

Income Tax 2023:

Insights on PAYE Taxpayers



€39,700
average gross
pay per
employee



Employers
191,600



Employments
4.39m

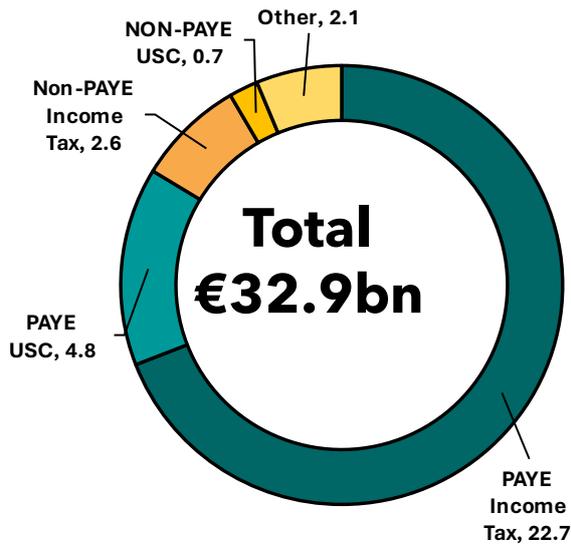


Employees
3.33m



1 in 3
employees
paid into a pension

Income Tax Receipts



Employee Characteristics



52% Male
48% Female



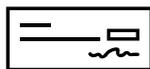
76% Irish
3% Polish,
2% British, 2% Indian
1% Ukrainian

Tax liability increase for Continuing Employments



€1.9b

Net Tax Effect from Employment Churn



- €141m

Sectors



Wholesale and Retail had the largest share of employees at 14%



Information and Communication had the highest average gross pay per employment at €65,300

Key Findings:

Income Tax is the largest tax-head, representing 38 per cent of net tax receipts in 2023.

Gross receipts of €35.2 billion were collected in 2023. Following repayments of €2.3 billion, the net transfer to the Exchequer in the year was €32.9 billion, a 7 per cent increase from 2022.

There were 3.33 million employees in 2023 who held 4.39 million employments.

Irish nationals made up the largest proportion of employees at 76 per cent. The next most common nationalities were Polish (3 per cent), British (2 per cent) and Indian (2 per cent).

In 2023, the average annual gross pay per employee was €39,700 with the equivalent figure per employment being €30,100.

Approximately 3 in 4 employments in 2023 continued from 2022, and these continuing employments are primarily responsible for the increase in Income Tax receipts in 2023. New employment creation was lower in 2023 relative to 2022 and, overall, the net employment gain and associated tax yield from job churn was muted.

1 in 3 employees made a pension contribution in 2023. There were 1.08 million pension contributors in total, a 5 per cent increase from 2022. Most employees earning less than €40,000 do not make pension contributions.

Commentary:

Income Tax receipts continued to grow in 2023, increasing by €2.2 billion (7 per cent) compared to 2022. This increase is primarily attributable to sustained high levels of employment and increases in gross pay. The majority of income tax comes from PAYE employees but DIRT, one of the other Income Tax subheads, grew by 221% in 2023, representing the first-time DIRT receipts have exceeded €40 million since 2019. There were 3.33 million individuals employed in 2023 and they held 4.39 million employments. The largest concentration of employees was in the Wholesale and Retail sectors, followed by Financial and Insurance Activities. Nearly all sectors experienced an increase in average yearly gross pay compared to 2022, with notable increases in Information and Communication (14%) and Accommodation and Food Service (13%). Real-time payroll data show that 1 in 3 employees made a pension contribution in 2023. The average share of income set aside as pension contribution varies between 3 and almost 7 per cent, while individuals who do not make pension contributions typically have lower average pay than those that do.

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Further statistical detail on Income Tax can be found here:
<https://www.revenue.ie/en/corporate/information-about-revenue/statistics/index.aspx>.

Previous annual reports on Income Tax can be found here:
<https://revenue.ie/en/corporate/information-about-revenue/research/research-reports/income-tax.aspx>

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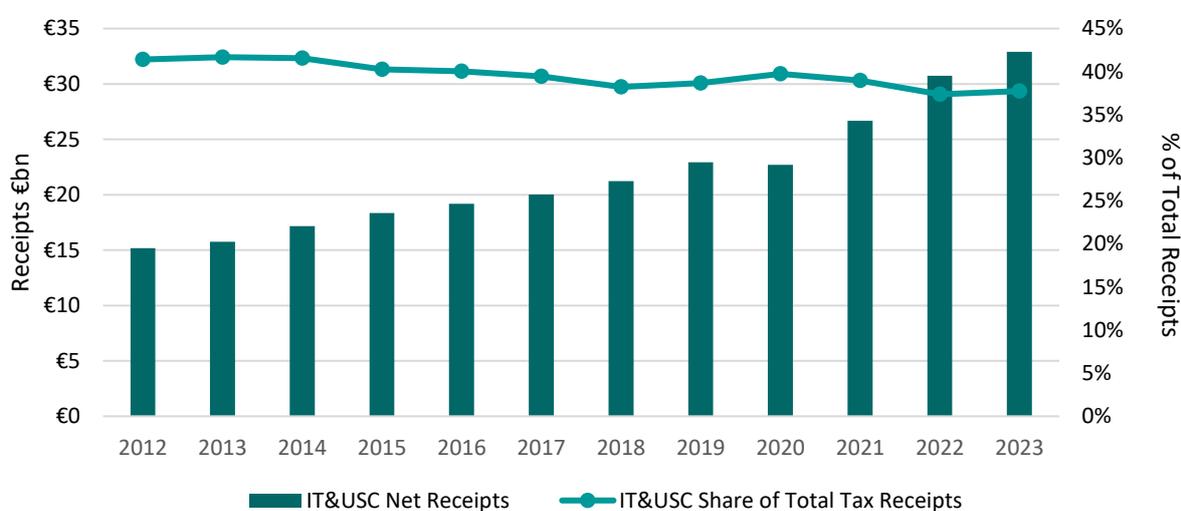
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1 Introduction

Revenue's gross receipts of Income Tax ("IT"), including Universal Social Charge ("USC"), in 2023 were €36.3 billion. With repayments of €3.4 billion, the net transfer to the Exchequer in the year was €32.9 billion, which was €2.2 billion (7 per cent) higher than 2022.

IT (including USC) is the largest taxhead in receipts terms, making up 38 per cent of the overall net tax receipts in 2023. Growth in 2023 continued the trend of the last three years, albeit at a more moderate pace than 2022 and 2021. Receipts in 2023 were over double the level recorded 10 years previously, reflecting a sustained period of strong labour market growth.

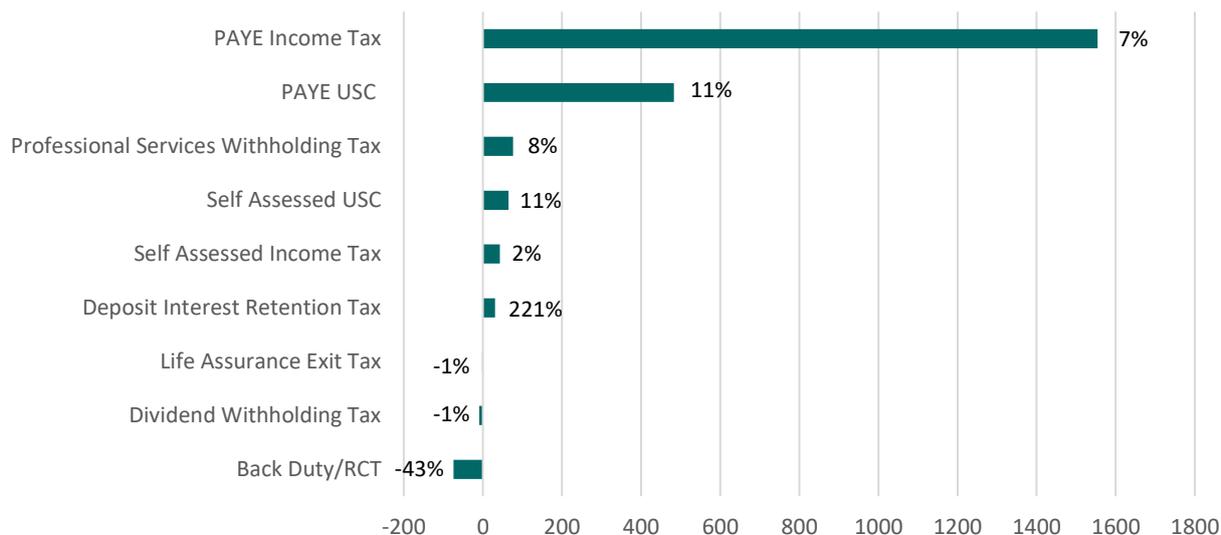
Figure 1: Income Tax Receipts



Source: Revenue analysis.

A large majority of IT net receipts in 2023 were made up of PAYE IT including PAYE USC (84 per cent). Schedule D self-assessed IT (including USC) made up 10 per cent of receipts. Aside from this, Professional Services Withholding Tax (3 per cent) and Dividend Withholding Tax (2 per cent) are relatively large contributors, with the balance being made up by RCT, LAET (Life Assurance Exit Tax), and DIRT.

Figure 2 illustrates there has been growth in nearly all Income Tax subheads in 2023. However, PAYE IT and PAYE USC combined account for €2.0 billion or 91 per cent of the net year-on-year increase. The contribution of PAYE taxpayers to annual growth has increased relative to the previous year, reflecting muted growth in Self-Assessed income tax receipts in 2023. In terms of year-on-year percentage change, DIRT had the largest increase from 2022 (221% increase). This is the first-time net DIRT receipts have exceeded €40 million since 2019, reflecting the recent higher interest rate environment.

Figure 2: Change in Income Tax Receipts by Subhead, 2023 vs 2022, € million

Source: Revenue analysis.

Table 1: Revenue Net Receipts

Duties Taxes & Levies	2022 Net Receipts	2023 Net Receipts	2023 Net Receipts	2023 share of Total Income Tax Receipts
	€ bn	€ bn	+/- 2022	%
PAYE Income Tax	21.2	22.7	1.5	69
PAYE USC	4.3	4.8	0.5	15
Self-Assessed Income Tax	2.6	2.6	0	8
Self-Assessed USC	0.6	0.7	0.1	2
Life Assurance Exit Tax	0.2	0.2	0	1
Deposit Interest Retention Tax	0.014	0.045	0.031	0
Professional Services Withholding Tax	1.0	1.1	0.1	3
Dividend Withholding Tax	0.6	0.6	0	2
Back Duty/RCT	0.2	0.1	(0.1)	0
Total Income Tax and USC	30.7	32.9	2.2	

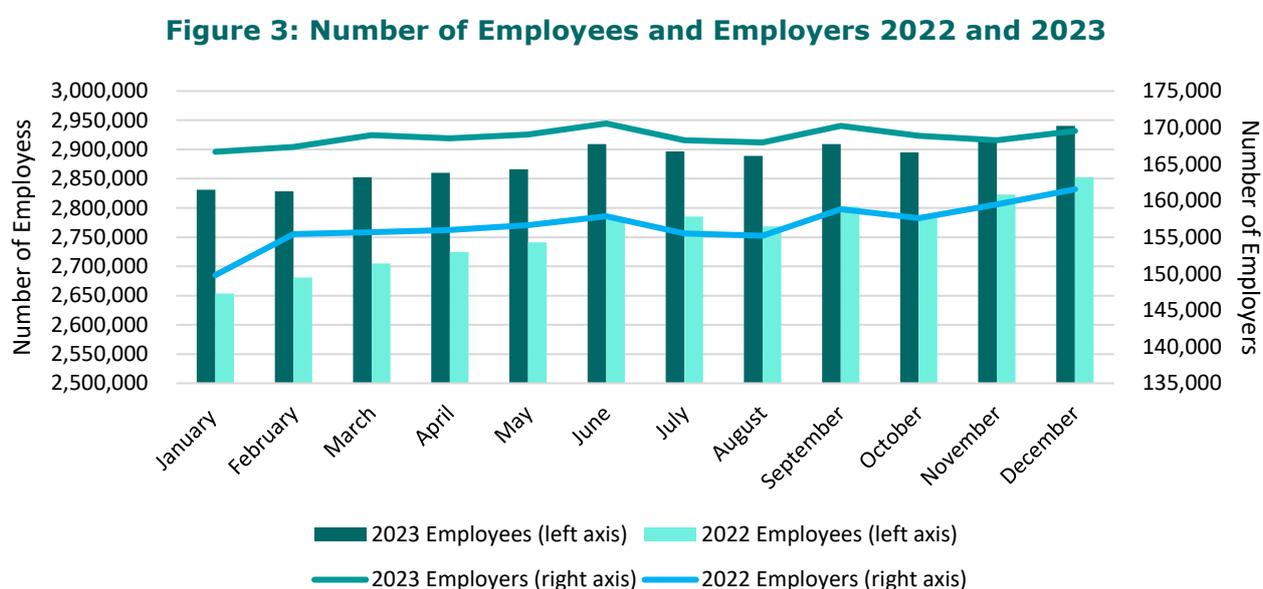
Source: Revenue analysis

2 PAYE Overview

This and the following sections provide a statistical overview of the primary component of receipts, PAYE taxpayers, using real-time payroll data from Revenue's PAYE system.

