

Time limits for national insurance contributions and employer statements (2/30/18)

On 29 May 2018 the Cabinet of Ministers debated proposals for amending the National Social Insurance (NSI) Act. We have informed our MindLink subscribers that new rules on tax payment procedures are to be adopted from 2021, including a single tax account. This article explores what we see as key proposals, payment procedures, and time limits for filing employer statements.

Current arrangements

Time limits for paying mandatory NSI contributions and filing employer statements of NSI contributions are currently set for each taxpayer individually and can be looked up on the SRS Electronic Declaration System. It is important to note that those time limits are variable, placing an extra administrative burden on companies and putting them at risk of filing late and having to pay late charges.

Clearer time limits for paying NSI contributions and filing employer statements

From 1 January 2021, NSI contributions will be payable on or before the 23rd day of the month, and the employer statement of NSI contributions will have to be filed by the 17th day of the month.

The proposals improve the clause that lays down a time limit for adjusting details of a person's employment income and NSI contributions. For example, if a March statement is filed on 17 April 2018, the employer may adjust the details given in that statement by 16 April 2021.

Because the amendments of 23 November 2017 to the Taxes and Duties Act relating to the adoption of a single tax account come into force on 1 January 2021, it was necessary to specify relevant time limits.

The proposals provide that any revenues received into the SRS single tax account should be attributed on each working day to NSI contributions reported by employers and self-employed persons, and the attributed contributions should be transferred into an NSI distribution account. The Treasury should then transfer the funds available from the distribution account into accounts of special budgets for social insurance on each working day according to the percentage of social insurance revenues specified by the Annual National Budget Act.

Other proposals

From 1 January 2018, NSI contributions towards pension insurance are payable at a rate of 5% of royalties and at a rate of 5% by self-employed persons (including agricultural production income).

To prevent NSI contributions from overlapping, the proposals provide that NSI contributions from the national core budget or special budgets should not be paid towards pension insurance for any months for which pension insurance contributions are paid at 5% of royalties or by self-employed persons (including agricultural production income).

The level of income subject to NSI contributions is specified for any self-employed person whose monthly

income is below the minimum monthly wage prescribed by the Cabinet of Ministers and who is required to pay 5% NSI contributions towards pension insurance. If income is between €50 and the minimum monthly wage, the self-employed person will have to pay 5% NSI contributions towards pension insurance. Remember that a self-employed person should calculate income for each month separately.

The proposals improve the clause dealing with professional athletes' income subject to NSI contributions. Since the law provides that a professional athlete's NSI income is two minimum monthly wages set by the Cabinet of Ministers, i.e. a constant income subject to NSI contributions, then where a professional athlete obtains employee status from a date that is not the 1st day of the month, their NSI income should be calculated in proportion to their period of employee status. The NSI income is proportionally not applied to any calendar days of the tax year on which a professional athlete is on childcare leave, on which an employee (the father of a child) is on leave due to childbirth, on which an employee is on unpaid leave awarded to a person into whose care and custody a child has been placed by decision of an orphan's court until the regular courts confirm the child's adoption, or for any calendar days of temporary incapacity for work or maternity leave covered by Incapacity for Work Sheet B.

The proposals impose no new obligations for paying NSI contributions but change the deadline for meeting the current obligations to ease the administrative burden on businesses.