The Employers' Guide to PAYE
with effect from January 2019

Part 42-04-35A

Document last reviewed September 2026

This Manual replaces Tax and Duty Manual (TDM) Part 42-04-35, which was applicable up to and including 31 December 2018.

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

The information in this document is provided as a guide only and is not professional advice, including legal advice. It should not be assumed that the guidance is comprehensive or that it provides a definitive answer in every case.

Table of Contents

1. Chapter 1 - Introduction 8
1.1 The Pay As You Earn (PAYE) system 8
1.2 Overview 8
1.2.1 Further guidance in relation to the PAYE system 8
1.3 Brief outline of this Guide 10
1.4 Key messages for employers 10
1.5 Income tax calendar 10
1.6 PAYE forms 11
1.7 Determining the employment status of an individual 11
1.8 Assistance to employers 12
1.8.1 Revenue website 12
1.8.2 Revenue Online Service (ROS) 12
1.8.3 National Employer Helpdesk 12
1.8.4 Collector General 12
1.8.5 PRSI queries 13
1.8.6 Contact telephone number for PAYE employees 13
2. Chapter 2 - Registration of employers for PAYE purposes 14
2.1 The obligation to register as an employer 14
2.2 Domestic employments 14
2.3 e-Registration 15
2.4 Registration by paper 15
2.5 Compulsory registration by Revenue 16
2.6 Register of Employees 16
2.7 Employer ceases to have employees 17
2.8 Death of an employer 17
2.9 Change of ownership of a business 17
2.10 Separate registration numbers for the same employer 17
2.11 Payment 18
3. Chapter 3 - Definition of pay 19
3.1 Gross pay / Pay for Income Tax 19
3.2 Employees' superannuation contributions 21
3.3 Deductions from gross pay in calculating Pay for Income Tax 25
3.4 What pay includes 26
3.4.1 Non-cash payments 28
3.4.2 Any liability of an employee which is paid by the employer 29
3.4.3 'Tax free' payments 29

3.4.4 Payments towards the cost of travelling between home and work 30
3.4.5 Round sum expenses payments 30
3.4.6 Certain premiums under pension and insurance schemes 30
3.4.7 Service charges in hotels etc. paid out by/on behalf of the employer 30
3.4.8 Wages payments in advance or on account 31
3.4.9 Pay credited to an employee's or director's account 31
3.4.10 Payments made to an employee absent due to illness 31
3.4.11 Certain lump sum payments made on retirement or on leaving office (including pay in lieu of notice) 32
3.4.12 Payments to election workers 32
3.4.13 Foreign sourced employment income 32
3.5 Items not to be treated as pay 32
3.5.1 Provision of a travel pass 32
3.5.2 Free or subsidised accommodation 33
3.5.3 Reimbursement of expenses incurred by the employee 34
3.5.4 Annual membership fees paid to a professional body 34
3.5.5 Refunds of superannuation contributions 34
3.5.6 Provision of Bicycles for Directors and Employees 34
3.6 PAYE Exclusion Orders 35
3.7 Employees who are exempt from paying PRSI 37
3.8 Employment carried on outside the State 37
4. Chapter 4 - Expenses payments paid to employees 38
4.1 Round sum expenses payments 38
4.2 Expenses payments made to directors 38
4.3 Reimbursement of expenses other than expenses of travel and subsistence 38
4.4 Subsistence payments 39
4.5 Motoring / bicycle expenses 40
4.7 Remote Working Daily Allowance 42
4.8 Enhanced Reporting Requirements 42
5. Chapter 5 - Treatment of foreign sourced employment income 42
5.1 PAYE and foreign employments 42
5.2 Operation of PAYE since 1 January 2019 43
5.3 Further Information 43
6. Chapter 6 - Special Assignee Relief Programme (SARP) 44
6.1 Introduction 44
7. Chapter 7 - Employers' PAYE records 45
7.1 Register of employees 45
7.2 Corrections to payroll 45
7.3 Post cessation payments incorporating arrears of pay 49

7.4 Change of employee's Personal Public Service Number 50
7.5 Inspection of employers' records 50
7.6 Tax credit certificates 50
7.6.1 Employees' Tax credit certificates 50
7.6.2 Real Time Credits 51
7.6.3 Tax credits and tax cut-off points appeal by employee 52
7.6.4 Amended employee tax credit certificates 52
8. Chapter 8 - Universal Social Charge (USC) 54
8.1 Introduction 54
8.2 USC Exemption and refunds 54
9. Chapter 9 - Calculation of tax and USC under the PAYE system 55
9.1 Employer's duty to deduct tax and USC 55
9.2 Calculation of tax – 3 different methods 55
9.3 Cumulative basis 55
9.3.1 Cumulative tax credits and tax and USC cut-off points 57
9.3.2 Tax and USC deductions and refunds by the employer (cumulative basis) 59
9.4 Non-cumulative basis (week 1/month 1 basis) 62
9.5 Emergency basis 62
9.5.1 Emergency Basis of USC deduction 63
9.5.2 Emergency Basis of Tax deduction 63
9.7 Tax exemption and marginal relief 68
9.8 USC exemption 68
10. Chapter 10 - Employee pay day – calculating tax and USC due 70
10.1 Applying tax credits and tax and USC cut-off points 70
10.2 Weekly pay 70
10.3 Fortnightly pay 71
10.4 Four-weekly pay 72
10.5 Monthly pay 73
10.6 Twice-monthly pay 73
10.7 Quarterly pay 74
10.8 Half-yearly pay 74
10.9 Yearly pay 75
10.10 Payments at irregular intervals (continuous employment) 75
10.11 Deduction of tax and USC from 'holiday pay' 76
10.12 Salary and other payments earned before 1 January but paid on or after that date 76
11. Chapter 11 - Social Welfare payments 77
11.1 Introduction 77
11.2 Taxation of Illness Benefit, Occupational Injury Benefit and Partial Capacity Benefit 77

11.2.1 How the reduction in tax credits and tax cut-off point operates.....78
11.2.2 How Payroll operates while the employee is out sick.....80
11.3 Jobseeker's Benefit.....81
11.4 Tax treatment of Maternity, Adoptive and Health & Safety Benefits.....81
11.5 Taxation of Paternity Benefit.....84
12. Chapter 12 - Refunds of income tax and USC to the employee.....86
12.1 Recording of refunds.....86
12.2 Refunds arising from the operation of the cumulative system.....86
12.3 Absence from work for some cause.....88
12.4 Reimbursement of employer for tax and/or USC refunded to employee.....89
12.5 Refund of tax and USC during unemployment.....89
13. Chapter 13 - Local Property Tax – deduction in payroll.....90
13.1 Introduction.....90
13.2 Applying the figure of LPT shown on the RPN in payroll.....90
13.3 Notification to stop deducting LPT from an employee's salary.....91
13.4 LPT applied to holiday pay paid in advance of the usual pay day.....92
13.5 LPT deductions where an individual has two periods of employment with the same employer in the year.....92
13.6 Insufficient net pay in a pay period to pay LPT.....92
13.7 LPT deduction where the employee is absent from work on sick leave or maternity leave throughout the year.....93
13.8 LPT deduction where an employee is off pay and is due a refund of PAYE and/or USC in cumulative payroll.....93
13.9 LPT deduction in week 53, fortnight 27, etc.....93
13.10 Priority of LPT deduction in payroll.....94
13.11 LPT deductions where employee leaves mid pay period.....97
13.12 Arrears of pay paid to an ex-employee and LPT.....97
14. Chapter 14 - Employers' duties throughout the income tax year.....97
14.1 Issue of Revenue Payroll Notifications (RPNs) to employers.....97
14.2 Data Quality.....98
14.3 Week 53, fortnight 27, etc.....99
14.4 Making a payroll submission to Revenue.....99
14.4.1 What information must be included on the payroll submission?.....100
14.5 Important points to remember.....101
14.6 Return due dates.....102
14.7 Penalties.....102
14.8 End-of-year statement.....102
15. Chapter 15 - New employees and employees recommencing.....103
15.1 When a new employee commences employment (or an employee resumes employment after a previous cessation).....103

15.2 What is a 'new employee'?.....105
15.3 Personal Public Service Numbers 105
15.3.1 The format of the employee PPS number.....106
15.3.2 W-Numbers 107
15.4 Employee's previous pay, tax and USC notified to the employer 108
15.5 Refund of tax to a new employee.....109
15.6 Payments by two employers in the same income tax week or month 109
15.7 Change from monthly to weekly pay, etc., following change of employment 109
15.8 Employee hired but never commences.....109
16. Chapter 16 - Cessation of an Employment (including casual employees)/death of an employee 110
16.1 Introduction.....110
16.2 Calculation of tax at date of leaving or at date of death 112
16.3 Employee retiring on a pension paid by the employer.....112
16.4 Employee retiring on a pension paid by the employer and dealt with under a separate registration number or paid by a separate body (trust fund, life assurance company etc.) 112
16.5 Employee transferred from one branch to another 113
16.6 Married (non-assessable spouse) employee becoming a widow(er) / Other civil partner becoming a surviving civil partner 113
17. Chapter 17 - Pay Related Social Insurance (PRSI) 114
17.1 PRSI.....114
17.2 PRSI records to be kept.....114
18. Chapter 18 - Payments to the Collector General 115
18.1 Monthly remittance to Collector General.....115
18.2 Quarterly Remittance to Collector General 115
18.3 Methods of payment 116
18.3.1 ROS 116
18.3.2 Credit Card / Debit Card 116
18.3.3 Making payments using myAccount.....117
18.4 117
18.5 Interest on overdue payments.....117
18.6 Notification to Collector General if no tax, USC, PRSI and LPT due for a payment period.....118
18.7 Separate registrations: remittances.....118
19. Chapter 19 - Revenue Online Service (ROS) 118
19.1 Revenue Online Service 118
20. Chapter 20 - Additional Superannuation Contribution (ASC).....119
20.1 Introduction.....119

20.2 ASC Payments – are they chargeable to tax and USC? 119
20.3 ASC Refunds – are they chargeable to tax and USC? 119
20.4 Further information 119
21. Chapter 21 - PAYE (employer) compliance 119
21.1 Introduction 119
21.2 Register of Employees 119
21.2.1 Records or Registers, that may, for PAYE purposes, be accepted as a Register of Employees 120
21.2.2 Place of retention of Register of Employees 120
21.2 Power of Inspection for PAYE purposes 121
21.3 Penalties for breaches of the PAYE Regulations 121
21.4 Penalties for failure by an employer to produce records 121
Appendix 1 - Contact details 122
Appendix 2 - List of forms used by employers / agents 124
Appendix 3 - Weekly and monthly income tax calendars 125
Appendix 4 - PAYE and USC Regulations 125
Appendix 5 - Commonly used terms 126

1. Chapter 1 - Introduction

1.1 The Pay As You Earn (PAYE) system

The Pay As You Earn (PAYE) system is a method of tax deduction under which an employer calculates and deducts any income tax due each time a payment of wages, salary etc. is made to an employee.

In addition, employers are obliged to calculate and deduct any liability to Pay Related Social Insurance (PRSI), Universal Social Charge (USC) and Local Property Tax (LPT).

Employers are obliged to operate the PAYE system where they make payments in excess of certain levels (see Chapter 2 - Registration of employers for PAYE purposes).

Note: (1) Throughout this Guide, any reference to "employer" includes "occupational pension providers"

(2) Any reference to "employee" includes "occupational pensions recipients"

(3) Any reference to "RPN" means a "Revenue Payroll Notification" (see Appendix 5).

1.2 Overview

With effect from 1 January 2019, employers are obliged to report their employees' pay and statutory deductions to Revenue, on or before the date they pay their employees. This is known as 'real-time reporting'. Real-time reporting makes it easier for employers to deduct, and pay at the right time, the correct amounts of Income Tax, Pay Related Social Insurance, Universal Social Charge and Local Property Tax. This process also provides increased visibility and assurance for employees as their payroll information is available to view, in real-time, in myAccount. In order to comply with their obligations under real-time reporting, employers must:

Revenue Payroll Notification (RPN)
Use the most up-to-date Revenue Payroll Notification (the employer copy of the tax credit certificate) to calculate the employee statutory deductions. Further information in relation to the RPN can be found in Chapter 7 – Employers' PAYE Records, and Appendix 5.

1.2.1 Further guidance in relation to the PAYE system

Making a Payroll Submission to Revenue
Report their payroll to Revenue on or before the date they pay their Employees. Further information to assist employers in fulfilling their reporting obligations is contained in Chapter 15 - New employees and

employees re-commencing and paragraph 14.4 - Making a payroll submission to Revenue.

Making a correction to a Payroll Submission
Detailed information on how to correct an error made in a payroll submission can be found in Chapter 7 - Employers' PAYE Records.

Making a post-cessation payment
Chapter 7 provides information on how to report a payment made to an employee after the employment has ceased.

Emergency Tax
Chapter 9 contains information on the emergency tax procedures

Taxation of Department of Social Protection (DSP) income
Chapter 11 outlines the procedures to be followed in relation to the taxation of certain DSP income.

Employer duties before the Income tax year commences
Chapter 14 outlines the procedure to be followed throughout the Income tax year.

Commencement of an employee
Chapter 15 outlines the procedure to be followed when commencing an employee.

Cessation of an employee/death of an employee
Chapter 16 details the procedures to be followed on cessation of an employment (including casual employees)/death of an employee.

Payment methods
Chapter 18 provides information on the available methods to make payment to Revenue - including the option of Variable Direct Debit.

Employer duties during the year
Chapter 14 provides information on ongoing employer responsibilities including details of how to make a payroll submission to Revenue.

Revenue Online Service (ROS) Enhancements
Chapter 19 provides information on additional services available to employers in ROS.

1.3 Brief outline of this Guide

This Guide sets out for employers the requirements of the PAYE system.

Chapter 1 to Chapter 13 describe the system, define 'pay for PAYE purposes' and set out the normal procedures to be followed for tax, USC and LPT (Deduction in payroll).

Chapter 14 sets out employers' duties throughout the income tax year.

Chapter 15 explains the procedures for dealing with new employees and recommencing employees.

Chapter 16 deals with employment cessations and related topics.

Chapter 17 deals with Pay Related Social Insurance (PRSI).

Chapter 18 is concerned with payment of tax, USC, PRSI and LPT to the Collector General.

Chapter 19 provides information in relation to the Revenue-Online-System (ROS).

Chapter 20 provides information related to the public service Additional Superannuation Contribution.

Chapter 21 sets out employers' obligations with regard to PAYE Compliance.

1.4 Key messages for employers

Employers must:

- be registered as an employer (paragraph 2.1).
- keep and maintain an employee register on which all employees are listed (paragraph 7.1).
- have a Revenue Payroll Notification (RPN) for all employees under their correct Personal Public Service Number (paragraphs 7.4 and 7.6) Further information in relation to the Revenue Payroll Notification can be found in Appendix 5.
- meet their filing and paying obligations (Chapters 14 – 19).

1.5 Income tax calendar

The income tax year commences on 1 January and ends on the following 31 December. Thus, week 1 is the period from 1 to 7 January inclusive; week 2 is the period from 8 to 14 January inclusive, and so on. Similarly, month 1 is the period from 1 to 31 January inclusive; month 2 is the period from 1 to 28/29 February inclusive, and so on. Weekly and monthly income tax calendars can be found on Employing people-paying an employee on www.revenue.ie.

1.6 PAYE forms

A list of the forms that are used by employers in payroll is given in Appendix 2 - List of PAYE forms used by employers.

1.7 Determining the employment status of an individual

The law makes a distinction between a contract of employment (sometimes referred to as a 'contract of service') and a contract for service. Basically, a contract of employment applies to an employee-employer relationship, while a contract for service applies in the case of an independent – that is, self-employed - contractor.

A worker's employment status, that is whether they are employed or self-employed, is not a matter of choice. Whether someone is employed or self-employed depends upon the terms and conditions of the relevant engagement. In most cases it will be clear whether an individual is employed or self-employed. However, it may not always be so obvious. The Supreme Court in their judgement in the Karshan (Midlands) Ltd t/a Domino's Pizza case [2023] IESC 24 set out the 5-step framework that should be used to determine employment status for taxation purposes.

The Five step decision-making framework

The following five questions will assist a business in determining whether a contract is one "of service" or "for service":

1. Does the contract involve the exchange of a wage or other remuneration for work?
2. Has the worker agreed to provide their services personally, with very limited or no option to delegate their work?
3. If so, does the business control what, how, when and/or where the work is done?

If any of these first three questions are answered negatively, there cannot be a contract of employment. If the first three questions are answered affirmatively, questions four and five must then be considered.

4. What do the facts and circumstances say about the true nature of the relationship between the business and worker? Do the arrangements show that the worker is providing services on their own account or as an employee?
5. Finally, is there any legislation that would change the answers to any of the above questions? For example, section 112 of the Taxes Consolidation Act 1997 provides for the application of PAYE to office holders.

All businesses and any agents representing them should familiarise themselves with the details of the Supreme Court judgment. The full text of the judgment is available at the Court Service website. Further information on the process and steps to be

followed during the determination is provided in TDM Part 05-01-30 Revenue Guidelines for Determining employment status for Taxation purposes.
In addition, following the Supreme Court judgement, the Code of Practice on Determining Employment Status (the Code) was reviewed and updated by an interdepartmental group comprised of the Department of Social Protection (DSP), Revenue and the Workplace Relations Commission (WRC). A revised Code was published in November 2024 and can be accessed here.

1.8 Assistance to employers

1.8.1 Revenue website

A comprehensive range of employer information, services and forms is available on the www.revenue.ie – see Employing people

1.8.2 Revenue Online Service (ROS)

The ROS Help Centre on www.revenue.ie provides information and instructions on using ROS.

The ROS Technical Help Desk provides support to customers experiencing difficulties accessing ROS. The contact number is 01 738 3699 and for callers outside the Republic of Ireland, + 353 1 738 3699. You can also email ROS at roshelp@revenue.ie or access MyEnquiries.

If you have access to MyEnquiries please click **Add a new Enquiry** and select 'Other than the above' and 'Revenue Online Service (ROS) Technical Support' from the dropdown options available.

Tax queries on the operation of PAYE should be addressed to the Employer Helpdesk (contact details hereunder).

1.8.3 National Employer Helpdesk

An employer who does not find an answer to a query in relation to the operation of PAYE (income tax and Universal Social Charge) in this Guide, or from their tax practitioner/adviser, can get further assistance from the National Employer Helpdesk, contact details as follows:

MyEnquiries: Select 'Employers PAYE' in the 'My Enquiry Relates To' box.

Telephone: 01 738 3638 (+ 353 1 738 3638 if ringing from outside the Republic of Ireland)

1.8.4 Collector General

Queries relating to the payment of tax should be directed to the Collector General's Division:

MyEnquiries - available in myAccount or ROS. Select 'Collector General's' in the 'Enquiry Relates to' box.

Telephone: 01 738 3663

If calling from outside the Republic of Ireland please phone + 353 1 738 3663

Postal address:

Collector General's Division
Sarsfield House,
Francis Street,
Limerick.
V94 R972

1.8.5 PRSI queries

Revenue collects Pay Related Social Insurance (PRSI) contributions on behalf of the Department of Social Protection.

Queries relating to PRSI contributions should be directed to:

Scope Section,
Department of Social Protection,
Áras Mhic Dhiarmada,
Store Street,
Dublin 1.
D01 WY03

Telephone: 01 673 2585
If calling from outside the Republic of Ireland please phone + 353 1 673 2585

email: scope@welfare.ie

1.8.6 Contact telephone number for PAYE employees

Employees' PAYE affairs are dealt with in Personal Division - PAYE Services across multiple locations countrywide. The contact number for **all** PAYE employees, regardless of location, is 01 738 3636.

If calling from outside the Republic of Ireland PAYE employees can phone: + 353 1 738 3636.

See the Contact us page on the Revenue website for a full list of contact details.

2. Chapter 2 - Registration of employers for PAYE purposes

2.1 The obligation to register as an employer

Employers must register as an employer and deduct Income Tax/USC/PRSI as appropriate under the PAYE system on the making of a payment of emoluments to employees. In addition, employers must report their payroll to Revenue on or before the date they pay their employees. See exception relating to domestic employment below (paragraph 2.2).

(For the tax years up to and including the year 2018, a registration limit applied to employers (other than those referred to in paragraph 2.2). See TDM Part 42-04-33 Domestic Employers and the taxation of Domestic Employees for additional information.)

An employer is also required to notify Revenue of their name and address and of the fact that they intend paying emoluments to employees, prior to the payment of such emoluments.

A company must register as an employer and operate PAYE on the income of directors even if there are no other employees. A director of an Irish incorporated company is liable to PAYE on any income attributable to the directorship irrespective of their residence status or where the duties of the directorship are performed.

The obligation to register as an employer and report payroll applies to every employer, including those employers whose sole employees are the directors of that company. In addition, the employer must register with Revenue by whatever means, including electronically, that Revenue may require.

See Chapter 21 for information regarding employers' obligations in this regard.

2.2 Domestic employments

An employer who makes payments to an employee in a domestic employment where:

- The employer is an individual (organisations, companies, clubs, etc. do not qualify)
- the payments from that employment are less than €40 per week, and
- the employer has only one such employee

is not obliged to register as an employer.

See TDM Part 42-04-33 Domestic Employers and the taxation of Domestic Employees for additional information.

2.3 e-Registration

eRegistration is a Revenue service that enables agents and customers to manage their Revenue registrations online. Tax registrations may be managed online by:

- individuals who are registered for myAccount. Individuals who are not registered for myAccount, and require access to eRegistration, should register for myAccount in the first instance
- individuals and others that are registered for the Revenue Online Service (ROS)
- agents who are registered for ROS.

See our eRegistration webpage for further information.

All employers, with the exception of those who hold an e-filing exemption, are required to pay and file returns and payment electronically. An employer may be excluded from the obligation of mandatory electronic filing if it can be shown that they do not have the legally defined capacity to do so. See Statutory Instrument (S.I.) No. 223 of 2011.

2.4 Registration by paper

Access to eRegistration is unavailable to certain applicants, as outlined below. Applicants in these categories should continue to submit paper applications to their Revenue office. These applicants include:

- individuals currently not eligible to register for myAccount
- non-assessable spouses
- companies that have no Irish-resident directors
- unincorporated bodies and non-profit organisations (for example schools, boards of management not represented by an agent)
- charities not represented by an agent
- trusts not represented by an agent
- collection agents.

If you are unable to use eRegistration, you can register as an employer by completing one of the following paper forms:

Form TR1 - if you are an Individual/Sole Trader or a Partnership, or

Form TR1 (FT) – if you are a non-resident individual, sole trader or partnership, or

Form TR2 - if you are registering a company, or

Form TR2 (FT) – if you are a non-resident company, or

Form PREM Reg - if you are already registered for Income Tax (either as self-employed or as an employee) or Corporation Tax.

These forms are available from Revenue's Forms and Leaflets Service:

email: custform@revenue.ie

Complete the form and return it to Revenue and you will receive confirmation of your registration as an employer along with a registered number.

Note: All paper registration applications received, which could otherwise be completed online, will be returned with a request that the transaction be dealt with online.

Further information can be found in Tax & Duty Manual, part 38-01-03a Guidelines for registration for IT, CT, RCT, Prem and Certain Other Taxheads.

