Starting your first job

Overview

When you start your first job, you should tell Revenue as soon as possible, or you may have to pay emergency tax. We will send a Tax Credit Certificate to your new employer so that the employer knows how much Income Tax (IT) and Universal Social Charge (USC) to deduct from your pay.

What you should do

Register for Income Tax

When you start working for the first time (even if it is a part-time or temporary job), you must register yourself as soon as possible to avoid paying emergency tax.

To do this, you should:

- Apply for your Personal Public Service Number (PPSN), if you do not already have one.
- Register for myAccount.

Register your new job

When you receive your myAccount password, you can register your new job by clicking on the 'Add Job or Pension' link on PAYE Services in myAccount. We will work out the tax credits that you can claim.

Your Tax Credit Certificate

You will be able to view your Tax Credit Certificate in two working days by clicking on the 'Manage your tax 2017' link on PAYE Services in myAccount. An employer copy showing your total tax credits and rate bands will be sent to your new employer, who can then make the correct tax deductions from your pay.

How your tax is calculated

After receiving your Tax Credit Certificate, your employer can calculate the Income Tax (IT) and Universal Social Charge (USC) to be deducted from your pay.

Income Tax (IT)

Your IT is calculated on your 'gross pay', which is the amount you earn after pension and permanent health insurance contributions are deducted.

You pay a certain amount at the standard rate of tax (currently 20%) up to the amount of your standard rate band for that pay period.

Any income above your standard rate band is taxed at the higher rate of tax (currently 40%).

These two amounts are added together to give your 'gross Income Tax'.

This figure is then reduced by your tax credits to give the amount of tax that you will pay.

See examples of how your IT is calculated under Calculating your Income Tax.

To make sure that you do not pay too much or too little IT, always check that your tax credits are correct.

Universal Social Charge (USC) and Pay Related Social Insurance (PRSI)

These charges are in addition to IT, and different calculation rules apply.

USC deductions depend on the USC thresholds and rates that apply to you. For more information, see USC.

PRSI deductions depend on your PRSI class. For more information, see the Department of Employment Affairs and Social Protection (DEASP) website.

Week 1 basis, or cumulative basis

Tax is normally calculated using the ‘cumulative basis’. This means that each pay day, all earnings and all tax credits from 1 January of that year are accumulated. This is to ensure you have paid the correct amount of tax and you have received the benefit of all your tax credits.

You may receive a Tax Credit Certificate on the Week 1 basis (also known as the 'non-cumulative basis'). This means that your employer will deduct Income Tax (IT) from your pay on a week-to-week basis. Your yearly tax credits and rate bands are not backdated to the 1 January and do not accumulate for each pay period. Your employer cannot make any refunds of IT that may be due to you until a ‘cumulative’ TCC is issued.

You should contact Revenue, using the MyEnquiries service in myAccount, or contact your Revenue office to find out why you are on the Week 1 basis.

If you are still on the Week 1 basis at the end of the year, you should submit a Form 12 which is available on PAYE services in myAccount. We will then review your tax position for the year.

Revenue issues Week 1 basis tax credit certificates for various reasons; for example:

- there is a large reduction in tax credits that may cause hardship
- there is a lack of information about prior employments or earnings in the current tax year
- people come from abroad to work in Ireland but we do not know how long they plan to stay in Ireland
- people transfer their tax credits and rate band to their spouse or civil partner
- employees do not want their new employer to know the details of their previous pay and tax.

Example 1

John is a PAYE employee. He is single, and these are his tax credits and rate band for 2016:

	Value
Single Person's Tax Credit	€1,650
PAYE Tax Credit	€1,650
Total tax credits	€3,300 per year (€63.47 per week)
Rate band	€33,800 per year (€650.00 per week)

John was given a tax credit certificate showing these tax credits and rate band and showing that Week 1 Basis applies. His employer was given a tax credit certificate with the total amounts.

John earns €600 per week. This is how his weekly tax is calculated:

	Income	Tax	Explanation
Taxed at 20%	€600	€120.00	Apply the standard rate of 20% up to the limit of the rate band (€650.00) on the Tax Credit Certificate
Taxed at 40%	0	0	As John's income (€600) is less than his rate band (€650.00), he does not pay tax at the higher rate of 40% this week
Gross tax		€120.00	Add the amount of tax at the standard rate to the amount of tax at the higher rate (if any)
Less tax credits		(€63.47)	Take away the tax credits as shown on the Tax Credit Certificate
Tax payable		€56.53	Gross tax less tax credits.

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Gross tax		€120.00	Add the amount of tax at the standard rate to the amount of tax at the higher rate (if any)
Less tax credits		(€63.47)	Take away the tax credits as shown on the Tax Credit Certificate
Tax payable		€56.53	Gross tax less tax credits.

Benefits from your employer

If you get a benefit from your employer, such as a company car or meal vouchers, the value of those benefits is added to your earnings. Income Tax (IT), Universal Social Charge (USC) and Pay Related Social Insurance (PRSI) are deducted from your earnings for the value of those benefits.