

Ireland

1. Government requirements

Registration requirements

Employer registration with the Irish Revenue Commissioners

Any employer who makes payments exceeding EUR8 per week for a fulltime employee, or EUR2 per week for an employee with other employment, must register for Pay-As-You-Earn (PAYE) purposes with the Irish Revenue Commissioners. An employer is also required to notify Revenue of their name and address and of the fact that they are making such payments within a period of nine days after the date of commencement of payment to employees. A company must register as an employer and operate PAYE on the income of directors even if there are no other employees. If you are a director of an Irish incorporated company, you must pay tax (PAYE) on your income as a director. This is the case regardless of residency status of where the work duties are performed. You do not need to register as an employer if you have a domestic employee and you:

- Pay them less than EUR40 per week
- Have only one such employee

To register for PAYE or Pay Related Social Insurance (PRSI) the paper-based methods are as follows:

- Form TR1 must be completed for an individual, sole trader, or partnership
- Form TR1 (FT) must be completed for a non-resident individual, sole trader or partnership
- Form TR2 must be completed for a company;
- Form TR2 (FT) must be completed for non-resident traders
- Form PREM Reg must be completed by employers that are already registered for income tax or Corporation tax.

The payroll registration should be in place before the first employee commences.

Hiring an Employee

Someone who has never worked in the state before

When an employee commences employment for the first time, they should register for "myAccount" on the ROS website, then register their new job by clicking on the "Jobs and Pensions" section in "myAccount". A Tax Credit Certificate will then be made available to their new employer to allow the employer to make the correct tax deductions from the employee's pay.

Someone who has worked in the state before

If the employee has already worked in Ireland, then their previous employer will notify Revenue that the employee has left by including their leave date on the final payroll submission. The new employer will notify Revenue that the employee has commenced working with them through their payroll process. The employee can however also follow the same steps as a first-time worker and register their new job on the "Jobs and Pensions" section in "myAccount".

Ongoing compliance requirements

Income tax and employer's PAYE

Employees are taxed through payroll in Ireland. The most common form of income tax is PAYE deducted by employers from employee's pay. The amount per employee is determined by Revenue who provide a certificate of tax rates and cut-off points. PAYE, PRSI and Universal Social

Charge (USC) are deducted from the employee's earnings. The amount deducted will vary between each individual as earnings and personal circumstances will dictate the amount being deducted.

PAYE

PAYE is calculated at 20% and 40% of earnings depending on earnings throughout the year. Personal circumstances will determine how much tax will be paid.

Pay Related Social Insurance (PRSI)

PRSI rates have a number of different classes and the amount of PRSI to be paid will be determined by which PRSI class an employee is assigned to. The most common class is Class A, which means the employee will pay 4% and the employer will pay 11.05% of earnings.

Universal Social Charges (USC)

The amount of USC deducted from an employee will also be determined by the employee's earnings and the employee's personal circumstances. The rates vary between 0.5% and 8%.

Revenue Payroll Notification (RPN)

The RPN provides the employer with the necessary information to deduct from their employees the correct income tax (PAYE), Universal Social Charge (USC) and Local Property Tax (LPT). It shows tax credits, PAYE and USC cut-off points, any previous pay, tax and USC deducted from 1 January (unless the certificate is on a week one or month one basis), PAYE and USC exemptions, the amount of LPT to be deducted (if applicable). The employer's payroll software will retrieve the relevant RPNs from Revenue as part of the normal payroll process. If the employer does not use a payroll package, they can request the RPN through ROS. An employer must always use the most up to date RPNs when calculating employees' pay and deductions. If an employer is unable to retrieve an RPN, they must operate the emergency tax basis on their employee's pay.

Payroll submissions

On or before an employer makes a payment to their employees, they must report the payroll information to the Irish Revenue Commissioners. Each payroll submission must include the amount of pay, payment date and amount of income tax, USC, PRSI and Local Property Tax deducted for each employee. Revenue will issue the employer with a monthly statement based on their submissions. This will be issued by the fifth day of the following month and will show a summary of the total liability. Once the monthly statement is available, the employer has the option to view the statement, accept the statement, and/or amend the payroll submission (if errors are identified). If the employer takes no action, then the statement is automatically deemed as their return by the 14th of the following month. The employer can pay the liability on the Revenue website, through ROS. The liability must be paid by the 23rd of the following month for ROS users or by the 14th of the following month for employers not using ROS.