2.5 Compulsory registration by Revenue

Where there is reason to believe that an taxpayer is liable to register as an employer for PAYE purposes and has not done so, Revenue will register the employer and issue formal notice of registration. Where the taxpayer is of the opinion that they are not an employer, they may appeal their compulsory employer registration to the Tax Appeals Commission within 30 days of the date of the notice of registration.

Furthermore, in the event of failure to operate the PAYE system and where PAYE, USC and PRSI deductions are not made, Revenue may issue formal notice of assessment in respect of any amounts of PAYE, USC and PRSI not remitted. Further information on such assessments is provided in TDM Part 42-04-72 – Guidelines on PAYE Assessments.

2.6 Register of Employees

Employers are obliged to keep and maintain a Register of Employees. See paragraph 21.2 regarding the information that should be included in the Register.

2.7 Employer ceases to have employees

An employer who ceases to make payments to employees is obliged to notify Revenue of that fact within 30 days from the date of such cessation (section 988(6) of the Taxes Consolidation Act (TCA) 1997). This notification should be sent when the employer ceases to have employees and is unlikely to have employees in the future or when the employer's trade or business ceases. The instructions in paragraph 14.4 (Making a Payroll Submission to Revenue) and where necessary the instructions in Chapter 16 (Cessation of Employment (including casual employees)/ Death of an Employee) regarding the process to be completed when ceasing an employee should then be followed.

2.8 Death of an employer

Where an employer dies and there are no longer any employees (for example, if a business is discontinued) the executors or administrators should carry out the procedures set out in paragraph 2.7 above. If employees are retained (for example, if a business passes to a successor) paragraph 2.9 below applies.

2.9 Change of ownership of a business

Where a business is transferred by sale, assignment, bequest under a will etc., to another individual, partnership or body corporate, the new employer should advise Revenue accordingly if payments, as outlined in paragraph 2.1 are paid. A new registration number may be required in such cases.

2.10 Separate registration numbers for the same employer

There are a number of circumstances where an employer may find it convenient to have separate registration numbers for different groups of employees. For confidentiality reasons, an employer may choose to keep separate payroll records for different groups of employees, for example, directors, and to facilitate this process, a second registration number may be required. In addition,

- An employer who has one or more branches may find it convenient to have each branch separately registered for payroll purposes. The employer may only do this where the employees in each branch are paid from that branch and not from head office.
- An employer who keeps separate wages records for different groups of employees (for example: by office, factory etc) may wish to make separate PAYE/USC/PRSI remittances and returns under a separate registration number for each group as all payroll submissions under each registration may be visible to the agent/payroll operator, depending on the ROS permissions available to each user.
- A limited company may wish to make separate PAYE/USC/PRSI remittances and returns under a separate registration number in respect of directors.

If any of the above applies, the employer should notify Revenue where separate registration is required for each branch, group, etc.

Any employer, other than an employer who pays a salary or wage to an employee to whom they already pay a pension, who is considering the use of more than one registration number, should discuss the matter with Revenue before formally applying for additional registration numbers.

2.11 Payment

Ordinarily, an employer will remit the amounts due under each separate registration number to the Collector General. However, an employer may arrange with the Collector General to remit the total of those amounts under the principal 'head office' registration number if this is more convenient.

Note: The use of separate registration numbers for separate groups of employees rather than one registration number for all employees can involve extra work for the employer as they will be making separate returns to Revenue and payments to the Collector General.

If an employee transfers from one registration number to another, a cessation date must be provided on the payroll submission under the first employer registration number. Likewise, a commencement date will need to be provided on the payroll submission under the employer registration number to which the employee is transferring. The commencement date should be the date of commencement under the new tax registration number, it should not be backdated.

3. Chapter 3 - Definition of pay

3.1 Gross pay / Pay for Income Tax

The PAYE system of tax deduction applies to all income from offices or employments (including directorships and occupational pensions) other than a few isolated cases where the employers concerned are given special instructions (see paragraph 3.6 regarding Exclusion Orders and paragraph 3.8 regarding employments carried on outside the State).

Since 1 January 2018, income from an office/employment is chargeable to tax on a receipts basis. This means that the income is subject to tax, USC and PRSI when it is received, regardless of when it is earned. Income received by a proprietary director is still taxed on an earnings basis. Employers must, however, operate PAYE on the director's salary at the time of payment and report this payment to Revenue on or before the date it is paid.

Since 1 January 2019, all employers are obliged to report their payroll to Revenue on or before the date they pay their employees. See paragraph 14.4 - Making a payroll submission to Revenue.

A PRSI contribution is payable through the PAYE system for all persons dealt with under the PAYE system. Employee contributions to occupational pension schemes and other pension arrangements do not qualify for PRSI (employee and employer) relief. Income Tax, USC and PRSI must be operated by employers in respect of the taxable value of most benefits-in-kind and other non-cash benefits provided b them for their employees see paragraph 3.4.1

Information regarding the PRSI system is provided in the Pay Related Social Insurance (PRSI) Employer Guide (SW 14). Details of the percentage rates of PRSI contributions can be found in this guide which is issued annually by DSP.

The terms 'gross pay', ' Pay for Income Tax ', 'pay for Universal Social Charge (USC)' and 'employee pay for PRSI purposes' as used in this Guide have the following meanings:

Gross Pay is the employee's total pay of any kind before any deductions are made by the employer. It includes all notional pay and share based remuneration and is the amount of pay before any pension contributions or salary sacrifice deductions are made. It includes all relevant pay types as outlined in paragraph 3.4 and should be fully reported to Revenue by employers.

Example 1
John commences employment with ABC Ltd. His annual salary is €25,000. He also receives €5,000 share - based remuneration and he contributes €2,000 to the company pension scheme. His Gross Pay is therefore €30,000 (salary €25,000 plus

€5,000 share - based remuneration). The pension contribution of €2,000 is **not** deducted from the total figure.

Pay for Income Tax is the amount of an employee's gross pay less any ordinary contributions made by the employee to a:

- Revenue Approved Superannuation Scheme
- Revenue Approved Permanent Health Benefit (Income Continuance) Scheme
- Personal Retirement Savings Account (PRSA) that are deducted by the employer
- Retirement Annuity Contract (RAC) that are deducted by the employer and
- Salary sacrificed for a Travel Pass Scheme (paragraph 3.5.1) or a Cycle to Work Scheme (paragraph 3.5.6).

These amounts are deducted from gross pay by the employer before tax is calculated.

Subject to meeting the relevant conditions, certain share-based remuneration is exempt from income tax either in full or partially. Refer to the following chapters of the Share Scheme manual for further details:

- Shares appropriated under an Approved Profit Sharing Scheme – see Chapter 10
- SAYE options exercised – see Chapter 12
- KEEP options exercised – see Chapter 9
- Restricted shares under section 128D TCA 1997 – see Chapter 8

The share-based remuneration which is exempt from income tax should not be included as "Taxable Pay". However, it should be reported in full under the 'Share Based Remuneration' field.

Example 2
John commences employment with ABC Ltd. His annual salary is €25,000. He also receives €5,000 share - based remuneration and he contributes €2,000 to the company pension scheme. His Pay for Income Tax is therefore €28,000 (salary €25,000 plus €5,000 share - based remuneration less €2,000 pension contribution).

Pay for Universal Social Charge (USC)
The Universal Social Charge (USC) is payable on gross income, including notional pay and any other income as described in paragraph 3.4 and before employee pension contributions. See Universal Social Charge. Certain capital allowances can be deducted from Gross Pay to arrive at the 'Pay for Universal Social Charge' - see Tax & Duty manual Part 18D-00-01 Universal Social Charge (USC) for further information in respect of the type of capital allowances that may be deducted.

Example 3
John commences employment with ABC Ltd. His annual salary is €25,000. He also receives €5,000 share - based remuneration and he contributes €2,000 to the company pension scheme. His pay for USC purposes is therefore €30,000 (salary €25,000 plus €5,000 share - based remuneration). The pension contribution of €2,000 is **not** deducted from the total figure.

Employee Pay for PRSI purposes
A PRSI contribution is payable through the PAYE system for all persons dealt with under the PAYE system.

Employee contributions to occupational pension schemes and other pension arrangements do not qualify for PRSI (employee and employer) relief.

Tax, USC and PRSI must be operated by employers in respect of the taxable value of most benefits-in-kind and other non-cash benefits provided by them for their employees. See paragraph 3.4.1.

In addition, certain share-based remuneration which is exempt from income tax may attract an employee PRSI charge and should be included as 'Pay for PRSI'.

Information regarding the PRSI system is provided in the Pay Related Social Insurance (PRSI) guide, issued by the Department of Social Protection (DSP). Details of the percentage rates of PRSI contributions can be found in this guide which is issued annually by DSP.

Reckonable earnings for PRSI purposes include the following: salary, wages, fees, commissions, bonuses, Christmas boxes, overtime, pay during sickness, holiday pay or pay in lieu of holidays and notional pay.

Example 4
John commences employment with ABC Ltd. His annual salary is €25,000. He also receives €5,000 in respect of overtime and he contributes €2,000 to the company pension scheme. In addition, he participates in an approved share option scheme set up by the company for the benefit of their employees. He realises a gain of €3,000 on the exercise of an option. His pay for PRSI purposes is therefore €33,000 (salary €25,000 plus €5,000 overtime plus €3,000 share-based remuneration). His pay for PRSI purposes is therefore €30,000 (salary €25,000 plus €5,000 overtime). The pension contribution of €2,000 is **not** deducted from the total figure.

3.2 Employees' superannuation contributions

Ordinary contributions
An employee's ordinary contributions to a superannuation fund or scheme are allowable for income tax purposes if the fund or scheme has been approved by Revenue. Details of new schemes should be submitted for approval to:

Office of the Revenue Commissioners,
Financial Services (Pensions),
Large Cases – High Wealth Individuals Division,
Castle View House,
52-57 South Great George's Street,
Dublin 2.
D02 HF50

Contact: My Enquiries

The employer is advised when approval has been given. Gross pay for tax purposes should not be reduced by the amount of the employee's superannuation contributions unless Revenue advises the employer that it is in order to do so or until approval is received.

Notes:
Employee contributions to occupational pension schemes and other pension arrangements do not qualify for USC and PRSI (employee and employer) relief.

Tax, USC and PRSI should not be applied to pension contributions paid by an employer on an employee's behalf to a Revenue approved occupational pension scheme.

Special contributions
An employee's special contributions, such as lump sum payments (or instalments of lump sums) to an approved superannuation fund or scheme may also qualify for tax relief. However, an employer should not treat such special contributions as reducing pay for tax purposes. Any tax relief, which is due to the employee, will be given, upon application to Revenue, as part of their tax credits.

Additional Voluntary Contributions (AVC)
Some employees who are members of occupational pension schemes may opt to make regular additional voluntary contributions (AVCs) from their salaries. Tax relief may be granted by an employer, by way of the net pay arrangement. This means that tax deductions will be calculated on wages or salary net of additional voluntary contributions. (There is no relief from USC or PRSI). Employers must ensure that the combined contributions, for example, normal contributions plus Additional Voluntary Contributions do not exceed the following age-based percentage ceilings and earnings ceiling.

Ceilings on contributions

Age	% of Net Relevant Earnings
Under 30	Up to 15%
Between 30 and 39	Up to 20%
Between 40 and 49	Up to 25%
Between 50 and 54	Up to 30%
Between 55 and 59	Up to 35%
60 and Over	Up to 40%

A 30% limit applies below the age of 50 years to certain categories of professional sportspersons.

Earnings ceiling
In addition to the age-based percentage ceilings above, the annual earnings ceiling, which applies for the purpose of tax relief on contributions to pension products, is €115,000.

Note:

The taxable portion of a termination payment is not relevant earnings for the purposes of calculating the ceiling on pension contributions. Pension contributions paid by an employer on an employee's behalf to a Revenue approved occupational pension scheme are ignored for the purposes of calculating the maximum tax relief due.

Personal Retirement Savings Account (PRSA)
A Personal Retirement Savings Account (PRSA) is a long-term savings account, designed to assist people to save for their retirement and is available from PRSA providers whose products have been approved jointly by the Pensions Authority and Revenue. If an employer does not provide an occupational pension scheme for an employee they are obliged to provide access to at least one Standard PRSA.

Where qualifying PRSA contributions are deducted by the employer, the net pay arrangement will apply. This means that tax deductions will be calculated on wages or salary net of PRSA contributions.

Where qualifying PRSA contributions are not deducted by the employer, the employee can claim tax relief directly from Revenue. Tax relief will then be allowed through the PAYE system, as an additional tax credit.

Employee contributions to a PRSA do not qualify for USC and PRSI relief.

Employer contributions to an employee's PRSA

From 1 January 2025, an "employer limit" applies to employer contributions to an employee's Personal Retirement Savings Account ("PRSA"). The "employer limit" is the maximum amount an employer can contribute to an employee's PRSA, without the contribution being considered a BIK for the employee. It is also the maximum contribution for that employee for which an employer can claim a deduction for tax purposes. This limit is 100% of the employee's emoluments in the year of assessment. Any employer contributions exceeding this limit will be treated as a BIK and taxed as income for the employee.

Employer contributions within the employer limit are not chargeable to PRSI and USC. However, employer contributions in excess of the employer limit are subject to both PRSI and USC.
It is important to note that there were different rules in relation to contributions to PRSAs for periods prior to 1 January 2025. See Pensions Manual Chapter 24 for further details.

Retirement Annuity Contract (RAC)
An individual may pay a premium under a Retirement Annuity Contract (RAC) to provide a pension for their old age or for the benefit of their spouse or dependents.

Where contributions to an RAC are deducted directly from an employee's pay, the employer can give tax relief at source under a 'net pay' arrangement. This means that tax deductions will be calculated on wages or salary net of RAC contributions. This only applies where there is no occupational pension scheme in place. If there is an occupational scheme in place the employer must apply tax before the RAC deduction is made.

If an individual is making contributions to an RAC and a PRSA, the above ceilings on contributions apply to the combined amount paid on both.

Employee contributions to an RAC do not qualify for USC and PRSI (employee and employer) relief.

Permanent Health Benefits
An individual who pays a premium on a policy to secure the continuance of income and payment of benefits during disablement through accident, injury or sickness may claim tax relief in respect of the premiums paid. The policy must be approved by Revenue as a Permanent Health Benefit Scheme.

Where qualifying Permanent Health Benefit contributions are deducted by the employer, the net pay arrangements apply in respect of tax deduction. This means that tax deductions will be calculated on wages or salary net of Permanent Health Benefit contributions. The tax relief due is limited to 10% of the individual's total income for the tax year.

Employees' contributions to Revenue-approved Permanent Health Insurance and Income Continuance Plans (not private health insurance companies) do not qualify for USC and PRSI (employee and employer) relief.

Where an employee is absent from work and receives a payment from a Revenue-approved permanent health benefit scheme, the payment is subject to tax and USC. The payment is not subject to PRSI. However, an employee may be able to claim/qualify for credited PRSI contributions, further information on whether this applies in their circumstances is available from DSP at Operational Guidelines: PRSI Credited Social Insurance Contributions on the DSP website.

For further information on relief for contributions to Permanent Health Benefit Schemes and tax treatment of benefits received under Permanent Health Benefit Schemes please see TDM Part 15-01-10.

3.3 Deductions from gross pay in calculating Pay for Income Tax

Apart from the following:

- ordinary superannuation contributions
- Additional Voluntary Contributions
- Revenue approved permanent health (income continuance) deductions
- Personal Retirement Savings Accounts
- Retirement Annuity Contracts

- salary sacrificed for a Travel Pass Scheme (paragraph 3.5.1) or a Cycle to Work Scheme (paragraph 3.5.6),

no other deductions made from pay should be taken into account in calculating employees' taxable pay.

An employee may claim a tax credit from Revenue for expenses that are wholly, exclusively and necessarily incurred in the performance of the duties of the employment. If due, it will form part of their tax credits and cut-off point and will not reduce the employee's Pay for Income Tax (see Flat-rate expense allowances

3.4 What pay includes

Pay includes the following:

- Emoluments
- Restrictive covenants
- Remuneration
- Pay during illness
- Salary
- Gross Medical Insurance paid by the Employer
- Holiday pay
- Pay in advance
- Share-based remuneration, including Restricted stock units (RSUs), dividend-equivalents and any other cash payment that follows the value of shares
- Wages
- 'Danger money'
- Fees
- 'Dirty money'
- Arrears of pay
- 'Tea money'
- Pension

- 'Height money'
- Bonuses
- 'Walking money'
- Overtime
- Round sum expense payments
- Service charges (for example in restaurants/hotels) where subsequently paid over to the employee(s)
- 'Site allowances'
- Commission
- Lump sum payments made to an employee as compensation for a change in work procedures
- 'Travelling time money'
- Payments towards the cost of travelling between home and work
- Post-cessation payments
- Travel and/or subsistence payments in excess of the agreed Civil Service rates
- Christmas boxes
- Benefits-in-kind (other than those covered by an exemption)
- Notional pay
- 'Tool money'
- Tips
- Any non-cash benefits
- Non-cash emoluments
- And other like allowances or payments

This list is not exhaustive. Employers should contact the National Employer Helpdesk at 01 738 3638 for clarification of the tax treatment of any item not listed above

3.4.1 Non-cash payments

Most benefits-in-kind (for example, the private use of a company car, free or subsidised accommodation) received from an employer are taxable, if the employee's total pay (including the value of the benefit) is €1,905 or more in any tax year. Where a director receives such benefits, the benefits are taxable regardless of the level of payment. Benefits, which an employer provides for any member of an employee's family or household, may also be taxable.

Since 1 January 2024, rights to acquire shares or other assets chargeable to tax under section 128 TCA 1997 granted to employees are within the scope of the PAYE system. Upon the exercise, assignment or release of such a right, the employer must calculate the gain and deduct tax in accordance with the latest RPN made available by Revenue. The employer must account for the tax due in the next payroll submission after the date of the taxable event. An employer's PRSI exemption is currently in place for share-based remuneration which is settled in the form of shares in the employer company or the parent of the employer company only. Further information is available in Chapter 3 of the Share Scheme manual

In addition, employees and directors are chargeable to tax in respect of 'perquisites' from their employment, that is, payment in non-money form that is convertible into money or money's worth, for example, vouchers in various forms, the payment of bills, club subscriptions and medical insurance premiums on an employee's behalf.

Further information is available in the Benefit in kind (BIK) for employers section on the Revenue website.

Notional pay
The value of any non-cash benefit or perquisite (called 'Notional Pay') must be added to pay and tax, USC and PRSI must be applied in the normal way.

Valuation of benefits
The general rule for establishing the value of a taxable benefit (that is, notional pay which will be liable to tax, USC and PRSI) is to take the higher of

- the expense incurred by the employer in connection with the provision of the benefit to the employee, or
- the value realisable by the employee for the benefit in money or money's worth, less any amount made good to the employer by the employee.

Small benefits

Generally, where an employer provides qualifying incentives (e.g. vouchers or other tangible non-cash incentives) to an employee they are subject to Income Tax, PRSI

and USC under the PAYE system. However, section 112B TCA 1997 provides that qualifying incentives may be given to an employee without giving rise to a charge to tax where certain conditions are met.

See Tax and Duty Manual Part 05-01-01e for further details on the Small Benefit Exemption.

Where the exemption provided for by section 112B TCA 1997 is availed of, the employer is obliged to report details of the qualifying incentive to Revenue under Enhanced Reporting Requirements (ERR). See paragraph 4.7 below for details of ERR in regard to Reportable Benefits.

Non-cash emoluments
The pay figure on the payroll submission for each employee should include any taxable benefit received by that employee during the pay period. In addition, the total amount of taxable benefits should be shown under the relevant heading on the payroll submission.

The payroll submission has two data fields that are required to be updated, where relevant, for each employee, relating to taxable benefits and share based remuneration that are included in "Pay for Income Tax":

- **Company Share-based Remuneration**
- All share-based remuneration, including any cash payment that follows the value of shares and dividend-equivalent payments, which is included in "Pay for Income Tax" is to be shown separately under the relevant heading on the payroll submission.

- **Taxable Benefits**
  The value of any non-cash benefits, for example private use of a company car, free or subsidised accommodation, preferential loans, shares in companies not owned or controlled by the employer is to be shown separately under the relevant heading on the payroll submission.

3.4.2 Any liability of an employee which is paid by the employer

If, for example, the employee's share of the PRSI contribution is paid by the employer instead of being deducted from the employee's pay, this amount is regarded as additional pay for the employee and is liable to tax, USC and PRSI.

3.4.3 'Tax free' payments

An employer should always deduct tax from pay unless they are otherwise advised by Revenue. If an employer makes payments on a 'free of tax' basis, the pay for tax, USC and PRSI purposes is the amount which, after deduction of the correct tax, USC and PRSI, would be equal to the amount actually paid to the employee, that is, the amount actually paid to the employee should be re-grossed to arrive at the figure of pay to be taken into account for tax, USC and PRSI purposes.

3.4.4 Payments towards the cost of travelling between home and work

Payments made by the employer to the employee in respect of the cost of travelling between the employee's home and normal place of employment must be treated as pay (except in the case of a travel pass scheme – see paragraph 3.5.1 - Salary Sacrificed for a travel pass scheme) and taxed accordingly.

3.4.5 Round sum expenses payments

Round-sum expenses payments made to employees, including directors, must be treated as pay and taxed accordingly. See Chapter 4 - Expenses Payments Paid to Employees.

3.4.6 Certain premiums under pension and insurance schemes

In certain circumstances premiums paid by an employer under pension or insurance schemes or under arrangements with individual employees may be treated for tax purposes as income of the employee. An employer who has not already been advised as to their treatment for tax purposes should consult Revenue – see the Contact us section of the Revenue website for contact details.

3.4.7 Service charges in hotels etc. paid out by/on behalf of the employer

Where gratuities from customers are paid to the employer and subsequently paid out to an employee, the amount should be included in pay for the income tax week or month in which they are paid out. The total amount of weekly/monthly/fortnightly wages combined with tips earned by each individual employee in the relevant pay period must be reported by the employer on or before the date the employer pays his/her employees using a payroll submission (see paragraph 14.4 Making a payroll submission to Revenue). PAYE, USC, PRSI and LPT deductions should be applied using the most recent RPN available (see Appendix 5 and Chapter 7 for further information). Gratuities include service charges and tips made by cash or electronic means.

Example 1:

Anne is a hairdresser employed by ABC Hair & Beauty and is paid weekly. Over the course of a week, Anne received €50 in tips, which were paid by customers directly to the employer by credit card. As the employer received the tips and will pay same out to Anne, the employer must include the amount in Anne's gross and Pay for Income Tax . If Anne's weekly pay from employment amounted to 40 hours @ €15 per hour (total €600) and tips earned in the same week amounted to €50, the total gross pay for that week is €650. ABC Hair & Beauty must report €650 on the payroll submission for Anne for that week and must deduct PAYE, USC, PRSI and LPT (if applicable) on the whole amount using the most recent RPN available.

In cases where an employee receives tips directly from a customer, the amounts do not constitute pay for the purposes of the PAYE system. However, as the income is taxable in the hands of the employee, he/she must declare this income on their annual Income Tax return (Form 12).

Example 2:

In 2024, James is employed by XYZ Restaurant and regularly receives cash tips from customers. As these tips do not form part of XYZ Restaurant's service charge and were not paid to the restaurant directly, the employer should not include these amounts in James' gross pay. Instead, James must declare the tips on his Income Tax Return for 2024 under the 'other income not subject to PAYE' option.

