
Universal Social Charge (USC)

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Overview

USC is a tax payable on your total income, but there are some types of income that are exempt. Depending on your circumstances, you pay USC at the standard rate or the reduced rate. You can see examples of how to calculate your USC in the calculating your USC section. How USC affects married couples and civil partners, maintenance payments and redundancy payments is also explained.

What is USC?

USC is a tax payable on your total income. Total income for USC purposes includes things such as:

- employment income
- [taxable employer benefits](#)
- self-employed income
- rental income
- share option gains
- dividend income.

It does not include payments from the [Department of Employment Affairs and Social Protection \(DEASP\)](#) or income on which [Deposit Interest Retention Tax \(DIRT\)](#) has already been paid.

Relief from USC is given for certain trading losses and capital allowances but not for employee pension contributions.

There is an income limit under which USC is not charged. If your total income in 2018 is €13,000 or less, you do not pay any USC. If it is more than €13,000, you pay USC on your full income.

Standard rates and thresholds of USC

The standard rates and thresholds of USC are:

Standard rates and thresholds of USC for 2018

2018	Rate
First €12,012	0.5%
Next €7,360	2%
Next €50,672	4.75%
Balance	8%

Standard rates and thresholds of USC for 2017

2017	Rate
First €12,012	0.5%
Next €6,760	2.5%
Next €51,272	5%
Balance	8%

Standard rates and thresholds of USC for 2016

2016	Rate
First €12,012	1%
Next €6,656	3%
Next €51,376	5.5%
Balance	8%

Standard rates and thresholds of USC for 2015

2015	Rate
First €12,012	1.5%
Next €5,564	3.5%
Next €52,468	7%
Balance	8%

Standard rates and thresholds of USC for 2011 - 2014

2011 - 2014	Rate
First €10,036	2%
Next €5,980	4%
Balance	7%

Other Rates of USC

Non-PAYE income above €100,000

There is a USC surcharge of 3% if your non-PAYE income is more than €100,000 a year.

Certain bank bonuses

A special USC rate of 45% applies to certain bonuses paid to employees of banks and building societies that have received financial support from the government - these include:

- Allied Irish Bank
- Anglo Irish Bank
- Bank of Ireland
- Educational Building Society
- Irish Nationwide Building Society

If the payments are €20,000 or less in a year, the standard rates of USC apply.

If the payments are more than €20,000 in a year, the full amount is charged at 45% USC.

Property relief surcharge

An additional 5% rate of USC applies to taxable income that is 'sheltered' by any of the property or area-based incentive reliefs. This includes all of the property-based capital allowances and the relief for residential lessors known as 'section 23-type relief'. The surcharge applies to:

- capital allowances made in or carried forward to the tax year 2012 and any later tax year

- any losses carried forward to 2012 or a later year that are due to section 23-type relief.

The property relief surcharge does not apply if your gross income is less than €100,000.

Reduced rates of USC

Reduced rates of USC apply to some people who:

- are aged 70 or older
- or**
- hold a full Medical Card (not a GP Visit Card).

The reduced rates apply for the whole year if you reach the age of 70 or if you hold a full medical card at any time during the year (and your total income is €60,000 or less).

If your income is more than €60,000, the standard rates of USC apply to your full income.

Reduced rates

2018

- 0.5% on the first €12,012
 - 2% on the balance
-

2017

- 0.5% on the first €12,012
 - 2.5% on the balance
-

2016

- 1% on the first €12,012
 - 3% on the balance
-

2015

- 1.5% on the first €12,012
 - 3.5% on the balance
-

2013 and 2014

- 2% on the first €10,036
 - 4% on the balance
-

What payments and income are exempt from USC?

The following payments are exempt from USC:

- all payments received from the Department of Employment Affairs and Social Protection (DEASP).
- payments that are similar to DEASP payments, but paid by another body such as:
 - Blind Welfare Supplementary Allowance
 - Community Employment Scheme
 - Farm Retirement Pensions
 - Fund for Students with Disabilities
 - Job Bridge
 - Job Initiative Scheme
 - Mobility Allowance
 - social welfare payments received from another country
 - Vocational Training Opportunities Scheme (VTOS)
 - Youthreach Training Allowance.

Your income will be exempt from USC if it is less than:

- €13,000 in 2018, 2017 and 2016
- €12,012 in 2015
- €10,036 in 2014, 2013 and 2012.

