The Department and Revenue should review the way in which available PRSI payroll related data is captured and processed to establish if more timely and detailed information supporting Schedule E PRSI receipts can be provided to the Department.

The aim of the review should be to reduce the Department's reliance on estimates and modelling for the allocation of funds between the SIF and NTF.

Accounting Officer response (Department of Social Protection)

Agreed.

The Department and Revenue already co-ordinate and agree matters related to the collection of PRSI via a joint High-Level Group. The Department will utilise this mechanism to explore with Revenue if further improvements can be made in a cost-effective manner. However, we note that changes to the current approach are likely to require legislative change as well as IT systems and process development. Any decision to progress this would have to take account of the costs involved as compared to the potential benefits.

Timeline for implementation

This issue will be raised at the next High Level Group meeting (October 2025), with the approach and timelines to be considered thereafter.

Accounting Officer Response (Office of the Revenue Commissioners)

Agreed.

Leveraging the longstanding, and ongoing, engagement between Revenue and the Department across a range of fora, including the High-Level Group, Revenue will review the way in which available PRSI payroll related data is captured and subsequently shared with the Department. However, it should be noted that the type of payroll data that employers are required to report to Revenue is set down in legislation. Any requirement for additional data to be submitted through payroll, including reporting NTF amounts separately, would require policy decisions that facilitate legislative change, as well as parallel IT developments.

In terms of timeliness of exchange of data with the Department, payroll data, including PRSI level data, is currently available to the Department via a 'real-time' look up facility and is shared in bulk via an end of year file transfer in line with the current jointly agreed (2024) data sharing agreement. The timing of the bulk sharing of data considers key factors such as payroll amendments and is shared at a point in time when it is considered that the data set is most stable. Revenue will engage with the Department in relation to this process with a view to discussing possible changes which would better assist the Department.

Timeline for Implementation

Initial discussion to take place at the next High-Level Group meeting (October 2025), with next steps taken from there.

- 24.60** Recent temporary changes to the PRSI system, resulting from debt warehousing and the impact of Covid-19 related schemes, have not been factored into the estimation of funds allocated to the NTF. Furthermore, the variance of €435 million identified by the Department, when comparing PRSI contribution receipts in 2022 to the PRSI contributions expected from payroll data, was not reconciled. These matters may be connected.
- 24.61** A 1% NTF levy is payable by employers in relation to employees in certain class A and H employments. However, due to the absence of underlying payroll data for PRSI receipts, the amounts that are apportioned to the NTF cannot be verified back to the amounts of NTF levies collected from employers as part of their PRSI contributions.
- 24.62** Management and control of the NTF is the responsibility of the Department of Further and Higher Education, Research, Innovation and Science. That Department consequently has an obligation to satisfy itself that the receipts into the NTF are complete and in line with the legislative provisions.

Recommendation 24.2

The Department should review the process by which PRSI contributions are apportioned to the SIF and the NTF.

For example, consideration should be given to basing the NTF apportionment on Schedule E PRSI contributions only, for which data is available on a timelier basis.

The methodology used by the Department to determine the amounts of the transfers to the NTF should be agreed with the Department of Further and Higher Education, Research, Innovation and Science.

Accounting Officer Response (Department of Social Protection)

Agreed.

The Department agrees that, ideally, transfer of the NTF levy receipts should be based on actual rather than estimated amounts and in addition would be made directly from Revenue to the NTF. However, this is a matter that, we understand, would require legislative change within the NTF Act which falls under the remit of the Department of Further and Higher Education, Research, Innovation and Science. Pending legislative change, there are also potentially significant system and process development involving payroll operators and employers, the costs of which would need to be considered as compared to the potential benefits. In this context the Department's view is the existing practise of using informed estimates based on available data is a reasonable and pragmatic approach to the allocation of receipts.

Nevertheless, noting the views of the Comptroller and Auditor General, the Department will raise the potential of improving the process via the High-Level Group.

The Department will also engage with the Department of Further and Higher Education, Research, Innovation and Science on the existing methodology used to estimate the amount transferred to the NTF.

Timeline for Implementation

The issue will be raised at the next High-Level Group meeting with Revenue (October 2025) and also with the Department of Further and Higher Education, Research, Innovation and Science during Q4 2025 with a view to completing a review during 2026.

- 24.63** The scope and frequency of transfer of PRSI data is set out in a data sharing agreement between the Department and Revenue, which was revised in 2024.
- 24.64** The agreement between the Department and Revenue in relation to the collection and transfer of PRSI contributions is set out in a memorandum of understanding, signed in 2017. The agreement has not been revised since the modernisation of the payroll system in 2019. While the agreement does not set out the basis for the annual service charge of €37.4 million, documentation outlining the basis for the charge and how it was calculated was provided to the Department and the examination team.
- 24.65** Revenue wrote to the Department in July 2025 outlining that the annual service charge will be reviewed in due course.