3.4.8 Wages payments in advance or on account

Payments in advance or on account by an employer to an employee and/or director (including drawings in advance or on account of a director's remuneration and payments to or on behalf of a director in advance of the voting of remuneration) are pay for PAYE purposes. These payments are taxed as income in the income tax week or month in which they are paid and are subject to the operation of PAYE for that week or month. The employer must use the latest Revenue Payroll Notification (RPN) to calculate the statutory deductions, and a payroll submission must be made to Revenue each time an advance payment is made.

When the remuneration is subsequently paid (or in the case of a director, voted) any excess over the payment already paid in advance should be treated as pay in the income tax week or month in which it is paid or voted. This remuneration is subject to the operation of PAYE for that week or month even though it may be in a later income tax year than the one in which the payment on account was paid.

3.4.9 Pay credited to an employee's or director's account

Pay credited to the bank account of an employee or company director is pay for PAYE purposes, as is remuneration voted to a director which is credited to an account with the company on which they are free to draw or which is applied in reduction of a debt due by them to the company.

If the debt due to the company arose from the debiting of the director's account with the payments in advance or on account mentioned in paragraph 3.4.8, any excess of the amount credited over the advance payment is, for PAYE purposes, regarded as pay in the income tax week or month in which it is received.

3.4.10 Payments made to an employee absent due to illness

Salary, wages etc. paid to an employee when absent from work owing to illness are pay for PAYE purposes.

Where an employee is absent from work due to illness and receives, or is entitled to receive, Illness Benefit, Occupational Injury Benefit or Partial Capacity Benefit, these amounts are also taxable in the hands of the employee and should not be taxed through payroll. Revenue will make an amended RPN available to the employers where the DSP advise that the employee is in receipt of one of the above payments. The duties of the employer in relation to the operation of PAYE in such cases is detailed in Chapter 11- Social Welfare Payments.

3.4.11 Certain lump sum payments made on retirement or on leaving office (including pay in lieu of notice)

A lump sum payment made on retirement or removal from employment should be treated as pay for tax purposes to the extent that the payment (or the total of such payments if more than one is made) exceeds the greater of:

- Basic Exemption plus the Increased Exemption (if due)
- SCSB (Standard Capital Superannuation Benefit).

Further information in relation to the taxation of lump sum payments is available in TDM Part 05-05-19 - Payments on Termination of an Office or Employment or Removal from an Office or Employment.

3.4.12 Payments to election workers

Payments made to individuals employed by Returning Officers in respect of work carried out in relation to elections and referenda are chargeable to tax under Schedule E.

Consequently, tax, USC and PRSI must be deducted at source under the PAYE system from these payments when they are paid. The payer must ensure that the latest RPN is used when calculating the statutory deductions from these payments and a payroll submission must be made to Revenue on or before the date the payment is made.

See TDM Part 05-01-29 - Taxation of Election Workers for further information.

3.4.13 Foreign sourced employment income

Foreign sourced employment income (including taxable benefits) attributable to the performance in the State of the duties of a foreign employment are chargeable to income tax under the PAYE system.

See Chapter 5 - Treatment of Foreign Sourced Employment Income.

3.5 Items not to be treated as pay

The following items should not be regarded as pay for income tax purposes.

3.5.1 Provision of a travel pass

Two scenarios may arise in relation to a travel pass, an employer may purchase a travel pass for an employee or director, or a salary sacrifice arrangement may be entered into between the employer and the employee/director in relation to the cost of the travel pass.

Where an employer incurs the cost of a travel pass without recoupment of that cost from the employee/director, subject to certain conditions, a benefit in kind (“BIK”)

exemption will apply. Where the BIK exemption applies the cost incurred by the employer in providing the travel pass is not regarded as pay for the employee/director.

For the exemption to apply, the employer must incur the expense of the travel pass. It will not be sufficient for an employer to purchase a pass and recover the cost from the employee/director, or for the employee/director to provide payment towards the cost in advance of the travel pass being purchased.
In such circumstances, the expense will have been incurred by the employee/director.

See TDM Part 05-01-01f –The provision of travel passes for further details

Alternatively, under section 118B TCA 1997 an employer and employee/director may enter into a salary sacrifice arrangement where the employee/director agrees to sacrifice part of his or her salary, in exchange for a travel pass. Where a travel pass is purchased through a salary sacrifice arrangement and certain conditions are met, tax should not be applied to the value of the qualifying travel pass.

See TDM Part 05-01-01k for details in relation to Salary Sacrifice Arrangements.

Employers should note that the salary sacrifice amount should be included in gross pay. It should, however, be deducted from Gross Pay to arrive at pay for Income Tax, USC and PRSI purposes.

3.5.2 Free or subsidised accommodation

Where an employer provides accommodation for an employee, generally the employee will be taxed on the annual value or market rent of the property, plus any related expenses paid by the employer such as light or heat. The specific manner in which the charge to tax is calculated depends on whether the property is owned or rented by the employer.
However a taxable benefit will not arise where an employee (but not a director) is required by the terms of their employment to live in accommodation provided by the employer in part of the employer's business premises so that the employee can properly perform their duties (‘better performance test’), and either:

- the accommodation is provided in accordance with a practice which, since before 30 July 1948, has commonly prevailed in trades of the class in question as respects employees of the class in question, or
- it is necessary, in the particular class of trade, for employees of the class in question to live on the premises.

See Tax & Duty Manual Part 05-01-01c on the provision of free or subsidised accommodation for full details of the conditions whereby an exemption from a benefit in kind charge may apply.

Employers should note that where the conditions are met to qualify for an

exemption from a BIK charge the value of any 'rent-free accommodation' provided to the employee, should **not** be included in gross pay.

3.5.3 Reimbursement of expenses incurred by the employee

Reimbursement of expenses incurred by the employee in the performance of the duties of their employment, in certain circumstances, can be made free of tax Employers should note that any reimbursement of expenses incurred by the employee should not be included in gross pay. Further information on this topic can be found in Chapter 4 - Expenses Paid to Employees.

3.5.4 Annual membership fees paid to a professional body

Where an employer pays a professional membership fee or registration fee on behalf of an employee, the amount paid by the employer on behalf of the employee is generally liable to Income Tax, PRSI and USC. However, in some cases, the payment of professional membership fees or registration fees on behalf of an employee may not give rise to a tax liability. See Tax and Duty Manual Part 05-02-18 for further information.

3.5.5 Refunds of superannuation contributions

An employee's superannuation contributions, which, in accordance with the rules of the fund or scheme, are refunded to the employee on leaving the employment, are not to be treated as pay. Accordingly, the amount of any such refund should not be included in the employee's gross pay. The administrator of the fund or scheme will be required to account for tax on the refund (at present 20% of the gross refund). Separate collection arrangements, outside the PAYE system, apply in this case.

3.5.6 Provision of Bicycles for Directors and Employees

A tax incentive was introduced, aimed at encouraging more employees to cycle to and from work. This tax incentive means that where an employer incurs the cost of the bicycle/safety equipment without recoupment of the cost from the employee, subject to certain conditions, a benefit in kind (BIK) exemption will apply. Where the BIK exemption applies, the cost the employer has incurred in providing the bicycle/safety equipment is not regarded as pay for the employee.

The scheme has evolved over the years and now covers bicycles, pedelecs and cargo bikes with different exemption limits for each category of bike. The exemption only applies where bicycles/safety equipment are made available by the employer generally to all of its directors and employees.

Purchase of bicycles/safety equipment

The employer must purchase the bicycle/safety equipment. The exemption does not apply where an employee or director purchases the bicycle/safety equipment and gets reimbursed by his or her employer.

See TDM Part 05-01-01g for further details on the Cycle to Work scheme.

Alternatively, under section 118B TCA 1997 an employer and employee may enter into a salary sacrifice arrangement where the employee agrees to sacrifice part of his or her salary in exchange for the provision of a bicycle/safety equipment. Where the bicycle/safety equipment is purchased through a valid salary sacrifice arrangement and certain conditions are met, tax should not be applied to the value of the bicycle/safety equipment.

See TDM Part 05-01-01k for details in relation to Salary Sacrifice Arrangements.

3.6 PAYE Exclusion Orders

A PAYE Exclusion Order is a certificate issued to an employer authorising the employer to pay emoluments without the deduction of tax and USC. For example, a PAYE Exclusion Order may be issued where an employee of an Irish company goes abroad for an extended period and ceases to be liable to income tax in the State due to their non-resident status. A Revenue Payroll Notification (RPN) will not be made available to employers in respect of employees for whom a PAYE Exclusion Order is in place.

An Exclusion Order is not the same as Tax Exemption and Marginal Relief - see paragraph 9.7.

For further information regarding PAYE Exclusion Orders and how to apply please see Tax and Duty Manual Part 42-04-01.

PRSI where an Exclusion Order is issued
Where a PAYE Exclusion Order has issued to an employer relieving the employer of the obligation to make PAYE deductions from certain emoluments, a liability to PRSI (both employee and employer) may still arise. Any PRSI contributions due may be deducted and remitted through the PAYE system even though no income tax is being deducted. However, employers are not obliged to do so. Any individuals for whom this presents difficulties should contact the Special Collection Section to make arrangements to remit any PRSI directly to that section instead of through the PAYE system. For clarification on whether PRSI contributions are due and on how they should be remitted, employers should be directed to:

Special Collection Section,
Department of Social Protection,
Government Buildings,
Cork Road,
Waterford.
P51 FH21

Telephone: 051 356000 +35351356000 (if ringing from outside the Republic of Ireland)
email e101spc@welfare.ie

The contact details are printed on all PAYE Exclusion Orders.

It is not necessary to forward a copy of the PAYE Exclusion Order to the Department of Social Protection.

Making a payroll submission where a PAYE Exclusion Order is issued

- **Employers who use payroll software to make payroll submissions to Revenue**
  Where an Exclusion Order is in place for any period in the tax year, the employee should be included on the payroll submission and the Exclusion Order value on the payroll submission should be set to "true".

- **Employers who make payroll submissions to Revenue using the Revenue Online Service (ROS) Online Form**
  Employers who make payroll submissions using this option are **not** required to indicate the existence of an Exclusion Order for an employee on the payroll submission.

- **Employers who have an exemption from electronic filing**
  Where the employer holds an Exclusion Order for an employee, they should indicate this by selecting 'yes' in the appropriate section on the payroll submission form.

An RPN will not be made available where a PAYE Exclusion Order is in place.

If an Exclusion Order is in place for a full tax year, the Pay for Income Tax and gross pay for USC should be recorded as nil.

If an Exclusion Order is in place for only part of the tax year, the employer must request the latest RPN and enter:

- Pay for Income Tax
- Tax deducted
- Gross Pay for USC
- USC deducted

in respect of the employee on each payroll submission for which there is no Exclusion Order in place. The employer should ensure that, prior to running the payroll, the latest RPN is used when calculating the employee's statutory deductions.

All PRSI deducted from the employee in payroll should be included on the payroll submission. The PRSI class(es) and the number of insurable weeks should also be included.

3.7 Employees who are exempt from paying PRSI

- **Employers who use payroll software to make payroll submissions to Revenue**
  Where the employee had a PRSI Exemption, the value of the relevant line item on the payroll submission should be set to "True". A reason for the PRSI exemption must also be provided.

- **Employers who make payroll submissions to Revenue using the Revenue Online Service (ROS) Online Form**
  Employers who make a payroll submission to Revenue using this option should indicate that the employee is exempt from PRSI by selecting "Yes" under the heading 'PRSI Exempt". A further input screen will open at which point the employer should indicate the reason for the PRSI exemption by selecting the appropriate option.

- **Employers who have an exemption from electronic filing**
  Employers who make a payroll submission by paper means should tick the relevant boxes to indicate that (a) the employee is exempt from PRSI and (b) the reason for the exemption.

3.8 Employment carried on outside the State

PAYE
Where an employee is going to work for the employer outside the State the employer should notify Revenue who will advise the employer as to whether PAYE should be operated.

PRSI
Advice as to whether PRSI contributions are due can be obtained from:

The Department of Social Protection,
Scope Section,
Áras Mhic Dhiarmada,
Store Street,
Dublin 1.
D01 WY03

Telephone: 01 673 2585 (from the Republic of Ireland)
+ 353 1 673 2585 (if ringing from outside the Republic of Ireland)
email scope@welfare.ie

4. Chapter 4 - Expenses payments paid to employees

4.1 Round sum expenses payments

Round-sum expenses payments (pre-determined lump sum expenses payments) whether paid weekly, monthly, yearly or otherwise, which are paid to the employee or director to cover expenses, must be treated as pay, taxed accordingly and included as part of the payroll submission for the period it is paid.

An example of a round sum payment is where an employer agrees to pay, say €300 per month in addition to basic salary in order to cover expenses. This €300 must be treated as pay. If the employee or director incurs allowable expenses, they may claim a deduction from Revenue by submitting details of the expenses incurred wholly, exclusively and necessarily in the performance of the duties of the employment.

See paragraph 3.3 TDM Part 05-01-06 on tax treatment of reimbursement of expenses of travel and subsistence to office holders and employees for further details.

4.2 Expenses payments made to directors

Unvouched (other than travel and subsistence – see Tax and Duty Manual Part 05-01-06) or round sum expenses payments (pre-determined lump sum payments) whether paid weekly, monthly, yearly or otherwise, which are paid to directors to cover expenses, must be treated as pay, taxed accordingly and included as part of the payroll submission for the period it is paid.

See paragraph 4.6 TDM Part 05-01-06 on tax treatment of reimbursement of expenses of travel and subsistence to office holders and employees for further details.

4.3 Reimbursement of expenses other than expenses of travel and subsistence

Payments made to the employee, being reimbursement of expenses other than expenses of travel and subsistence, which are no more than reimbursement of vouched expenses, incurred by the employee in performing the duties of the employment, should not be treated as pay. Expenses which are not treated as pay must not only be incurred in the performance of the duties of the employment but must also be wholly, exclusively and necessarily so incurred.

See TDM Part 05-02-20 for information regarding the general rule as to deduction of expenses in employment.

Employee entertainment expenses do not qualify for relief; consequently, any reimbursement of entertainment expenses must be treated as pay and included as part of the payroll submission.

Where an employer reimburses an employee for vouched business entertainment expenses, such payments should not be charged to income tax where the employee incurred the expenses wholly, exclusively and necessarily in the performance of the duties of their employment. The expenses will, however, be disallowed in the employer's tax computation.

Expenses, which are incurred by employees in travelling to and from the place of employment, are not allowable for tax purposes and any re-imbursement of these expenses must be treated as pay, taxed accordingly and included as part of the payroll submission for the period it is paid in.
See Tax & Duty Manual Part 05-03-03 Entertainment Expenses Section 117 Taxes Consolidation Act, 1997.
See TDM Part 05-01-06 for information in regard to the tax treatment of the reimbursement of expenses of travel and subsistence to office holders and employees.

4.4 Subsistence payments

Reimbursement by flat-rate allowances or vouched expenses
Where an employee performs the duties of the employment while temporarily away from their normal place of work or is working abroad on a foreign assignment, allowable subsistence expenses can be reimbursed based on:

- Acceptable flat-rate allowances, or
- Actual expenses which have been vouched with receipts.

See TDM Part 05-01-06 for information in regard to the tax treatment of the reimbursement of expenses of travel and subsistence to office holders and employees

Acceptable flat-rate allowances
There are two types of flat-rate allowance schemes that are acceptable for tax purposes. In both cases a satisfactory recording and internal control system must be operated by the employer.

The two schemes are:

- Reimbursement of subsistence expenses up to the level of the prevailing schedule of Civil Service rates where the employee bears the cost of

relevant subsistence expenses (including accommodation and meals, as appropriate).

Revenue approval to use the scheme is not required.

The schedule of rates based on the current Civil Service subsistence rates for absence within the State is available in TDM Part 05-01-06 - Tax treatment of the reimbursement of expenses of travel and subsistence to office holders and employees.

- Reimbursement of subsistence expenses based on any other schedule of rates and related conditions (for example, 'country money' in the Construction Industry), which do no more than reimburse the employee for actual expenditure incurred. Revenue approval is required for such a schedule.

Actual subsistence expenses which have been vouched with receipts
Subsistence payments, attaching to travel necessarily incurred in the performance of the duties of employment, made to the employee which are no more than reimbursement of vouched subsistence expenses, should not be treated as pay for income tax, USC and PRSI purposes and are not required to be included as part of the payroll submission.

All records relating to any reimbursement of subsistence expenses should be retained by the employer for examination in the event of an audit. The records must be kept for a period of six years, unless Revenue states otherwise.

For further information, see TDM Part 05-01-06 - Tax treatment of the reimbursement of expenses of travel and subsistence to office holders and employees.

Foreign subsistence rates, which apply when employees are working abroad on behalf of their Irish based employers, can be found on the Department of Public Expenditure & Reform's website.

4.5 Motoring / bicycle expenses

In the case of motoring/bicycle expenses, where the employee uses their private car, motorcycle or bicycle for business purposes, reimbursement of allowable motoring/bicycling expenses can be made to the employee free of tax by way of

- Acceptable flat-rate kilometric allowances, or
- Actual expenses which have been vouched with receipts.

Expenses, which are incurred by employees in travelling to and from their place of employment, are not allowable for tax purposes and any reimbursement of these expenses must be treated as pay, taxed accordingly and included as part of the payroll submission for the period it is paid in.

There are two types of kilometric allowance schemes that are acceptable for tax purposes, if an employee bears the cost of all the motoring/bicycling expenses:

- The prevailing schedule of Civil Service rates, or
- Any other schedule with rates not greater than the Civil Service rates.

The schedule of Civil Service rates is available in TDM Part 05-01-06 - Tax treatment of the reimbursement of expenses of travel and subsistence to office holders and employees.

Either of these two reimbursement rates may be applied without specific Revenue approval where a satisfactory recording and internal control system is in operation. In any case of doubt the matter should be referred to Revenue.

Actual expenses which have been vouched with receipts
Payments made to the employee which are no more than reimbursement of vouched travel expenses, necessarily incurred by the employee in performing the duties of the employment, should not be treated as pay for income tax, USC and PRSI purposes and are not required to be included as part of the payroll submission.

4.6 Individuals carrying out work on a voluntary and unpaid basis

The reimbursement of expenses of travelling and subsistence to individuals who work on a voluntary and unpaid basis for organisations whose functions and aims are both altruistic and non-commercial (for example, voluntary unpaid workers working for charities, sports bodies) may be paid free of tax, USC and PRSI provided the expenses of travelling and subsistence:

- merely put the unpaid individual in a position to carry out his/her work, and
- no more than reimburse the individual the expenses actually incurred by him/her and do not exceed what are known as the Civil Service rates for reimbursement of expenses of travelling and subsistence.

Note:

Individuals involved in charities, sports bodies, etc. who, in addition to a reimbursement of actual expenses of travel and subsistence, receive, either directly or indirectly, remuneration of any description (for example, weekly or monthly salary, an honorarium, and/or a 'bonus', etc.) do NOT fall within the description of 'carrying out work on a voluntary and unpaid basis'.

For further information, see para 4.6 TDM Part 05-01-06 - Tax treatment of the reimbursement of Expenses of Travel and Subsistence to Office Holders and Employees.

4.7 Remote Working Daily Allowance

Revenue operates an administrative practice which allows an employer to make payments up to €3.20 per day to employees, subject to certain conditions, without deducting tax, PRSI or USC. There is no legal obligation on the employer to make such a payment and the payment is at the discretion of the employer. See TDM Part 05-02-13 on Remote Working Relief for further details.

The tax-free payment by an employer to an employee of a Remote Working Daily Allowance of up to €3.20 per day must be reported to Revenue when the payment is provided to the employee/director. See paragraph 4.7 below detailing the enhanced employer reporting requirements.

4.8 Enhanced Reporting Requirements

Under Enhanced Reporting Requirements employers are obliged to report details of certain untaxed expenses/benefits made to employees/directors. Where one or more of the following expenses/benefits is made to an employee/director, the employer must, as part of the payment process, send details of such expenses/benefits to Revenue. The expenses/benefits that should be reported to Revenue are:

- Travel & Subsistence payments
- Remote Working Daily Allowance
- Small Benefit Exemption

Further information can be found in Tax & Duty Manual, Part 38-03-33 - Returns by Employer in Relation to Reportable Benefits-Enhanced Reporting Requirements. Employers should note that, it is their responsibility to ensure that any payment made under one or more of the above headings, meets all the qualifying criteria under the relevant category, in order to be paid without deduction of tax.

5. Chapter 5 - Treatment of foreign sourced employment income

5.1 PAYE and foreign employments

As regards the income of a foreign employment, it is necessary to distinguish:

1. that part of the income attributable to the performance in the State of duties of such employment, and

2. that part of the income attributable to the performance outside the State of duties of such employment.

As regards the income at (1), irrespective of the residence or domicile position of the employee or employer, such income is chargeable to Irish tax and within the scope of the PAYE system of deductions at source.

As regards the income at (2), whilst such income may be chargeable to Irish tax in the hands of the employee, it is not within the scope of the PAYE system of deductions at source.

5.2 Operation of PAYE since 1 January 2019

Some employers may have dual payroll withholding responsibilities in both Ireland and a foreign jurisdiction. If so, they will often run what is known as a 'shadow payroll' in Ireland to account for Irish PAYE in respect of the employee's taxable income. Where pay dates in foreign jurisdictions do not align with Irish pay dates, the payroll submission can be aligned with the Irish employer's next pay date for equivalent Irish employees. Employers should provide a best estimate of the number of days an employee works in Ireland. If there are more (or less) workdays than originally estimated, the pay (i.e. income attributable to the performance of duties within the State) should be amended in the following payroll submission.

5.3 Further Information

More detailed information on the tax treatment of foreign sourced employment income is contained in TDM Part 42-04-65 - Employee payroll tax deductions in relation to non-Irish employments exercised in the State. In particular, matters such as the release for employers from the obligation to operate the Irish PAYE system in certain circumstances for Temporary Assignees, Pension Contributions, Pay Related Social Insurance, Exchange Rates and miscellaneous other issues are addressed.

6. Chapter 6 - Special Assignee Relief Programme (SARP)

6.1 Introduction

SARP provides Income Tax relief for certain people who are assigned to work in Ireland from abroad. You must be assigned by a relevant employer to work in Ireland for that employer (or an associated company of your relevant employer). SARP relief applies to assignments during any of the tax years 2012 to 2030.

For further details please see Tax and Duty Manual Part 34-00-10 Special Assignee Relief Programme (SARP).

7. Chapter 7 - Employers' PAYE records

7.1 Register of employees

Employers have an obligation to keep and maintain, in paper or electronic format, a register of all employees.

See Chapter 21 for full details.

It is important to remember that "employer" includes "occupational pension providers".

Employers must report their employee's pay and statutory deductions to Revenue, on or before the date they pay their employees. This has made it easier for employers to deduct and pay at the right time the correct amounts of Income Tax, PRSI, USC and LPT.

'Date paid', in the context of Real Time Payroll Reporting, is defined as the date on which the funds are made available. These dates can be different dependent on how you pay the employee. If you pay the employee by:

- cash, it is the date the cash is given to the employee
- cheque, it will be the date on the cheque
- bank transfer, it is the date which the funds are scheduled to be made available in the individual's bank account.

