

Oracle Human Resources Cloud

How do I configure permanent health insurance for Ireland?

FA Latest



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Contents

Get Help	i
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1 About Permanent Health Insurance (PHI)	1
About Permanent Health Insurance (PHI)	1
2 Elements, Balances, and Rates	3
Elements, Balances, and Rates	3
3 Create a Permanent Health Insurance Calculation Card	7
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1 About Permanent Health Insurance (PHI)

Employees and employers can contribute to permanent health insurance (PHI) to provide for an income in case they're unable to work because of sickness or accident.

There are some PHI schemes that are approved by Revenue. The taxation rules on contributions and payments differ based on whether it's a Revenue approved scheme or an unapproved scheme.

Here's a summary of approved and unapproved schemes:

Type	Approved	Unapproved
Employee	<ul style="list-style-type: none">Contributions qualify for PAYE relief but not PRSI or USC, for contributions up to 10% of the employees earnings for PHI.PHI payments are classified as class M PRSI. The PRSI calculations pays Class M PRSI and is a separate balance	<ul style="list-style-type: none">Contributions to an unapproved scheme don't qualify for any PAYE, PRSI, or USC relief. They're treated as voluntary deductions or post statutory deductions.PHI payments are subject to all statutory deductions of PRSI, PAYE, and USC.
Employer	<ul style="list-style-type: none">The sum of employee and employer contributions more than 10% of employee's earnings for PHI is treated as a benefit. This is added to Notional Pay subject to PRSI, PAYE and USC.All contributions made by the employer are subject to USC and will be added to the employee's USC pay. Employer contributions less than 10% will be subject to USC pay. Any amount over the 10% will be Notional pay that's subject to USC.	Contributions made by the employer are treated as a benefit and is part of Notional Pay that's subject to PRSI, PAYE, and USC.

Note: Employee and employer PHI contributions will continue even during payments of PHI, unless it's stopped the employer.

2 Elements, Balances, and Rates

Let's look at the applicable elements, rates and balances for PHI.

Elements

The elements are automatically created by the main PHI component.

You need to create the element eligibility for these elements, as required. Here's a summary of elements that are created.

Element	Classification	Details
PHI Main Processor	Information	Automatically created by the main PHI component.
PHI Employee Pre-Statutory Processor	Information	Automatically created by PHI calculation card for an approved scheme.
PHI Employee Pre-Statutory Calculator	Information	Automatically created by PHI calculation card for an approved scheme.
PHI Employee Voluntary Deduction Calculator	Information	Automatically created by PHI calculation card for an approved scheme.
PHI Employer Information Processor	Information	Automatically created by PHI calculation card
PHI Employer Information Calculator	Information	Automatically created by PHI calculation card.
PHI Approved Employee Presatutory Deductions	Prestatutory Deductions	Created by PHI calculation card. The element entries are created using the PHI component data. This is the employee deduction element for prestatutory deduction.
PHI Approved Employee Voluntary Deductions	Voluntary Deductions	Created by PHI calculation card. The element entries are created using the PHI component data. This is the employee deduction element for voluntary deductions.
PHI Approved Employer USC Information	Information	Automatically created by the fast formula during payroll process.
PHI Approved Employer Notional Pay	Taxable Benefits	Automatically created by the fast formula during payroll process for all employer contributions above 10% of earnings.
PHI Unapproved Employee Voluntary Deductions	Voluntary Deductions	Automatically created by the fast formula during payroll process for employee contributions.

Element	Classification	Details
PHI Unapproved Employer Notional Pay	Taxable Benefits	Automatically created by the fast formula during payroll process for employer contributions.

Here's the element subclassifications for PHI that's used by default. You need to remove the classification if an earnings element isn't counted for PHI earnings.

Primary Classification	Subclassification	Usage
Standard Earnings	Standard Earnings Employee Income for PHI	<ul style="list-style-type: none"> Earnings for PHI 10% check All elements created will be deemed as PHI earnings, by default.
Supplemental Earnings	Supplemental Earnings Employee Income for PHI	<ul style="list-style-type: none"> Supplemental Earnings for PHI 10% check All elements created will be deemed as PHI earnings, by default.

To set up payment elements for PHI, you need to create earnings elements for approved and unapproved schemes. Here are important points to consider.

