

# Ireland

## Payroll & Employment Law Guide

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**2026 Edition** · Last updated October 9, 2026

PRSI classes, USC, the My Future Fund auto-enrolment and how PAYE Modernisation works

## Overview —

# A reference for employing in Ireland

Any structure that employs staff in Ireland must be registered as a PAYE employer with Revenue before work begins. Company registration runs through the Companies Registration Office (CRO); most foreign investors choose the LTD form, which carries no minimum capital requirement. Employers who want to hire without forming a legal entity can use the EOR model or register directly as an employer.

|                                                                       |                                                                       |                                                          |                                                                      |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------|
| <b>1 Jan 26</b><br>PENSION AUTO-ENROLMENT (MY FUTURE FUND) START DATE | <b>No CBA</b><br>NO GENERAL SECTORAL COLLECTIVE-BARGAINING WAGE FLOOR | <b>€14.15</b><br>NATIONAL MINIMUM WAGE PER HOUR, AGE 20+ | <b>11.40%</b><br>PRSI CLASS A EMPLOYER UPPER-BAND RATE FROM OCT 2026 |
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## WHAT THIS GUIDE COVERS

|             |                                                  |                                                                                                                                                                                |
|-------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>I</b>    | <b>Setting Up and Doing Business</b>             | Any structure that employs staff in Ireland must be registered as a PAYE employer with Revenue before work begins.                                                             |
| <b>II</b>   | <b>Working Conditions and Leave Entitlements</b> | The framework for working time, rest and leave is the Organisation of Working Time Act 1997 (OWTA).                                                                            |
| <b>III</b>  | <b>Tax and Social Security</b>                   | Income tax is withheld at source under PAYE.                                                                                                                                   |
| <b>IV</b>   | <b>Payroll Operations</b>                        | Payroll runs in EUR; monthly payroll is the most common model in the private sector and payment is made by bank transfer.                                                      |
| <b>V</b>    | <b>Hiring and Termination</b>                    | For a new hire, the employer must already be registered as a PAYE employer before work starts and must collect a PPSN and request an RPN for each employee.                    |
| <b>VI</b>   | <b>Compensation and Benefits</b>                 | Ireland has no general or automatic annual pay increase obligation.                                                                                                            |
| <b>VII</b>  | <b>Visas and Work Permits</b>                    | Nationals of the EU, the EEA and Switzerland can work in Ireland without a work permit; they only need a PPSN.                                                                 |
| <b>VIII</b> | <b>Practical Notes and Common Pitfalls</b>       | Ireland's most defining structural feature is the absence of a general, binding sectoral collective-bargaining architecture, unlike Belgium, the Netherlands, France or Italy. |
| <b>IX</b>   | <b>Incentives and Employer Support Schemes</b>   | The standard employer PRSI burden from October 1, 2026 is 9.15% of gross pay (lower band) or 11.40% (upper band), with no ceiling.                                             |

## I —

# Setting Up and Doing Business

Any structure that employs staff in Ireland must be registered as a PAYE employer with Revenue before work begins. Company registration runs through the Companies Registration Office (CRO); most foreign investors choose the LTD form, which carries no minimum capital requirement. Employers who want to hire without forming a legal entity can use the EOR model or register directly as an employer.

## LEGAL FORMS AND REGISTRATION STEPS

| STRUCTURE OR STEP                | RULE OR AMOUNT                                      | NOTE                                     |
|----------------------------------|-----------------------------------------------------|------------------------------------------|
| <b>LTD</b>                       | No minimum capital, can be formed with one director | A separate company secretary is required |
| <b>DAC</b>                       | No minimum capital, at least 2 directors            | Membership capped at 149                 |
| <b>PLC</b>                       | At least EUR 25,000 capital, 25% paid               | At least 2 directors, at least 7 members |
| <b>Branch (EEA company)</b>      | Registered within 30 days of formation              | CRO Form F12                             |
| <b>Branch (non-EEA company)</b>  | Registered within 30 days of formation              | CRO Form F13                             |
| <b>Employer tax registration</b> | Required before the first wage payment              | Form TR2, Revenue eRegistration          |
| <b>B2G e-invoicing</b>           | Mandatory for public bodies since 2019              | EN 16931 standard, Peppol network        |
| <b>B2B e-invoicing</b>           | Not mandatory as of 2026                            | Receiving planned 2028, sending 2029     |