Where a payday falls on a non-bank working day and employee payments are due, we regard that day as payday. This occurs provided the funds are made available to the employee on the previous bank working day.

Regardless of when the emolument is earned, the pay date reported on the payroll submission is the date that the funds are made available to the employee.

7.2 Corrections to payroll

Corrections
It is recognised that errors may occur in payroll, therefore it will be possible to make a correction to a payroll submission via payroll software or through ROS. It is of utmost importance that employers regularly review their payroll records to ensure that the information is accurate and up-to-date. Where an error is discovered, it should be corrected without delay. This is particularly important as, employees can view their payroll information, in real-time, in myAccount.

Where appropriate, employers should make corrections by amending the original submission. If an employer deletes the original submission it could result in:

- amended statement/statutory return
- commencement/cessation issues
- employee tax credits could be reassigned.

In circumstances where an employer has no choice but to delete payroll information, a new payroll submission, showing the correct information, must be made on the same day. This is to ensure minimal impact on the employee record.

As payments that come within the scope of the PAYE system are charged to tax on a receipts basis, consequently Income Tax, USC, PRSI and LPT (whichever is applicable) should be deducted from any such payments on the basis of the actual payment and when it is made.

It is a requirement that, on or before making any payment of emoluments, an employer must calculate the correct deductions due in accordance with the latest Revenue Payroll Notification (RPN) available and submit the relevant pay and tax details to Revenue in the form of a payroll submission. The payroll submission must accurately reflect what happens on the pay date.

In the event that a correction is required to the payroll submission, this correction should be made before the statutory return due date, which is the 14th of the following month, to avoid incurring penalties.

Overpayments

If an employee has been overpaid in an employer's payroll process, the correction to recover this overpayment should be included in the next payroll run.

Example:

John gets paid €500 per week. In Week 1 John was out sick for one day. His employer doesn't pay him for sick leave so John should only have been paid €400 that week. However, the payroll operator wasn't informed on time and so he was paid the full €500.

Details of the Week 1 Payroll Submission for John

Payroll Run Reference	Pay for Income Tax	Income Tax Paid	Employee PRSI paid	USC Paid
Week 1	€500	€36.54	€20	€11.36

Figure 1: Details of Week 1 Payroll

John's employer recovers the overpayment of €100 in the next payroll run. John gets paid €500 weekly, so in Week 2 John's gross pay will be reduced to €400. This is actually how much money John got paid each week. In this way John's Revenue record of pay and statutory deductions will match what was in the payroll submission relating to John for each of the 2 weeks.

Details of the Week 2 Payroll Submission for John

Payroll Run Reference	Pay for Income Tax	Income Tax Paid	Employee PRSI paid	USC Paid
Week 1	€500	€36.54	€20	€11.36
Week 2	€400	€16.54	€16	€6.35

Figure 2: Details of Week 2 Payroll

Further information in relation to the recoupment of overpayments can be found in Tax & Duty Manual Part 42-04-70 Recoupment of Overpayments of Salary by an Employer from an Employee.

Underpayments
If an employee has been underpaid in a payroll event, the correction of the underpayment should be rectified in the next payroll run.

Example:
Mary gets paid €500 per week. In Week 1 Mary worked overtime which meant she should have been paid an additional €100. However, the payroll operator wasn't informed on time and so she was only paid €500 instead of €600.

Details of the Week 1 Payroll Submission for Mary

Payroll Run Reference	Pay for Income Tax	Income Tax Paid	Employee PRSI paid	USC Paid
Week 1	€500	€36.54	€20	€11.36

Figure 3: Details of Week 1 Payroll

Mary's employer pays her €100 for the overtime worked. Mary's gross pay is €500 per week so her gross pay is increased to €600 in Week 2 to correct the underpayment. This is actually the amount Mary was paid each week. In this way Mary's Revenue record of pay and statutory deductions will match what was in her payroll submission item for each of the 2 weeks.

Details of the Week 2 Payroll Submission for Mary

Payroll Run Reference	Pay for Income Tax	Income Tax Paid	Employee PRSI paid	USC Paid
Week 1	€500	€36.54	€20	€11.36
Week 2	€600	€56.54	€24	€16.35

Figure 4: Details of Week 2 Payroll

Incorrect Details on a submission

If an employer reports incorrect details on a payroll submission, an amendment to the submission to rectify the error(s) can be made. Any corrections required to the submission should be made before the return due date i.e. 14th of the following month, to avoid penalties being applied.

Example:

An employee is paid the correct amount of pay by his employer but the amount of pay included on the payroll submission to Revenue is different.

It is possible in this instance for the employer to amend an incorrect payroll submission.

Patrick was paid €500 in Week 1. However, the employer incorrectly reported his pay as €5000 in the payroll submission

Details of the Week 1 Payroll Submission for Patrick

Payroll Run Reference	Line Item ID	Pay for Income Tax	Income Tax Paid	Employee PRSI paid	USC Paid
Week 1	E3-v1	€5000	€1806.54	€200	€345.95

Figure 5: Details of Week 1 Payroll

In this instance, the employer should amend the original payroll submission which will replace the incorrect version. If using payroll software, the employer should record the Line Item ID of the original incorrect submission in the "Previous Line Item ID" field. If payroll software is not used, the employer may make this correction using the ROS Payroll Reporting facility which is located under "Employer Services" on the ROS home page.

Patrick's Revenue record of pay and statutory deductions will then match what was in the payroll submission relating to him for Week 1.

Details of the Corrected Week 1 Payroll Submission for Patrick

Payroll Run Reference	Line Item ID	Pay for Income Tax	Income Tax Paid	Employee PRSI paid	USC Paid	Previous line item
Week 1	**E3-v2**	€500	€36.54	€20	€11.36	**E3-v1**

Figure 6: Details of corrected Week 1 Payroll

Any valid corrections submitted by an employer will update the financial totals once the submission is processed by Revenue. If the correction is for a previous period, a revised statement and return will issue for that period.

Further guidance to assist employers in making corrections to payroll can be found in the PAYE Modernisation – Line Item Correction Rules.

7.3 Post cessation payments incorporating arrears of pay

Payments to employees, regardless of the year to which they relate, are chargeable to tax and USC on a receipts basis. This means that the payment(s) are subject to tax when the money is paid to the employee. Irrespective of whether the employee is a current or former employee, the employer should use the latest RPN available (irrespective of the credits, tax and USC cut-off points contained therein) to calculate the statutory deductions.

When making a post-cessation payment to a former employee, an employer should include such a payment on a payroll submission to Revenue. For post cessation payments made in the current year that relate to a period of employment that ceased in the current year, the employer should: (a) Look for the most up-to-date RPN and. (b) make a payroll submission for the post-cessation payment in respect of the ceased employment showing the Employment ID relevant to the period of employment to which the post-cessation payment relates (see Appendix 5 for a full description of the Employment ID) and cessation date of the ceased employment. The payment date of the post-cessation payment should be included on the payroll submission.

For out-of-year cessation payments (e.g. payment made in 202 5 which relates to a period of employment that ceased in 2024), an employer should: (a) use the "Create RPN" facility within their payroll or ROS-Employer Services but do **not** provide an employment commencement date and (b) make a payroll submission for the post-cessation payment in respect of the ceased employment showing the Employment ID and cessation date of the ceased employment. The payment date of the post-cessation payment should be included on the payroll submission.

Revenue will use the Employment Identifier provided by an employer to determine if the payroll submission relates to a new period of employment or whether it relates to a post-cessation payment.

Employers should note that where no RPN is provided for an employee, the Emergency Basis of Tax and USC should be used. Where an RPN is made available by Revenue, the employer must, at all times, use this RPN to calculate the statutory deductions from the employee's salary.

7.4 Change of employee's Personal Public Service Number

In a limited number of cases Revenue or the Department of Social Protection will advise the employer that the Personal Public Service (PPS) number of an employee has been changed. The employer must ensure that they receive a new Revenue Payroll Notification under the new PPS number before inputting this new number on their own records. Where such a change is advised, the tax/USC/PRSI/LPT records kept under the former PPS number should be transferred to and continued under the new PPS number. For the remainder of the year in which the employee's PPS number changes, the RPN will display the former PPS number for ease of reference.

See paragraph 15.3 for additional information on PPS numbers.

7.5 Inspection of employers' records

Officers of Revenue are empowered to inspect an employer's records from time to time in order to satisfy themselves that the correct amounts of tax, USC, PRSI and LPT are being deducted, or have been deducted, and paid over to Revenue. All documents and records relating to the calculation or payment of pay or the deduction of tax and USC or calculation of PRSI contributions (wages sheets, etc.) must be retained by the employer for six years after the end of the tax year to which they refer (or for such shorter period as Revenue may authorise by notice in writing to the employer) and must be available for inspection by an authorised Revenue officer. For further information on Revenue interventions, please see the Code of Practice for Revenue Audit and other Compliance Interventions.

7.6 Tax credit certificates

7.6.1 Employees' Tax credit certificates

Revenue provides a tax credit certificate to every employee/pension recipient who makes a claim for tax credits. The certificate sets out in detail the amount of tax credits, and tax and USC cut-off points that Revenue has determined to be due to the employee.

Tax credits
Under the tax credit system an employee/pension recipient is entitled to tax credits depending on personal circumstances, for example, married person's or civil partner's tax credit, employee tax credit, dependent relative tax credit, etc.

Tax credits are non-refundable. Any unused tax credits are carried forward on a cumulative basis to subsequent pay period(s) within the tax year where a cumulative tax credit certificate is held (see paragraph 9.3)

Tax cut-off point
There are currently two rates of income tax – the standard rate of 20% and a higher rate (40% in 2026). An employee's tax credit certificate will show the amount of income that is taxable at the standard rate of tax, 20%. This is known as the rate band or cut-off point.

In each pay period, an employee pays tax at the standard rate of tax up to the limit of their rate band. Any pay above this limit is taxed at the higher rate.

Where an employee's rate band exceeds Pay for Income Tax in a pay period, the unused amount is carried forward on a cumulative basis for use in the next pay period within the tax year where a cumulative tax credit certificate is held.

USC cut-off point
The employee's tax credit certificate will also show the USC cut-off points that apply to the employee's income.

7.6.2 Real Time Credits

Employees/pension recipients can claim certain credits/reliefs in 'real-time'. Credits available in-year which allow employees/pension recipients to claim tax relief for specific expenditure incurred including credits/reliefs such as Health Expenses Relief, Nursing Home Relief and Remote Working Expenses. This may result in an increase in the frequency of Revenue Payroll Notification's issued. Prior to running payroll, employers should always request the latest RPN from Revenue and use the information contained therein to calculate the employee/pension recipients' statutory deductions. Further information on Real Time Credits can be found here.

Revenue Payroll Notification (RPN)
In addition to issuing a tax credit certificate to each employee, Revenue will also make a Revenue Payroll Notification (RPN) available to the employer. A Revenue Payroll Notification contains information in relation to the calculation and deduction of tax for the year in which the emoluments are paid and is valid only for that year. Further information in relation to the Revenue Payroll Notification can be found in Appendix 5.

The RPN shows:

- the total amount of the employee's tax credits
- the total amount of the employee's cut-off points for tax and USC
- the rates of tax and USC payable by the employee
- the employee's previous pay, tax and USC from 1 January, if applicable (see paragraph 15.4)

- where applicable, the amount of Local Property Tax to be deducted by the employer.

The RPN also shows where the employee/pension recipient is entitled to Tax Exemption and Marginal Relief (see paragraph 9.7).

Where an employee's/pension recipient's PPS number has changed (see paragraph 15.3.2 for changes to "W" numbers), the RPN will issue under the new PPS number and the former PPS number will also be referenced.

No information regarding the personal circumstances of the employee is disclosed on the RPN.

It only shows the total annual amount of the tax credits and cut-off points to which the employee is entitled. No breakdown of the credits is given.

7.6.3 Tax credits and tax cut-off points appeal by employee

An employee who advises the employer that the amounts on their tax credit certificate is wrong or is the subject of correspondence with Revenue, should be advised that the employer is obliged to act in accordance with the most recent RPN until amended instructions have been received from Revenue. The employee should contact Revenue via myEnquiries to ensure all details are correct and an updated RPN will be made available to the employer

The employer should continue to deduct tax and USC by reference to the most recent RPN. The employer must always check for and ensure the latest RPN is used to calculate the employee's statutory deductions. Only Revenue can advise an employer of changes to an employee's tax credits, tax and USC cut-off points.

7.6.4 Amended employee tax credit certificates

An amended tax credit certificate will issue to an employee whose tax credits/cut-off points have been changed. The date from which the amended certificate is to have effect (normally the previous 1 January) will be given on the certificate.
An amended RPN will be made available to the employer at the same time. The employer will operate PAYE on the basis of the amended RPN.

Note
It is Revenue policy not to issue an amended tax credit certificate that would cause hardship to the employee.

Where the implementation of an amended RPN generates a nil salary or a large underpayment, the following action should be taken by the employer:

The employer should contact Revenue and a week 1 (see paragraph 9.4) RPN can be made available for the employer to request immediately.

Exceptionally, if this situation arises outside of normal working hours, the employer should override the cumulative RPN and apply week 1 automatically. Contact should be made with Revenue on the next working day whereby a revised RPN can be triggered.

Employers are obliged to use the latest Revenue Payroll Notification.
Each RPN bears the date of issue and a unique RPN number. Employers should note that there are reasons why the employee's tax credits have changed. Employers should always operate PAYE on the basis of the most recent RPN issued unless otherwise directed by Revenue or in the circumstances outlined above.

8. Chapter 8 - Universal Social Charge (USC)

8.1 Introduction

The Universal Social Charge (USC) is a tax payable on gross income, including notional pay, after any relief for certain capital allowances, but before employee pension contributions.

Examples of the type of capital allowance for which relief is granted, are as follows:

- plant and machinery,
- vehicles used for business purposes,
- certain types of buildings, such as factories or farm buildings.

All individuals are liable to pay the USC if their gross income exceeds the annual threshold of €13,000 in 2026.

Employers are responsible for deducting the USC from emoluments. As with tax credits and tax cut-off points, Revenue notify employers (on Employers' Tax Credit Certificates - RPN's) of the USC rates and thresholds to be applied for all employees.

Employers should pay the USC to the Collector General at the same time and in the same manner as the other statutory deductions under the PAYE system.

Penalties, similar to those that apply where the employer fails to operate PAYE correctly will apply for failure to operate USC correctly. Interest will be payable on late payments of the USC to the Collector General.

Further information in relation to USC can be found in Tax & Duty Manual Part 18D-00-01 Universal Social Charge.

Regulations for the deduction and paying over of USC from relevant emoluments are contained in the Universal Social Charge Regulations 2018.

8.2 USC Exemption and refunds

Where an RPN indicates that the employee is exempt from USC, and where the employee has paid USC already in the tax year, the following instructions apply:

- Where the RPN issues on a cumulative basis, all previous USC should be refunded
- Where the RPN issues on a Week 1 basis, normal Week 1 basis rules apply and no refund is due.

9. Chapter 9 - Calculation of tax and USC under the PAYE system

9.1 Employer's duty to deduct tax and USC

It is the employers' duty to calculate and deduct the tax and USC, if any, due from the pay, including notional pay, of every liable employee.

It is important to remember that 'employee' includes both a director and an occupational pension recipient.

9.2 Calculation of tax – 3 different methods

PAYE tax and USC deductions are calculated using one of the following methods:

- Cumulative Basis (see paragraph 9.3)
- Non-Cumulative Basis (Week 1/Month 1 Basis) (see paragraph 9.4)
- Emergency Basis (see paragraph 9.5).

9.3 Cumulative basis

The PAYE system seeks to ensure that an employee pays the right amount of tax and USC at the right time and that the liability is spread out evenly over the year.

To ensure that this is achieved, PAYE is normally calculated on a cumulative basis.

This means that when an employer calculates the tax and USC liability of an employee, they actually calculate the total tax and USC due from 1 January to the date on which the payment is being made.

The tax and USC to be deducted in a particular pay period is the cumulative tax and USC due from 1 January to that date, reduced by the amount of tax and USC previously deducted. The cumulative system operates for tax credits, tax cut-off points and USC cut- off points. Any tax credits and/or cut-off points, which are not used in a pay period, are carried forward to the next pay period within that tax year.

The basis of deduction stated on the RPN applies to both tax and USC. Where an employee is on cumulative basis for tax, they will be on cumulative basis for USC, and vice versa.

Another feature of the cumulative basis is that refunds of tax and USC can be made to an employee during the year where for example the employee's tax credits and cut-off points have been increased.

Calculation of tax
The calculation of tax for each pay period is made by applying the information advised in the RPN to the Pay for Income Tax (paragraph 3.1), using the following steps:

1. Tax is calculated at the standard rate of tax on Pay for Income Tax up to the amount of the individual's cut-off point at that pay period
2. Any balance of Pay for Income Tax above the cumulative cut-off point is taxed at the higher rate of tax
3. The tax calculated at the standard rate is added to the tax calculated at the higher rate to arrive at the gross tax figure
4. The gross tax figure is then reduced by the amount of the individual's tax credits, as advised by Revenue, to arrive at the tax payable in that pay period.

Example

A weekly-paid employee earns €52,000 per annum (€1,000 per week). He pays €50 per week to an occupational pension scheme. Revenue has made an RPN available to his employer showing the following figures:

- Tax cut-off point: €44,000 (per year), €846.16 (per week)
- Tax credits: €4,000 (per year), €76.93 (per week)

For the purposes of this example, the rates of tax are taken as 20% (standard rate) and 40% (higher rate).

The tax calculation for week number 1 would be as follows:

Pay for income tax purposes: €950

€846.16 @ 20% =	€169.23
€103.84 @ 40% =	€41.54
Gross tax =	€210.77
Less tax credit	€76.93

Net tax due this pay period = €133.84

Calculation of USC

The calculation of USC for each pay period is made by applying the USC cut-off points and rates advised in the Revenue Payroll Notification to the gross pay, before any pension contributions are deducted.

Example

Mary earns €52,000 per annum (€1000 per week). She pays €50 per week to an occupational pension scheme. Revenue made an RPN available to her employer advising the following USC cut-off points and rates:

2026 Rates of USC	
USC Rate1	0.5%
USC Rate 2	2%
USC Rate 3	3%
USC Rate 4	8%

2026 USC cut-off points			
	Yearly COP	Monthly COP	Weekly COP
USC Rate 1 Cut-Off Point	12,012.00	1,001.00	231.00
USC Rate 2 Cut-Off Point	28,700	2,391.67	551.92
USC Rate 3 Cut-Off Point	70,044.00	5,837.00	1,347.00

The USC calculation for week number 1 would be as follows:

Gross pay for USC purposes: €1,000 (there is no relief from USC for pension contributions)

€231.00 @ 0.5% =	€1.15
€295.58 (€ 526.58 - €231) @ 2% =	€ 5.91
€473.42 @ 3% =	€18.94
Total USC due this pay period =	€ 26.00

9.3.1 Cumulative tax credits and tax and USC cut-off points

The totals of the employee's tax credits and tax and USC cut-off points for the year are given on the RPN which is made available to the employer by Revenue.

If the employee is paid weekly, the employer uses the weekly figures on a cumulative basis, as in the following example:

	Cut-off point	Tax credits
Yearly	€44,000.00	€4,000.00
Monthly	€3,666.67	€ 333.34
Weekly	€846.16	€76.93

Example 1 - employee paid weekly

Tax credits and tax and USC cut-off points for employees paid on a weekly basis				
Week no.	**Tax credit €**	**Cut-off point €**	**USC cut-off points €**	
1	76.93	846.16	COP 1: COP 2: COP 3:	231.00 551.92 1,347.00
2	153.86	1,692.32	COP 1: COP 2: COP 3:	462.00 1,103.84 2,694.00
3	230.79	2,538.48	COP 1: COP 2: COP 3:	693.00 1,1655.76 4,041.00
4	307.72	3,384.64	COP 1: COP 2: COP 3:	924.00 2,207.68 5,388.00
5	384.65	4,230.80	COP 1: COP 2: COP 3:	1,155.00 2,759.60 6,735.00

Tax and USC for any week is computed by reference to the cumulative tax credits and cut- off points.

For a pay day falling in week 3, the cumulative tax credits are €230.79 and the cut-off point is €2,538.48. The USC cut-off points are as above.
For a pay day in week 5 the cumulative tax credits are €384.65 and the cut-off point is €4,230.80. The USC cut-off points are as above.

If any change occurs which affects the employee's tax credits or tax and USC cut-off points Revenue will make an RPN available to the employer showing the new tax credits and cut-off points now due.

Example 2 - employee paid monthly

If the employee in example 1 was paid on a monthly basis, the tax credits and cut-off points would be divided into monthly amounts as follows:

Tax credits and tax and USC cut-off points for employees paid on a monthly basis				
Month no.	**Tax credit €**	**Cut-off point €**	**USC cut-off points €**	
1	333.34	3,666.67	COP 1: COP 2: COP 3:	1,001.00 2,391.67 5,837.00
2	666.68	7,333.34	COP 1: COP 2: COP 3:	2,002.00 4,783.34 11,674.00
3	1,000.02	11,000.01	COP 1: COP 2: COP 3:	3,003.00 7,175.01 17,511.00
4	1,333.36	14,666.68	COP 1: COP 2: COP 3:	4,004.00 9,566.68 23,348.00
5	1,666.70	18,333.35	COP 1: COP 2: COP 3:	5,005.00 11,958.35 29,185.00

Tax and USC for any month is computed by reference to the cumulative tax credits and cut- off points.

For a pay day falling in month 3 the cumulative tax credits are €1,000.02 and the cut-off point is €11,000.01. The USC cut-off points are as above.

For a pay day in month 5 the cumulative tax credits are €1,666.70 and the cut-off point is €18,333.35. The USC cut-off points are as above.

If any change occurs which affects the employee's tax credits or tax and USC cut-off points Revenue will make an RPN available to the employer showing the new tax credits and cut-off points now due.

9.3.2 Tax and USC deductions and refunds by the employer (cumulative basis)

Tax Credits are non-refundable. They are used to reduce the tax payable by the employee.

Where a cumulative RPN is held, any unused tax credits are carried forward on a cumulative basis to subsequent pay periods within the same tax year. Tax credits unused at the end of the tax year, 31 December, are not carried forward to the following year.

Example

If the gross tax payable in a pay period is €50 and the tax credit due is €76.93, the employee simply has no tax liability for that pay period. The difference of €26.93 is not refunded.

The unused tax credit of €26.93 is carried forward for offset against tax due in the subsequent pay period(s).

Refunds generally
Tax and USC refunds will arise where cumulative tax and USC paid for the previous pay period exceeds cumulative tax and USC payable for the current pay period.

Example

(USC is not included in this example)

The employer holds an RPN for an employee who is normally paid €500 weekly after allowable deductions.

- The employee's tax credits are €110 per week
- The tax cut-off point is €807.70 per week

The tax is calculated as follows:
(For the purposes of this example the standard rate of tax is taken as 20%)

Tax refunds and cumulative tax credits					
Week no.	**Cumulative** Pay for Income Tax **to date**	**Cumulative cut-off point**	**Cumulative gross tax**	**Cumulative tax credit**	**Cumulative tax due**
1	500	846.16	100	110	0
2	1,000	1,692.32	200	220	0
3	1,500	2,538.48	300	330	0
4 *	2,200	3,384.64	440	440	0
5 **	3,000	4,230.80	600	550	50
6	3,800	5,076.96	760	660	100
7	4,600	5,923.12	920	770	150
8 ***	4,600	6,769.28	920	880	40 (110 refunded)
9 ****	5,400	7,615.44	1,080	990	90

In week 3, the employee has unused cumulative tax credits of €30.

