

# Ireland Payroll & Tax Overview

A GUIDE TO DOING BUSINESS IN IRELAND 2019



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## 1.0 Key Country Facts and Public Holidays

### 1.1 Official Language

English

### 1.2 Currency

Euro

### 1.3 Country Dial code

The country dial code is +353

### 1.4 Country abbreviation

The country abbreviation is IE

### 1.5 Statutory Filing Payment Methods

Electronic

### 1.6 National Minimum wage

Experienced adult worker\* - €9.80 (2018 - €9.15) hourly rate, Aged under 18 - €6.86 (2018 - €6.41)

First year from date of first employment aged over 18 - €7.84, Second year from date of first employment aged over 18 - €8.82. An experienced adult is an employee who has an employment of any kind in any 2 years over the age of 18.

The current rates apply from 1<sup>st</sup> January 2019.

### 1.7 Filing Deadlines

P30 – Payroll Deductions and Employer’s Contributions - Monthly Filing (made to the revenue) –23<sup>rd</sup> of the following month & filed and paid through Revenue Online Service (ROS)

P35L – Annual Payroll Returns – 15<sup>th</sup> or 23<sup>rd</sup> February following the end of the calendar year if filed and paid through Revenue Online Service (ROS)

P60 - Year End Form (Employee) – to be issued to employees before 15<sup>th</sup> February

**Note** – from 1 January 2019 and the introduction of real time reporting, Forms P45, P46, P30, P35 & P60 will be abolished. The 2018 P35 filed in February 2019 is the last P35 to be filed. The 2018 P60 forms are the final P60s that should be provided to employees.

### 1.8 Fiscal year

1 January – 31 December

### 1.9 Time Zone

UK Greenwich Mean Time (GMT)

2018	2019	Holiday	Holiday Type
1 <sup>st</sup> January	1 <sup>st</sup> January	New Year’s Day	National Holiday
17 <sup>th</sup> March	17 <sup>th</sup> March	St Patrick’s Day	National Holiday
30 <sup>th</sup> March	19 <sup>th</sup> April	Good Friday	National Holiday
02 <sup>nd</sup> April	21 <sup>st</sup> April	Easter Monday	National Holiday
07 <sup>th</sup> May	6 <sup>st</sup> May	May Bank Holiday	National Holiday
04 <sup>th</sup> June	3 <sup>th</sup> June	June Bank Holiday	National Holiday
06 <sup>th</sup> August	5 <sup>th</sup> August	August Bank Holiday	National Holiday
29 <sup>th</sup> October	28 <sup>th</sup> October	October Holiday	National Holiday
25 <sup>th</sup> December	25 <sup>th</sup> December	Christmas Day	National Holiday
26 <sup>th</sup> December	26 <sup>th</sup> December	St Stephens Day	National Holiday

## **2.0 Business and Culture in Ireland**

### **2.1 Establishing as an Employer**

All incorporated companies must be registered with the Companies Registration Office (CRO). A form A1 must be completed and submitted along with a memorandum and articles of association.

### **2.2 Employment**

The maximum average working week for many employees cannot exceed 48 hours, not including rest or lunch breaks (normally averaged over a four-month reference period for most employees). Workers can work more than 48 hours per week as long as the average over the four-month period is less than 48 hours.

Working time and rest periods do not apply to all employees such as the Gardaí, Defence Forces or employees who control their own working hours.

### 3.0 Visas and Work Permits

#### 3.1 Visas

Non-residents of Ireland are classified into two primary groups: European nationals (EEA) and non-European nationals (Non-EEA). EEA nationals have the ability to seek work without requiring a work permit. Non-EEA nationals must apply and pay for a work permit or Green Card. The permit is initially granted for two years.

Foreign workers in Ireland must have a valid work permit if their salaries exceed a certain threshold and are subject to Irish taxation on both income earned in Ireland and abroad.

#### Short Stay Visas

- All applicants for a short stay ‘C’ visa (whether for a single entry or multiple entries) must show that they have sufficiently strong family, social or economic ties to a place of residence in a country other than Ireland to assure the visa officer assessing the application that the projected stay in Ireland will be temporary and in accordance with the duration and conditions of the permission granted by the immigration authorities on arrival in Ireland.
- Types of stay include:
  - Business
  - Conference or event
  - Tourist
  - Internship
- The maximum stay allowed under a short stay ‘C’ visa is 90 days.