### Verify before payroll

Points to watch at the setup stage: Employer registration is mandatory even where only a director is paid; domestic employees earning under EUR 40 a week and genuine independent contractors fall outside this obligation. A branch is not a separate legal entity and binds the parent company directly; an annual return must reach the CRO within 30 days of the parent's financial statements being published each year. Irish law has no separate licensing regime for the EOR model.

## II

# Working Conditions and Leave Entitlements

The framework for working time, rest and leave is the Organisation of Working Time Act 1997 (OWTA). The maximum weekly working time is 48 hours and an employee cannot opt out of this limit; the opt-out mechanism available in the United Kingdom does not exist in Ireland. For overtime, OWTA sets no statutory premium rate at all — the rate depends on the individual contract.

## WORKING TIME, LEAVE AND SICK PAY

| ITEM                         | RULE                                          | NOTE                                         |
|------------------------------|-----------------------------------------------|----------------------------------------------|
| <b>Maximum weekly hours</b>  | 48 hours, averaged over 4 months              | No opt-out is possible                       |
| <b>Daily and weekly rest</b> | 11 hours daily, 24 consecutive hours weekly   | 35 hours of unbroken rest in total           |
| <b>Overtime premium</b>      | No statutory rate                             | Set by individual contract or an ERO         |
| <b>Annual leave</b>          | 4 weeks for full-time staff above 1,365 hours | The 8% method applies to part-time staff     |
| <b>Public holidays</b>       | 10 days in 2026                               | A weekend date triggers a substitute benefit |
| <b>Statutory sick leave</b>  | 5 days a year at 70% of pay                   | Daily cap EUR 110, does not carry over       |
| <b>Maternity leave</b>       | 26 weeks paid plus 16 weeks unpaid            | Maternity Benefit EUR 299 a week             |

### Verify before payroll

Easy to miss: Good Friday is not a public holiday. Force majeure leave (5 days in 36 months) and 5 days of paid domestic violence leave are separate categories. The plan to raise sick leave to 10 days in 2026 was postponed; it stayed at 5 days.

## III · TAX AND SOCIAL SECURITY

Income tax is withheld at source under PAYE. The employer receives a Revenue Payroll Notification (RPN) for each employee and withholds accordingly. USC is a separate tax with its own band structure. PRSI contributions depend on the employee's class; most private sector employees sit in Class A, and the rates rose on October 1, 2026.

## III

# Tax and Social Security

## INCOME TAX, USC AND PRSI RATES (2026)

| ITEM                                     | 2026 VALUE                                | NOTE                                       |
|------------------------------------------|-------------------------------------------|--------------------------------------------|
| <b>Income tax, standard band</b>         | EUR 0-44,000 at 20% for a single employee | Above that at 40%                          |
| <b>Tax credits</b>                       | Personal EUR 2,000 plus PAYE EUR 2,000    | EUR 4,000 a year total for a single worker |
| <b>USC bands</b>                         | EUR 0-12,012 at 0.5%; 12,012-28,700 at 2% | 28,700-70,044 at 3%; above that at 8%      |
| <b>PRSI Class A, employee</b>            | 4.35% from October 1, 2026                | Previous rate was 4.20%                    |
| <b>PRSI Class A, employer upper band</b> | 11.40% from October 1, 2026               | Uncapped, rising to 11.55% in 2027         |
| <b>National Minimum Wage</b>             | EUR 14.15 an hour above age 20            | In force from the start of 2026            |

### Verify before payroll

The structural change of 2026: PRSI Class A rates changed in two steps within the year; the change applies by payment date, not by the period worked. There is no ceiling on employer PRSI. USC carries no pension relief.