These are non-refundable but they can be carried forward to subsequent pay period(s) within the same tax year.

* In week 4, the employee is paid an additional €200 in overtime giving a total pay figure for that week of €700. The unused tax credits of €30, carried forward from week 3, is utilised in this pay period.

** In weeks 5 to 7 inclusive, the employee earns €800 per week.

*** In week 8 the employee is absent temporarily from work and receives no pay.

The employee did not receive and was not entitled to receive any benefits from the Department of Employment Affairs and Social Protection.

Note
When the cumulative basis applies, even though the employee may have no pay in a particular pay period, he or she is still entitled to their tax credits and tax and USC cut-off points (see paragraph 12.3 – Absence from work for some cause).

The cumulative tax liability of €150 deducted up to week 7 exceeds the cumulative tax liability of €40 at week 8. The difference of €110 is therefore refunded to the employee. This is not a refund of the employee's tax credits but rather a refund of excess tax that the employee has paid in the year to date. If the individual had no tax deducted up to week 7, no refund would be due.

**** In week 9 the employee returns to work with the employer and earns €800. The tax credits and cut-off point are as in earlier weeks.

The tax payable in week 9 is:

Cumulative tax payable in week 9:	90
Less: Cumulative tax paid in week 8:	- 40
Tax payable in week 9:	50

Deductions (or refunds) along these lines continue for the remainder of the tax year unless there is a change in the employee's circumstances or an amended RPN is made available to the employer by Revenue.

Where the cumulative basis applies, amended tax credits and tax and USC cut-off points are effective from the previous 1 January.

9.4 Non-cumulative basis (week 1/month 1 basis)

In certain circumstances Revenue may direct an employer to deduct tax and USC on a week 1 or month 1 basis. This instruction will be clearly given on the RPN.

The basis of deduction stated on the RPN applies to both tax and USC. Where an employee is on a Week 1 basis for tax purposes, they will also be on a Week 1 basis for USC, and vice versa.

Where the week 1/month 1 basis applies, the pay, tax credits, and tax and USC cut-off points, are not accumulated for payroll purposes.

The pay for each pay period is dealt with separately. The tax credits and tax and USC cut-off points for week number 1 (or month number 1) are applied to pay for each week (or each month) and tax and USC is deducted accordingly. No refunds may be made by the employer in such cases.

Where an employer holds an RPN on a cumulative basis and they subsequently receive an RPN on week 1/month 1 basis, the new basis will apply from the first pay period after the date of issue shown on the RPN.

9.5 Emergency basis

The emergency basis of tax and USC deduction should be used when:

- The employee does not have or has not provided, the employer with a PPS number.

- The employer, having contacted Revenue for a Revenue Payroll Notification in respect of the employee, receives a message by return indicating that the employee is not registered with Revenue. A message "No RPN found" will be returned to the employer in this instance and the Emergency basis of tax and USC should be applied.

The employer should advise the employee to contact Revenue if either of the above circumstances apply.

Where the individual does not provide their PPS Number, the statutory deductions should be provided on the payroll submission and a unique Employer Reference must be allocated to the employee and included on the payroll submission. The Employer Reference (see Appendix 5 for further information) will be used by Revenue to record details of the employee's statutory deductions until such time as the employee PPS Number becomes available. The employee pay and statutory deductions will then be aligned with current records thus ensuring that the employee record is correct and up-to-date.

Where an employee does not have a PPS Number (usually in instances where the employment is the employee's first employment in Ireland), the employer should advise the employee to contact the Department of Social Protection (DSP). When the employee is notified of their PPS Number, the employee should be advised to register for myAccount. When the employee has successfully registered with Revenue, the employer will then be able to request the latest RPN for the employee from Revenue. When the employee provides their PPS Number, the employer should report it and the Employer Reference on the next payroll submission to Revenue. This is to ensure that the previous payroll submissions can be matched to the existing employee record.

Current Emergency tax and USC rates can be found on the Revenue website.

9.5.1 Emergency Basis of USC deduction

While the rules applicable to emergency tax operable in PAYE include a gradual escalation in emergency tax rates over a given period, in USC there is just a flat % rate (with no cut-off points) applied to all payments. The current rates are as follows:

Week or month	USC Cut-off point	USC rate
All	€0.00	8%

9.5.2 Emergency Basis of Tax deduction

Different rules for emergency tax apply depending on whether or not the employee has provided the employer with their PPS number.

- **Where the employee does not provide their PPS number**

Where the employee does not provide their PPS Number, the higher rate of tax applies to all pay.

Tax credits and cut-off point for employees that have not provided their PPS number		
Week or month	Cut-off point	Tax credit
All	0.00	0.00

If a new employee does not hold a PPS number he/she should be advised to contact the Department of Social Protection (DSP) website (DSP) to get one.

When he/she has been allocated their PPS number from the DSP, he/she should then register for myAccount to access Revenue's range of online services.

Once they have received their password for myAccount, the employee must register the details of their job using the Jobs and Pensions service in myAccount. This will have the effect of creating the employee's job on Revenue records and will ensure that the correct deductions of tax and USC, etc. can be made from the employee's

pay.

Employees will only have to register their **first** job in Ireland using the Jobs & Pensions facility - all future employments will be added when the employer submits a “Lookup RPN” request or adds the employee to their payroll.

- **Where the employee provides their PPS number**

Where the employee provides their PPS number the provisional tax credits and cut-off point to be granted are as outlined in the following tables for weekly, monthly, fortnightly, four-weekly and twice-monthly paid employees.

Weekly paid		
Week of employment	**Weekly cut-off point**	**Weekly tax credit**
Weeks 1 to 4	1/52nd of the single personal cut-off point	0.00
Week 5 onwards	0.00	0.00

The rates at which tax is to be deducted are the rates of the standard rate of income tax and the higher rate of income tax in force for the relevant year.

Monthly paid		
Month of employment	**Monthly cut-off point**	**Monthly tax credit**
First	1/12th of the single personal cut-off point	0.00
Second and subsequent months	0.00	0.00

The rates at which tax is to be deducted are the rates of the standard rate of income tax and the higher rate of income tax in force for the relevant year.

Fortnightly paid		
Fortnightly pay day	**Fortnightly cut-off point**	**Fortnightly tax credit**
First	2/52nd of the single personal cut-off point	Nil
Second	As for first pay day	Nil
Third	As for first pay day	Nil
Fourth	As for first pay day	Nil
Fifth and subsequent pay days	Nil	Nil

The rates at which tax is to be deducted are the rates of the standard rate of income tax and the higher rate of income tax in force for the relevant year.

Four-weekly paid		
Four-weekly pay day	**Four-weekly cut-off point**	**Four-weekly tax credit**
First	4/52nd of the single personal cut-off point	Nil
Second	As for first pay day	Nil
Third and subsequent pay days	Nil	Nil

The rates at which tax is to be deducted are the rates of the standard rate of income tax and the higher rate of income tax in force for the relevant year.

Twice-monthly paid		
Twice-monthly pay day	**Twice-monthly cut-off point**	**Twice-monthly tax credit**
First	1/24th of the single personal cut-off point	Nil
Second	As for first pay day	Nil
Third	As for first pay day	Nil
Fourth	As for first pay day	Nil
Fifth and subsequent pay days	Nil	Nil

The rates at which tax is to be deducted are the rates of the standard rate of income tax and the higher rate of income tax in force for the relevant year.

Other pay frequencies

For all other pay frequencies, the employer shall deduct tax at the higher rate.

Where an employee without a PPS number subsequently provides one

As outlined previously, where an employee commences employment and does not provide their PPS number the higher rate of tax applies to all pay. Where the employee subsequently provides their PPS number and the PPS number is not on Revenue records, the emergency basis will continue to apply. The cut-off points to be granted from this point forward are outlined in the above table. The employee's previous pay periods are not recalculated to grant tax credits and cut-off points for those previous pay periods.

For example, an employee commences a weekly-paid employment and does not provide their PPS number. They will pay tax at the higher rate of tax on all pay. The employee provides their employer with their PPS number in their 3rd week of employment. For their 3rd weekly pay period tax will be calculated allowing the cut-off point for weeks 1-4 as outlined in the above table. Weeks 1 and 2 will not be recalculated to grant a cut-off point for those weeks.

9.6 Separate periods of employment with one employer treated as one continuous period for emergency basis purposes

It is important to note that where an employee has separate periods of employment with one employer in one income tax year, to which the emergency basis applies, the employment is deemed to commence at the start of the first of these periods and continue to the end of the last period of employment or 31 December whichever is earlier.

Example 1

A weekly paid employee commences work in income tax week 10, leaves in week 14, resumes work with the same employer in week 28 and leaves finally in week 29. The emergency basis applies throughout.

Emergency tax

- Weeks 10, 11, 12 and 13 are the first four weeks of employment for the purposes of the emergency procedure
- Week 14 is the fifth week
- Week 28 is the nineteenth week (that is, fourteen weeks after week 14)
- Week 29 is the twentieth week for the purposes of the emergency procedure.

If the emergency basis is still in operation on the following 1 January, the original cycle continues to apply from the date the employment started. If, for example, the first pay date in January occurs on week 6 of the employment, the emergency rates applicable to week 5 onwards apply.

Emergency USC - Apply a flat % rate to all payments.

Example 2

A weekly paid employee commences work in income tax week 46 and leaves in week 5 of the following tax year. The emergency basis applies throughout.

Emergency tax

- Weeks 46, 47, 48 and 49 are the first four weeks of employment for the purposes of the emergency procedure
- Weeks 50, 51 and 52 are weeks five, six and seven for the purposes of the emergency procedure

- Weeks 1, 2, 3 and 4 of the following year are weeks eight, nine, ten and eleven of the emergency procedure (As stated above, the emergency procedure continues year-on-year)

- Emergency USC - Apply a flat % rate to all payments.

9.7 Tax exemption and marginal relief

Some employees/pension recipients are entitled to tax exemption and marginal relief each year.

An individual aged 65 or over of a married couple/civil partners, where one spouse or civil partner is aged 65 or over and whose total income from all sources is less than or equal to the tax exemption limit appropriate to them will not have to pay income tax for that year.

Any individual/married couple whose total income from all sources is over the exemption limit may qualify for marginal relief. This means that when their wages or pension exceeds a certain limit, they are taxed at the marginal relief rate of 40% instead of the higher rate of tax in operation for that year. If the employee/pension recipient is entitled to tax exemption and marginal relief, the higher rate of tax shown on the RPN will be 40%. (Note: the current highest rate of tax is 40% and the Marginal Relief rate of tax is also 40%).

The decision regarding any individual's entitlement to exemption and marginal relief is made by Revenue, not by the employer. The employer must operate PAYE in accordance with the latest RPN made available to the employer by Revenue.

Further information is available in the TDM Part 07-01-18 Tax Exemption and Marginal Relief.

9.8 USC exemption

Where Revenue determines that the employee/pension recipient's total annual income (from all sources that are chargeable to USC) will not exceed the annual USC exemption threshold (€13,000 in 2026), the USC exemption will be stated on the RPN made available by Revenue.

The USC exemption is an instruction to the employer not to deduct USC from payments being made.

Where an RPN has been made available showing USC exemption and the employer knows that an employee's/pension recipient's pay for USC purposes will in fact exceed the annual USC exemption threshold, the employer should advise the employee/pension recipient to contact his or her Revenue office to have a revised

Tax Credit Certificate issued. This will avoid a situation where the employee/pension recipient has an under-deduction of USC at the end of the year.

Alternatively, an employee/pension recipient can update his or her USC exempt (or reduced rate) status online in Jobs and Pensions (in myAccount). The employee/pension recipient should click on 'Manage your tax for the current year', click on 'Overview', click on 'Universal Social Charge', click on 'Edit' and input the updated (higher) expected salary for the tax year. Click 'Next', 'I accept', 'Sign and submit'.

10. Chapter 10 - Employee pay day – calculating tax and USC due

10.1 Applying tax credits and tax and USC cut-off points

Employers must report their payroll to Revenue on or before the date they pay their employees. Under the tax credit system an employee is entitled to tax credits and a tax cut-off point depending on their personal circumstances, for example, married person's or civil partner's tax credit, Employee tax credit, married/civil partner or single or widowed cut-off point, etc.

Depending on personal circumstances, an employee is also entitled to USC cut-off points.

The employer is legally obliged to use the most up-to-date RPN. Tax and USC must be deducted or refunded in accordance with the tax credits and tax and USC cut-off points due and the tax and USC rates applicable at the time the payment is made.

An employee's tax credits and tax and USC cut-off points are given on the RPN. The RPN will indicate whether the tax credits and tax and USC cut-off points are to be given on a cumulative basis or on a week 1/month 1 basis. If there is no RPN, emergency basis (paragraph 9.5) will apply.

10.2 Weekly pay

(See 'Weekly and monthly income tax calendars' for the income tax calendar)

For the purposes of these instructions weekly pay should be regarded as paid on the same weekday throughout the year. For example, where the normal pay day is on a Friday, but one pay day is changed to the previous Thursday, the following day (Friday) should still be regarded as the pay day **for the purpose of determining the income tax week**. Employers should note however that if there is a change to the normal pay date, employers must report their payroll to Revenue on or before the new date that they pay their employees. Therefore, if a pay date is brought forward for any reason, the reporting obligations must also be fulfilled on or before the new pay date.

The following tax credits and tax and USC cut-off points are to be set against pay:

If cumulative basis applies
The cumulative tax credits and tax and USC cut-off points up to and including the income tax week in which the pay day falls.

If week 1 basis applies
The amount of the weekly tax credits and tax and USC cut-off points as shown on the RPN

If emergency basis applies
See paragraphs 9.5 and 9.6.

Week 53
If there are 53 weekly pay days in the income tax year, see paragraph 19.3 regarding tax and USC deductions in this situation. 'Week 53' occurs where 31 December, or in a leap year 30 or 31 December, is a pay day.

10.3 Fortnightly pay

For the purposes of these instructions fortnightly pay should be regarded as paid on the same weekday throughout the year. For example, where the normal pay day is on every second Friday, but one pay day is changed to the previous Thursday, the following day (Friday) should still be regarded as the pay day **for the purpose of determining the income tax week**. Employers should note however that if there is a change to the normal pay date, employers must report their payroll to Revenue on or before the new date that they pay their employees. Therefore, if a pay date is brought forward for any reason, the reporting obligations must also be fulfilled on or before the new pay date.

The following tax credits and tax and USC cut-off points are to be set against pay:

If cumulative basis applies

Income tax week in which payment is made	Cumulative tax credits and tax and USC cut-off points at week no.	Income tax week in which payment is made	Cumulative tax credits and tax and USC cut-off points at week no.
1 or 2	2	27 or 28	28
3 or 4	4	29 or 30	30
5 or 6	6	31 or 32	32
7 or 8	8	33 or 34	34
9 or 10	10	35 or 36	36
11 or 12	12	37 or 38	38
13 or 14	14	39 or 40	40
15 or 16	16	41 or 42	42
17 or 18	18	43 or 44	44
19 or 20	20	45 or 46	46
21 or 22	22	47 or 48	48
23 or 24	24	49 or 50	50
25 or 26	26	51 or 52	52

If the tax credits and tax and USC cut-off points at week number 1 were set against a fortnightly payment made in this week the employee would get only one week's tax credits and tax and USC cut-off points against two week's pay. At the end of 52 weeks, they would have had only fifty-one weeks' tax credits and tax and USC cut-off points set against fifty- two weeks' pay.

If week 1 basis applies
Twice the amount of the weekly tax credits and tax and USC cut-off points as shown on the tax credit certificate. This includes the situation where fortnightly pay is paid in week number 1.

If Emergency basis applies
See paragraphs 9.5 and 9.6.

Fortnight 27
Normally there will be 26 fortnightly pay days in the year. If there are 27 fortnightly pay days in the year (where 31 December or in a leap year, 30 or 31 December, is a pay day), see paragraph 14.3 regarding tax and USC deductions in this situation.

10.4 Four-weekly pay

The following tax credits and tax and USC cut-off points are to be set against pay:

If cumulative basis applies

Income tax week in which payment is made	Cumulative tax credits and tax and USC cut-off points at week no.
1 - 4 inclusive	4
5 - 8 inclusive	8
9 - 12 inclusive	12
13 - 16 inclusive	16
17 - 20 inclusive	20
21 - 24 inclusive	24
25 - 28 inclusive	28
29 - 32 inclusive	32
33 - 36 inclusive	36
37 - 40 inclusive	40
41 - 44 inclusive	44
45 - 48 inclusive	48
49 - 52 inclusive	52

If week 1 basis applies
Four times the amount of the weekly tax credits and tax and USC cut-off points as shown on the RPN (irrespective of the week in which the payment is made).

If emergency basis applies
See paragraphs 9.5 and 9.6.

Week 53
See paragraph 14.3 regarding a four-weekly payment made in week 53.

10.5 Monthly pay

The following tax credits and tax and USC cut-off points are to be set against pay:

Month number	Month ended
1	31 January
2	28/29 February
3	31 March
4	30 April
5	31 May
6	30 June
7	31 July
8	31 August
9	30 September
10	31 October
11	30 November
12	31 December

If cumulative basis applies
The cumulative tax credits and tax and USC cut-off points up to and including the income tax month in which the pay day falls.

If month 1 basis applies
The amount of the monthly tax credits and tax and USC cut-off points as shown on the RPN

If emergency basis applies
See paragraphs 9.5 and 9.6.

10.6 Twice-monthly pay

The following tax credits and tax and USC cut-off points are to be set against pay:

If cumulative basis applies
The amounts of cumulative tax credits and tax and USC cut-off points to be set against the payment made at the end of the month are the cumulative tax credits

and tax and USC cut- off points figures for the income tax month in which the payment is made.

Mid-month payments
The amounts to be set against a mid-month payment made in January are half of the tax credits and tax and USC cut-off points for month number 1. The amounts to be set against a mid-month payment made in any other month are half of the monthly tax credits and tax and USC cut-off points figures plus the cumulative tax credits and tax and USC cut-off points for the income tax month immediately before the payment is made.

Example

For a pay day falling in mid-August - allow cumulative tax credits and tax and USC cut-off points for July plus half of the monthly tax credits and tax and USC cut-off points for August.

If month 1 basis applies
Half of the monthly tax credits and tax and USC cut off points as shown on the RPN.

If emergency basis applies
See paragraphs 9.5 and 9.6.

10.7 Quarterly pay

The following tax credits and cut-off point are to be set against pay:

If cumulative basis applies

Payments made between:	Cumulative tax credits and tax and USC cut-off points due at:
1 January - 31 March (inclusive)	Month 3
1 April - 30 June (inclusive)	Month 6
1 July - 30 September (inclusive)	Month 9
1 October - 31 December (inclusive)	Month 12

If month 1 basis applies
One quarter of the yearly tax credits and tax and USC cut-off points as shown on the RPN.

If emergency basis applies
See paragraphs 9.5 and 9.6.

10.8 Half-yearly pay

The following tax credits and tax and USC cut-off points are to be set against pay:

If cumulative basis applies
The cumulative tax credits and tax and USC cut-off points up to and including month 6 should be set against the first payment and those up to and including month 12 against the second payment, irrespective of the date on which the payment is made.

If month 1 basis applies
Half the yearly tax credits and tax and USC cut-off points as shown on the tax credit certificate.

If emergency basis applies
See paragraphs 9.5 and 9.6.

10.9 Yearly pay

The following tax credits and tax and USC cut-off points are to be set against pay:

If cumulative basis applies
The cumulative tax credits and tax and USC cut-off points up to and including month 12, irrespective of the date on which the payment is made.

If month 1 basis applies
The amount of the yearly tax credits and tax and USC cut-off points.

If emergency basis applies
See paragraphs 9.5 and 9.6.

Where remuneration of a company director is voted the employer should obtain the most up-to-date RPN from Revenue and use that information to calculate the tax and USC due to the pay period when the payment is made. See paragraphs 3.4.8 and 3.4.9 regarding the treatment of payments in advance and final payments.

10.10 Payments at irregular intervals (continuous employment)

Irrespective of the payment frequency, the employer must ensure that the latest RPN is used for all payroll calculations. The employer must also report the payroll to Revenue, on or before the date the payment is made. Where no payment is made in a particular pay period, there is no requirement to report this fact to Revenue.

If cumulative basis applies
Set off the cumulative tax credits and tax and USC cut-off points for the week in which the payment is made.

If week 1 basis applies

If the employment commenced before 1 January - set off the total of the tax credits and tax and USC cut-off points for the income tax weeks from week number 1 to the week in which the payment is made, both weeks inclusive.

If the employment commenced since 1 January - set off the total of the tax credits and tax and USC cut-off points for the income tax weeks from the week in which the employment commenced to the week in which the payment is made, both weeks inclusive.

If emergency basis applies

See paragraphs 9.5 and 9.6.

10.11 Deduction of tax and USC from 'holiday pay'

The tax credits and tax and USC cut-off points to be set against 'holiday pay' paid in advance of the usual pay day are strictly those (whether cumulative, week 1/month 1 or emergency) that relate to the income tax week or month in which it is paid.

If, however, the effect of paying holiday pay in advance is that the employee receives the equivalent of two or three weeks' pay in the same week and no pay in the following week, or following two weeks, the tax credits and tax and USC cut-off points for those weeks may be set against holiday pay except where the employee is being paid holiday pay immediately before leaving the employment.

Employers should note that, if the above circumstances arise, the latest RPN may not necessarily be used to calculate the employee's statutory deductions. The employer must ensure, therefore, that the latest RPN is used on the **next** pay date following the payment in advance. If the effect of this is that the statutory deductions returned on the previous payroll submission were not correct, the employer should make whatever corrections are required, based on the most up-to-date RPN available and make a new payroll submission to Revenue, to correct any errors.

10.12 Salary and other payments earned before 1 January but paid on or after that date

Irrespective of when salary and other payments are earned, the income is taxable in the year in which it is received. Tax and USC must be deducted from salary and other payments earned before 1 January but paid on or after that date in accordance with the tax credits and tax and USC cut-off points due and the tax and USC rates applicable at the time the payment is made.

An employee's tax credits and tax and USC cut-off points are given on the RPN. The RPN will indicate whether the tax credits and tax and USC cut-off points are to be given on a cumulative basis or on a week 1/month 1 basis. If there is no RPN, the emergency basis (paragraphs 9.5 and 9.6) will apply.

Example

Paul worked overtime in December 2024. His employer pays him for the overtime in January 2025. As PAYE operates on a receipt's basis, the employer must include this payment in their January payroll submission to Revenue. Any, PRSI, USC and LPT (if applicable) deducted will form part of the monthly return for January 2025. The employer should use the RPN for that period in calculating the deductions.

11. Chapter 11 - Social Welfare payments

11.1 Introduction

In general, payments from the Department of Social Protection (DSP) are taxable sources of income - subject to income tax but not Universal Social Charge (USC) or Pay Related Social Insurance (PRSI). A list of taxable social welfare payments is available on www.revenue.ie.