#### Long Stay Visas

- Individuals wishing to travel to Ireland for more than 3 months, for example to pursue a course of study, for work or to settle permanently in Ireland with family members who are already resident in Ireland, then they can apply for a long stay ‘D’ visa for a single entry.
- If they are granted a long stay ‘D’ visa and wish to remain in the State for longer than 3 months, or beyond the period of leave granted to them by an Immigration Officer at an Irish port of entry they will be required to register and obtain a residence permit.

Visa	Category	Type	Duration
Short stay	C	Includes Business, Conference or event, Internship and Tourist	90 days
Long stay	D	Work, study or permanently settle	More than 3 months
Re-entry	N/A	Emergency travel situations	Expires 5 days after date of return
Transit	N/A	Purposes of passing through a port (airport, seaport) in order to travel to another state	Per visa
Multiple entry	N/A	Travel to Ireland on a number of occasions	Per visa

## 4.0 Tax and Social Security

### 4.1 Tax

- At the start of the tax year, the Revenue Commissioners will send a Notice of determination of tax credits and standard rate cut-off point to employees.
- Revenue will also send a summary of this certificate to employers
- A revised certificate will be issued if there are changes in circumstances e.g. maternity leave
- Tax is charged as a percentage of income
- The first part of income, up to a certain amount, is taxed at 20%
- The remainder of income is taxed at the higher rate of tax, 40%
- The amount earned before the employee starts to pay the higher rate of tax is known as the standard rate cut-off point

Filing status	2019 (EUR)	
	Tax at 20%	Tax at 40%
<b>Single</b>	Income up to 35,300	Balance of income over 35,300
<b>Married couple: one income</b>	Income up to 44,300	Balance of income over 44,300
<b>Married couple: two incomes</b>	Income up to 70,600	Balance of income over 70,600
<b>One parent/ widowed parent/ surviving civil partner</b>	Income up to 39,300	Balance of income over 39,300

## 4.2 Social Security

Employees that are in employment pay contributions to the Social Insurance Fund. The contribution employees pay depends on the level of income and the type of work and therefore it is called a Pay Related Social Insurance (PRSI) contribution. The amount of PRSI contributions required is determined by 11 different social insurance classes and job types - they are A, B, C, D, E, H, J, K, M, S and P.

The most common class is A and applies to people in industrial, commercial and service type employment. It is the responsibility of the employer to deduct the employee PRSI contribution directly from the salary. It is collected by the Revenue and a record of your contributions is kept by both your employer and the Department of Social Protection.

The Employer will need the employees Personal Public Service Number (PPSN) in order for the employer to make the PRSI contributions on an employee's behalf.

Each main PRSI class is divided into various subclasses and relates to the amount of PRSI which the employer or employer must pay.

The following changes have been made following the 2019 budget:

- The Class A threshold for charging the 10.75% rate of employer PRSI has increased from €376 to €386.
- The Class A employee PRSI rate of 4% remains unchanged for gross earnings between €352.01 and €424. The amount of the PRSI charged at 4% has been reduced by a new tapered weekly PRIScredit.
- The maximum weekly PRSI Credit of €12.00 applies at gross weekly earnings of €352.01. For gross weekly earnings over €352.01, the maximum weekly PRSI Credit of €12.00 is reduced by one-sixth of weekly earnings in excess of €352.01.
- There is no PRSI Credit once gross weekly earnings exceed €424.

### Universal Social Charge

- USC is payable on gross income, including notional pay, after any relief for certain capital allowances, but before pension contributions

2019	Rate
First €12,012	0.5%
Next €7,862	2%
Next €50,170	4.5%
Balance	8%

- There is a surcharge of 3% on individuals who have non-PAYE income that exceeds €100,000 in a year.
- Self-employed income in excess of €100,000 a year is subject to USC at 11%

### Payslips

All employees have a right to be supplied with a payslip which shows the gross wage and details of all deductions. Payslips can be provided in electronic format or in hard copy.

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## 5.0 Compliance

### 5.1 Employer Registration

There are a number of different regulations and obligations you need to consider when setting up a business in Ireland. Different regulations can apply depending on whether you may be employed or if you are someone who is coming from outside of Ireland to set up a business. Business start-ups can be registered as a sole trader, a partnership or a limited company. The type of structure depends on the type of business you are running and the risks you wish to take. Businesses are taxed based on the type of business. Companies that are incorporated are liable for corporation tax. Businesses that are not incorporated are required to pay tax under the self-assessment system.