Other income that is exempt from USC includes:

- income on which Deposit Interest Retention Tax (DIRT) has already been paid
- early childcare supplement
- some employer benefits, such as travel passes, Cycle to Work Scheme
- income qualifying for Childcare services relief
- income qualifying for Rent a room relief
- income from scholarships
- pre-retirement access to Additional Voluntary Contributions (AVCs).

You can find a full list of USC exemptions in section 12 of the [\[PDF\] USC manual](#).

Calculating your USC

If your income is greater than the exemption limit (€13,000 in 2018), you pay USC on your full income. A calculation of USC due is included in your End of Year Statement (P21). You can request this in [myAccount](#).

These examples show how USC is calculated by applying the USC rate bands to your income.

Example 1

Sadhbh, aged 45, who earns €50,000 in 2018 pays the following USC:

USC rate bands

Rate and band	Value
0.5% on the first €12,012:	€60.06
2% on the next €7,360:	€147.20
4.75% on the balance of €30,628:	€1,454.83
Total:	€1,622.09

Example 2

Donnchadh, aged 55, who earns €50,000 in 2018 and who has a full medical card, pays the following USC:

Reduced USC rate bands

Rate and band	Value
0.5% on the first €12,012:	€60.06
2% on the balance of €37,988:	€759.76
Total:	€819.82

Example 3

Cian, aged 75, who earns €65,000 in 2018 pays the following USC:

Over 70 reduced USC rate bands do not apply as income is over the €60,000 limit for 2018

Rate and band	Value
0.5% on the first €12,012:	€60.06
2% on the next €7,360:	€147.20
4.75% on the balance of €45,268:	€2,167.33
Total:	€2,374.59

Married couples and civil partners

The USC rates and thresholds apply to both you and your spouse or civil partner individually. They cannot be combined or transferred if one of you is below the thresholds and the other is above them.

Example

A couple where one person earns €25,000 and the other earns €90,000 in 2018 pay the following USC:

Person 1:

Calculation of USC on salary of €25,000

Detail	Value
0.5% on the first €12,012:	€60.06
2% on the next €7,360:	€147.20
4.75% on the balance of €5,628:	€267.33
Total:	€474.59

Person 2:

Calculation of USC on salary of €90,000

Detail	Value
0.5% on the first €12,012:	€60.06
2% on the next €7,360:	€147.20
4.75% on the next €50,672:	€2,406.92
8% on the balance of €19,956:	€1,596.48
Total:	€4,210.66

Maintenance payments to a spouse or civil partner

How maintenance payments are treated for USC purposes depends on whether they are voluntary or legally enforceable payments.

Voluntary maintenance payments

If the maintenance payments are voluntary (made under an informal arrangement), the person making the payments pays USC on the income they pay as maintenance.

The person who receives the payments are exempt from USC on them.

Legally enforceable maintenance payments

If the maintenance payments are legally enforceable payments, the person making the payments is exempt from USC on the income they pay as maintenance, either directly or indirectly to their spouses and civil partners. If the maintenance payment, or part of it, is towards the maintenance of children, there is no exemption from USC on this amount.

The person who receives the payments pays USC on the part they receive in respect of themselves. Any part they receive that is paid toward the maintenance of children is exempt from USC.

For separated couples who choose joint assessment, the person making the payments pays USC on the income they pay as maintenance. The person who receives the payments are exempt from USC on them.

Claiming USC exemptions or refunds

If you want to claim a USC exemption throughout the year for legally enforceable maintenance payments, you must give the information needed to your Revenue office. We will then send your employer a letter giving the amount of salary that is exempt from USC.

You can also claim a refund of USC for legally enforceable maintenance payments at the end of the year by submitting an online Form 12 which is available in PAYE services in myAccount. Self-employed people can claim relief on their Form 11.

Redundancy payments

Statutory redundancy payments are exempt from USC. Statutory redundancy payments amount to two full weeks of pay per year of service plus a bonus week, subject to a maximum of €600 per week.

In addition, ex-gratia redundancy payments above the statutory redundancy amount are exempt from USC up to certain limits. The limits are €10,160 plus €765 per full year of service in excess of statutory redundancy. This basic exemption can be further increased by up to €10,000 (see paragraph 5.2 of ^[PDF] Tax and Duty Manual - Taxation Treatment of Termination Payments on Retirement or Removal from Office or Employment 05-05-19). There is a lifetime exemption limit of €200,000 on ex-gratia payments.

USC is payable on any redundancy payments above these limits, after any extra deduction for Standard Capital Superannuation Benefit (SCSB) is given.