## IV · PAYROLL OPERATIONS

Payroll runs in EUR; monthly payroll is the most common model in the private sector and payment is made by bank transfer. Since 2019 real-time reporting has applied under PAYE Modernisation: the employer reports gross pay, deductions and start/leave data to Revenue on or before every payment date, and the P35/P45/P60 year-end forms have been abolished.

## IV —

# Payroll Operations

## PAYROLL REPORTING AND FILING OBLIGATIONS

| ITEM                                               | RULE                                              | NOTE                                            |
|----------------------------------------------------|---------------------------------------------------|-------------------------------------------------|
| <b>Payment</b>                                     | In EUR, no period mandated by law                 | Monthly is common in the private sector         |
| <b>Reporting</b>                                   | On or before every payment date                   | Filed to Revenue through one of three routes    |
| <b>RPN</b>                                         | A current notice must be pulled before every run  | Without it, emergency tax applies               |
| <b>Year-end forms</b>                              | P35/P45/P46/P60 abolished                         | Replaced by real-time payroll submissions       |
| <b>Payment and filing deadline, standard</b>       | 14 days from month end                            | Interest runs at 0.0274% a day                  |
| <b>Payment and filing deadline, ROS electronic</b> | 23 days from month end                            | Interest still runs from day 14                 |
| <b>Pay statement</b>                               | A written pay statement issued with every payment | Each deduction type and amount shown separately |
| <b>Record retention</b>                            | PAYE/USC records 6 years                          | Working time records 3 years                    |

### Verify before payroll

A common problem under PAYE Modernisation: Payroll run without an RPN falls into the emergency tax regime and leads to a significantly higher deduction for the employee in the first weeks — the employer cannot set the rate itself. A complaint about an incorrect or missing payment can be brought to the Workplace Relations Commission within 6 months; a ruling can order payment of up to twice the underpaid net amount. A small employer with combined annual PAYE, PRSI and USC under EUR 28,800 can opt for quarterly payment.

## V · HIRING AND TERMINATION

**F**or a new hire, the employer must already be registered as a PAYE employer before work starts and must collect a PPSN and request an RPN for each employee. The Terms of Employment (Information) Act 1994 requires two staged written notices: core terms within 5 working days of starting, and all remaining terms within 1 month. Probation is capped at 6 months and can be extended to 12 months in exceptional cases.

## V —

# Hiring and Termination

## PROBATION, NOTICE, TERMINATION AND SEVERANCE

| ITEM                                              | RULE                                               | NOTE                                             |
|---------------------------------------------------|----------------------------------------------------|--------------------------------------------------|
| <b>Probation period</b>                           | Capped at 6 months                                 | Can extend to 12 months in exceptional cases     |
| <b>Unfair dismissal protection</b>                | From 12 months of continuous service               | No service requirement for discrimination claims |
| <b>Notice period, 2 to 5 years' service</b>       | 2 weeks                                            | The Act does not apply under 13 weeks' service   |
| <b>Notice period, 15 years' service and above</b> | 8 weeks                                            | The employee must give at least 1 week in return |
| <b>Unfair dismissal award</b>                     | Up to 104 weeks' pay where financial loss is shown | Up to 4 weeks' pay where there is no loss        |
| <b>Statutory redundancy payment</b>               | 2 weeks' pay per year of service plus 1 bonus week | Weekly pay capped at EUR 600                     |
| <b>Fixed-term contract limit</b>                  | Total term cannot exceed 4 years                   | Automatically becomes indefinite if exceeded     |

### Verify before payroll

Termination risk: Ireland has no statutory or mandatory retirement age; a contract may set one if objectively justified. A worker with 10 years' service earning above the weekly cap receives  $(600 \times 2 \times 10) + 600 = \text{EUR } 12,600$  redundancy. The 4-year cap on fixed-term contracts is the rule most often breached.

## VI · COMPENSATION AND BENEFITS

Ireland has no general or automatic annual pay increase obligation. Outside the National Minimum Wage, pay is not indexed the way the French SMIC is. There is no statutory 13th month or Christmas bonus. The most critical change of 2026 is the My Future Fund pension auto-enrolment system, which started on January 1, 2026.