Individuals in receipt of taxable social welfare payments who pay their tax through the PAYE system will have their annual tax credits and tax cut-off points reduced by the taxable amount of the DSP payments which will result in additional tax being stopped from any employment/non-DSP pension they have.

11.2 Taxation of Illness Benefit, Occupational Injury Benefit and Partial Capacity Benefit

Illness Benefit, Occupational Injury Benefit and Partial Capacity Benefit payable by the Department of Social Protection (DSP) are taxable payments. However, Universal Social Charge (USC) and PRSI does not apply.

Child dependent increases (additional payments made to claimants for qualifying children) for Illness Benefit and Occupational Injury Benefit are exempt from tax, USC and PRSI. References to Illness Benefit below include Occupational Injury Benefit and Partial Capacity Benefit.

As part of the ongoing exchange of information arrangements between DSP and Revenue, Revenue will receive Illness Benefit details which will be updated on the recipient's Revenue's record.

An Illness Benefit recipient who pays their tax through the PAYE system will have their annual tax credits and cut-off point reduced by the Illness Benefit amount which will result in additional tax being stopped from any employment/non-DSP pension they have. Employees' USC cut-off points will not be affected.

Employers will be advised of the adjusted tax credits and cut-off points on the Revenue Payroll Notification.

As Illness Benefit is being taxed by reducing employees' tax credits and cut-off points, employers are not to include figures for Illness Benefit on the payroll submission. Revenue will adjust the employee's tax credits to account for the taxable DSP payment and an amended Revenue Payroll Notification will be made available to the employer.

Note: Prior to 1 January 2018, the DSP notified employers of the taxable amount of benefits the employee received, and employers taxed the payments by including them with pay.

11.2.1 How the reduction in tax credits and tax cut-off point operates

An amended RPN will be made available to the employer after 4 weeks of Illness Benefit payments or once the Illness Benefit claim closes, whichever is sooner. The weekly amount of Illness Benefit will be annualised (multiplied by 52) and an appropriate reduction will be applied to the taxpayer's tax credits and cut-off points on week 1/month 1 basis. Where the Illness Benefit claim is less than 4 weeks duration, the actual amount of Illness Benefit received will be included and the RPN will operate on a cumulative basis.

The RPN that is made available to the employer will be on a week 1/month 1 basis depending on the length of the Illness Benefit claim and the amount received - for example, in most cases where the Illness Benefit is received for less than 4 weeks, a cumulative basis RPN will be made available. For Illness Benefit claims that exceed four weeks, the weekly amount will be annualised, and a week 1/month 1 RPN will be provided. Once DSP confirm the claim to benefit has closed, the annualised amount will be replaced with the actual amount of Illness Benefit received and an amended RPN will be made available to the employer.

Example 1: 3 weeks Illness Benefit claim
An employee is in receipt of Illness Benefit of €232.00 per week from 12 March 2025. DSP send details of the first weekly payment to Revenue.

Revenue issues a letter to the employee advising them that the payment is a taxable source of income and that Revenue will collect any tax that may be due on this income by reducing their tax credits.

An amended Revenue Payroll Notification (RPN) will not be made available at this time.

The following week Revenue receives notification of a second weekly payment of €232.00.

Again, an amended RPN will not be made available at this time.

On the third week of the claim, commencing 26 March, the DSP inform Revenue that the employee has been paid one more weekly payment of €232.00 and that the claim has now closed.

Revenue will now make a cumulative basis RPN available to the employer reducing the employee's tax credits by the total amount of the Illness Benefit received:

	Tax cut-off point (COP)	**Tax credits**
Original amounts	€44,000	€4,000.00
Reduced by total amount of Illness Benefit received	€696 (232.00 x 3)	€139.20 [(232.00 x 3) x 20%]
Revised amounts	€43.304.00	€3,860.80

	Tax cut-off point (COP)	**Tax credits**
Original amounts	€44,000	€4,000.00
Reduced by total amount of Illness Benefit received	€696 (232.00 x 3)	€139.20 [(232.00 x 3) x 20%]
Revised amounts	€43.304.00	€3,860.80

Example 2: Illness Benefit claim that runs for 4 weeks or more
The employee is in receipt of Illness Benefit of €198.00 per week from 19 March 2024. The DSP send details of the first weekly payment to Revenue.

Over the next three weeks the DSP continues to send details of the employee's weekly Illness Benefit payments to Revenue.

In week 4 of the claim, commencing 9 April, Revenue annualises the weekly Illness Benefit amount and reduces the employee's tax credits and cut-off point as follows:

	Tax cut-off point (COP)	**Tax credits**
Original amounts	€44,000.00	€4,000.00
Reduced by **annualised** Illness Benefit payments	€12,064.00 (232.00 x 52)	€2,412.80 (12,064 x 20%)
Revised amounts	€31,936.00	€1,587.20

	Tax cut-off point (COP)	**Tax credits**
Original amounts	€44,000.00	€4,000.00
Reduced by annualised	€12,064.00 (232.00 x 52)	€2,412.80 (12,064 x 20%)
Revised amounts	€31,936.00	€1,587.20

Revenue makes an amended RPN available to the employer on a week 1/month 1 basis.

From week 5 to week 9 of the Illness Benefit claim DSP continues to send details of the employee's weekly Illness Benefit payments. (Note: during this period in medium to long term Illness Benefit claims, a further amended RPN will only be made

available to the employer where the weekly Illness Benefit payment increases or decreases and the annualised amount changes).

In Week 10, commencing 21 May, DSP informs Revenue that the Illness Benefit claim has closed.

Revenue will now make an amended RPN available on a week 1/month 1 basis to the Employer reducing the employee's Tax Credits and cut-off point by the **actual** amount of the Illness Benefit received:

	Tax cut-off point (COP)	**Tax credits**
Original amounts	€44,000.00	€4,000.00
Reduced by **actual** amount of Illness Benefit received	€2,320 (232.00 x 10)	€464.00 (232.00 x 10 x 20%)
Revised amounts	€41,680.00	€3,536

11.2.2 How Payroll operates while the employee is out sick

How employers operate payroll while the employee is out sick will depend on whether or not the employer operates a sick pay scheme and the particular arrangements between employers and employees. These arrangements are set out in the following paragraphs.

Employers should note, however, that Revenue will make an amended RPN available to employers in respect of employees who are in receipt of Illness Benefit. The employee's tax credits and tax cut-off point will be reduced by the amount of Illness Benefit received by the employee.

Employers who pay wages, salary, etc. to employees while out sick (top-up etc.) and recover the Illness Benefit from the employees

The employer should calculate tax, USC and PRSI only on the difference between the wages, salary etc., and the amount of the taxable Illness Benefit received. The tax due on the Illness Benefit is collected by reducing the tax credits and cut-off point on the RPN and should not be included on the payroll submission. The Illness Benefit payment is not chargeable to USC or PRSI.

Example:

An employee earns €700 per week.

The employee is out sick and receives taxable Illness Benefit of €232 per week. He gives this to his employer. The employer tops up his wages in full and applies PAYE/USC/PRSI to

€468 (€700 - €232).

Employers who pay wages, salary etc. to employees while out sick (top-up etc.) and the employees retain the Illness Benefit

The employer should calculate tax, USC and PRSI only on the difference between the wages, salary etc., and the amount of the taxable Illness Benefit received. The tax due on the Illness Benefit is collected by reducing the tax credits and cut-off point on the RPN and should not be included on the payroll submission. The Illness Benefit payment is not chargeable to USC or PRSI.

Example:

An employee earns €700 per week.

The employee is out sick and receives taxable Illness Benefit of €232 per week. The employer tops up his wages in full and applies PAYE/USC/PRSI to €468 (€700 - €232).

Employers who do not pay wages, salary etc. to employees while out sick and the employee retains the Illness Benefit

The tax due on the Illness Benefit received will be collected by reducing the employee's tax credits and cut-off point on the RPN. When the employee returns to work the employer will apply the amended RPN in payroll.

11.3 Jobseeker's Benefit

A portion of Jobseeker's Benefit is taxable. This will not affect employers as Revenue will collect any tax due by reducing the employee's tax credits and tax cut-off point, as necessary.

11.4 Tax treatment of Maternity, Adoptive and Health & Safety Benefits

Maternity Benefit, Adoptive Benefit and Health & Safety Benefit payments, payable from the Department of Social Protection (DSP), are taxable in full. However, Universal Social Charge (USC) and PRSI does not apply.

The tax treatment of the three benefits mentioned above is similar and references below to 'Maternity Benefit / leave' may be taken to include each of the other two Benefits.

As part of the ongoing exchange of information arrangements between DSP and Revenue, Revenue will receive Maternity Benefit details which will be updated onto Revenue's records.

A DSP Maternity Benefit recipient who pays their tax through the PAYE system will have their annual tax credits and cut-off point reduced by the Maternity Benefit

amount which will result in additional tax being stopped from any employment/non-DSP pension they have.

Employers will be advised of the adjusted tax credits and cut-off points on employer Revenue Payroll Notifications (RPNs).

As Maternity Benefit is being taxed by reducing employees' tax credits and cut-off points, Revenue will update the employee's tax credits. Employers are not to include figures for Maternity Benefit on the payroll submission. Revenue will adjust the employee's tax credits to account for the taxable DSP payment and an amended RPN will be made available to the employer.

Action by employers

How Maternity Benefit affects payroll will depend on the particular circumstances or arrangements between employers and employees while employees are out on maternity leave. These arrangements are set out in the following paragraphs.

Employers who pay wages, salary, etc., to employees while out on maternity leave and recover the Maternity Benefit from the employees or directly from the DSP.

In such circumstances, only the difference between the wages, salary, etc. paid and the Maternity Benefit recovered is subject to tax, USC and PRSI in the pay period.

Example

An employee is out on maternity leave from 1 August 2024 and receives their normal gross salary of €700 per week. Maternity Benefit of (say) €274 per week is paid directly to the employer (or handed over in full by the employee to the employer).

Revenue receives notification of the Maternity Benefit from the DSP, reduces the tax credits and cut-off point by the appropriate amount, and makes a revised RPN available to the employer.

The employee's weekly salary of €700 paid over by the employer to the employee is effectively made up of:

Maternity Benefit	€274
Company salary	€426
	€700

Revenue have taxed the Maternity Benefit by reducing the employee's tax credits and cut- off point. Maternity Benefit is not subject to USC or PRSI.

Only the company salary portion (€426) is chargeable to tax, USC, Employee PRSI and Employer PRSI and is included on the payroll submission.

Maternity Benefit should not be included on the payroll submission as Revenue will reduce the employee's tax credits and tax cut-off point to account for any taxable Maternity Benefit.

Employers who pay wages, salary etc., to employees while out on maternity leave (top- up etc.) and the employees retain the Maternity Benefit.

Where an employer pays an employee full or partial wages or salary while out on maternity leave and the employee retains the Maternity Benefit, tax, USC and PRSI should be charged only on the amount of wages or salary actually paid.

The position is similar to that outlined in the example immediately above.

Example

An employee is out on maternity leave from 1 August 2024. She retains the Maternity Benefit of (say) €274 per week paid directly to her by the DSP. As her normal gross salary is €700 per week, her employer tops up her salary to this amount.

Maternity Benefit (paid directly to the employee)	€235
Company salary top-up	€426
	€700

Revenue receives notification of the Maternity Benefit from the DSP, reduces the tax credits and cut-off point by the appropriate amount, and makes a revised RPN available to the employer.

Only the company salary portion (€426) is chargeable to tax, USC, Employee PRSI and Employer PRSI and is included on the payroll submission.

Maternity Benefit should not be included on the payroll submission.

Employers who do not pay wages, salary etc., to employees while out on maternity leave and the employee retains the Maternity Benefit

In all cases, Revenue will receive the Maternity Benefit notification from the DSP, reduce the tax credits and tax cut-off point by the appropriate amount, and make a revised RPN available to the employer.

If the employee is not entitled to receive any pay on the usual pay day, where cumulative basis applies, the employee may contact her employer to request a repayment of any tax that might be due. Where week 1/month 1 basis applies, no repayment of tax should be made. In this case the employee can claim any refund due directly from Revenue after 31 December.

Alternatively, on the employee's return to work after a period of maternity leave, where cumulative basis applies, any refund of tax which may be due to the employee, can be calculated. In this situation the employer should contact Revenue to confirm that it is in order to make such a refund. If the period of maternity leave was over two tax years, the employee can apply to Revenue for any refund that may be due for the year prior to the current year.

11.5 Taxation of Paternity Benefit

Statutory paternity leave of 2 weeks together with a new Paternity Benefit was introduced in respect of births and adoptions on or after 1 September 2016.

Paternity Benefit (including any increases for adults and child dependants), payable by the Department of Social Protection (DSP) is liable to tax. However, Universal Social Charge (USC) and PRSI does not apply.

As part of the on-going exchange of information arrangements between DSP and Revenue, Revenue will receive details of the benefit payments which will be updated onto Revenue's records.

Individuals who pay their tax through the PAYE system will, where possible, automatically have their annual tax credits and cut-off points reduced by the amount of the Paternity Benefit payments. Employers will be advised of the adjusted tax credits and cut-off points on Revenue Payroll Notifications (RPNs).

All queries relating to the payments should be directed to the DSP.

12. Chapter 12 - Refunds of income tax and USC to the employee

12.1 Recording of refunds

In the course of the operation of PAYE a refund of tax and/or USC to an employee may be made by the employer or by Revenue (during a period of unemployment). An employer who makes a refund of tax and/or USC should record it as a separate entry on the employee's payroll record.

(See the Pay Related Social Insurance (PRSI) Employer Guide, issued by the Department of Social Protection regarding refunds of overpaid PRSI contributions).

12.2 Refunds arising from the operation of the cumulative system

Refunds of Tax

The operation of the PAYE system may result in the cumulative tax credits of an employee on any pay day exceeding the cumulative tax due. In such a case the employer will not deduct tax from that pay (on that pay day) and may also have to make a refund of some or all of the tax deducted from the employee's previous pay in the current tax year. In addition, an employer may, in certain circumstances and where no payment of emoluments is made during the final income tax month of the year, make a repayment of tax to an employee during the last income tax month of the year so that the employee can get the benefit of any unused credits at the end of the year under the cumulative system.

Example

John earns €600 per week.

His weekly tax credits are €60.00 and his weekly cut-off point is €807.70. (For the purposes of this example the standard rate of tax is taken as 20%)

Tax refunds arising from the operation of the cumulative system				
Cumulative pay to date	**Cumulative cut-off point**	**Cumulative gross tax**	**Cumulative tax credits**	**Cumulative tax due**
Week 20* €12,000	€16,154.00	€2,400	€1,200.00	€1,200.00
Week 21** €12,600	€16,961.70	€2,520	€1,514.52	€1,005.48 (€194.52 refunded)

*Up to week 20 John has earned €12,000 and paid €1,200 tax.

**In week 21 an amended cumulative RPN is made available to the employer showing his weekly tax credits are now €72.12. His tax cut-off point is unchanged at €807.70.

As the cumulative basis applies, the increased credits are granted with effect from the previous 1 January.

As tax of €1,200 has already been deducted, the employer should give the employee a refund of €194.52.

Cumulative tax deducted to week 20:	€1,200.00
Cumulative tax due in week 21:	€1,005.48
Refund due:	€194.52

Refunds of USC

A refund of USC may arise where, for example, an employee changes from the standard rates of USC the reduced rates of USC.

Example

Mary earns €900 per week.
Her 2025 weekly USC cut-off points and rates are:

USC cut-off point 1	€231.00
USC cut-off point 2	€551.92
USC cut-off point 3	€1,347.00
USC rates	0.5%, 2%, 3% and 8%

USC refunds arising from the operation of the cumulative system			
Cumulative pay to date	**Cumulative USC cut- off points (COP)**	**USC rates**	**Cumulative USC due**
Week 20* €18,000	COP1: 4,620.00 COP2: 11,038.40 COP3: 26,940.00	0.5% 2% 3% 8%	€314.13
Week 21** €18,900	COP1: 4,851.00 COP2: 11,590.32	0.5% 2%	€256.05 (€58.08 refunded)

*Up to week 20 Mary has earned €18,000 and paid €314.13 USC

**In week 21 an amended RPN is made available to the employer showing her weekly USC cut-off points and rates are now:

USC cut-off point 1	€231.00
USC rates:	0.5% and 2%

As the cumulative basis applies, the USC cut-off points and rates change applies from the previous 1 January.

As USC of €314.13 has already been deducted, the employer should give her a refund of €20.18.

Cumulative USC deducted to week 20:	€314.31
Cumulative USC due in week 21:	€256.05
Refund due:	€58.08

Refunds of USC where the RPN shows USC Exemption

Where a cumulative basis RPN indicates that the employee is exempt from USC, if the employee has paid USC already in the tax year (including in previous employments), all previous USC should be refunded. Where the RPN is made available on a Week 1 basis, normal Week 1 basis rules apply and no refund is due.

12.3 Absence from work for some cause

Where the employee is absent from work through sickness or other similar cause, and is not entitled to receive any pay on the usual pay day, the employer may make a refund of tax, if due, based on the most up-to-date RPN available.

Example:

A weekly-paid employee earns €600 per week. His/her 2024 cumulative tax credit certificate shows the following:

Tax cut-off point	€846.15
Tax credits	€76.92
USC cut-off point 1	€231.00
USC cut-off point 2	€551.92
USC cut-off point 3	€1,347.00
USC rates	0.5%, 2%, 3% and 8%

(For the purposes of this example the standard rate of tax is taken as 20%)

Tax refund due where employee is absent from work				
Cumulative pay to date	**Cumulative cut-off point**	**Cumulative gross tax**	**Cumulative tax credits**	**Cumulative tax due**
Week 12* €7,200	€9,692.40	€1,440	€923.04	€516.96
Week 13** € 7,200	€10,500.10	€1,440	€999.96	€440.04 (€76.92 refunded)

USC refund due where employee is absent from work			
Cumulative pay to date	**Cumulative USC cut-off points (COP)**	**USC rates**	**Cumulative USC due**
Week 12* €7,200	COP1: 2,772.00 COP2: 4,428.00 COP3:	0.5% 2% 3% 8%	€102.42
Week 13** €7,200	COP1: 3,003.00 COP2: 4,197.00 COP3:	0.5% 2% 3% 8%	€98.95 (€3.47 refunded)

* Up to week 12 the employee has earned €7,200 and paid €516.96 tax and €102.42 USC.

** The employee is absent in week 13, receives no pay for that week and applies for and makes arrangements to collect the €80.39 refund (€76.92 tax and €3.47 USC).

12.4 Reimbursement of employer for tax and/or USC refunded to employee

An employer who makes a refund of tax and/or USC to an employee should deduct the amount refunded from the next remittance of PAYE tax and/or USC to be paid to the Collector General.

If, however, the next remittance of PAYE tax and/or USC to be paid is less than the amount of the refund made to the employee, the employer should account for this by reducing the tax and/or USC amount on the payroll submission. This will have the effect of reducing the employer liability or creating a negative liability and may result in a refund to the employer. A written application will not be required as any refund due will issue automatically.

12.5 Refund of tax and USC during unemployment

Revenue will make any refund of tax and USC due to an employee who has become unemployed. The employee may apply for a refund directly to Revenue by accessing the PAYE Services card in myAccount and selecting 'Claim unemployment repayment for the current year'. See TDM Part 38-06-07 - PAYE Services – Online Unemployment repayments for further information. The employee's pay, tax and USC will be provided by the employer on the final payroll submission up to the date the employee ceases employment. Employees who cannot use Revenue's online services can make a claim by completing a Form P50.

13. Chapter 13 - Local Property Tax – deduction in payroll

13.1 Introduction

Property owners can opt to pay their Local Property Tax (LPT) in phased payments by deduction at source from salary or occupational pension.

Employers are required to make this facility available to their employees/pensioners. Where this payment option is chosen, Revenue notify the employer on the RPN of the amount of LPT to deduct from net salary/occupational pension. The deductions are spread evenly over the year. Each time an employer pays an employee and deducts LPT, the amount of LPT deducted from each payment must be reported to Revenue when making the payroll submission.

Note:

Where individuals do not submit an LPT return or fail to meet their LPT payment obligations, mandatory deduction at source from salary or occupational pension will be imposed. Employers will not know from the RPN whether the LPT was chosen voluntarily or imposed mandatorily. All RPN's will simply show the LPT amount to be deducted.

13.2 Applying the figure of LPT shown on the RPN in payroll

LPT can only be deducted in payroll when it is stated on the employee's/pensioner's RPN.

The LPT stated on the RPN is the total amount of LPT that should be deducted from the employee's salary for the period from the date the RPN is first requested to 31 December. Deductions are to be spread evenly over the number of pay days occurring in the period to 31 December.

Example 1

A weekly paid employee opts for LPT deduction at source in 2025. In January 2025, an RPN is made available to his/her employer, advising - Total LPT to be deducted: €520.00

This shows that LPT in the amount of €520 is to be deducted in the period 1 January to 31 December 2025. In this employment 52 weekly pay days occur between 1 January and 31 December. The employer calculates that the employee will pay €10 LPT every weekly pay day. At 31 December 2025, €520 (€10 x 52 pay days) will be deducted.

Example 2

A weekly paid employee opts for LPT deduction at source in 2025. In January 2025, an RPN is made available to his/her employer, advising - Total LPT to be deducted: €520.00. The employer deducts LPT of €10 per week.

On 1 July 2025, a revised RPN is received, showing a reduced LPT amount of €416. LPT of €260 (€10 per week x 26 weeks) has been deducted to date. The employer will calculate the new weekly LPT deduction as follows:

Amount of LPT to be deducted per RPN in 2025	€416.00
Amount of LPT deduced to date in the employment	€260.00
Balance to be deducted in the period 1 July to 31 December	€156.00

Number of pay days remaining in the period to 31 December 2025: 26

Amount of weekly LPT to be deducted in the period July to December:
€156.00 / 26 = €6.00.

Example 3

A weekly paid employee opts for LPT deduction at source in 2024. In January 2024, an RPN is made available to his employer, advising - Total LPT to be deducted: €520.00. The employer deducts LPT of €10.00 per week.

On 1 October 2024, a revised RPN is received, showing a reduced LPT amount of €350.00. LPT of €390.00 (€10.00 per week x 39 weeks) has been deducted to date.

The employer will calculate the new weekly LPT deduction as follows:

Amount of LPT to be deducted per RPN in 2024	€350.00
Amount of LPT deducted to date in the employment	€390.00
Balance to be deducted in the period 1 October to 31 December	€0.00

As the amount of LPT stated on the RPN has already been deducted, the employer will cease deducting LPT with immediate effect.

In this example the employee has overpaid his LPT. Employers are NOT to refund LPT. Revenue will deal with ALL refunds after 31 December.

13.3 Notification to stop deducting LPT from an employee's salary

An LPT amount of 0.00 shown on the RPN is the instruction to stop deducting LPT.

Until such time as an employer receives a RPN showing 'LPT: 0.00', they are obliged to operate on the amount of LPT stated on the current RPN.

Example

An RPN in respect of a weekly-paid employee is made available in January 2025, showing LPT of €520 is to be collected in the period 1 January to 31 December 2025. The weekly LPT to be collected is €10.00.