2.1 Employees and Employer Size

There were 3,325,400 employees recorded on payroll in 2023. As shown in Figure 3, the number of people in active employment in 2023 was higher than 2022 for every month of the year; on average there were 125,000 additional employees in each month of 2023 compared to 2022.¹ This trend is also observed for employers, with an additional 12,100 employers per month on average compared to 2022. Similar to 2022, December had the highest number of employees, likely illustrating the seasonal demand for workers. January saw the largest year-on-year increase in terms of employees, possibly reflecting the end of Covid-19 restrictions in January 2022.



Source: Revenue analysis.

Table 2 and Table 3 provide breakdowns of the number of employers and employments based on the size of the employer.² Two measures of size are used – the Revenue Division of the employer and the number of people employed in the enterprise.

As can be seen in Table 2, the number of employments and employers broken down by the size of the employer, as measured by number of employees, increased in 2023 with a roughly 2 percent increase in both employers and employments.

¹ Throughout this paper, active employment is defined as appearing at least once on payroll records with non-zero gross income. As such, it includes both those in paid employment and those in receipt of occupational pensions.

² An employee can have more than one employer, so the level of employments always exceeds the level of employees.

Table 2: Number of Employers and Employments by Range of Employees

Employee Range	Number of Employers 2022	Number of Employers 2023	Growth in Number of Employers	Number of Employments 2022	Number of Employments 2023	Growth in Number of Employments
1-9	143,800	146,600	1.9%	421,300	429,200	1.9%
10-49	34,300	35,100	2.3%	708,100	723,400	2.2%
50-249	8,000	8,100	1.3%	786,200	785,900	0.0%
250+	1,800	1,800	0.0%	2,392,500	2,448,800	2.4%
Total	187,900	191,600	2.0%	4,308,200	4,387,300	1.8%

Source: Revenue analysis.

Table 3 presents an alternative view of the same data. The number of employers was static in the Revenue Large Corporates Division while employments grew by 3 per cent. Medium Enterprises Division cases saw a relatively large drop in employer numbers (down by 29 per cent) with the employment numbers also decreasing over the period (3 per cent), however this is primarily explained by an administrative change involving the reallocation of some employers to the Revenue Business Division during 2023.

Table 3: Number of Employers and Employments by Revenue Division³

Revenue Division	Number of Employers 2022	Number of Employers 2023	Growth in Number of Employers	Number of Employments 2022	Number of Employments 2023	Growth in Number of Employments
Business	167,400	170,900	2.1%	1,449,400	1,486,000	2.5%
Medium Enterprises	12,800	9,100	-28.9%	1,910,600	1,786,800	-6.5%
Personal	10,300	10,300	0.0%	178,500	171,200	-4.1%
Large Corporates	3,400	3,400	0.0%	988,800	1,020,500	3.2%
High Wealth Individuals	280	300	7.1%	3,200	2,600	-18.8%
Total	187,900	191,600	2.0%	4,308,200	4,387,300	1.8%

Source: Revenue analysis.

Note: taxpayers in the Business Division are typically micro and small SMEs; taxpayers in the Medium Enterprises Division are typically medium-sized SMEs and includes Civil and Public Service bodies; taxpayers in the Personal Division have only PAYE income or are trusts, charities etc.; taxpayers in the Large Corporates Division are the State's largest businesses; taxpayers in the Large Cases-High Wealth Individuals Division are the State's wealthiest individuals.

Overall, the data show that there was a moderate annual increase in the number of employments and employers. Section 4 discusses Employment Churn in further detail and identifies that the growth in receipts was driven by income growth for those in the same employment across both 2022 and 2023.

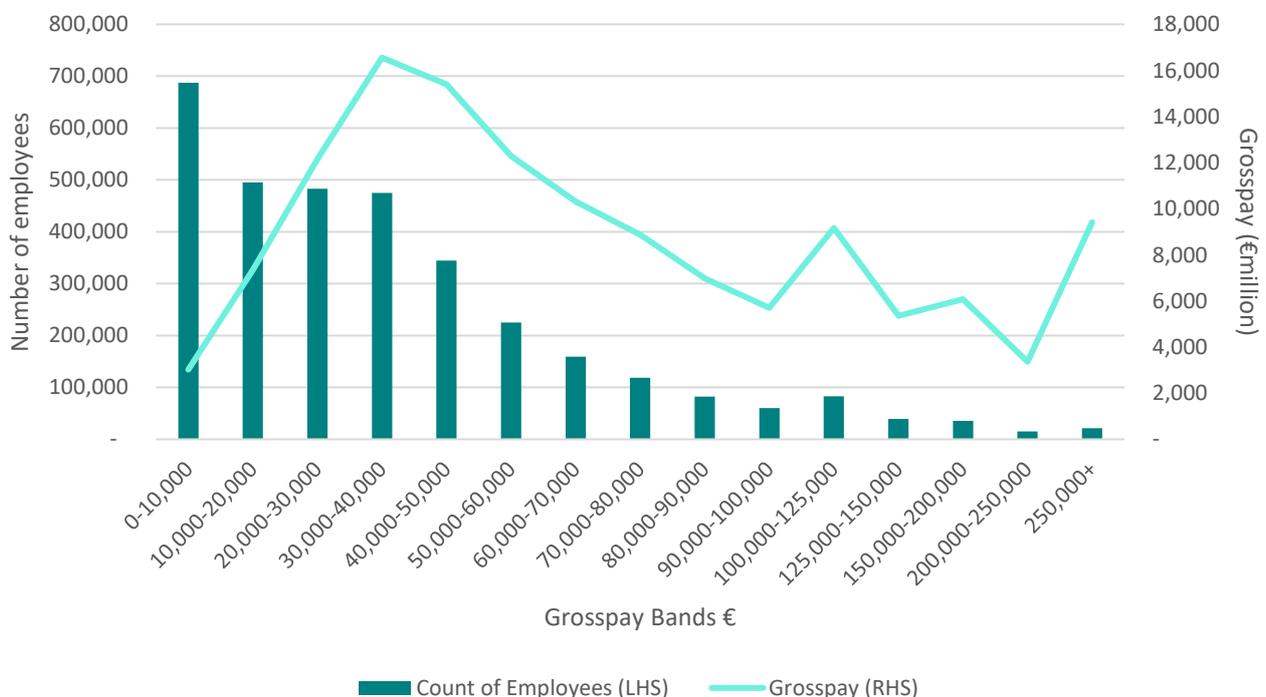
³ The sum of each Division does not sum to the total as it is possible for some employers to appear in more than one Division in a year, and employees can have multiple employments in a year, either simultaneously or consecutively. All data refers to annual totals and not a point in time in-year.

2.2 Gross Pay

Figure 4 presents the distribution of employees and annual gross pay (throughout this section gross pay refers to the gross income reported through payroll systems). As can be seen, there is a large concentration of employees at the lower end of the distribution particularly between the 0-€30,000 range which makes up over half of the number of employees. However, this cohort makes up roughly 17 per cent of the total gross pay for the year even though they make up 50 percent of the total cohort. On the other end of the distribution, those who earned over €100,000 made up roughly 6 per cent of employees but 25 per cent of the total gross pay. It should be noted that the number of hours worked is not available in the payroll submissions to Revenue, but it is likely that the data include many employees who worked part-time hours and/or on a temporary basis. The number of insurable weeks (the number of weeks for which Pay Related Social Insurance, PRSI, is liable) is recorded on payslips, and it shows that those in the €0 to €10,000 range of gross pay have a total mean number of 28 insurable weeks, compared to 46 insurable weeks for those in the €10,000 to €20,000 range of gross pay, and 52+ weeks in the remaining ranges.⁴

Average (mean) gross pay for all employees in 2023 was €39,700, a 6 per cent increase compared to 2022⁵

Figure 4: Distribution of Employees and Annual Gross Pay



Source: Revenue analysis.

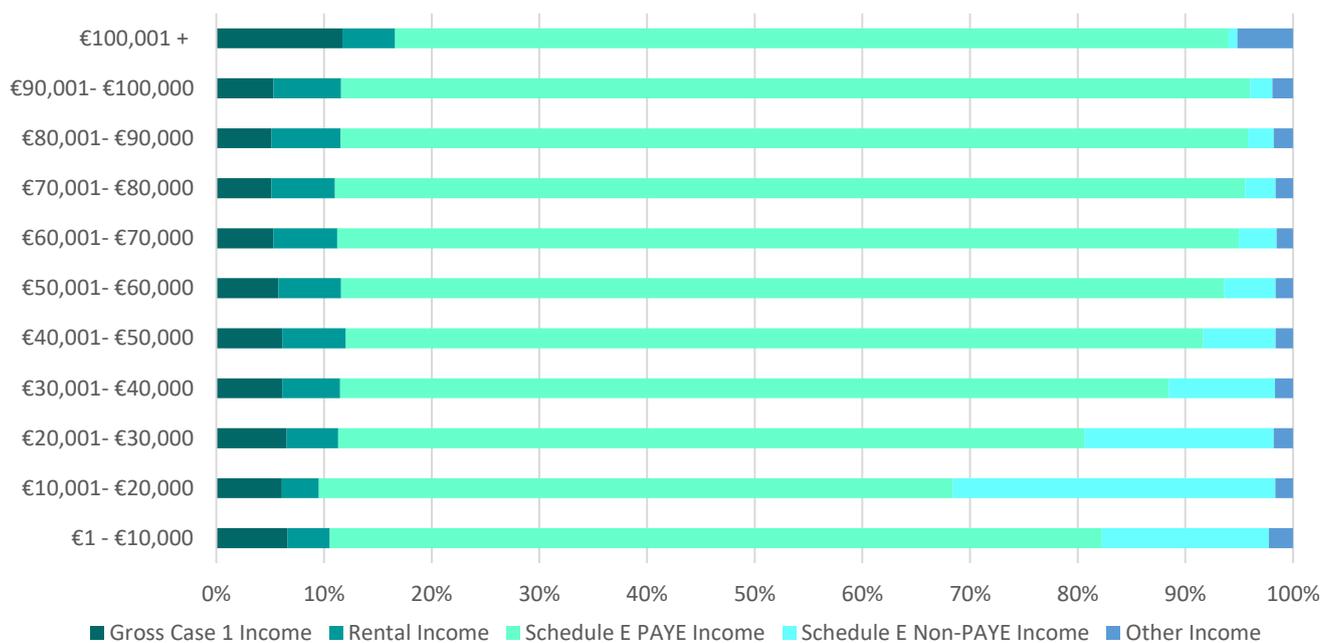
⁴ Employees with multiple employments can have greater than 52 insurable weeks in the year, as the number of insurable weeks would be recorded simultaneously by each employer where the employments are held simultaneously.

⁵ The average income is a mean average based on all individuals who appeared at least once on a payslip in 2023, and therefore includes a range of scenarios including those working part-time, full-time, permanent, temporarily, seasonal workers etc.

2.3 Non-PAYE Income

PAYE employees may also derive income from sources other than paid employment. If taxable non-PAYE income exceeds €5,000 or gross non-PAYE income exceeds €30,000, they must register for Income Tax self-assessment. Figure 5 presents income shares for those taxpayers with employment income who are registered as an assessable person for income tax and file a Form 11 tax return, or who are the spouse of an assessable person in a jointly assessed tax unit. This analysis is based on 2021, the latest year for which the full suite of tax returns is available for analysis currently. At every income band Schedule E PAYE income makes up the largest share of income. Based on analysis of 2021 Form 11 returns, it is anticipated that approximately 1 in 6 of the 3.3 million employees recorded on payslips in 2023 will also file a Form 11 tax return for 2023 (either as an assessable person or the spouse of an assessable person in a jointly assessed tax unit).⁶

Figure 5: 2021 Distribution of Income Sources for Taxpayers who are Employed and Registered for Income Tax



Source: Revenue analysis of consolidated 2021 data.