Recommendation 24.3

The Department and Revenue should update the memorandum of understanding to take account of the improved data available from the move to real-time submission of payroll data from employers.

The memorandum of understanding should also specify the basis for recoupment of Revenue's expenses of administration of the collection of PRSI.

Accounting Officer Response (Department of Social Protection)

Agreed.

The Department is engaging with Revenue to review and update the existing memorandum of understanding to ensure it reflects operational practices and includes the basis for the calculation of an agreed recoupment of Revenue's expenses of administration for the collection of PRSI commensurate with the required service provision levels.

Timeline for implementation

Q2 2026.

Accounting Officer Response (Office of the Revenue Commissioners)

Agreed.

The current MOU provides for the sharing of information between Revenue and the Department at a high level, specifying that such exchanges shall be governed by a Data Sharing Agreement (DSA). The DSA, agreed in 2024, reflects the data available from payroll submission made by employers since the introduction of PAYE Modernisation.

Revenue will engage in an overall review of the current MOU, in collaboration with the Department, to ensure it continues to be fit for purpose. In consultation with the Department, the level of expenses which Revenue seeks to recoup in respect of the collection of PRSI is currently under review. As MOU's generally tend to be set out at a high level, Revenue will seek to reference the basis for recoupment of such expenses, once agreed, in any revised MOU. Additionally, the basis of the recoupment costs sought will be formally documented in more detail, retained by Revenue and shared with the Department.

Timeline for implementation

By end of Q2 2026.

Annex 24A National Training Fund apportionment rate calculation — illustrative example

Step 1 (A-B=C)		(A) Total PRSI collected €000	(B) Total employee PRSI €000	(C) Total employer PRSI €000
Total employers PRSI per subclass is estimated based on the total PRSI collected and employee PRSI total generated from statistics unit contribution analysis report	PRSI class			
	A0	788,000	125,000	663,000
	AX	350,000	81,000	269,000
	AL	100,000	26,000	74,000
	A1	14,500,000	4,000,000	10,500,000
	H0	500	135	365
	HX	200	50	150
	H1	42,000	12,000	30,000
Step 2 (E = C/D)		(C) Total employer PRSI €000	(D) Employer PRSI rate %	(E) Estimated reckonable earnings €000
Estimate reckonable earnings for each subclass, based on total ER PRSI and standard rate of ER PRSI	PRSI class			
	A0	663,000	8.90	7,449,438
	AX	269,000	8.90	3,022,472
	AL	74,000	8.90	831,461
	A1	10,500,000	11.15	94,170,404
	H0	365	10.55	3,460
	HX	150	10.55	1,422
	H1	30,000	10.55	284,360
Step 3 (G = E*F)		(E) Estimated reckonable earnings €000	(F) NTF levy %	(G) NTF levy on reckonable earnings €000
The NTF levy rate of 1% is then applied to the estimated reckonable earnings in the relevant classes.	PRSI class			
	A0	7,449,438	1.0	74,494
	AX	3,022,472	1.0	30,225
	AL	831,461	1.0	8,315
	A1	94,170,4504	1.0	941,704
	H0	3,460	1.0	35
	HX	1,422	1.0	14
	H1	284,360	1.0	2,844
Step 4 (Apportionment rate = G/H)		(G) Total NTF due based on estimated reckonable earnings		1,057,631
The apportionment rate is calculated by dividing the estimated NTF levy due by the total PRSI contributions.		(H) Total PRSI contributions (all classes)		16,500,000
		Apportionment rate		6.41%

Source: Department of Social Protection. Analysis performed by the Office of the Comptroller and Auditor General.

Annex 24B Summary of the NTF levy and apportionment rates, 2011 to 2024^a

Year	NTF levy rate	Basis of apportionment	Apportionment rate
2011 to 2017	0.7%	Agreed rate from 2011 review	4.28%
2018	0.8%	End-of-year 2016 data and adjustment to reflect NTF levy increase	5.35%
2019	0.9%	End-of-year 2017 data and adjustment to reflect NTF levy increase	5.98%
2020	1.0%	Based on receipts (Dec 2019 receipts @ 0.9%) and (Feb to Dec 2020, @ 1.0%)	6.58%
2021	1.0%	Carried forward from prior year	6.58%
2022	1.0%	End-of-year data 2020	6.50%
2023	1.0%	End-of-year data 2021	6.55%
2024	1.0%	Carried forward from prior year	6.55%

Source: Department of Social Protection

Note: a The NTF levy was established in 2000. The NTF levy rate from 2000 to 2017 was 0.7%.