- Create the element for the primary classification of Standard Earnings or Supplemental Earnings.
- If you're creating the element for an approved scheme, ensure that you remove these inherited subclassifications and set the element to be processed for PRSI Class M:
 - Standard Earnings Employee Income for PHI
 - Pay for Employee PRSI
 - Pay for Employer PRSI
- If you're creating the payment element for an approved scheme, remove these subclassifications and set the element to be processed for PRSI Class M:
 - Standard Earnings Employee Income for PHI. Use instructions from PHI scheme provider to identify the statutory liability.
 - Remove subclassification for Subject to PAYE or PRSI or USC, if required.

Note: PHI payments from approved schemes aren't subject to PSRI. PHI payments from both approved and unapproved schemes aren't considered toward earnings for PHI.

Balances

Here's a summary of balance feeds and balances that's used:

Balance Name	Feed
Notional Pay subject to PAYE	<ul style="list-style-type: none"> Approved PHI Employer contributions >10% of earnings

Balance Name	Feed
	<ul style="list-style-type: none"> Unapproved PHI Employer contributions
Notional Pay subject to PRSI	<ul style="list-style-type: none"> Approved PHI Employer contributions >10% of earnings Unapproved PHI Employer contributions
Notional Pay subject to USC	<ul style="list-style-type: none"> Approved PHI Employer contributions >10% of earnings Unapproved PHI Employer contributions
USC Pay	<ul style="list-style-type: none"> Approved PHI scheme contributions
Net Pay	<ul style="list-style-type: none"> Approved PHI Employee Pre-statutory deductions Approved PHI Employee Voluntary Deductions Unapproved PHI Employee Voluntary Deductions
Net	<ul style="list-style-type: none"> Approved PHI Employee Pre-statutory deductions Approved PHI Employee Voluntary Deductions Unapproved PHI Employee Voluntary Deductions
Gross Taxable	<ul style="list-style-type: none"> Approved PHI Employee Pre-statutory deductions
Notional Pay subject to PAYE	<ul style="list-style-type: none"> Approved PHI Employer contributions >10% of earnings Unapproved PHI Employer contributions
Notional Pay subject to PRSI	<ul style="list-style-type: none"> Approved PHI Employer contributions >10% of earnings Unapproved PHI Employer contributions
Notional Pay subject to USC	<ul style="list-style-type: none"> Approved PHI Employer contributions >10% of earnings Unapproved PHI Employer contributions
USC Pay	<ul style="list-style-type: none"> Approved PHI scheme contributions

Rates

The PHI Exempt Rate is prescribed by Revenue and set to 10%. This is applied to the earnings for PHI to check if the calculated contributions amount to a value above 10%. This is used to identify the contribution amounts that would be split as prestatutory and voluntary deductions.

You can update this as required if there are changes to the legislative requirements.

3 Create a Permanent Health Insurance Calculation Card

You need to create a calculation card for an employee to record the PHI scheme contributions for employees, if required.

Before you start

Complete these tasks before you create a statutory deductions card manually.

1. Complete the new hire process for the employee.
2. Ensure that the employee has a payroll relationship and assigned to a payroll.

Create or Manage the Calculation Card

My Client Groups > Person Management

1. Search for and select the employee.
2. Go to Calculation Cards.
3. Search for Permanent Health Insurance calculation card and create one for the employee.
4. Add the Permanent Health Insurance Information calculation component. You need to add this first because this is the parent component that contains the calculation breakdown ID referencing the employment ID and used as a context for the scheme. If an employee has multiple employments with PHI scheme contributions, you need to create a PHI Information component for each employment ID. Ensure that you've added a unique reference that identifies each scheme.
5. Add the Permanent Health Insurance Scheme calculation component. You can have multiple calculation components for schemes.
6. Enter the required fields:

Field	Description
Scheme Enrollment Date	Date on which the employee enrolled for the scheme.
Revenue Approved Scheme	Select the checkbox to indicate if it's an approved scheme.
Employee contribution percentage	Enter a percentage.
Employer contribution percentage	Enter a percentage.
Employee contribution flat amount	Enter an amount.
Employer contribution flat amount	Enter an amount.

Field	Description

Note: You can use either percentages for employer and employee contributions or enter the amounts for employer and employee. You can't enter a combination of both.

7. Save and submit your changes and run payroll.

Results:

Permanent Health Contributions are reported on the payslip and statement of earnings. If there are multiple PHI schemes for an employee, you can use a combination of approved and unapproved schemes although there's no check on the combined contributions. Each scheme is processed independently with no relation to any other PHI scheme component.