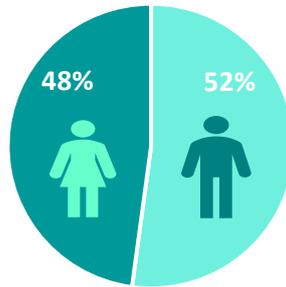
Note: gross case 1 income refers to income from a trade or profession. Schedule E Non-PAYE income includes taxable social welfare payments, which were elevated during the COVID-19 pandemic.

2.4 Sex Breakdown

In 2023, there was a slight majority of males in the overall total number of employees recorded on payroll data, as shown in Figure 6. This is the same ratio as in 2022.

⁶ The statutory deadline for filing a 2023 self-assessed Income Tax return is 31 October 2024.

Figure 6: Distribution of Employee Sex

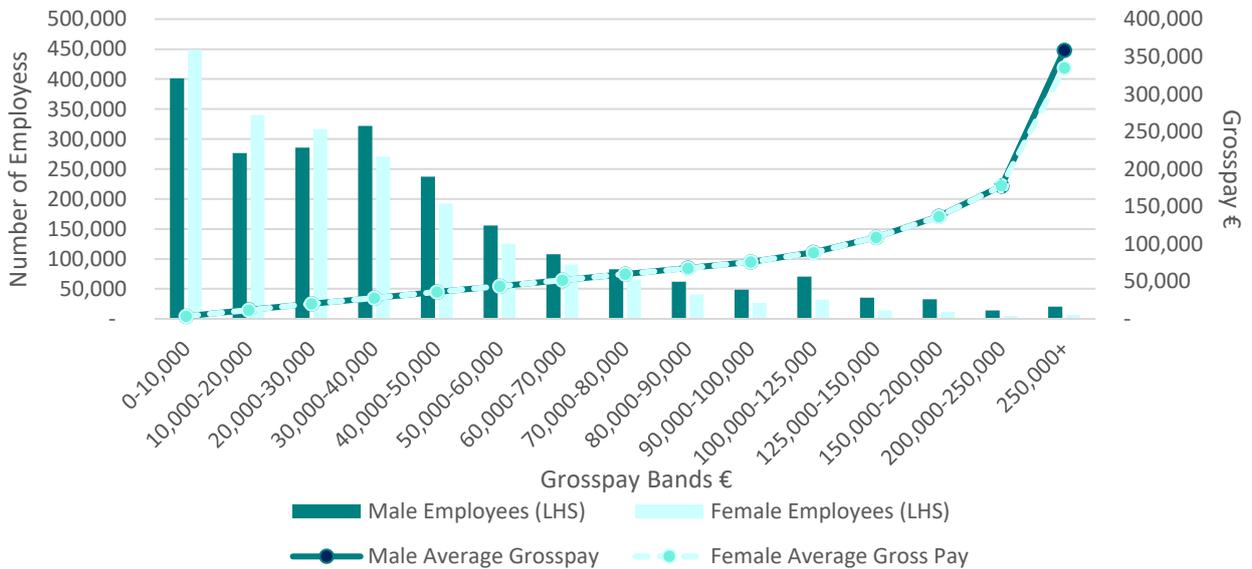


Source: Revenue analysis.

Figure 7 presents the distribution of employees and annual mean gross pay by sex. As can be seen, females make up the majority in the first three gross pay ranges and in all other ranges male employees make up the majority. In terms of the mean gross pay, this was similar for male and female employees within each income range except for the €250,000+ range where the mean gross pay of males is slightly greater.

Average (mean) gross pay for male employees in 2023 was €45,000, while it was €34,100 for female employees.⁷

Figure 7: Distribution of Employees and Annual Mean Gross Pay by Sex



Source: Revenue analysis.

⁷ The average income is a mean average based on all individuals who appeared at least once on a payslip in 2023, and therefore includes a range of scenarios including those working part-time, full-time, permanent, temporarily, seasonal workers etc.

2.5 Employee Nationality

Table 4 presents the top 10 breakdown of employee nationalities for 2023. Figure 8 goes on to illustrate the top 20 nationalities. Irish nationals made up the largest proportion of employees at 76 per cent of the share. The next most common nationalities were Polish which made up 3 per cent, British which made up 2 per cent and Indian which also made up 2 per cent. Indian is the only new nationality in the top four nationalities compared to 2022, overtaking Romanian.

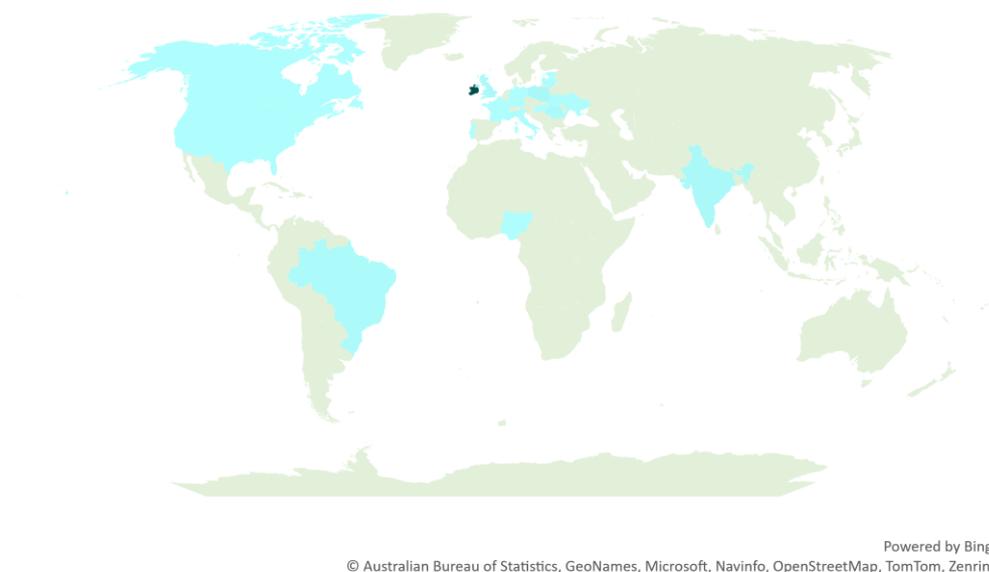
Table 4: Employee Nationality (Top 10)

Nationality	% of Employees
Irish	76%
Polish	3%
British	2%
Indian	2%
Romanian	2%
Brazilian	2%
Lithuanian	1%
Estonian	1%
Italian	1%
Ukrainian	1%
Other	9%
Total	100%

Source: Revenue analysis.

Only includes those where a nationality is identified (over 95% of employees are included).

Figure 8: Employee Nationality Map (Top 20)



Source: Revenue analysis.

Only includes those where a nationality is identified (over 95% of employees are included).

2.6 Age

Table 5 presents the average annual gross pay and tax broken down by age range. As can be seen, there is a relatively even distribution of employees between the 21-64 ranges. As expected, the share of employees as well as the average annual gross pay and tax drops significantly for the groups aged below 21 and over 65 years.

Table 5: Mean Annual Gross Pay by Age Range

Age Range	Share of Employees	Annual Mean Gross pay €	Mean Income Tax €	Mean USC €
Less than 20	5%	6,300	200	0
21-30	20%	24,600	2,800	600
31-40	21%	45,200	8,200	1,600
41-50	23%	54,900	10,900	2,200
51-64	20%	51,300	9,900	2,100
65+	12%	23,000	4,100	600

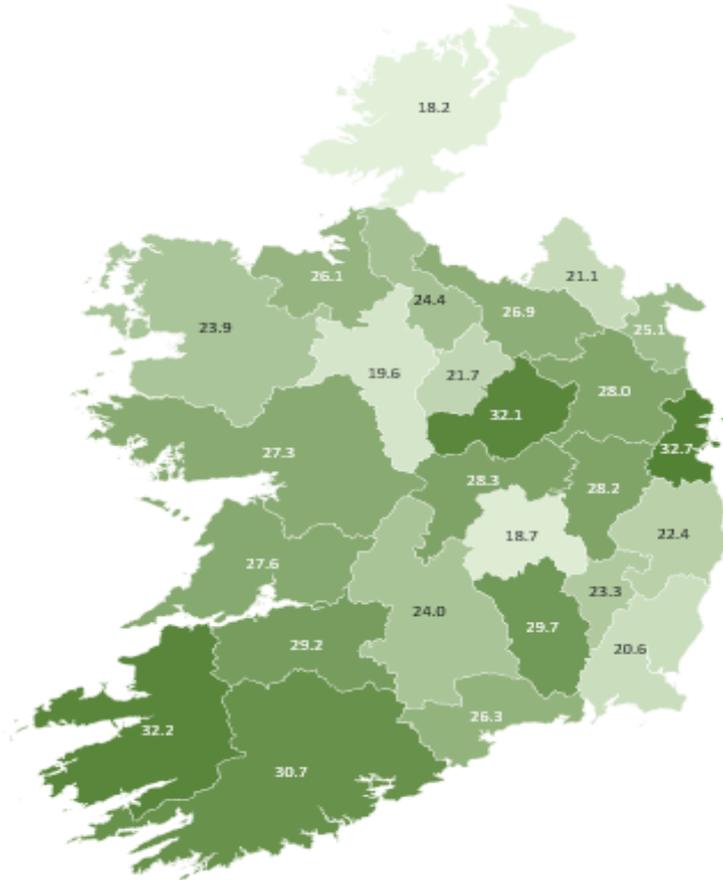
Source: Revenue analysis

Note: gross pay refers to the income reported through payroll systems. For some individuals the payment may refer to occupational pension income (see Section 6.4).

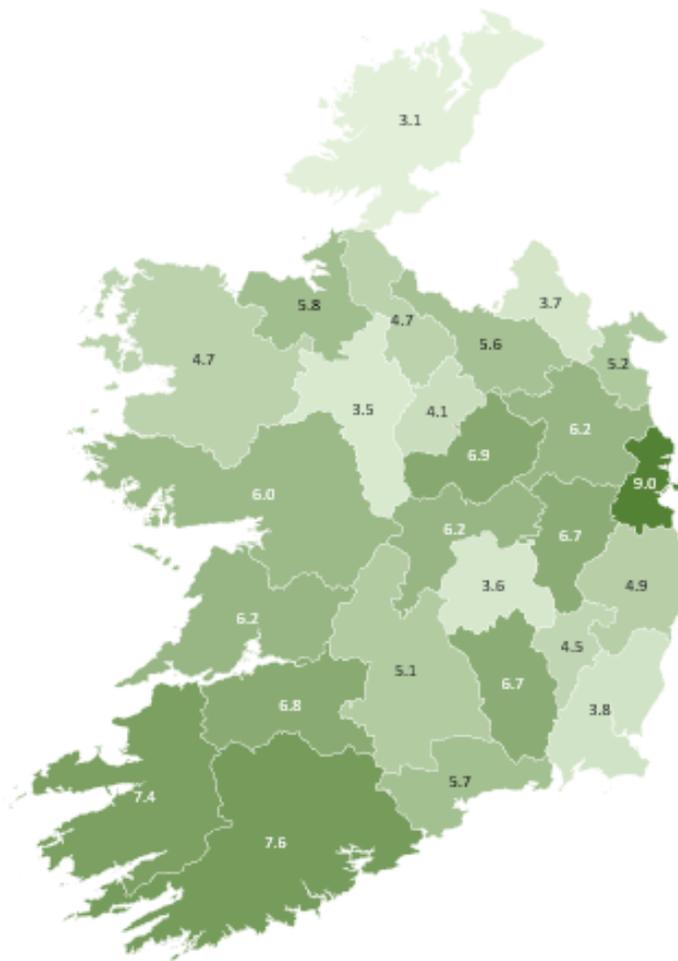
2.7 Location

Figure 9 presents the average annual gross pay per employment by County. Dublin has the highest average gross pay at €32,700, followed by Kerry and Westmeath. Figure 10 represents the average tax paid per employment, in this context tax paid is calculated as the sum of Income Tax, Universal Social Charge and Employee PRSI. Similar to Figure 8, Dublin has the highest average tax paid at €9,000, followed by Cork and Kerry.