## VI —

# Compensation and Benefits

## MY FUTURE FUND AUTO-ENROLMENT CONTRIBUTION SCHEDULE

| ITEM                                         | RULE                                         | NOTE                                            |
|----------------------------------------------|----------------------------------------------|-------------------------------------------------|
| <b>Coverage</b>                              | Age 23 to 60, earning EUR 20,000+ a year     | Those without an existing employer pension plan |
| <b>Model</b>                                 | Opt-out, not opt-in                          | At least 6 months in the system is mandatory    |
| <b>Years 1 to 3 contribution (2026-2028)</b> | Employee 1.5% plus employer 1.5%             | State top-up 0.5%, total 3.5%                   |
| <b>Year 10 onward (2035+)</b>                | Employee 6.0% plus employer 6.0%             | State top-up 2.0%, total 14.0%                  |
| <b>Contribution ceiling</b>                  | Annual gross of EUR 80,000                   | No contribution is made above that              |
| <b>Small benefit exemption</b>               | 5 benefits a year, EUR 1,500 total           | Exempt from PAYE, USC and PRSI                  |
| <b>Benefit in kind taxation</b>              | Taxed as cash pay through PAYE, USC and PRSI | Company cars valued by CO2 band                 |
| <b>Health insurance</b>                      | No state obligation                          | A BIK where the employer pays the premium       |

### Verify before payroll

The payroll impact of My Future Fund: The system runs on an opt-out model, not opt-in — an eligible employee is enrolled automatically, can only opt out in months 7 and 8, and an employee who opts out is automatically re-enrolled after 2 years. Posted workers holding an A1/PDA1 certificate are classed under PRSI Class M and may fall outside the scheme — this relationship rests on a single advisory source and should be confirmed against the DSP's official guidance before publication.

## VII · VISAS AND WORK PERMITS

Nationals of the EU, the EEA and Switzerland can work in Ireland without a work permit; they only need a PPSN. The Common Travel Area (CTA) with the United Kingdom, in force since 1922, is entirely separate from EU free movement and was not affected by Brexit. Third country nationals need a work permit from the Department of Enterprise, Trade and Employment (DETE).

## VII —

# Visas and Work Permits

## PERMIT CATEGORIES AND THRESHOLDS (2026)

| SITUATION                                        | RULE                                        | NOTE                                               |
|--------------------------------------------------|---------------------------------------------|----------------------------------------------------|
| <b>EU, EEA or Swiss national</b>                 | No work permit required                     | A PPSN alone is sufficient                         |
| <b>United Kingdom national (CTA)</b>             | No permit required                          | Unaffected by Brexit                               |
| <b>Critical Skills Permit, listed occupation</b> | EUR 40,904 a year threshold                 | No labour market needs test                        |
| <b>Critical Skills Permit, other occupations</b> | EUR 68,911 a year threshold                 | Scope should be confirmed from the official source |
| <b>General Employment Permit, standard</b>       | EUR 36,605 a year plus 28 days' advertising | Labour market test is mandatory                    |
| <b>Application timing</b>                        | At least 12 weeks before the start date     | The job offer must run for at least 2 years        |
| <b>Posted worker (A1/PDA1)</b>                   | Applied for at least 4 weeks before posting | The certificate is valid for up to 24 months       |

### Verify before payroll

Items to confirm during the permit process: The Employment Permits Act 2024 removed the newspaper advertising requirement and replaced it with at least 28 days of online advertising on JobsIreland.ie/EURES. The exact scope of the EUR 68,911 Critical Skills threshold and the transition period to Stamp 4 (21 months or 2 years) are inconsistent across sources and should be confirmed from DETE's official page. An employer hiring a third country national should know that the decision period is 2 months and silence counts as an implicit refusal.

## VIII · PRACTICAL NOTES AND COMMON PITFALLS

Ireland's most defining structural feature is the absence of a general, binding sectoral collective-bargaining architecture, unlike Belgium, the Netherlands, France or Italy.

The Employment Regulation Order (ERO) mechanism sets sectoral minimum pay only in limited sectors such as security services and contract cleaning; outside those sectors, pay is set by statute and the individual contract.