On 1 July 2025, the employer receives an RPN showing an LPT amount of 0.00. (The employee has paid off the LPT balance or has elected to pay it by another payment option). The employer will stop deducting LPT with effect from this date.
(Note, this is **not** an instruction to the employer to refund LPT already deducted in the employment. Revenue will deal with ALL refunds of LPT).

In this example, the employee ceases employment on 15 July 2025. When the employer makes the final payment to the employee, this will be reported to Revenue along with the amount of LPT deducted (if any) and the cessation date of the employment.

13.4 LPT applied to holiday pay paid in advance of the usual pay day

The 'increased' pay the employee receives in the week immediately preceding the week / 2 weeks holidays is not extra pay earned in that particular week but rather the pay for the following week / 2 weeks brought forward and paid in that particular week.

In this situation, the amount of LPT due in the following week(s) is brought forward to be paid in that particular week. It should be noted that this does not apply where the employee is being paid holiday pay immediately before leaving the employment.

13.5 LPT deductions where an individual has two periods of employment with the same employer in the year

This is best illustrated by way of an example:

An RPN in respect of a weekly-paid employee is made available in January 2025, showing LPT of €520 is to be collected in the period to 31 December 2025. The weekly LPT to be collected is €10.00.

The employee ceases employment on 31 March 2025. At date of leaving, the amount of LPT deducted is €120 (€10 pw x 12 pay days). The employee recommences employment with the employer on 24 May 2025 (20 pay days). An updated RPN is made available to the employer showing the remaining LPT to be collected in the period 31 December 2025. The weekly LPT amount to be collected is €20.00.

13.6 Insufficient net pay in a pay period to pay LPT

When an employee has insufficient net pay in a pay period to pay their LPT, the employer should deduct, as far as possible, the LPT as per the instruction on the RPN

and in the next pay period they should recalculate the amounts to be deducted evenly in the remaining pay periods to 31 December.
If it is evident to the employer that the employee will continue to have insufficient net pay to deduct the LPT that is due to be deducted by 31 December, the employer must notify Revenue through MyEnquiries that the employee has insufficient income to satisfy the employee's full LPT liability for the year, based on the expected income for the employee.

13.7 LPT deduction where the employee is absent from work on sick leave or maternity leave throughout the year

How LPT will be deducted will depend on the particular circumstances or arrangements between employers and employees while employees are absent from work on sick leave or on maternity leave – whether the employee is paid or unpaid while absent.

- **Employers who pay full or partial salary to employees while absent from work on sick leave or on maternity leave**

  As the employee is receiving either full or partial salary, the employer should deduct LPT as normal.

- **Employers who do not pay salary to employees while absent from work on sick leave or on maternity leave**

  During the period of absence, as the employee is not being paid, no LPT can be deducted. When the employee returns to work the employer should request an RPN on or before making a payment to the employee. The RPN will instruct the employer in respect of how much LPT is to be deducted for the remainder of the year.

13.8 LPT deduction where an employee is off pay and is due a refund of PAYE and/or USC in cumulative payroll

Where an employee is off pay and is due a refund of PAYE and/or USC in cumulative payroll, LPT is to be deducted from the overpaid PAYE/USC before any refund is issued.

13.9 LPT deduction in week 53, fortnight 27, etc.

Where an extra pay period occurs in the year, for example, 53 weekly pay periods, the employer can choose to deduct the total LPT due over 53 weeks or to deduct the total amount due over 52 weeks, leaving the 53rd week free of LPT deduction.

13.10 Priority of LPT deduction in payroll

The priority of LPT deduction in payroll is as follows:

- LPT is deducted after allowable pension contributions, PAYE, USC and PRSI, My Future Fund.

- LPT takes precedence over all non-statutory deductions

- Where a Court Order is already made at the time of issuing the RPN (advising LPT deduction) the Court Order will take precedence over the LPT deduction. If the Court Order is made after the RPN (advising LPT deduction) has been made available, the LPT deduction will take precedence.

Example 1
A Court Order is already made **before** the RPN (advising LPT deduction) is made available.

A Court Order is made since 2019. An RPN showing LPT of €495 is made available in January 2025. (For the years 2020, 2021, 2022, 2023 and 2024 the employee paid their LPT by debit card). As the Court Order was made before the RPN was made available, the Court Order deduction will take precedence.

Order of deductions up to 31 December 2024	
1	Allowable pension contributions / PAYE / USC / PRSI
2	Court Order
3	Non-statutory deductions

Order of deductions from 1 January 2025	
1	Allowable pension contributions / PAYE / USC / PRSI
2	Court Order
3	LPT
4	Non-statutory deductions

A revised RPN showing LPT of €405 is made available by Revenue in October 2024. The date of the original RPN for 2024 applies for priority of deductions. The order of deductions will not change.

Order of deductions from October 2024	
1	Allowable pension contributions / PAYE / USC / PRSI
2	Court Order
3	LPT
4	Non-statutory deductions

Example 2
A Court Order is made **after** the RPN (advising LPT deduction) is made available.

An RPN showing LPT of €495 is made available in January 2025. (For the years 2017 to 2023 inclusive, the employee paid their LPT by debit card). There is no Court Order made at this time.

Order of deductions up to 31 December 2024	
1	Allowable pension contributions / PAYE / USC / PRSI
2	Non-statutory deductions

Order of deductions from 1 January 2025	
1	Allowable pension contributions / PAYE / USC / PRSI
2	LPT
3	Non-statutory deductions

A Court Order is made from 1 July 2024. As the Court Order was made after the RPN, the LPT deduction takes precedence.

Order of deductions from 1 July 2024	
1	Allowable pension contributions / PAYE / USC / PRSI
2	LPT
3	Court Order
4	Non-statutory deductions

A revised RPN showing LPT of €405 is made available by Revenue in November 2024. The date of the original RPN for 2024 applies for priority of deductions. The order of deductions will not change.

Order of deductions from November 2024	
1	Allowable pension contributions / PAYE / USC / PRSI
2	LPT
3	Court Order
4	Non-statutory deductions

Example 3
An RPN (advising LPT deduction) is made available **at the same time** that a Court Order is made.

An RPN showing LPT of €495 is made available on 5 January 2024. (For the years 2017 to 2023 inclusive, the employee paid their LPT by debit card). A Court order is made with effect from 5 January 2024. In this situation, the Court Oder takes precedence.

Example 4
Deduction at source stops and subsequently recommences in the same year. A Court Order made in the period before the amended RPN (advising LPT recommencement) is made available.

Note
For priority of deduction purposes, where a revised RPN is made available stopping LPT deduction at source (that is, showing LPT: 0.00), the date of any subsequent RPN (advising LPT deduction) made available in the year should be treated as the date of first instruction to deduct LPT in the year.

An RPN showing LPT of €495 is made available to the employer in January 2024. (For the years 2017 to 2023 inclusive, the employee paid their LPT by debit card). There is no Court Order made at this time. LPT deductions commence from 1 January 2024.

Order of deductions from 1 January 2024	
1	Allowable pension contributions / PAYE / USC / PRSI
2	LPT
3	Non-statutory deductions

A Court Order is made from 1 May 2024. As the Court Order was made after the RPN was made available, the LPT deduction takes precedence.

Order of deductions from 1 May 2024	
1	Allowable pension contributions / PAYE / USC / PRSI
2	LPT
3	Court Order
4	Non-statutory deductions

In September 2024, the employee changes his method of LPT payment. A revised RPN showing 'LPT: 0.00' is made available. The employer stops deducting LPT.

Order of deductions from September 2024	
1	Allowable pension contributions / PAYE / USC / PRSI
2	Court Order
3	Non-statutory deductions

In October 2024, a revised RPN showing 'LPT: 200.00' is made available by Revenue.

Priority of deduction:
As the Court order is already made at the time the revised RPN (advising LPT recommencement) is made available, the Court Order takes precedence.

Order of deductions from October 2024	
1	Allowable pension contributions / PAYE / USC / PRSI
2	Court Order
3	LPT
4	Non-statutory deductions

13.11 LPT deductions where employee leaves mid pay period

Where, for example, a four-weekly paid employee leaves employment having worked only one week in their last pay period, the full four-weekly amount of LPT should be deducted.

The same principle applies to fortnightly-paid employees - the full fortnightly amount should be deducted.

13.12 Arrears of pay paid to an ex-employee and LPT

LPT should not be deducted from any payment paid to an employee who has ceased employment. Once the individual has ceased employment the employer ceases deduction of LPT.

14. Chapter 14 - Employers' duties throughout the income tax year

14.1 Issue of Revenue Payroll Notifications (RPNs) to employers

An employer should be in a position at the start of each new tax year to make correct PAYE deductions on and from the first pay day, which falls in that year.

In December of each year Revenue will make an RPN available advising employers of the tax credits and tax and USC cut-off points (and Local Property Tax, where a deduction in payroll applies) for the coming year for each employee. Any updates to tax credits, tax and USC cut-off points arising out of the annual Budget will be included in the RPN. Employers with an exemption from paying and filing online will receive RPN's in paper format.

In addition to the above, employer must:

(a) Notify Revenue when an employee commences in their employment
(b) Ensure the correct PPS Number is used for their employees - see paragraph 15.3
(c) Ensure that a PAYE/PRSI/USC/LPT record is set up for each employee for the coming year (paragraph 14.1)
(d) Obtain the latest RPN from Revenue, for all employees and directors, and use the information contained therein to calculate the employee statutory deduction, prior to running payroll for each pay day
(e) Operate the Emergency basis of tax and USC deduction where;
    - the employee doesn't provide a valid PPSN on commencement of employment or
    - having notified Revenue of the employee commencing employment, an RPN is not provided by Revenue
(f) Use the tax credit, tax band and USC information contained in the RPN to calculate the employee's statutory deductions

(g) Make a payroll submission to revenue, on or before the pay date, outlining the employee pay and statutory deductions
(h) Send details of all reportable benefits to Revenue in accordance with the provisions laid down in Tax & Duty Manual Part 38-03-33
(i) Advise Revenue when an employee ceases employment
(j) Correct any errors made in payroll calculations in a timely manner
(k) At the end of the year, deal with 'week 53' and similar cases (paragraph 14.3) if there is a pay day on 31 December (or in a leap year on 30 or 31 December)

It is important to note that the term 'employee' includes directors and occupational pension recipients.

14.2 Data Quality

Employers are again reminded of their obligation to provide accurate information when making a payroll submission to Revenue. Most employers are submitting the correct payroll information, but some recurring issues have been identified. These include:

- Employees being taxed on the emergency tax basis where an RPN is available.
- 'Gross Pay' reported as less than 'Pay for Income Tax' and/or 'Pay for USC'
- 'Pay for USC' is reported as less than 'Pay for Income Tax'
- Employees reported with emergency tax, but no tax deducted by the employer.
- No USC deducted where the employee is not USC exempt.
- USC deducted where the employee is USC exempt.
- Payroll submission made after the pay date.
- Employers mistakenly sending the payroll data to Revenue more than once, which incorrectly inflates the declared liability and raises the possibility of unnecessary Revenue interventions.
- Employers paying their tax liability twice in error e.g. by setting up both a ROS Debit Instruction and Variable Direct Debit for the same payment period
- Employers incorrectly creating duplicate employments for the same employee leading to an over-statement of liability to Revenue
- Incorrect pay date
- Out of date RPS's
- Unlinked Payroll Submissions

Invalid payslips not corrected where such errors, or other errors arise, employers should immediately rectify them to ensure they do not feature in future payrolls. Employers should review all submissions to date and make a corrected submission where incorrect data was reported. Early action also reduces the possibility of a Revenue intervention.

Revenue has established a team to monitor submissions and may contact employers to assist them in addressing any identified issues. Employers should contact the **National Employer Helpdesk at 01-738 3638** for assistance.

14.3 Week 53, fortnight 27, etc.

'Week 53' occurs where 1 January and 31 December are pay days and a total of 53 pay days arise between those dates. Similarly, in a leap year, 'week 53' occurs where a pay day falls on 1 or 2 January and 30 or 31 December and there are 53 pay days between these dates. It should be noted that, where an employer changes a pay day, for whatever reason, during the year or the previous year, resulting in a 'Week 53' (fortnight 27, 4-weekly 14), the increased tax credits and tax cut-off points will not apply. Where 'Week 53' occurs, the employer should set tax credits and the cut-off point against that payment on a non-cumulative basis (week 1/month 1 basis) in accordance with the following table:

Pay day falling on 31 December (or in a leap year on 30 or 31 December)	
If the number of pay days in the tax year is:	**Then tax credits and the tax and USC cut-off points to be set against payment is:**
53 Weekly	As for week 1 basis (paragraph 10.2)
27 Fortnightly	As for week 1 basis (paragraph 10.3)
14 Four-weekly	As for week 1 basis (paragraph 10.4)

As a result, the employee will get the benefit of more than the year's total tax credits and tax and USC cut-off points.

If the emergency tax basis applies, the tax credits and cut-off point, if any, and the rate of tax deduction will depend on the number of calendar weeks or months since the emergency basis first applied, within the tax year, to the employee's pay (see paragraphs 9.5 and 9.6).

For details on USC in week 53, see paragraph 8.8.

14.4 Making a payroll submission to Revenue

Employers must submit their payroll notification to Revenue, on or before the date they pay their employee. Payroll software may facilitate the automatic exchange of payroll information with Revenue - the employer should consult with the payroll software provider who will be best positioned to confirm this. Within the Revenue Online Service (ROS), Revenue provides a facility for employers to report their payroll information. This option can be located by logging into ROS using an active digital certificate and selecting "My Services" - "Employer Payroll Services" - "Submit Payroll". Employers have the option to submit payroll by (a) uploading a file from their payroll software or (b) by inputting the details on screen. Further information can be found by clicking on the "info" icons or "learn more" links displayed

throughout the ROS Payroll Reporting facility. The methods by which an employer can submit their payroll to Revenue are summarised below:

(1) Direct Payroll Software
This method, also known as 'Third-party software', allows payroll software communicate seamlessly with Revenue Online Services (ROS) and exchange the required information.

(2) ROS Payroll Reporting
This method allows the employer to use files created by their payroll software and upload these to Revenue systems using ROS.

(3) ROS Online Form
This method allows the employer to obtain RPNs and complete an online form with their payroll information. This method would normally be used where no payroll software is being used.

14.4.1 What information must be included on the payroll submission?

Regardless of the method used to report the payroll, the employer must include, amongst other items:

- The amount of pay
- The payment date
- Amount of income tax, USC, PRSI and Local Property Tax deducted (where appropriate)

Full details of all items to be included on the payroll submission can be found at: Information on a payroll submission.

Guidance videos on how to submit payroll by file upload and online form can be found at Employer obligations from 1 January 2019.

In circumstances where a payroll administrator is not in a position to process the payroll due to an IT issue and no salary payments are made, there is no requirement to report to Revenue.

Finance Act 2017 covers instances of "persistent technology failure". The provisions allow for the salary payments to be made by the employer to employees and the information to be subsequently relayed to Revenue as soon as the technological issue has been rectified. "Persistent technology failure" includes a serious outage to either the employer's systems or to Revenue's systems brought about by a significant weather event or other major loss of power.

If in the event of persistent technology failure, Revenue systems cannot be contacted by the employer to retrieve the latest RPN's the employer should:

- Use the previous RPN for the year in question.
- If no previous RPN is held for the year in question (in the case of a new employee or the first RPN of the year), the emergency basis of taxation should be used.

The employer should immediately notify Revenue of any issue that impacts on the employer's ability to correctly operate the PAYE system.

A technology systems failure is defined as arising when:

- Revenue's electronic system is not functioning or not functioning properly in order to allow the employer comply with their obligations, or
- The employer is unable to use Revenue systems because of a general or partial failure of an internet provider or electricity service provider.

14.5 Important points to remember

Employers must ensure that the correct PPS number is used for their employees – see paragraph 15.3. Particular care should be taken to ensure that the PPS number, exactly as shown on the Revenue Payroll Notification (RPN) is accurately entered on the payroll submission for each employee. An incorrect entry of the PPS number will cause delay or difficulty in paying social insurance benefits to the employee in question.

Where an employee does not provide a PPS Number or, having provided a PPS number the employer has established that the PPS Number is invalid, the emergency basis of taxation must be used. When making a payroll submission for an employee where a valid PPS number is not available, an employer must allocate an Employer Reference to the employee and provide it on each payroll submission up to and including the point where the PPS Number is provided.

The particulars on each submission should relate only to the employment with the current employer.

14.6 Return due dates

Employers must report their payroll to Revenue on or before the date they pay their employee by making a payroll submission. A statement will issue to the employer by the 5th of the following month, showing the total amount of tax, USC etc. due based on the employer payroll submissions for the previous month. The employer has until the 14th of the month to:

- Accept the statement (it will then become the statutory return) or
- Make corrections/amendments to payroll submission(s) if errors are identified.

If no action is taken, the statement will become the statutory return on the 14th of the following month. All employers including quarterly and annual remitters should make a payroll submission to Revenue on or before the date they pay their employees and they will receive a monthly statement. There will be no change to the payment dates, however.

14.7 Penalties

Where a person fails to (a) send a return, statement, notification or certificate, (b) to remit income tax to the Collector-General, (c) to make a deduction or repayment in accordance with regulations made under section 986, TCA 1997 or (d) to keep and maintain a register of employees in accordance with section 988A TCA 1997, that person shall be liable to a penalty of €4,000. Where the person who fails to comply with the above provisions is a body of persons, the Secretary of that body is liable to a separate penalty of €3,000.

14.8 End-of-year statement

There is no longer an obligation on employer's to provide a statement of the employee's pay, tax, USC and social insurance contributions (to their employees at the end of the year. For income tax years ended 31st December 2019 and all future years, Revenue will make an end-of-year statement available to all employees. This statement will show details of the employee's pay, tax, USC and social insurance contributions for the preceding year.

15. Chapter 15 - New employees and employees recommencing

15.1 When a new employee commences employment (or an employee resumes employment after a previous cessation)

Employers are obliged under the Income Tax (Employments) Regulations 2018 to register a new employment with Revenue in all circumstances except where it is the employee's first employment in the State. Failure by employers to register a new employment with Revenue significantly affects the smooth operation of the PAYE system and specific penalties apply to employers who fail to do so.

A person taking up employment or resuming employment after a previous cessation should be asked to provide their Personal Public Service Number (PPSN). If the person is new to the employment and provides a PPSN, all reasonable steps must be taken by the employer to ensure the PPSN provided is valid. For the purpose of ensuring that the PPSN provided is correct, Revenue has provided a case sensitive PPS Number checker. This service can be accessed under My Services/Other Services in ROS. Further information on this facility can be found at paragraph 15.3.

The information below shows the procedure to be followed when a new employee commences (or a previous employee recommences) in employment**.**

Direct Payroll Reporting software.
Some payroll software packages may facilitate an automatic request to Revenue for a Revenue Payroll Notification (RPN) when a new employee is added to the payroll. The correct start date for the new employee should be entered when requesting the RPN. Employers who use payroll software should contact their payroll software provider in order to establish the particular features of their payroll software package as the options may vary from provider to provider.

ROS Users
Employers can access the Employer Payroll Service from the ROS homepage. Under the Revenue Payroll Notifications (RPN) tab, employers will be able to request an RPN for new or existing employees. In respect of new employees, employers may request an RPN using either (a) the option to upload a file created by their payroll software or (b) by manually inputting specific details relating to the new employee(s). Explanatory text is provided, where necessary, to assist employers in fulfilling their requirements. Where no RPN is provided in respect of an employee, the employer must operate emergency tax and advise the employee in question to contact Revenue.

Non-ROS Users
The employer should contact Revenue when a new employee commences/former employee re-commences in their employment.

Note

The emergency basis of tax deduction (paragraphs 9.5 and 9.6) must be operated where no PPS Number is provided by the employee or, having requested an RPN, and no RPN is returned

Following the above steps, an RPN will be made available to the employer. This will show the tax credits, and tax and USC cut-off points. The RPN may be on a cumulative basis (effective from the beginning of the tax year, in which case it will also include the employee's pay, tax and USC details, if any, from the previous 1 January to the date of commencement with the new employer) or on a Week 1 Basis.

Where the new employee has a PPS Number

If the new employee has a PPS Number, an Employment ID must be assigned to the employee when commencing the employment. If the employer is using payroll software, the Employment ID will be created by the payroll software. If payroll software is not used to run the payroll, the Employment ID must be created and assigned by the employer. The Employment ID must be a unique identifier, created by the employer and it must remain unchanged where the employment is of a continuous nature. If the employee ceases employment with an employer and subsequently returns to the same employer in the same year, a new Employment Identifier must be allocated to that employee. Further information in respect of the Employment ID can be found in Appendix 5.

Where the new employee does not have a PPS Number

If on commencement of employment, the employee does not have a PPS Number, the employee should be referred to the Department of Social Protection (DSP) to obtain one. Where this is the employee's first ever employment in Ireland, they should be advised that when they receive their PPS Number, they must register for myAccount and use the Jobs and Pensions service to tell Revenue about their new job. When the employer receives the PPSN from the employee they should include the PPSN with the Employment ID in the payroll submission and request an RPN for the employee.

Emergency basis of tax and USC deduction must be operated for the duration of time where the employee does not provide a PPS Number. When making a payroll submission in respect of any employee where the PPS Number is not available, the employer must create an Employer Reference and include it on the payroll submission. An Employer Reference is a unique identifier which must be provided by the employer in respect of all employees for whom he/she does not have a PPS Number. Further information in relation to the Employer Reference can be found in Appendix 5.

15.2 What is a 'new employee'?

For PAYE purposes a new employee is one who takes up employment or resumes employment after a previous cessation of employment. It also includes a company director, including one who may previously have been self-employed.

If the employer is aware that the new employee was not previously employed (for example, a school-leaver), the employee should be advised to register for myAccount and update their job through the Jobs and Pensions Service. The employee should advise the employer once the registration process has been successfully completed. The employer will then be able to request the latest Revenue Payroll Notification (RPN) for that employee.

If the new employee has not been employed for an extended period, it is unlikely the employer will be able to download an RPN upon registering the employment. In this case the employer must submit the payroll for the employee on an emergency tax basis. The submission of this first payroll will result in registering the employment with Revenue and the employer will be able to download an RPN when running the next payroll

15.3 Personal Public Service Numbers

The Personal Public Service number is an individual's unique reference number and is issued by the Department of Social Protection (DSP). It is used for a wide variety of public services, such as social welfare, public health, education and Revenue.

On commencement of employment, the employer must take reasonable measures to verify that the PPS number provided is a valid one and it refers to the employee who provided it. For the purpose of ensuring that the PPSN provided is correct, Revenue has provided a PPS number checker. This service can be accessed under My Services/Other Services in ROS.

A ROS user will input selected details relating to a current or newly recruited employee, to check the validity of the PPS/W number which has been provided. A simple Valid or Invalid response will be returned.

The employer will also be regarded as having taken reasonable measures where they check the PPS number provided against one of the following documents:

- A tax credit certificate
- A Public Services card or a Social Services card or PPS number registration letter issued by the DSP
- A notice of assessment to income tax or capital gains tax

- Any other item of correspondence from Revenue which specifically quotes the PPS number

- A payslip from a previous employer which shows the PPS number

- End of year statement provided by Revenue

If a new employee does not hold a PPS number, they should be advised to contact the DSP for one. Contact details are available on www.welfare.ie.

15.3.1 The format of the employee PPS number

The format of the PPS number changed for all new numbers issued to individuals on or after 1 January 2013.