Figure 9: Average Annual Gross Pay by County (€'000)



Source: Revenue analysis.

Figure 10: Average Annual Tax Paid by County (€'000)

Source: Revenue analysis.

2.8 Proprietary Directors

The PAYE system applies to both proprietary and non-proprietary directors as it does to any other employee. Table 6 sets out the pay and deductions of directors, broken down by director type. While directors account for 3 per cent of employees, they account for 4 per cent of gross pay.

Table 6: Breakdown of Pay and Deductions for Directors

Taxpayer Type	Number	Gross Pay €m	Income Tax €m	USC €m	Employee PRSI €m	Employer PRSI €m	Employee Pension Contribution €m	Employer Pension Contribution €m
Proprietary Directors	78,200	4,275.3	1,033.1	191.4	165.0	15.0	13.9	95.6
Non-Proprietary Director	8,800	499.0	138.1	26.3	14.2	29.7	8.1	10.8
Both Proprietary and Non-Proprietary Directors	1,120	102.1	31.8	6.1	3.2	2.1	0.5	1.5
Total	88,120	4,876.4	1,203.0	223.8	182.5	46.8	22.5	107.9

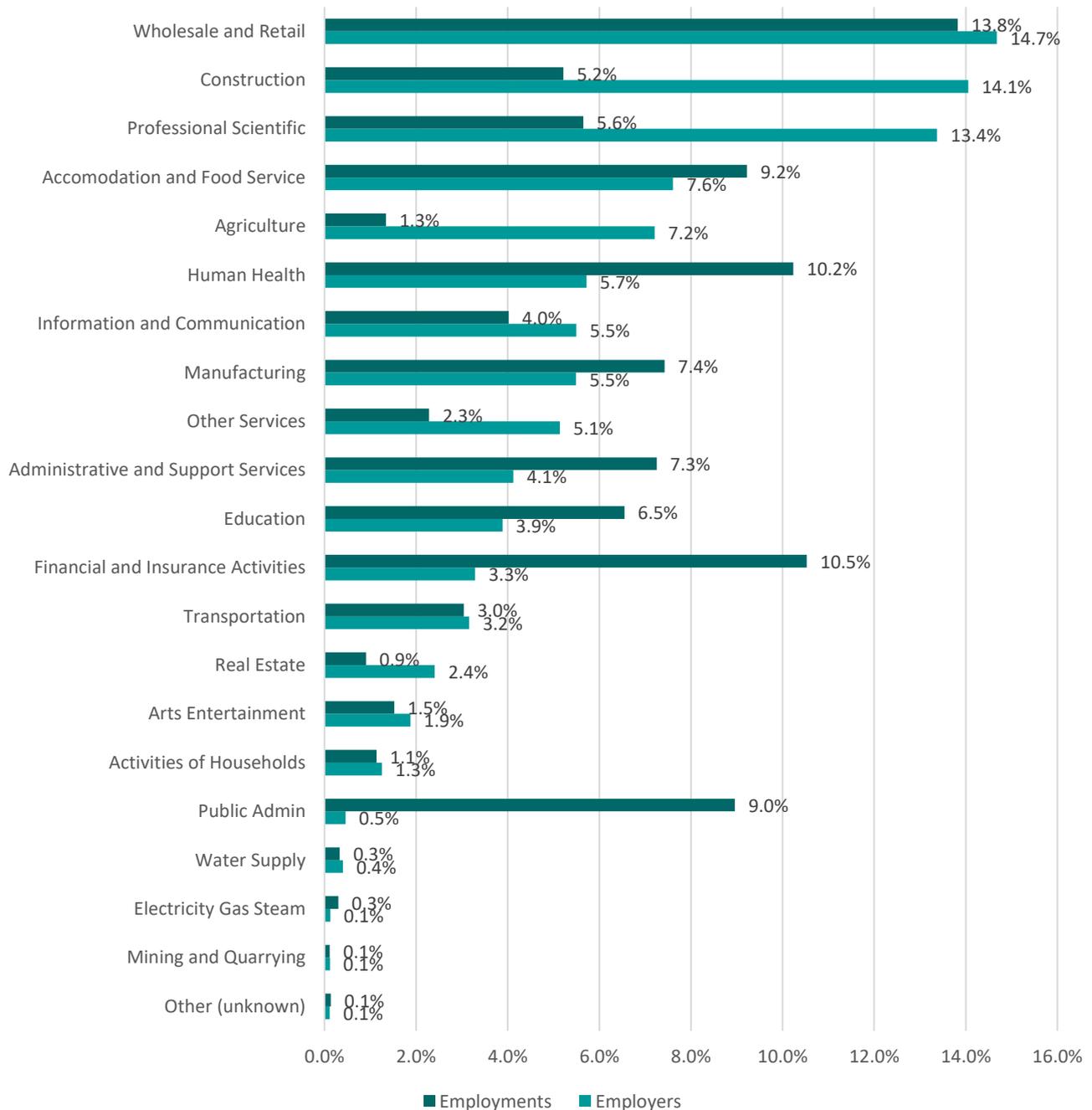
Source: Revenue analysis.

3 Sectoral Analysis

3.1 Overview of sectors

Figure 11 sets out the share of number of employers and employments by sector. The sector is based on the NACE code of the employer.

Figure 11: Sectoral Distribution of Employments and Employers

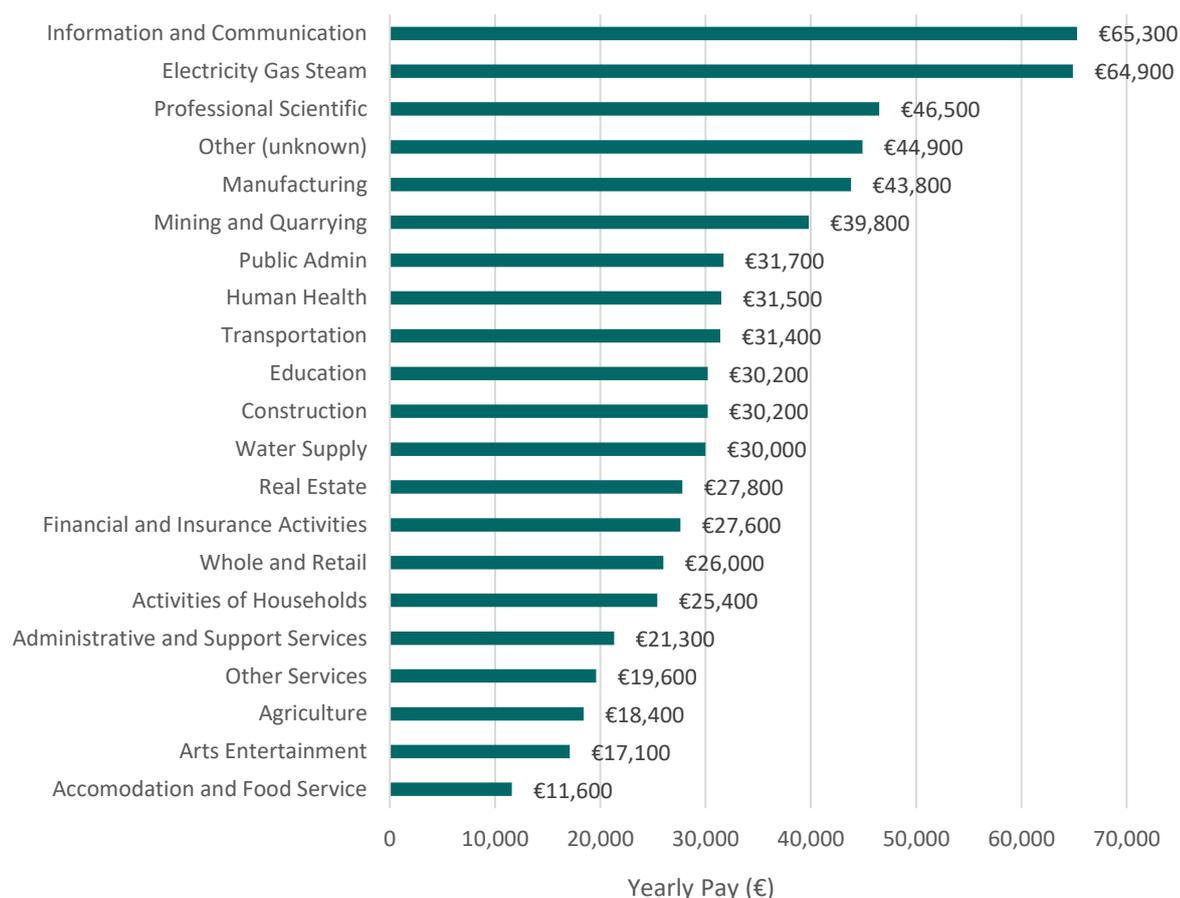


Source: Revenue analysis.

Figure 12 presents mean annual gross pay by sector for 2023. The mean annual gross pay per employment across all sectors in 2023 was €30,100⁸. By sector, the highest average pay is in *Information and Communication*. *Information & Communication*, *Electricity & Gas*, and *Professional Scientific* are the three highest paying sectors on average.

Arts Entertainment & Recreation and *Accommodation & Food Service* are the sectors with the lowest average yearly gross pay, likely reflecting a higher share of part-time work in these sectors.

Figure 12: Average Yearly Gross Pay by Sector



Source: Revenue analysis.

⁸ The average income is a mean average based on all employees who appeared at least once on a payslip in 2023, and therefore includes a range of scenarios including those working part-time, full-time, permanent, temporarily, seasonal workers etc. This is different to the mean average based on individuals, as an individual can hold multiple employments.

4 Employment Churn

4.1 Overview of 2023

As noted in Table 2, there was a total of 4.39 million employments recorded on payroll in 2023. 3.2 million (74 per cent) of these were continuing employments from 2022 and 1.2 million (26 per cent) were new employments, i.e., new additions to the payroll records in 2023. Around 1.1 million employments ceased in 2022. This resulted in a net gain of approximately 79,000 employments in 2023. Overall, this represents a net increase of 1.8 per cent in total employments compared with 2022. Fewer employments were created in 2023 than 2022 (9 per cent decrease) and more cessations (22 per cent increase), leading to a far lower net gain relative to the previous year (where the net gain was 385,000 employments). The number of continuing employments rose by approximately 190,000 (6 per cent) when compared to the equivalent figure in 2022.

Income Tax and USC arising from continuing employments amounted to €26.2 billion in 2023. This was an increase of €1.9 billion over 2022 for this cohort, indicating growth in their gross pay levels over time. There was a slightly negative net tax effect from employment churn of around €141 million, where the gain of €2.2 billion arising from new employments was marginally outweighed by a loss of €2.3 billion from ceased (i.e. discontinued) employments.

Table 7: Employment Churn

	2023
Total number of unique employments ('000s)	4,387
Of which: Continuing from previous year ('000s)	3,228
Of which: New ('000s)	1,160
Number of ceased [i.e. discontinued] employments in previous year ('000s)	1,080
Net additional employments [New - Ceased] ('000s)	79
Proportion of continuing employments in 2023 (%)	74%
Proportion of new employments in 2023 (%)	26%
Proportion of ceased employments in 2022 (%)	25%
Total Income Tax liabilities (€bn)	28.4
Of which: continuing employments (€bn)	26.2
new employments (€bn)	2.2
Income Tax liabilities for ceased employments (€bn)	(2.3)
Net Income Tax effect from employment churn (€bn)	(0.1)
Average Income Tax per continuing employment (€)	8,112
Average tax per new employment (€)	2,030
Average tax per ceased employment (€)	2,013
Difference in average tax (€)	17

Source: Revenue analysis.

Note: The tax liabilities in this Table refer to the liabilities recorded on payroll data, which can differ from the net receipts reviewed in Section 1, for example due to repayments. At all times Income Tax refers to Income Tax and USC.

4.2 Employment Churn by Sector

As was seen in 2022, the two sectors with the highest shares of continuing employments were *Public Administration and Defence* (85 per cent) and *Financial and Insurance* (84 per cent). Similarly, the two sectors with the lowest shares, *Accommodation and Food* (56 per cent) and *Administration and Support* (59 per cent), were also those with the lowest shares in 2022.