**Sole trader:** Sole traders must be registered as a self-employed person with Revenue. Sole traders that wish to set up a new company name must register their business name with the Companies Registration Office (CRO).

**Limited company:** The Company must be registered with the CRO and the company reports and accounts must be submitted to the CRO annually. The legal name of the business must be registered with the CRO. Limited companies can file their company tax returns online with the CRO using CORE (Companies Online Registration Environment).

### 5.2 Starters/Registration

When an employee starts work with a new employer, employees need to give their P45 form to their new employer who will take certain details from the P45 and send it to the tax office. The employer notifies the tax office that the employee has changed jobs so that they can issue a tax credit certification for their new job.

### 5.3 Leavers/De-registration

Following implementation of real time information, the issuing of P45's & P46 forms are no longer required. Revenue Payroll Notifications (RFNs) are available in real time for new employees. When an employee leaves employment, is granted a career break or dies, employers must include the date of leaving on the final payroll submission.

### 5.4 Data Retention

In relation to HR records employers are required to keep records of holidays, public holidays, special leave, rest breaks, start and finish times of each employee for each day and sick leave for a period of 3 years.



## 6.0 Statutory Absence/Payments

### 6.1 Annual leave

An employee’s entitlement to annual leave holidays from work is set out in legislation and in the contract of employment. The legislation sets out the minimum entitlements only and additional entitlements can be granted between the employer and employee. The basic annual paid leave entitlement is 4 weeks. The leave years runs from April to March, however many employees use the calendar year (January to December) to calculate entitlement. An employee who has worked for at least 8 months is entitled to an unbroken period of 2 weeks' annual leave.

### 6.2 Maternity leave

The entitlement of basic period of maternity leave applies to all female employees regardless of length of service working for the organization or the number of hours worked per week. Employees are also entitled to additional unpaid maternity leave. All female employees in Ireland are entitled to take maternity leave for a basic period of 26 weeks. At least two weeks must be taken before the end of the week of the baby’s expected birth date and at least four weeks taken after. Employees entitled to maternity leave can also gain an additional 16 weeks unpaid maternity leave.

### 6.3 Paternal leave

Employers are not obliged to grant male employees paternity leave (either paid or unpaid) following the birth of their child. Typically, employees must apply for leave in writing before the birth or adoption of a child. However male employees are entitled to parental leave. Parental leave entitles both parents who qualify, to take up to 18 weeks’ unpaid leave from employment who have children up to the age of 8 years. Parents are not entitled to pay or social benefits during parental leave.

### 6.4 Sickness

In general, an employee does not have the right under employment law to be paid while on sick leave. It is down to the decision of the employer to decide their policy on sick pay and sick leave, subject to the employee’s contract or terms of employment. If an employee is entitled to sick pay, the employer may require the employee to sign over any Illness Benefit payment from the Department of Social Protection to your employer for as long as the sick pay continues. Typically, the Employee’s contract of employment will define the maximum period of sick pay entitlement in a stated period, for example, one month's sick pay in any 12-month period.

### 6.5 Benefits

#### Personal Pensions

Personal pensions in Ireland are those that are organized individually by self-employed people or employed people who do not have an occupational pension scheme. The rules governing personal pensions have changed very considerably in recent years. Personal pensions are not subject to the regulation of the Pensions Authority. Instead, personal pensions are subject to tax law and financial services legislation (including the general law on insurance).

The maximum pension contributions, in any one year, for which an employee is entitled to tax relief, is related to age and is expressed as a percentage of an employee’s gross income. The maximum gross income figure for relief purposes is €115,000. The maximum tax relief employees receive as a % of their earnings is set out below.

Tax Relief by Age Bracket					
Under 30:	30 to 39:	40 to 49:	50 to 54:	55 to 59:	60 and over:
15%	20%	25%	30%	35%	40%

#### Occupational Pensions


Typically, large employers in Ireland have occupational schemes and many smaller employers do not. Each pension scheme has its own set of rules. Pension schemes nationally are generally regulated by the Pensions Authority. Contributions to approved occupational pension schemes may attract tax relief. Regulation for tax purposes is supervised by the Retirement Benefits District of the Revenue Commissioners.


There is no legal requirement for employers to provide occupational pension schemes for employees, however more employers are putting schemes in place and there is a favorable encouragement from the government as well.

## 7.0 In-country Payroll Providers



F&L is an essential resource for companies, providing advice when they expand across borders. We set ourselves apart from other firms by employing the best people in the industry and through the range of services we provide including tax


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