

# Ireland Knowledgebase

## Payroll, compensation and benefits

### Salary structure

Since 1 January 2024, the national minimum wage is €12.70 per hour.

As of January 1, 2025, Ireland's national minimum wage is €13.50 per hour for workers aged 20 and above.

### Mandatory allowances

**PRSA Facility:** All employers in Ireland are required to provide access to a Personal Retirement Savings account (PRSA) for excluded employees. Excluded employees are those who have not been offered membership in an occupational pension scheme within six months of starting their employment. While employers are not obligated to contribute to the PRSA, they must facilitate the arrangement for any staff members wishing to contribute to their retirement and provide tax relief at source through payroll.

**Statutory sick pay scheme:** As of January 1, 2024, most employees in Ireland are entitled to 5 days of sick pay annually, an increase from 3 days in 2023. Employers must pay sick pay at a rate of 70% of the employee's normal pay, up to a maximum of €110 per day. The entitlement will increase to 7 days in 2025 and 10 days in 2026.

### Other types of monetary benefits

Wellness allowance ranging from 40 to 80 EUR per month

Health allowance approximately 200 EUR monthly

Life insurance allowance monthly 50 to 100 EUR

Private pension employer contribution of 5% to 10% of salary

### Total Employment Cost (TEC)

Social Security (PRSI) Contributions 8.80% – 11.05%

Note: The rate is reduced to 8.80% for earnings below the weekly threshold of €441.

**Total Employment Cost (TEC):** This includes the applicable PRSI contributions along with other employment-related expenses.

## Salary and wages

The monetary unit in Ireland is the Euro, often represented by the € symbol or abbreviated as EUR.

Currency payment guidelines for employees in Ireland. Irish law provides limited guidance on whether employers must pay employees in Euros, the local currency. Generally, employees prefer to be paid in Euros to avoid currency conversion costs. When it comes to salary payments, it is crucial for both the employer and the employee to agree on the currency in which the salary will be paid before signing any contracts; it is generally advisable to set the salary in the employee's preferred currency to ensure consistent payment amounts.

Ceiling fee for contributions:

Social Security PRSI rate is 4.00%

Universal Social Charge (USC)

|                 |                      |
|-----------------|----------------------|
| 0 - 12,012      | EUR: 2.00%           |
| 12,012 - 25,760 | EUR: 4.00%           |
| 25,760 - 70,044 | EUR and above: 8.00% |

In Ireland, the typical working week runs from Monday to Friday, with a maximum average of 48 hours allowed over a four-month period. Employees are entitled to 24 consecutive hours of rest within any seven-day period.

The 13th-month pay is not compulsory in Ireland, meaning employers are not required to provide this additional salary.

Salaries are typically paid during the last week of each month, aligning with common payroll practices. This structure helps maintain clarity and consistency in compensation for employees throughout their employment.

## Allowances and deductions

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Private pension system: There is no legal obligation on an employer to set up or contribute to a pension scheme however, If you are employed, you may be covered by an employer-sponsored occupational pension scheme or a relevant public sector scheme.

If you are not covered by these options or are self-employed, you may consider setting up your own Personal Retirement Savings Account (PRSA) or Retirement Annuity Contract (RAC).

## Bonus and incentives

Any bonus payment is at the sole discretion of the employer and will depend on the performance of the business and the performance of the individual employee. Performance bonus is not mandatory. Ireland does not mandate employers to provide bonus payments to employees. All bonuses are considered taxable income.

## Employer contributions

In Ireland, both employers and employees contribute to Pay-Related Social Insurance (PRSI), which funds social insurance benefits such as pensions, unemployment benefits, and maternity leave. Employers typically pay 11.05% of gross earnings for Class A PRSI, while employees contribute 4%. These contributions are reported through the PAYE (Pay As You Earn) system and must be submitted on time to ensure compliance with labour laws. PRSI plays a crucial role in providing financial support to individuals during retirement and periods of unemployment.

## Benefits packages

Ireland has both a public and a private health system. All Irish residents can access public health services, typically at no cost. However, it is common for employers to offer additional private health coverage, which provides shorter wait times and access to more specialized care.

Employers in Ireland may offer occupational pensions to their employees, but there is no legal requirement to do so. Larger companies often provide supplemental pension schemes for their workforce, while smaller employers typically do not. The Pensions Authority regulates these pension schemes, each of which has its own specific rules.

## Other possible employee benefits

Annual leave - a basic annual paid leave entitlement of four weeks (20 working days), although an employee's contract may offer a greater amount. For part-time workers, the

# Native Teams

entitlement is calculated at 8.00% of the hours worked, with a maximum of four working weeks per leave year.

Sick days - the law in Ireland mandates the right for workers to receive 5 days of sick pay per year from the first day of sickness, providing a medical certificate is presented by the 4th day of sickness

Maternity leave - Mothers are entitled to 26 weeks (156 days) of maternity leave and can take an additional 16 weeks of unpaid leave, starting immediately after maternity leave ends. They must take at least two weeks before the expected birth and a minimum of four weeks afterward. Paid leave entitlement depends on the worker's social insurance contributions (PRSI), as employers are not required to provide payment during this period.