The *Financial and Insurance* sector experienced the largest net increase of 21,935 employments. This sector added 73,130 (16 per cent) new employments and ceased 51,195 (12 per cent) employments.

The *Administration and Support Services*, *Information and Communication* and *Accommodation and Food* sectors experienced net employment losses of close to 3,800, 7,600 and 8,500 respectively. In the *Information and Communication Sector*, employment cessation remained stable between 2023 and 2022 (i.e., circa 26.5 per cent), but the employment creation rate declined to 23 per cent from 32 per cent in 2022.

Table 8: Employment Churn by NACE Sector

Sector	Number of unique employments in 2023	%	Continued from 2022	New employments	Ceased employments	Net gain or loss from employment churn
Agriculture, Forestry and Fishing	64,763	1%	43,305	21,458	15,537	5,921
Mining and Quarrying	5,152	0%	4,208	944	913	31
Manufacturing	324,505	7%	256,529	67,976	67,384	592
Construction	228,740	5%	159,248	69,492	61,375	8,117
Wholesale and Retail	606,800	14%	429,683	177,117	178,227	(1,110)
Transportation and Storage	133,497	3%	101,870	31,627	25,604	6,023
Accommodation and Food Services	404,476	9%	225,888	178,588	187,076	(8,488)
Information and Communication	176,388	4%	135,192	41,196	48,743	(7,547)
Financial and Insurance	463,131	11%	390,001	73,130	51,195	21,935
Real Estate	39,761	1%	26,659	13,102	12,002	1,100
Professional, Scientific and Technical	247,818	6%	184,814	63,004	57,639	5,365
Administrative and Support Services	318,086	7%	187,149	130,937	134,735	(3,798)
Public Administration and Defence	393,150	9%	334,399	58,751	40,753	17,998
Education	287,272	7%	216,948	70,324	64,878	5,446
Health and Social Work	449,061	10%	351,881	97,180	75,692	21,488
All Other Activities	244,679	6%	179,915	64,764	58,709	6,055
Total	4,387,279	100%	3,227,689	1,159,590	1,080,462	79,128

As shown in Table 7, there is significant variation in the average Income Tax paid per new employment across the sectors ranging from €399 (*Accommodation and Food*) to €5,696 (*Information and Communication*).

Comparing the difference in average Income Tax paid by new and ceased employments across sectors indicates that the *Agriculture, Forestry and Fishing* sector observed the largest difference of €2,606. By contrast, average Income Tax paid by new employments in the *Information and Communication* sectors was €916 compared to what was paid by employments that had ceased.

Table 9: Income Tax by Employment Status and NACE Sector

Sector	Total income tax paid by continuing employments (€m)	Total income tax paid by new employments (€m)	Total income tax paid by ceased employments (€m)	Net income tax effect from employment churn (€m)	Average income tax per continuing employment (€)	Average income tax per new employment (€)	Average income tax per ceased employment (€)	Difference in average income tax per new and ceased employment (€)
Agriculture, Forestry and Fishing	149	71	11	60	3,441	3,300	693	2,606
Mining and Quarrying	39	2	2	0	9,251	2,622	2,353	269
Manufacturing	2,939	186	217	(31)	11,458	2,736	3,224	(488)
Construction	1,184	135	122	13	7,433	1,946	1,990	(44)
Wholesale and Retail	2,911	199	227	(28)	6,774	1,126	1,276	(150)
Transportation and Storage	694	66	40	26	6,817	2,088	1,563	525
Accommodation and Food Services	416	71	76	(5)	1,840	399	406	(7)
Information and Communication	3,208	235	322	(88)	23,727	5,696	6,612	(916)
Financial and Insurance	3,101	416	335	81	7,952	5,691	6,542	(851)
Real Estate	233	23	22	1	8,735	1,758	1,867	(109)
Professional, Scientific and Technical	2,754	270	276	(6)	14,904	4,291	4,786	(495)
Administrative and Support Services	1,234	175	189	(15)	6,594	1,333	1,406	(73)
Public Administration and Defence	2,232	111	59	53	6,676	1,891	1,436	456
Education	1,684	54	72	(18)	7,762	769	1,109	(340)
Health and Social Work	2,485	249	161	88	7,063	2,562	2,122	440
All Other Activities	919	70	62	9	5,106	1,084	1,049	34
Total	26,183	2,334	2,193	141	8,112	2,030	2,013	17

Source: Revenue analysis.

5 Employer Churn

This section presents information on the creation and cessation of enterprise employers from 2019 to 2022. These statistics represent a novel use of employer payroll data to construct indicators that capture enterprise entry and exit dynamics.

5.1 Approach to calculating enterprise employers' creation and cessation rates

The approach to measuring this activity relies on the identification of the first and last time an employer enterprise is recorded in the payroll data. The data series begins in 2019, the first year of real-time payroll reporting. An employer enterprise is defined as an enterprise that employs at least one employee and the creation of such an enterprise occurs when it runs its first employee payroll. An enterprise cessation is considered to have occurred when it no longer runs its payroll which means it is absent from Revenue's payroll dataset.

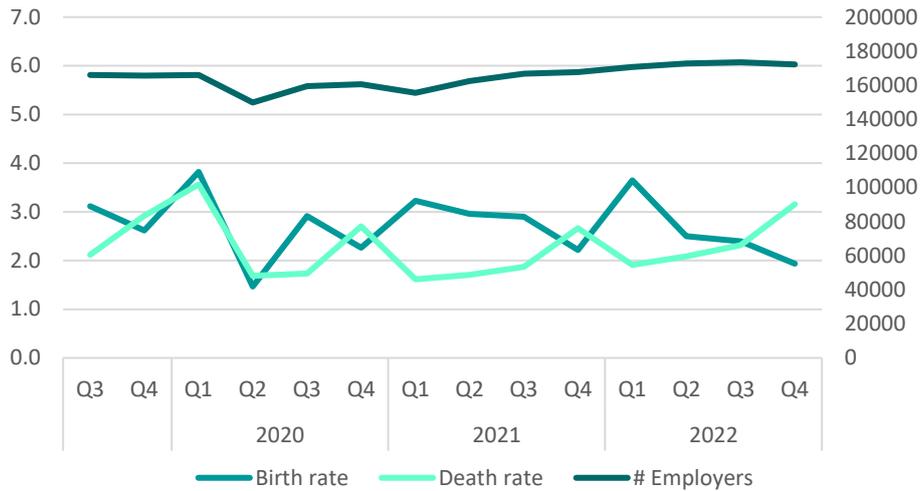
The employer enterprise creation rate is calculated as the number of new employer enterprises expressed as a percentage of all enterprises who run their payroll in the quarterly calendar period. The employer enterprise cessation rate is defined as the number of ceased employers in the quarter as a percentage of all enterprises. An employer enterprise cessation is recorded in the quarter they last reported their payroll.⁹

5.2 Enterprise employers' creation and cessation rates

Figure 2 presents the quarterly rate for creation and cessation of employer enterprises. Overall, the creation and cessation rates are generally of a similar magnitude ranging between 1.5 and 3.8 per cent. The creation rate has tended to exceed the cessation rate which is reflected in the gradual increase in the total number of employers since 2019. However, there are temporary dips in the count of employers over the period which generally relate to the impact of the Covid 19 pandemic shutdown events and the associated rise in the cessation rate. There is also evidence of seasonality in the series. The enterprise creation rate tends to peak at the start of each year while the cessation rate peaks at the end of the year.

⁹ Enterprises which temporarily stop operating over the period are not recorded multiple times as new creations or cessations.

Figure 13: Employer enterprise creation and cessation rates, 2019-2022



Source: Revenue analysis.

5.3 Enterprise employer creation and cessation rates by sector

Table 8 presents the quarterly creation rate by sector between 2021 and 2022. *Information and Communication, Financial and Insurance, Professional, Scientific and Technical* sectors had the highest average quarterly creation rates over the two-year period. By contrast, *Education, Wholesale and Retail, and Public Administration*, were found to have the lowest average quarterly creation rates.

Table 10: Employer enterprise creation rates, 2021-2022

Sector	2021				2022				Average
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Agriculture, Forestry and Fishing	4.6	2.9	2.0	1.9	4.3	2.3	2.2	1.7	2.7
Mining and Quarrying	4.8	3.7	2.5	2.9	1.3	0.8	1.2	2.0	2.4
Manufacturing	2.9	2.6	2.7	1.8	3.0	2.0	1.8	1.5	2.3
Construction	3.0	4.1	3.5	2.6	4.5	2.9	2.8	1.7	3.1
Wholesale and Retail	2.4	2.2	2.0	1.6	2.6	1.7	1.5	1.2	1.9
Transportation and Storage	2.5	2.2	2.4	1.8	3.0	1.8	1.4	1.4	2.1
Accommodation and Food Services	2.6	3.7	3.9	2.8	3.2	3.2	3.1	2.4	3.1
Information and Communication	4.9	3.8	4.1	2.8	4.9	3.1	2.7	2.6	3.6
Financial and Insurance	5.2	3.0	3.0	3.4	4.5	2.6	3.5	2.7	3.5
Real Estate	3.7	2.4	3.0	2.7	3.9	2.7	3.1	2.9	3.0
Professional, Scientific and Technical	4.1	3.2	3.2	2.7	4.5	2.8	2.6	2.7	3.2
Administrative and Support Services	3.8	3.3	3.3	2.7	3.8	3.4	2.8	2.2	3.1
Public Administration and Defence	2.7	2.6	2.2	1.7	2.3	0.9	2.6	1.1	2.0
Education	1.3	1.1	2.0	1.2	1.5	1.0	1.7	0.9	1.3
Health and Social Work	2.7	1.7	2.0	1.5	3.2	1.6	2.1	1.8	2.1
All Other Activities	2.8	3.4	3.5	2.3	3.7	3.4	3.1	2.2	3.1

Source: Revenue analysis.

Table 9 presents the quarterly cessation rate by sector. The *Real estate, Agriculture, Forestry and Fishing, and Information and Communication* sectors had the highest average quarterly cessation rates over the two year period. *Public Administration, Education, and Health and Social Work* sectors experienced the lowest average quarterly cessation rates.

Table 11: Employer enterprise cessation rates, 2021-2022

Sector	2021				2022				Average
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Agriculture, Forestry and Fishing	2.5	2.3	2.0	3.2	2.5	2.2	2.2	3.6	2.6
Mining and Quarrying	0.4	1.6	1.3	2.5	0.0	1.2	2.0	3.2	1.5
Manufacturing	1.2	1.1	1.4	2.0	1.5	1.5	1.8	2.7	1.6
Construction	1.6	1.7	1.9	2.7	1.9	2.2	2.6	3.5	2.3
Wholesale and Retail	1.1	1.5	1.4	2.0	1.6	1.7	2.0	2.6	1.7
Transportation and Storage	1.4	1.8	1.8	2.6	3.0	2.6	2.2	2.6	2.2
Accommodation and Food Services	1.6	1.8	2.3	2.9	2.1	2.6	3.2	4.0	2.5
Information and Communication	2.0	1.9	2.4	3.2	2.3	2.4	2.8	3.5	2.6
Financial and Insurance	1.9	2.0	2.3	3.6	2.3	2.2	2.2	3.5	2.5
Real Estate	2.4	2.5	2.7	3.4	2.5	2.4	2.8	4.0	2.8
Professional, Scientific and Technical	1.6	1.5	1.8	2.9	1.9	2.0	2.0	3.4	2.1
Administrative and Support Services	2.1	1.9	2.0	2.7	2.1	2.0	2.3	3.4	2.3
Public Administration and Defence	1.2	1.3	1.0	1.8	0.6	2.0	1.0	1.6	1.3
Education	0.5	0.9	1.2	1.1	0.6	1.1	1.5	1.1	1.0
Health and Social Work	1.6	1.6	1.6	2.6	1.3	1.6	2.0	2.2	1.8
All Other Activities	2.0	2.3	2.5	3.2	2.2	2.7	3.0	3.7	2.7

Source: Revenue analysis.