2. Pension requirements

Registration requirements

A pension scheme is a method of saving for retirement and is considered a long-term investment. There are three main types of pension schemes available:

- Company pension schemes (occupational pension scheme)
- Personal retirement savings accounts (PRSAs)
- Personal pension plans (retirement annuity contracts)

A pension scheme, regardless of the type, must receive Revenue approval in order to qualify for the various tax benefits associated with pensions such as tax relief on pension contributions or a tax-free lump sum on retirement. In addition, an occupational pension scheme and a PRSA must be approved by the Pensions Authority. A company pension scheme, also known as a superannuation scheme or an occupational pension scheme, is a pension scheme set up by an employer on behalf of employees. Currently, an employer is not obliged to set up a company pension scheme for their employees. Where one is provided, contributions may be made by both the employer and the employee. The level of contributions depends on the particular scheme and is usually stated in the employee's terms of employment. A company pension scheme can be a defined benefit scheme, a defined contribution scheme or a hybrid scheme.

Employees may wish to make additional contributions to the pension scheme over and above the normal regular amount required by the rules of the pension scheme, and which are outlined in the employee's terms of employment. The mechanism for making such contributions is by way of additional voluntary contributions (AVCs).

Employers, regardless of the size of the workforce, who do not provide a company pension scheme for their employees, or where some employees are excluded from the company scheme, are obliged to enter into a contract with a PRSA provider to provide access for such excluded employees to at least one standard PRSA.

Where an employee makes contributions, including AVCs to the employer's pension scheme or PRSA, the employer is only permitted to allow tax relief up to the maximum age-related limits. Any contributions in excess of the age-related limit should be deducted from the employee's net pay as this does not qualify for tax relief. This generally only happens where an employee makes AVC contributions to the pension scheme. However, tax relief for any excess contributions, while not allowable in the year in which they are paid, are not lost. The employee can approach Revenue after the year end to claim relief for any excess contributions to be carried forward to a future year.

Ongoing compliance requirements

If the company decides to provide a pension scheme for employees, it will be collected or deducted through the employee's payroll. The company needs to agree with the employee and also the pension provider the percentage of contributions. The employee and employer contributions will be paid over to the pension provider. Regardless of the type of pension scheme, employers must pay over the contributions to the administrator of the scheme by the 21st of the month after the month in which they were deducted. Employers must notify employees in writing, at least once per month, of the total amount deducted from the employee's salary and the amount of the employer contribution, if any, paid to the pension trustees in the preceding month.

3. Employment obligations

Contracts and terms of employment

Anyone who works for an employer for a regular wage or salary automatically has a contract of employment. Although the complete contract does not have to be in writing, an employee must be given a written statement of terms of employment.

An employee must receive a written statement of five core terms within five days of starting work, as set out in the Employment (Miscellaneous Provisions) Act 2018. This Act applies since 4 March 2019. Employers face serious penalties if they do not comply. The core terms that must be provided are:

1. The full names of the employer and employee

2. The address of the employer
3. The expected duration of the contract (where the contract is temporary or fixed term)
4. The rate or method of calculating pay and the pay reference period for the purposes of the National Minimum Wage Act 2000 (for example, a week, a fortnight or a month)
5. What the employer reasonably expects the normal length of your working day and week to be, in a normal working day and in a normal working week

An employee must receive a written statement of the remaining terms of employment within two months of starting work, in accordance with the Terms of Employment (Information) Acts 1994–2014. However, this requirement does not apply if you have been employed for less than a month. This must include:

1. The place of work
2. The title of the job or the nature of the work
3. The date the employment started
4. Pay intervals (for example, weekly or monthly)
5. Any terms or conditions relating to hours of work (including overtime)
6. Paid leave (other than sick leave), including annual leave and public holiday entitlement
7. Sick pay
8. Pension and pension schemes
9. Period of notice to be given by employer or employee
10. Details of any collective agreements that may affect your terms of employment

The statement of terms must indicate the reference period that your employer uses to calculate your entitlements under the National Minimum Wage Act 2000. (Under that Act, your employer may calculate your minimum wage entitlement over a reference period of between a minimum of one week and a maximum of one month).

The employer must sign and date the statement of terms, but there is no requirement for the employee to sign it. The employer must keep a copy during the period of your employment and for at least a year after it ends.

Changes to the contract of employment can occur due to a change in the law, but otherwise, changes must be agreed between the employer and employee.

Rates of pay

Since 1 January 2021, the national minimum wage is EUR10.20 per hour. Wage rates are solely based on age.

- Aged 20+: EUR10.20
- Aged 19: EUR9.18
- aged 18: EUR8.16
- Aged under 18: EUR7.14

Hours of work, breaks and rest periods

Employers are responsible for ensuring that employees are given adequate rest. The Organization of Working Time Act 1997 sets the rules governing maximum working hours (the maximum average working week for many employees cannot exceed 48 hours), daily and weekly rest breaks. The general rule on breaks is that employees are entitled to 15 minutes after a four-and-a-half-hour work period. If the employee works more than 6 hours, they are entitled to 30 minutes, which can include the first 15-minute break. Special rules apply to shop employees who work more than six hours and whose hours of work include the period 11.30 a.m. – 2.30 p.m. These employees are entitled to a one-hour consecutive break which must occur between 11.30 a.m. – 2.30 p.m.