## VIII —

# Practical Notes and Common Pitfalls

## THRESHOLDS, REPORTING AND OVERSIGHT

| ITEM                                   | STATUS                                    | NOTE                                                        |
|----------------------------------------|-------------------------------------------|-------------------------------------------------------------|
| <b>Collective bargaining floor</b>     | No CAO/CCNL equivalent applies generally  | Only relevant in ERO/SEO sectors                            |
| <b>Gender pay gap report</b>           | Mandatory at 50 employees and above       | Threshold fell from 250 in 2022 to 50 in 2025               |
| <b>Fixed-term contract risk</b>        | The 4-year cap is the most neglected rule | Can be breached without the employer noticing               |
| <b>Works council equivalent</b>        | No mandatory co-determination body exists | Consultation arises only for TUPE and collective redundancy |
| <b>Transfer of undertakings (TUPE)</b> | All staff transfer on existing terms      | The transfer alone is not grounds for dismissal             |
| <b>Disabled employment quota</b>       | No statutory quota in the private sector  | A 3% target applies in the public sector                    |

### Verify before payroll

Where audits find differences: the advice to check your applicable collective agreement generally does not apply in Ireland; ERO/SEO checks only matter in construction, security and contract cleaning. The EU Pay Transparency Directive transposition timeline has not yet settled.

## IX · INCENTIVES AND EMPLOYER SUPPORT SCHEMES

The standard employer PRSI burden from October 1, 2026 is 9.15% of gross pay (lower band) or 11.40% (upper band), with no ceiling. There is no system in Ireland that directly mirrors Turkey's SGK incentive catalogue of youth, women and disability hiring contribution reliefs and regional incentives; support here takes the form of targeted cash grants and training subsidies rather than a general PRSI reduction.

## IX —

# Incentives and Employer Support Schemes

## EMPLOYMENT AND TRAINING SUPPORT SCHEMES

| SCHEME                                   | SCOPE                                                                   | NOTE                                                      |
|------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------|
| <b>JobsPlus</b>                          | Cash payment to an employer hiring an unemployed person, over 18 months | EUR 7,500 standard, EUR 10,000 for long-term unemployment |
| <b>Apprenticeship Employer Grant</b>     | EUR 2,000 a year for training an apprentice                             | Paid in two equal instalments in June and December        |
| <b>Gender balance bursary</b>            | Extra support for an apprentice of the minority gender                  | EUR 2,666 per apprentice                                  |
| <b>National Training Fund / Skillnet</b> | 1% of employer Class A pay                                              | Converts into sectoral training subsidies                 |
| <b>Short Time Work Support</b>           | For full-time staff moved to a shortened working week                   | A Jobseeker's Benefit type, a standing scheme             |
| <b>IDA/Enterprise Ireland grant</b>      | Cash grant tied to hiring numbers                                       | Project based, no standard rate is published              |
| <b>EWSS wage subsidy</b>                 | The COVID-era scheme has ended                                          | No general replacement scheme exists in 2026              |
| <b>Localisation incentive</b>            | No Gulf-style Nafis/Tawteen equivalent                                  | Meaningless within EU free movement                       |

### Verify before payroll

Eligibility and the claim process: The JobsPlus application is made through Intreo centres after hiring and is not reflected automatically in payroll, but paid on claim. The Apprenticeship Employer Grant application runs through the apprenticeship.ie portal alongside the apprentice's SOLAS registration. IDA/Enterprise Ireland grants are negotiated with the agency before the investment decision, not added to payroll afterwards. The transition date from JobsPlus's 2013 design (18 months, general unemployed definition) should be confirmed.

**EOR & PAYROLL, HANDLED**

# Manage your Turkey & Europe payroll & employment from one centre with Datassist.

Irish payroll runs on correctly engineered USC, staged PRSI rates and the pension auto-enrolment system that started in 2026, not on a single collective-agreement wage scale as in continental Europe. Datassist runs your Irish payroll with the right PRSI class, accurate RPN tracking and My Future Fund compliance.

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