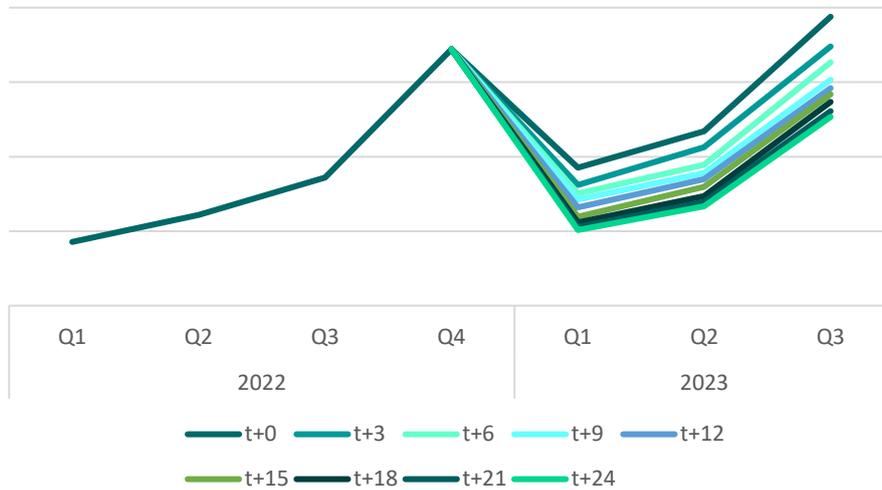
5.4 Sensitivity analysis

While the employer payroll data is collected in real time, it is necessary to compile the statistics with a time lag in order to accurately identify employers that have *permanently* ceased operations. This is particularly important when considering the most recent quarters i.e., activity in 2023. Employers could be incorrectly identified as permanently ceased if an insufficient window of time is allowed to account for temporary closures (or temporarily having no employees), or late payroll submissions after the paydate. This would result in an *upward bias* in the cessation rate at the end of the period under review.

As regards temporary employer cessations, a sensitivity exercise is undertaken where employer cessations in 2023 (with a sample end date of December 2023) are adjusted for subsequently reactivated temporarily ceased employers. As discussed above, such reactivations can only be identified when additional payroll data beyond 2023 are compiled. However, as such data are not yet available, this exercise assumes that reactivations follow the same pattern as in 2022. The likely impact of this adjustment on the 2023 quarterly cessation rates as the window expands at

three month intervals is presented in Figure 13. As expected, the cessation rate decreases as the interval between the cut-off point and the end of the sample expands.

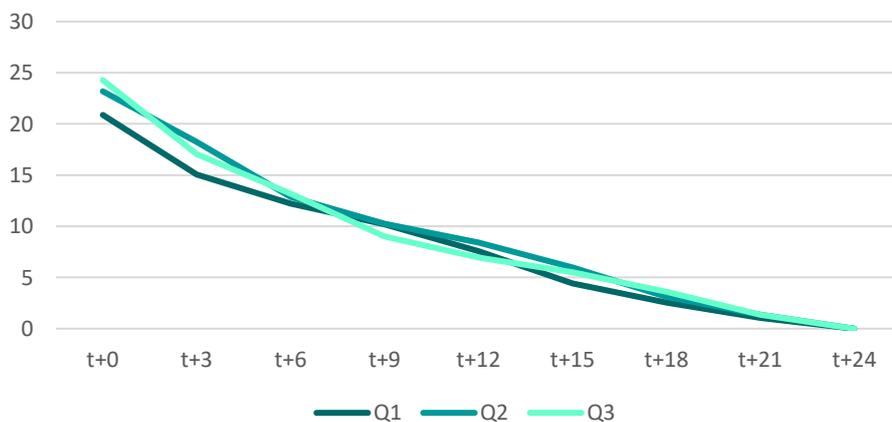
Figure 14: Sensitivity of Employer Enterprise Quarterly Cessation Rates to Temporary Cessations



Source: Revenue analysis.

Figure 14 presents the percentage difference in the initial cessation rate at t+0 relative to its t+24 projection. The two year interval was selected as the reference window. This interval is considered an appropriate duration to account for the distortionary impact of reactivated employers in the calculation of business churn measures derived from other data such as business registrations. In the above scenario, the quarterly cessation rates calculated at t+12 appear to be 7 and 8 percent above their “correct” value when account is taken of the enterprises that temporarily closed in 2023 and reactivated in the subsequent 24 months. This is equivalent to a difference of between 0.15 and 0.19 in percentage point terms.

Figure 15: Employer Enterprise Quarterly Cessation Rates relative to t+24 Projection, % Difference



Source: Revenue analysis.

6 Pensions

6.1 Overview

Since the introduction of real-time payroll reporting in 2019, information relating to pension contributions is captured at an individual payslip level, allowing taxpayers (employees) making these contributions to be profiled.

Table 12 provides a summary of the statistics in this section. The average pension contribution increases with gross pay. The bottom fifth of employees make virtually no pension contributions while the top 10 per cent of employees account for just over half of all pension contributions.

Table 12: Income Breakdown of Personal/Occupational Pension Contributions.

Gross Pay Bands	% All Employees	% Pension Contributors	Average Pension Contribution € – All Employees	Average Pension Contribution € – Pension Contributors	Total Pension Contributions € million	Total Pension Contributions %
0-10000	21%	3%	7	172	5	0%
10001- 20000	15%	4%	51	522	25	1%
20001- 30000	15%	8%	167	952	81	2%
30001- 40000	14%	13%	448	1,459	213	5%
40001- 50000	10%	16%	1,031	2,050	355	9%
50001- 60000	7%	13%	1,794	2,820	402	10%
60001- 70000	5%	11%	2,656	3,715	422	11%
70001- 80000	4%	8%	3,528	4,671	419	11%
80001- 90000	2%	6%	4,094	5,363	336	8%
90001- 100000	2%	4%	4,662	6,054	280	7%
100001-125000	2%	6%	5,475	7,190	452	11%
125001-150000	1%	3%	6,683	8,992	262	7%
150001-200000	1%	2%	8,471	11,237	301	8%
200001-250000	0%	1%	10,362	13,969	156	4%
250001 +	1%	1%	12,394	18,073	264	7%
Total	3.3 million	1.1 Million	€1,195	€3,675	4.0 billion	4.0 billion

Source: Revenue analysis.

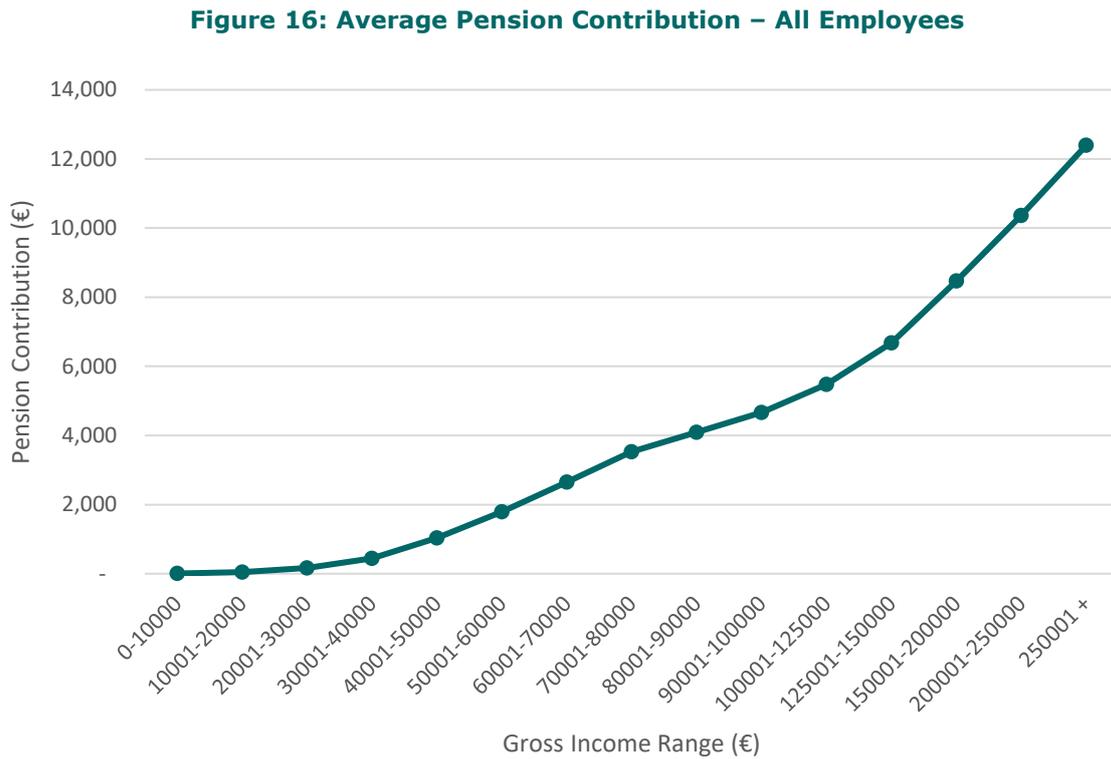
Note: income refers to gross pay as recorded on payroll and does not necessarily include all income sources of the individual. Therefore, the table is not a comprehensive income distribution as it excludes exclusively self-assessed individuals as well as income taxed through the self-assessment system.

6.2 Pension Contributors

Pensions contributions by employees and employers (through employments) total €4.0 billion and €3.8 billion respectively in 2023. These include contributions to Occupational Pensions/Retirement Benefit Schemes (RBS), Additional Voluntary Contributions (AVC), Personal Retirement Savings Accounts (PRSA) and Retirement Annuity Contracts (RAC). 1.08 million employees made pension

contributions at some point in 2023. This represented around 33 per cent of all employees in the year.

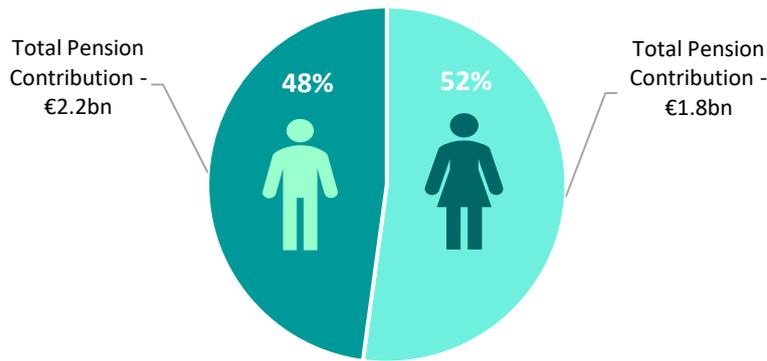
Figure 16 plots the average pension contribution amount by income range, for all employees in 2023. This is based on cumulative pension contributions and cumulative income for the year. Those on greater incomes pay, on average, a greater amount of pension contributions.



Source: Revenue analysis.

As Figure 17: Pension Contributors – Figure 17 shows, females made up 52 percent of all pension contributors. Although females made up a higher share of the total, males had a higher total pension contribution at €2.2 billion compared to the €1.8 billion of females. The male and female shares in 2023 are identical to the pattern in 2019 (the first year when data are available).

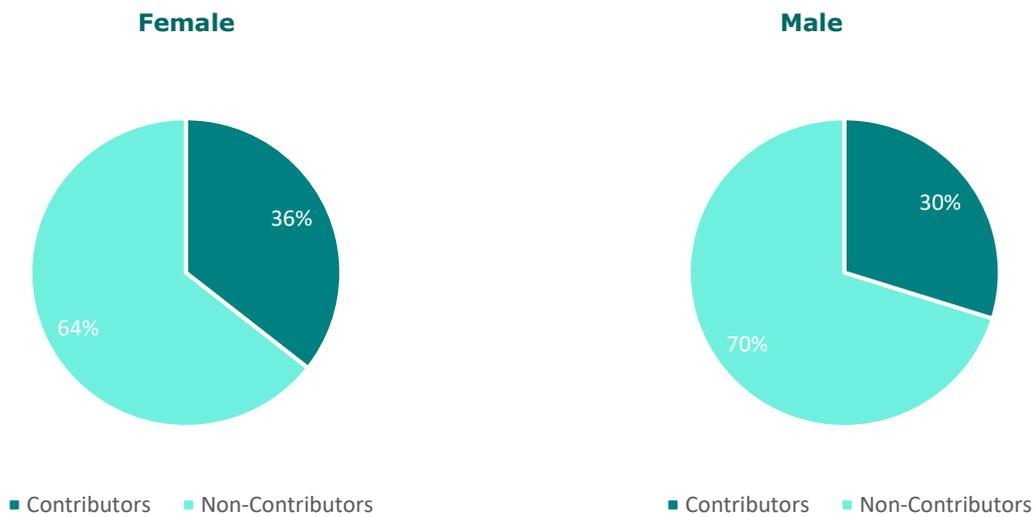
Figure 17: Pension Contributors – Breakdown by Sex



Source: Revenue analysis.