Employees are entitled to 11 consecutive hours of rest in any period of 24 hours. In addition, employees should get 24 consecutive hours of rest in any period of 7 days, and this should normally follow on from one of the 11-hour rest periods already mentioned. As an alternative, your employer can give you two 24-hour rest periods in a week if it follows a week, in which you did not get any 24-hour rest periods. Unless your contract states otherwise, the 24-hour rest period above should include a Sunday.

The working hours of young people under the age of 18 are regulated by the Protection of Young Persons (Employment) Act 1996.

The provisions of the Organisation of Working Time Act 1997 on breaks and rest periods do not apply to:

- The Gardaí
- Defence Forces
- Employees who control their own working hours
- Family employees on farms or in private homes

In the following situations employers can be exempted from providing rest periods:

- Exceptional circumstances: for example, if it is not possible to provide rest periods due to exceptional circumstances or an emergency
- Collective agreement: rest periods can be changed if there is a collective agreement to vary them. These changes must be approved by the Labour Court or if there is an Employment Regulation Order or Registered Employment Agreement
- Shift work: in certain circumstances, for example, people working split shifts or changing shifts

These exemptions are allowed provided the employee is given equivalent compensatory rest. This means that if a rest period is postponed, the employee must be allowed to take it within a reasonable period of time. The Workplace Relations Commission has a Code of Practice on Compensatory Rest Periods. However, the regulations governing those employed in transport activities (SI 20/1998) and in certain categories of civil protection services (SI 52/1998) exempt them from the provisions on statutory rest breaks and periods but do not require them to have equivalent compensatory rest.

There are special regulations governing working time of fishermen (S.I. No. 441/2020).

Leave

An employee's entitlement to annual leave or holidays from work is set out in legislation and in the contract of employment. Legislation gives various entitlements to leave from work. These include annual leave, public holidays, maternity leave, paternity leave, adoptive leave, carer's leave, parental leave and other types of leave from work. It is also important to note that the periods of leave provided for by legislation are the minimum entitlements only, the employee and employer may agree to additional entitlements. In the case of agency employees, the party who pays the wages (employment agency or client company) is the employer for the purposes of the Organisation of Working Time Act 1997 and is responsible for providing the entitlement.

The Act provides for a basic annual paid leave entitlement of four weeks, although an employee's contract could give greater rights. Part-time workers' entitlement is generally calculated as 8% of the hours worked, subject to a maximum of four working weeks per leave year.

It is for the employee and employer to decide when annual leave may be taken, but this is subject to a number of conditions. The employer must take into account the employees' family responsibilities, opportunities for rest and recreation that are available to them and to consult with the employee (or their union) at least one month before the leave is to be taken. In addition, annual

leave should be taken within the appropriate leave year or with the employees' consent, within six months of the relevant leave year. Further holding over (also known as carryover) of annual leave at an employee's wish is a matter for agreement between the employee and employer.

Pay in respect of annual leave is paid in advance at the normal weekly rate. If the pay varies because, for example, of commission or bonus payments, the pay for holidays is the average of your pay over the 13 weeks before you take holidays.

Failure to pay all or part of the wages due to an employee is considered an unlawful deduction and a complaint can be made under the Payment of Wages Act.

Deductions

The Payment of Wages Act 1991 refers to situations where deductions are made from pay or the employee needs to make a payment to the employer.

- The following deductions from your pay by your employer are allowed when:
- They are required by law, for example, PAYE, USC PRSI
- They are provided for in the contract of employment, for example occupational pension contributions
- They are made with the employee's written consent, for example, trade union subscriptions
- They are to recover an overpayment of wages or expenses
- They are required by a court order, for example, an attachment of earnings order in a family law case
- They arise because you are on strike

If your employer suffers loss because something is the fault of an employee, for example breakages or till shortages deductions from the pay may be allowed. Deductions may also be allowed if the employer supplies a service as part of the job, for example, a uniform. In these cases a deduction (or payment by the employee) is only allowed if:

- It is allowed for in the contract
- It is fair and reasonable
- It is fair and reasonable · The employee has received a written notice of the deduction - a full week's notice if the deduction arises from an employee's mistake
- The amount of the deduction does not exceed the loss or cost of the service
- The deduction takes place within six months of the loss or cost occurring

4. Payroll requirements

Payslips

The Payment of Wages Act, 1991, gives all employees a right to a payslip, which will show the gross wage and details of all deductions. A payslip is essentially a statement in writing from the employer to the employee that outlines the total pay before tax and all details of any deductions. It can be provided either in electronic format or in hard copy.

5. Banking requirements related to payroll

Payroll payments can be made by one or a combination of:

- Check or bank draft drawn on any of the commercial banks or a Trustee Savings Bank
- A payable order issued by a Minister of the Government or a public authority
- A postal order, money order, paying order or warrant issued by, or drawn on, An Post
- A credit transfer to an account specified by an employee

➤ Cash