Parent's leave - Parent's leave entitles each parent to 9 weeks of leave (for children born on or after August 1st, 2024) during the first two years of a child's life, including in cases of adoption. The leave duration remains the same for multiple births, such as twins. Parent's Leave Benefit is provided by the authorities, contingent on the employee meeting the necessary PRSI contribution requirements. The benefit amounts to up to €274 per week and is administered by the Department of Social Protection, not the employer.

Bereavement leave - It is common for employees to be entitled to three days of paid leave in the event of the death of an immediate family member; however, this is typically a contractual agreement rather than a statutory entitlement.

Jury service leave - Employers are required to provide full-time, regularly employed staff with job-protected, unpaid leave for their duty as jurors or as witnesses, or if they are acting as a plaintiff or defendant in court. Employees must present a copy of the jury summons to their employer as proof of their obligation. The court will provide a specified payment, and the employer may choose to offer additional compensation.

## Unemployment insurance

Signing on - If you lose your job, are made redundant, laid off or if your working hours are reduced you may qualify for a social welfare payment, either Jobseeker's Allowance or Jobseeker's Benefit. When you apply for a jobseeker's payment you declare that you are available for work, fit for work, looking for work but can't find work.

To get Jobseeker's Benefit (JB) you must have enough social insurance (PRSI) contributions. JB rates are graduated according to earnings. If you are affected by this, it may be of greater benefit for you to claim Jobseeker's Allowance.

To get Jobseeker's Allowance (JA) you must pass a means test. A means test is when your income is calculated to see whether it falls below a certain level. If it falls below a certain level, you can get Jobseeker's Allowance.

Disability Allowance (DA) is a weekly allowance paid to people with a disability. You can get DA from 16 years of age. You can get Disability Allowance even if you are in school.

## Currency and payment considerations

### Currency requirements

In Ireland, there are two currencies you'll need depending on where you travel. The Euro is used in the Republic of Ireland & in Northern Ireland, pound sterling is the official currency.

Irish law doesn't offer much guidance on whether you're required to pay employees in Ireland in Euros (their local currency) or not. Nor laws for it as long as both parties agreed what currency they will use but local currency is advised to be used.

## Taxation and compliance

### Employee and employer tax obligations

Income tax is calculated based on your taxable earnings, which are the amounts you earn before deductions and tax credits. The process uses two primary rates: a standard rate of 20% and a higher rate of 40%. The 20% rate is applied to a portion of your income up to a specified cut-off point, while any income exceeding that point is taxed at the higher rate.

This system ensures that individuals with higher incomes contribute a larger percentage of tax. Understanding these income tax rates, bands, and their application to your earnings is crucial for accurate tax calculation and filing.

#### Employee income tax

##### Single or widowed, no children

20.00% - On income up to 40,000 EUR

40.00% - On income in excess of 40,000 EUR

##### Married couple, one household income:

20.00% - On income up to 49,000 EUR

40.00% - On income in excess of 49,000 EUR

##### Married couple, two household incomes

20.00% - On income up to 80,000 EUR

40.00% - On income in excess of 80,000 EUR

## Income tax for new joiners

Notify revenue as soon as you accept a job offer to avoid paying emergency tax. This applies even if the job is part-time or temporary.

Revenue will issue a Revenue Payroll Notification (RPN) to your new employer. The RPN informs your employer of the appropriate amounts of income tax and Universal Social Charge (USC) to deduct from your pay.

Employers are responsible for deducting the correct amount of tax, Pay-Related Social Insurance (PRSI) and Universal Social Charge from your employees' wages and remitting these to Revenue using the PAYE system. Employers will also pay employer's PRSI contributions.

These taxes include Pay As You Earn (PAYE), Pay Related Social Insurance (PRSI), and Universal Social Charge (USC).

Ireland operates a PAYE system, meaning employers are responsible for deducting income tax from their employees' paychecks and remitting it to the Revenue Commissioners.

Both employers and employees contribute to Pay Related Social Insurance (PRSI), which funds social insurance benefits such as pensions and unemployment support.

Universal Social Charge (USC) is a tax that funds social welfare programs, and employers also deduct this from employees' wages.

The amounts deducted depend on the employee's earnings and any allowances or credits they may claim.

## Payroll declarations and reporting

Employers must file and pay monthly returns for PAYE tax liabilities by the 23rd day of the following month if submitted online via ROS. For example, returns for January must be filed and paid by February 23 when done online.

Alternatively, you can complete a paper form, but in this case, you must file and pay the PAYE liability by the 14th of the month.

## Termination and severance

Usually employees get their Termination Payments on the date you're normally paid. For example, if you leave at the start of the month but are usually paid at the end of the month, you'll probably have to wait until then to get your final pay.

There is additional payment if it is redundancy, but not for final pay.

You can claim redundancy if you have been on lay-off or short-time working, or a combination of both, for either:

At least four consecutive weeks  
six weeks within the last 13 weeks

You may be entitled to a redundancy payment if you meet the eligibility criteria.

When claiming redundancy during a lay-off, you indicate that you believe your employer cannot offer you work. In this case, you wish to be released from your contract, receive your redundancy payment, and seek new employment. A lay-off does not terminate your contract of employment, while redundancy does.

Severance is payable only to employees who are made redundant and have at least 2 years of service. The entitlement is calculated at a rate of 2 weeks' pay for each year of service, plus an additional week's pay. Pay is capped at EUR 600 per week. More generous terms are not uncommon and may be offered.