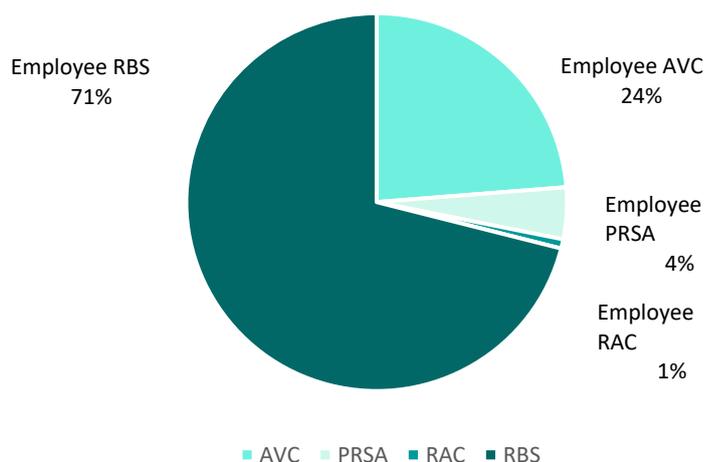
Figure 18 shows the share of pension contributors by sex. As can be seen, 36 per cent of all female employees contribute to a pension compared to 30 per cent of all male employees. In 2019 the figures were 32 per cent and 27 per cent for females and males respectively, implying the sex-specific share has increased at a broadly similar rate over time.

Figure 18: Share of Pension Contributors vs. Non-Contributors Breakdown by Sex



Source: Revenue analysis.

As shown in Figure 19 of those taxpayers who make pension contributions, the vast majority of the contributions (71 per cent by value of total pension contributions) are paid to an RBS (Occupational Pension), with a further 24 per cent made by way of additional voluntary contributions.

Figure 19: Employee Pension Contribution Types

Source: Revenue analysis.

The number of individuals, total gross pay, and total employee pension contributions of those who made a pension contribution at some point in 2023 are shown in Table 13. Compared to 2022, the number of individuals making a pension contribution increased by over 52,000, or 5 per cent. The total amount of pension contributions increased by just under €400 million, or 10 per cent, while the total of gross pay of pension contributors increasing by approximately €6 billion, or 11 per cent.

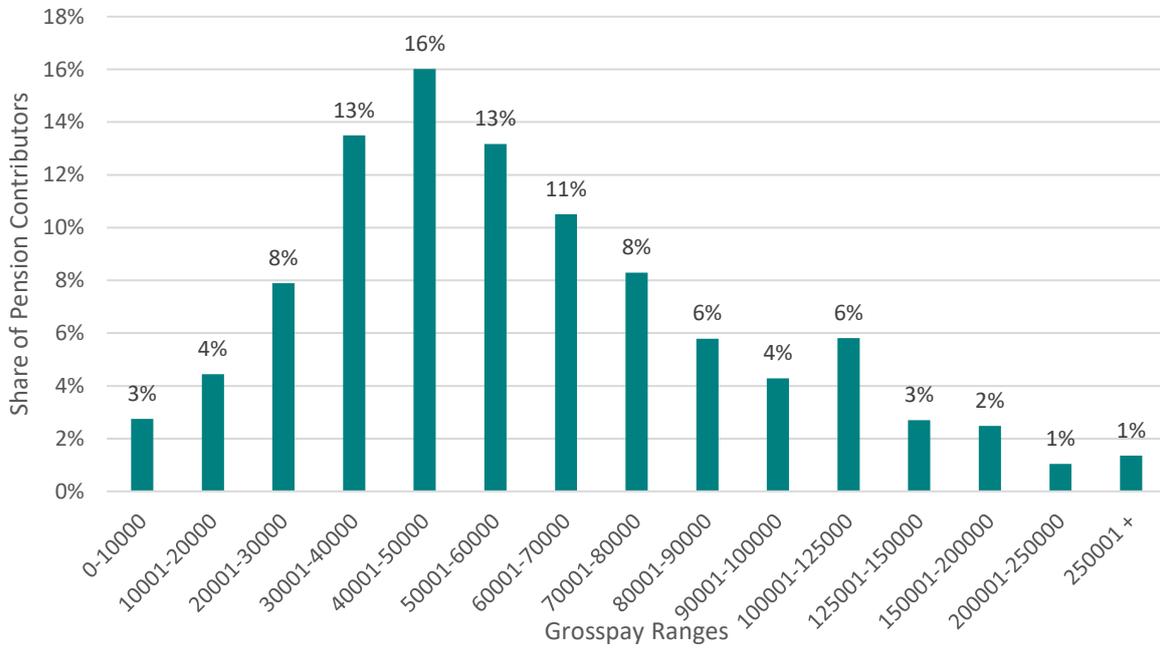
Table 13: Breakdown of Pension Contributors

Range of Gross Pay €	Number of Individuals	Gross Pay €m	Pension Contributions €m
0-5,000	13,700	32	1
5,001-10,000	16,000	122	4
10,001-15,000	21,000	265	9
15,000-20,000	27,100	476	17
20,001-25,000	34,300	776	29
25,001-30,000	51,000	1,413	52
30,001-35,000	67,400	2,197	88
35,001-40,000	78,400	2,941	125
40,001-45,000	89,600	3,817	169
45,001-50,000	83,600	3,969	185
50,001-60,000	142,400	7,800	402
60,001-70,000	113,600	7,370	422
70,001-80,000	89,700	6,705	419
80,001-90,000	62,600	5,305	336
90,001-100,000	46,300	4,391	280
100,001-125,000	62,800	6,964	452
125,001-150,000	29,200	3,972	262
150,001-200,000	26,800	4,580	301
200,001-250,000	11,200	2,486	156
250,001 – 300,000	6,000	1,635	97
>300,000	8,600	4,254	167
Total	1,081,300	71,470	3,974

Source: Revenue analysis.

Figure 20 shows the breakdown of pension contributions by gross pay ranges. Employees earning in the €30,000 to €60,000 range make up 43% of all pension contributors.

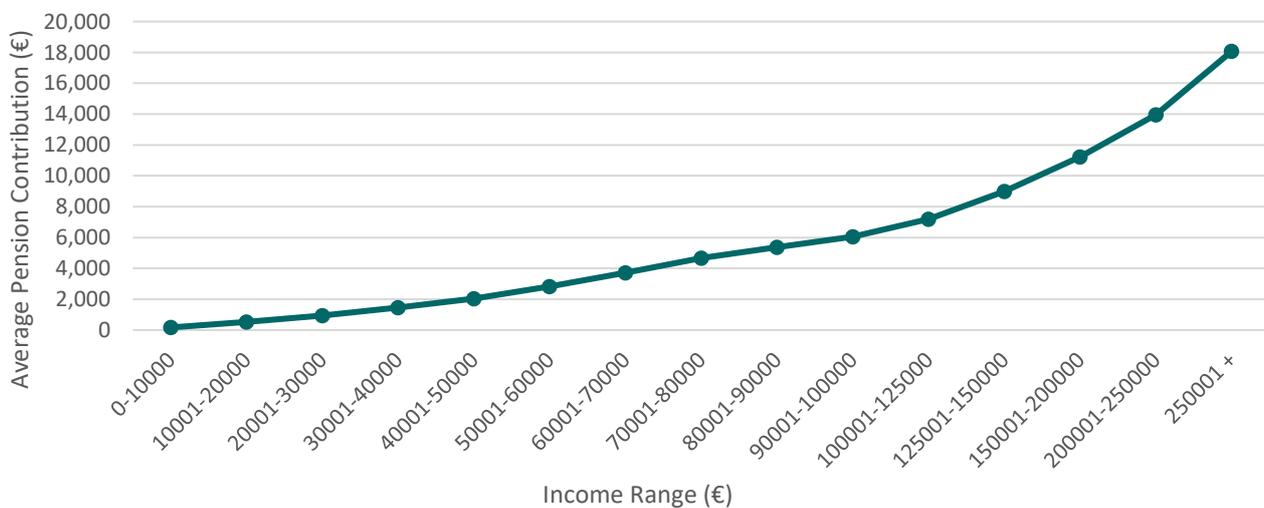
Figure 20: Distribution of Pension Contributors by Gross Pay



Source: Revenue analysis.

Figure 21 shows the average pension contribution by income range for those employees who are making a pension contribution. Those with higher incomes make greater contributions to their pension. Figure 22 shows that the average share of income set aside as pension contribution across the income ranges varies between 3 and almost 7 per cent.

Figure 21: Average Pension Contribution – Pension Contributors



Source: Revenue analysis.

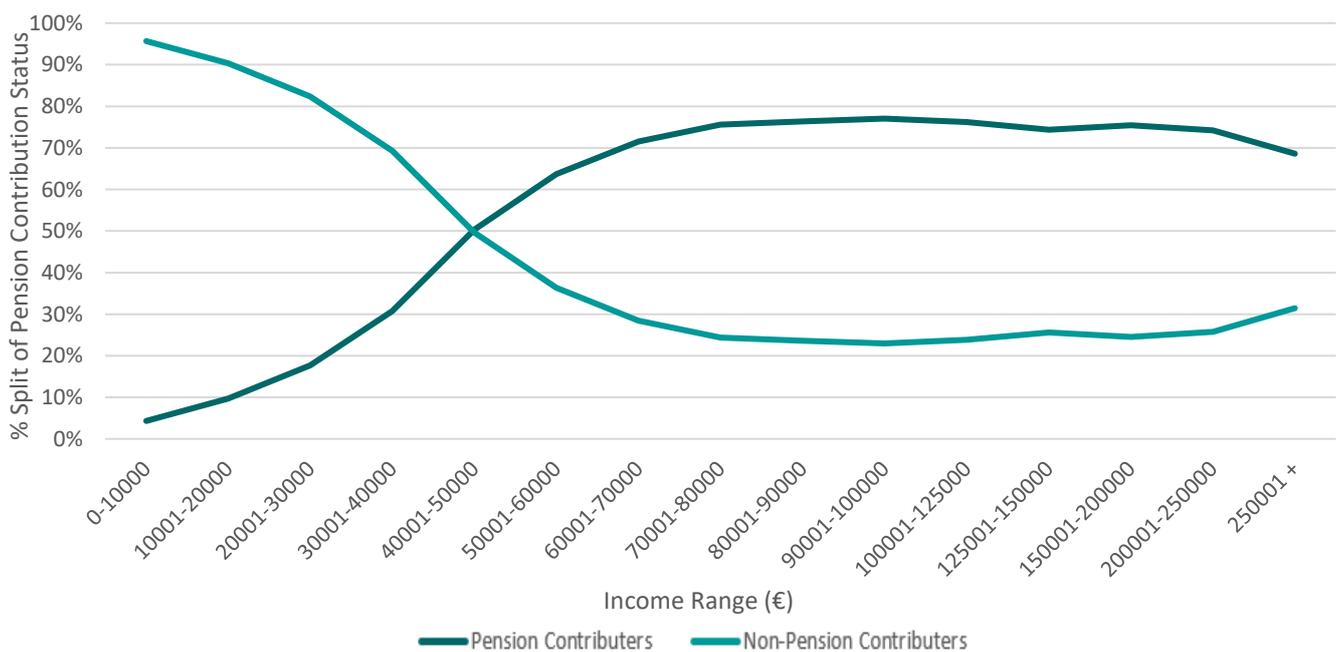
Figure 22: Average Pension Contribution as a share of Gross pay - Pension Contributors



Source: Revenue analysis.

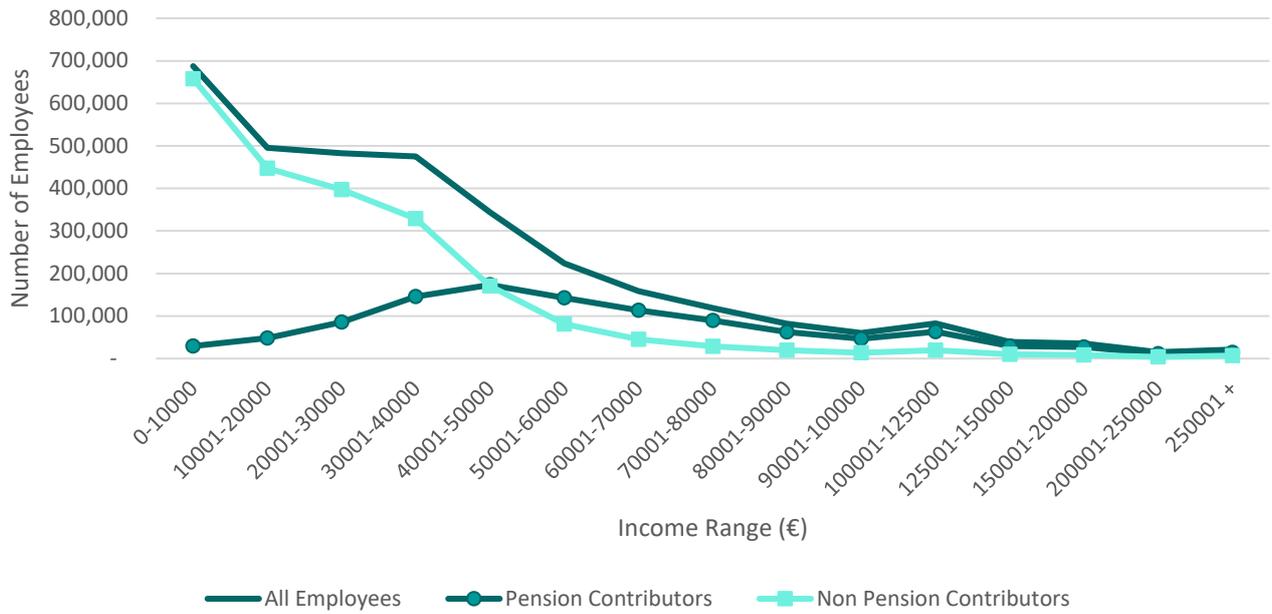
Figure 23 and Figure 241 show, broken down by income range, the split of employees into pension contributors or non-pension contributors. Most employees on lower incomes do not make contributions to their pension. The gross income point above which most employees are making pension contributions is in the €40,000 to €50,000 range.

Figure 23: Split of Pension Contributor Status by Income Range



Source: Revenue analysis.

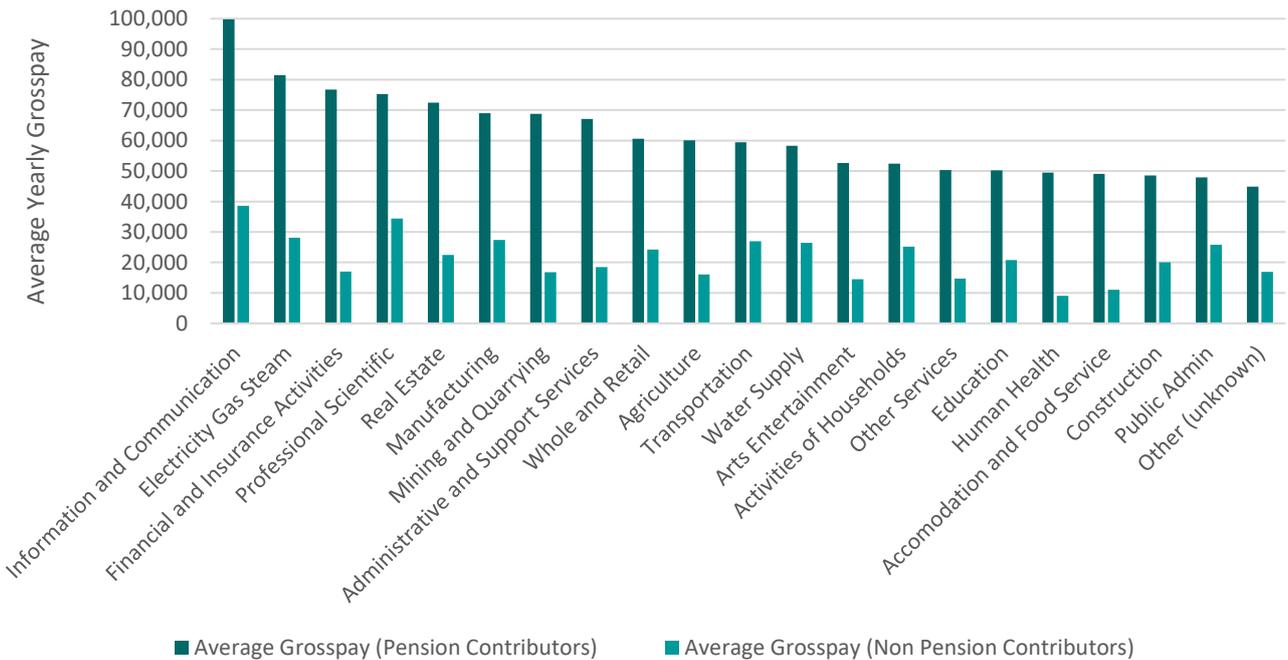
Figure 24: Number of Employees by Income Range and Pension Contributor Status



Source: Revenue analysis.

Figure 25 presents the distribution of pension contributors and non-pension contributors broken down by NACE sector and average annual gross pay. As can be seen, throughout all sectors the average gross pay of pension contributors is significantly higher than that of non-pension contributors, with the largest differences seen in the *Information and Communication, Electricity and Gas and Financial and Insurance* sectors.

Figure 25: Distribution by Sector, Average Gross Pay, Contributors vs. Non-Contributors

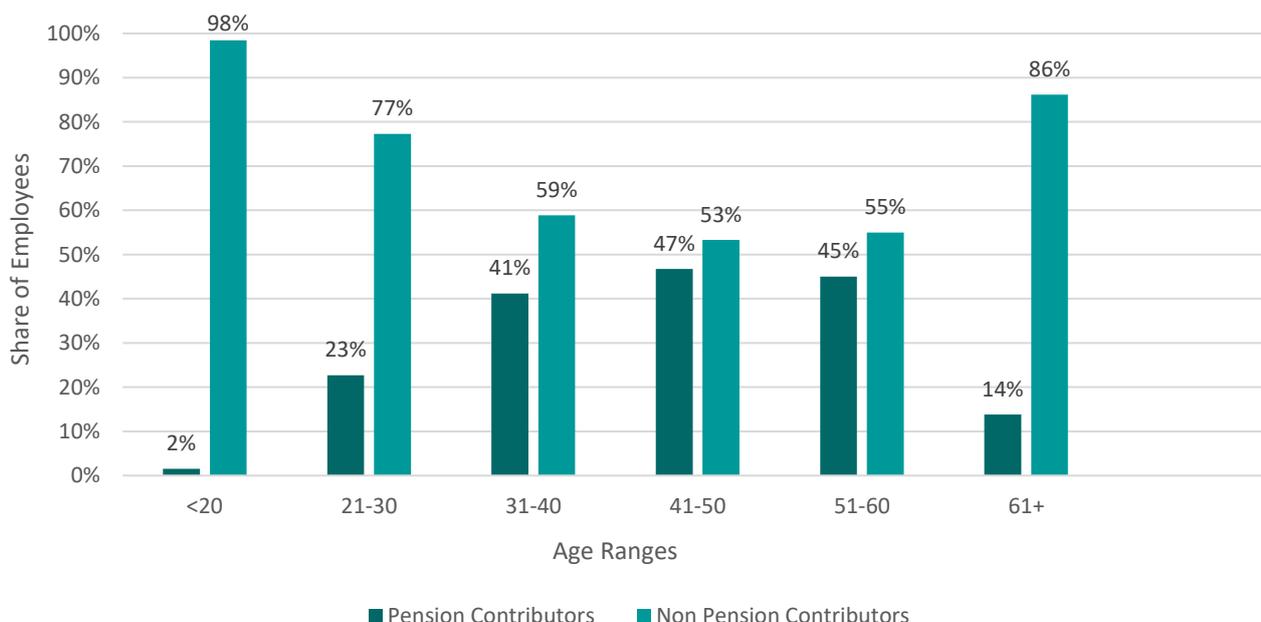


Source: Revenue analysis.

6.3 Employees with no Pension Contributions

Looking at those individuals who do not have a pension contribution deduction in 2023, Figure 26 shows that those without a contribution are, in general, younger in age than all individuals in PAYE employment as a whole. It also shows a higher number of non-contributors in the older age brackets, but these can be accounted for by pension recipients, who would in general not be expected to be making pension contributions at that point.

Figure 26: Share of Employees by Age Range and Pension Contribution Status



Source: Revenue analysis.

Table 14 sets out the average gross pay, broken down by age, of those employees who do not make a pension contribution. In all age ranges the average gross pay is less than the average gross pay for all employees in 2023 which was €39,700¹⁰.

Table 14: Average Gross Pay by Age of Non-Contributors

Age Range	Average Gross Pay €
<20	6,200
21-30	19,900
31-40	31,800
41-50	36,700
51-60	37,700
61+	24,900

Source: Revenue analysis.

¹⁰ The average income is a mean average based on all individuals who appeared at least once on a payslip in 2023, and therefore includes a range of scenarios including those working part-time, full-time, permanent, temporarily, seasonal workers etc.

6.4 Pension Recipients

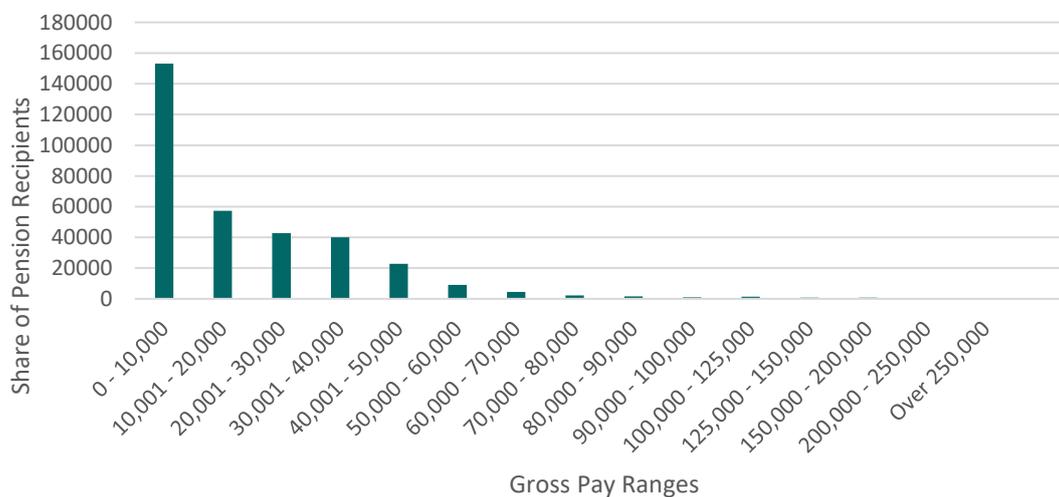
Those in receipt of a private pension income are included in their pension provider's payroll, and as such are included in the PAYE data submitted to Revenue. The income source, such as a pension income or employment income, is not indicated on the payslip, and thus it is not possible to identify precisely those in receipt of pension income. In order to quantify the incomes and deductions of those in receipt of pension incomes, it is necessary to make some approximations in order to try to identify this cohort of taxpayers as closely as practically possible.

As an individual can have multiple employers in a year, employees can have more than one PRSI class in a year (operated by the employer). This analysis focuses on employees who had a Class M classification throughout the year and who were aged 60 or over at the beginning of 2023.¹¹

There were approximately 340,000 such employees in 2023, who were aged 60 at the beginning of the year or over (about 10 per cent of all PAYE taxpayers).

The average income of this cohort is €1,690 per month or €20,270 per annum, 62 per cent of this cohort have an annual income of €20,000 or less, with 87 per cent on incomes of €40,000 or less. It is important to note that these figures exclude income from taxable pensions from the Department of Social Protection; such incomes are taxed by way of reducing the tax credits and bands available to this cohort.

Figure 27: Distribution of Pension Recipients by Gross Pay



Source: Revenue analysis.

¹¹ Class M is assigned by the Department of Social Protection to people with no PRSI contribution liability such as employees under age 16 or people of pensionable age, currently 66 years, or over (including those previously liable for Class S). It also explicitly covers people in receipt of occupational pensions (on the Occupational Pension income only) or people within Class K with no contribution liability.

Michael Collins, Gavin Murphy and Jack O'Brien are members of the Irish Government Economic & Evaluation Service ("IGEES").



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