- **PPS numbers issued prior to 1 January 2013**

For all PPS numbers issued prior to 1 January 2013, the format of the PPS number is 7 numeric characters (including leading zeros), a check character (alpha) and possibly a W.

Example 1	PPS number 1234567A	This is the most common PPS number format - 7 numeric characters and a check character.
Example 2	PPS number 1234567AW	This format is sometimes used for the spouse of Example 1.

Note 1: The PPS number 1234567A is used in this guide as an example. This PPS number should never be used by an employer as a 'temporary' number for any employee - all employees must obtain their own PPS number from the DSP.

Note 2: From 1 January 2019, employers are obliged to create and assign an Employment Identifier to each employee who has a PPS Number. The Employment Identifier will be used by Revenue to distinguish between multiple employments for an employee with an employer. Where the employee has two or more employments with the same employer separate Employment Identifiers must be assigned by the employer.

Employers should note that, with effect from 31 December 2018, the use of the 'X', 'T' and 'Z' suffixes to PPS Numbers has been discontinued.

- **PPS numbers issued on or after 1 January 2013**

For all new PPS numbers issued to individuals on or after 1 January 2013, the format of the PPS number is 9 characters, that is, 7 numeric followed by 2 alpha characters with the second alpha character being A.

Example 3	PPS number 1234567SA	This is the most common 'new format' PPS number format.

Note 3: The PPS number 1234567SA is used in this guide as an example. This PPS number should never be used by an employer as a 'temporary' number for any employee - all employees must obtain their own PPS number from the DSP.

Note 4: It is the employer's choice to put the employee on the payroll twice. The employer wants to keep the two sets of pay separately on their payroll records. There is no requirement or obligation to do this. Other employers would just put the employee on the payroll once - and pay the extra wages or salary altogether.

15.3.2 W-Numbers

W-numbers, which are PPS numbers that include a 'W' as the second alpha character, (for example 1234567TW), are being updated where a new, distinct PPS number has been issued by the Department of Social Protection (DSP).

Since September 2017, Revenue is identifying and replacing a significant volume of 'W- numbers' that have been replaced by new, distinct PPS numbers. As Revenue records are updated, we are writing to employees/pensioners to advise them to use their new, distinct (correct) PPS number in all future communications.

Employers may notice an increase in the number of cases where PPS numbers are changed and should ensure that all relevant payroll records are updated to the new PPS number.

Where an employee's/pension recipient's PPS number has changed, the RPN will be made available under the new PPS number and the former PPS number (W-number) will also be referenced.

The correct PPS number must be used in payroll, on the payroll submission and in all correspondence with Revenue.

Employers must ensure that the correct PPS number is used for their employees/pension recipients. All employers should have a Revenue Payroll Notification (RPN) with the correct PPS number for all their employees.

Where an employer uses an incorrect PPS number for their employee(s), this will have implications for the employee's income tax and DSP PRSI records.

See leaflet the Pay Related Social Insurance (PRSI) Employer Guide, issued by the Department of Social Protection (DSP). Details of the percentage rates of PRSI contributions can be found in leaflet SW14 issued annually by DSP.

15.4 Employee's previous pay, tax and USC notified to the employer

When an employee commences employment, or resumes employment with the same employer after a previous cessation, all the pay, tax and USC details from 1 January to the date of the new employment will be included on the RPN that will be made available to the employer .

If details of previous pay, tax and USC are not known or not available to Revenue, the RPN will be provided on a week 1/month 1 basis and previous pay, tax and USC figures will not be shown on the RPN.

The details of previous pay, tax and USC (if available) will be shown on the first RPN made available to the new employer following the commencement of employment.

If Revenue is advised of supplementary pay, tax and USC for the current year, the details will be added to those already known and will show on the next RPN .

The RPN will not give a breakdown of each employment where the employee received the payments or paid ax and USC – it shows the total cumulative figures to the date of commencement of this period of employment.

PAYE works on a cumulative basis – all pay to date is taken into account when calculating the employee's tax and USC. Where an employee had a previous employment (s) with the same employer in the tax year, the employer would know the total amount of pay, tax and USC paid to the employee they must use the cumulative pay, tax and USC from all employments to date (notified to them on the RPN) when calculating tax and USC liability.

The most up to date figures available of the employee's previous pay, tax and USC details are included on the RPN to assist the employer in calculating the correct tax and USC. If the pay, tax and USC figures are not available, the RPN will be on a week 1/month 1 basis.

If the employer is aware that the pay, tax and USC figures on the RPN are incorrect, this should be brought to the attention of the relevant Revenue office.

Note: It is Revenue policy not to make an RPN available that would cause hardship to the employee. If the implementation of a cumulative RPN generates a nil salary or large underpayment the employer should contact Revenue's PAYE helpline, using Revenue's MyEnquiries service for further instruction.

15.5 Refund of tax to a new employee

A refund of tax and/or USC may be made to a new employee where a cumulative Revenue Payroll Notification (RPN) is received by the employer and the refund arises as a result of applying the tax credits and tax and USC cut-off points on the RPN.

Any refund of tax and/or USC due to a new employee who is a former employee must be made on the basis of tax and/or USC shown on the RPN received from Revenue and not on the basis of the employer record of tax and USC deducted during the previous period of employment.

15.6 Payments by two employers in the same income tax week or month

Where an employee commences a new employment and the previous employment is not ceased on Revenue records, there may be no tax credits, tax and USC cut-off points available to offset against the new employment. In these circumstances, it is important that the cessation date is entered on the final payroll submission for that employee. Similarly, where an employee has an existing employment and they take up a second employment, there may be no credits or tax and USC cut-off points available to offset against the new employment. The employee may choose to allocate some tax credits and tax and USC cut-off points against the second employment and this can be done by accessing the 'Manage Your Tax for the current year' facility in myAccount. Employers should note that they are obliged to operate the latest RPN made available by Revenue, irrespective of the credits and tax and USC cut-off points shown on the RPN.

15.7 Change from monthly to weekly pay, etc., following change of employment

Where a monthly paid employee ceases employment and subsequently takes up a weekly paid employment the following guidelines will apply:

- If, when the second (weekly paid) employment commences there is no cessation date entered for the first employment (monthly paid), the RPN made available to the new employer will contain whatever credits, tax and USC cut-off points that are not currently allocated to an employment, on a week 1 basis, even if this is zero.

15.8 Employee hired but never commences

Employers must submit their payroll to Revenue on or before the date they pay their employee. Prior to reporting the payroll, employers must contact Revenue to obtain the most up-to-date RPN for their employee(s). Where an employee, who has been hired by the employer, subsequently does not take up employment with the employer, a cessation date should be entered on the payroll submission and reported to Revenue. Where the RPN was made available in paper format, it should be disposed of in a confidential manner.

16. Chapter 16 - Cessation of an Employment (including casual employees)/death of an employee

16.1 Introduction

It is the responsibility of employers to report employee commencements and cessations to Revenue on the employer payroll submission. Employers are obliged under the Income Tax (Employments) Regulations 2018 to notify Revenue of the date of cessation of employment of an employee no later than the date of cessation. Failure by employers to report these events to Revenue significantly affects the smooth operation of the PAYE system and specific penalties apply to employers who fail to do so.

When an employee leaves an employment, is granted a career break or dies while in the employment, the employer should include the date of leaving/date of death on the payroll submission for the final payment to that employee.

This notifies Revenue that the employee has ceased employment. It is important that the employer includes the date of leaving on the final payment as it ensures that when an employee commences in a new employment, all the pay, tax and USC details from 1 January up to the date of the new employment are included on the cumulative Revenue Payroll Notification (RPN) made available by Revenue to the new employer. This ensures that employees pay the right amount of tax, at the right time, insofar as is possible.

Where a previous employer delays in submitting the date of leaving to Revenue, Revenue will not be able to allocate tax credits and tax and USC cut-off points to a new employment, meaning that the individual will suffer an excessive tax deduction as Revenue will only be able to make a Nil RPN available.

Where an employer does not correctly include the date of cessation of the employee's employment in their last payroll submission in a prior year, the employer should amend the final submission for that former employee in the prior year to add a date of leaving or submit a nil payroll in the prior year. They should use the last pay date the former employee received a payment as the pay date on the nil submission and the date of cessation should be the last day the employee worked.

Casual employees

It is acknowledged that, in the case of casual employees i.e. employees without fixed hours or attendance arrangements, employers may not know whether the employee will attend for work again. As a result, the employer may not be in a position to include the date of leaving on the final payroll submission for that employee.

Accordingly, where such employees are not paid by the employer for a period of three months, a date of leaving should be reported to Revenue on a payroll submission for such employees immediately after three months has elapsed. The date of leaving should be the last day the employee worked with that employer. The employee will also have the option to cease the employment using the Jobs & Pensions facility within myAccount.

Death of an employee

In the case of a deceased employee, the employer should enter the date of death as the cessation date on the payroll submission.

Any payments made to the employee following the date of death are to be treated as post cessation payments to that individual.

16.2 Calculation of tax at date of leaving or at date of death

Tax and USC liability at date of leaving should be calculated by reference to the instructions in paragraphs 10.1 to 10.12 even if the payment made at that date relates to a period shorter than the employee's normal pay period. For example, a monthly paid employee should, if a payment of salary is made in the month in which employment ceases or the employee passes away, be given the full tax credits and tax and USC cut-off points, if any, due for the month, even if the payment relates to part of the month only. The employer must always use the latest RPN to calculate the statutory deductions for the relevant pay period.
The employer should refund any overpayment of tax and USC, which arises through the application of the foregoing instruction, in the usual way.

16.3 Employee retiring on a pension paid by the employer

If an employer has one registration number for both employees and occupational pension recipients, an employee who retires on a pension paid by the employer should not be treated as having left the employment. The pension should be included on the payroll record as though it represented continuation of pay, and deduction or refund of tax and USC should continue in the normal way. See also the Pay Related Social Insurance (PRSI) Employer Guide on the Department of Social Protection (DSP) website regarding change of contribution class.

However, the employee may retire at an age when they may be entitled to make a claim for Jobseeker's Benefit from the DSP. In these circumstances the employer should give the retiring employee a letter setting out the facts of the situation and including the employee's pay, tax & USC etc. to the date of cessation of the employment. The employee will then be in a position to provide this letter to the DSP in support of their claim for Jobseeker's Benefit.

16.4 Employee retiring on a pension paid by the employer and dealt with under a separate registration number or paid by a separate body (trust fund, life assurance company etc.)

In these circumstances, a payroll submission should be made under the employer registration number from which the employee is retiring. In addition to providing

the employee's pay, tax USC etc., a date of cessation should be entered on the payroll submission.

Subsequently, a request for an RPN can be submitted under the employer registration number relating to the pension, the start date used should relate to the start date the employee joined the pension payroll and not be backdated to the original employment start date. An RPN will be made available to the pension provider showing the employee's tax credits, tax and USC cut-off points together with the employee's previous pay and statutory deductions from 1 January to date. This will have the effect of creating the employment and will ensure that the correct deductions, under the cumulative system, continue to be made from the employee's pension.

16.5 Employee transferred from one branch to another

(See paragraph 2.10 regarding separate registration numbers for the same employer.)

In these circumstances, a payroll submission should be made under the employer registration number from which the employee is moving. In addition to providing the employee's pay, tax USC etc., a date of cessation should be entered on the payroll submission.

Subsequently, a request for an RPN can be submitted under the employer registration number relating to the new employer, the start date used should relate to the start of the employment within the new branch and not be backdated to the original employment start date. An RPN will be made available to the new employer showing the employee's tax credits, tax and USC cut-off points together with the employee's previous pay and statutory deductions from 1 January to date. This will have the effect of creating the employment and will ensure that the correct deductions, under the cumulative system, continue to be made from the employee's pay.

16.6 Married (non-assessable spouse) employee becoming a widow(er) / Other civil partner becoming a surviving civil partner

Under Joint Assessment the tax credits and reliefs available to a couple in a marriage or a civil partnership can be divided, subject to certain restrictions, between each person to suit their circumstances. One person is nominated as the 'assessable spouse' or 'nominated civil partner' and as such is responsible for completing the tax return for the couple and is chargeable to tax on their joint income. The other person is referred to as the 'non-assessable spouse' or 'other civil partner'.

Where the assessable spouse or nominated civil partner dies and the non-assessable spouse or other civil partner remains in employment, Revenue will make a new RPN available to the employer.

See also the Pay Related Social Insurance (PRSI) Employer Guide on the DSP website regarding change of contribution class.

Revenue will notify the employer of any change in the employee's tax credits and tax and USC cut-off points and/or any instructions in regard to the employee's PPS number and payroll record. In the meantime, the employer must calculate tax and USC in accordance with the latest RPN available.

17. Chapter 17 - Pay Related Social Insurance (PRSI)

17.1 PRSI

A PRSI contribution is payable in respect of full-time and part-time employees and consists of an employer's and an employee's share of PRSI.

The PRSI class of the individual employee determines the rate at which PRSI is calculated. For information on PRSI and your responsibilities as an employer please see the Pay Related Social Insurance (PRSI) Employer Guide on the Department of Social Protection (DSP) website.

An employer requiring advice should contact the DSP. Contact details are available on their website.

17.2 PRSI records to be kept

Employers must keep a record of the employee's and employer's PRSI

- The Employee's weekly/monthly PRSI contributions
- The Total weekly/monthly PRSI contributions
- The contribution class of the employee
- Any change of contribution class during the employment
- The new contribution class where the class has changed
- The date of change of contribution class, if any
- The number of weeks of insurable employment at the initial class (and at the subsequent class(es) if the contribution class has changed).

In addition, the employer must provide the following information to revenue (where applicable) on the weekly/bi-weekly/monthly payroll submission:

- Pay for Employee PRSI purposes
- Pay for Employer PRSI purposes
- If the employee is exempt from PRSI in Ireland (True/False)
- PRSI exemption reason where applicable
- PRSI Class and Sub-class

- Number of insurable weeks
- Employee PRSI paid
- Employer PRSI paid.

18. Chapter 18 - Payments to the Collector General

See Agent's Guide to the Collector-General's Division

18.1 Monthly remittance to Collector General

As previously advised, employers must submit their payroll to Revenue on or before the date they pay their employees. Based on the employer payroll submissions, Revenue will make a statement available to the employer by the 5th of the following month. The employer has until 14th of that month to accept the statement. If no action is taken by the employer by 14th of the month, the statement will be deemed the Return and payment will be due in accordance with the timelines outlined in paragraph 18.2 below. Details and information of previous processed payments and offsets can be found by selecting the relevant statement of account.

Note:

Where a return and associated payment are not made electronically by the extended deadlines, the extended due date will be disregarded so that, for example, any interest imposed for late payment will run from the former due dates and not the extended date.

18.2 Quarterly Remittance to Collector General

Employers, who have been registered as an employer for a period in excess of twelve months and whose total PAYE, PRSI, USC and LPT payments for the year are €28,800 or less may request approval to pay their liability on a quarterly basis, rather than on a monthly basis.

Employers who are exempt from e-filing should apply in writing to:

Collector General's Customer Service Unit,
Sarsfield House,
Francis St,
Limerick.
V94 R972

The return filing Frequency, return due date and payment due date for all employers in respect of PAYE/USC/PRSI/LPT is as follows:

Eligible employers who are currently on a monthly basis for PAYE/USC/PRSI/LPT remittance and who wish to remit on a quarterly basis should apply in writing to the Collector General using MyEnquiries.

Remitter Type	Return Due Date	Payment Due Date
Monthly	14 days after the end of the month.	14 days after the end of the month (23 days for ROS users who file and pay online)
Quarterly	14 days after the end of the month.	14 days after the end of each quarter (23 days for ROS users who file and pay online)
Annual	14 days after the end of the month.	14 days after the end of the year (23 days for ROS users who pay and file online)

18.3 Methods of payment

18.3.1 ROS

ROS Debit Instruction (RDI)

The ROS Debit Instruction (RDI) enables regular payments to be made directly from the customer's bank account. With the RDI the amount and date of each payment is determined solely by the customer. The RDI does not confer on Revenue a right to take money from a customer's bank account until each payment is initiated and authorised by that customer. An RDI mandate can be completed by accessing the RDI link on the ROS 'My Services' screen. Bank details can be updated/amended at any time. Please allow 2/3 working days for the amended bank details to update on ROS.

You can contact our ROS payment support:

- using MyEnquiries available on ROS
- by telephone at 01 738 3663 (+ 353 1 738 3663 if calling from outside the Republic of Ireland).

18.3.2 Credit Card / Debit Card

No charges apply to payments to Revenue by credit card/debit card, irrespective of whether the cards are personal, business or international. (Up to 4 April 2018, credit card transactions incurred a facilitation fee at 1.1% of the tax liability).

All credit card/debit card payments will be processed on the day of completion. A facility to pay by credit card or debit card by phone is also available at 01 738 3663. (+ 353 1 738 3663 if calling from outside the Republic of Ireland).

Mandatory e-filers must file and pay on ROS. Further information can be found on Revenue's website under Online services.

18.3.3 Making payments using myAccount

An online payment facility is available to customers in myAccount. This facility enables non-ROS customers to make online payments of tax, interest and penalties for a wide range of taxes and other payments.

Payment may be made by any one of the following methods:

- by lodging the total amount due with the completed Bank Giro/Pay slip at any bank,
  or
- by sending the total amount due with the completed Bank Giro/Pay slip to:

  The Collector General,
  Sarsfield House,
  Francis Street,
  Limerick.
  V94 R972

18.4

Variable Direct Debit
All customers, regardless of outstanding returns/balances can apply to be included on the Variable Direct Debit scheme. The variable direct debit will collect the outstanding balance for the current period only. Collection will take place on the third last working day of the month.

18.5 Interest on overdue payments

The employer will be charged interest on any overdue payment at the following rates for each day or part of a day for which payment is overdue:

- IT, CT and CGT - 0.0219%

- PAYE/PRSI, VAT and RCT - 0.0274% (for PAYE/PRSI, interest will be charged from 14th of the relevant month).

Where an electronic return and associated payment are not made by the extended due date, the extended due date will be disregarded so that, for example, any interest imposed for late payments will run from former due dates and not from the extended dates.

18.6 Notification to Collector General if no tax, USC, PRSI and LPT due for a payment period

A payroll submission is not required where an employer has not made any payment to employee during a pay period. The monthly statement, due to issue to employers by the 5th of the month, will reflect the submissions made by the employer during the previous month. Where no payroll submissions have been made, a Nil statement will issue and will be deemed the return by 14th of the month if not accepted by the employer.

18.7 Separate registrations: remittances

See paragraph 2.10 regarding remittances to the Collector General by an employer who is registered for PAYE purposes under different registration numbers.

19. Chapter 19 - Revenue Online Service (ROS)

19.1 Revenue Online Service

ROS is Revenue's online facility providing business customers with a quick and secure way to conduct their business electronically with Revenue.

Through ROS an employer can do the following:

- Register as an employer on eRegistration.
- Request RPN's for their employees by either (a) uploading a file created by their payroll software or (b) online form.
- Advise Revenue in respect of employees who commence or cease employment and provide commencement and cessation dates, as relevant, on the payroll submission.
- View their monthly statement.
- Make payments in respect of their PAYE, PRSI and USC liability. Submit their payroll by either (a) uploading a file created by their payroll software or (b) online form. Employers may also view previously - submitted payroll and make corrections, if necessary.
- Employers and agents with an active digital cert and Employers' PAYE/PRSI tax registration can check on ROS if a PPS number for an employee or pensioner is valid. They will be permitted to enter up to 10 PPS numbers at a time.

Detailed guidance in relation to the services available to employers in ROS can be found in Tax & Duty Manual, part 38-06-01 Revenue Online Service (ROS).

20. Chapter 20 - Additional Superannuation Contribution (ASC)

20.1 Introduction

The public service Additional Superannuation Contribution (ASC) is a statutory deduction from the pay of pensionable public servants. It replaced the Pension Related Deduction (PRD) with effect from 1 January 2019 and is administered by the Department of Public Expenditure and Reform.

20.2 ASC Payments – are they chargeable to tax and USC?

ASC payments are not chargeable to tax. They are chargeable to USC.

20.3 ASC Refunds – are they chargeable to tax and USC?

ASC refunds are chargeable to tax. They are not chargeable to USC.

20.4 Further information

Further information in relation to ASC is available on the Department of Public Expenditure and Reform website www.per.gov.ie.

21. Chapter 21 - PAYE (employer) compliance

21.1 Introduction

The Income tax, the Universal Social Charge (USC), the Pay Related Social Insurance (PRSI), and the Pay As You Earn systems (collectively known as 'the PAYE system') place obligations on employers including an obligation to make deductions at source of Income Tax, USC and PRSI from payments made to employees and an obligation to remit such deductions to Revenue.

The Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018), summarised below, came into effect on 1 January 2019 for any payment of emoluments made on or after 1 January 2019. A more complete summary is also available in TDM Part 42-04-71 - Income Tax (Employment) Regulations 2018.

21.2 Register of Employees

Details to be included in a Register of Employees must include the following relevant information:

- the name, address and PPS number of each employee
- the date of commencement of employment of each employee
- where relevant, the date of cessation of employment of each employee.

21.2.1 Records or Registers, that may, for PAYE purposes, be accepted as a Register of Employees

In some instances, an employer may, for the purposes of payroll, human resources or fulfilling a non-tax related statutory obligation, hold a record or register of all employees (and former employees).

Such a record or register will suffice as a Register of Employees for PAYE purposes provided that it includes the relevant details outlined in Paragraph 21.2 above.

21.2.2 Place of retention of Register of Employees

An employer must keep and maintain the Register of Employees (or a copy of it) at the normal place of employment of each employee or at the main place of business of the employer.

For employers who have a place of business in more than one location (or, indeed, in several locations) and the payroll records, employee records, etc. are held in just one location (for example, a head office), that one location may be accepted as that employer's main place of business for the purposes of being the place of retention of that employer's Register of Employees. However, it is to be noted that section 988A TCA 1997 provides that a Revenue officer may require an employer to produce, within the period specified by that officer, an extract from that employer's Register of Employees. In this regard, a Revenue officer may require an employer to produce an extract from that employer's Register of Employees relating to, for example, the employees of a branch of the employer's business.

Temporary, part-time, casual employee (s), etc.

Notwithstanding that an employee may be employed on a temporary, part-time or casual basis, the relevant details (see Paragraph 21.2 above) of such employee must be entered in the relevant employer's Register of Employees.

Incomplete Register of Employees

An employer who keeps and maintains a register that does not include the relevant details (see Paragraph 21.2 above) of **all** employees shall be liable to the relevant penalty for not keeping and maintaining a Register of Employees.

Production of Register of Employees

On being required to do so by a Revenue officer, an employer has a statutory obligation to produce, within the period specified by that officer, that employer's Register of Employees [or, as appropriate, a certified copy (including electronic copy) of it] to any Revenue officer.

Records held by a tax or payroll agent/ Records held in a payroll software package

Notwithstanding that an employer may:

- engage the services of a tax or payroll agent, and / or
- use a proprietary software payroll or human resources package,

the onus is on that employer to keep and maintain the Register of Employees (or a copy of it) at the normal place of employment of each employee or at that employer's main place of business.

21.2 Power of Inspection for PAYE purposes

The power of inspection of Revenue authorised officers for the purposes of the PAYE system is contained in section 903 TCA, 1997. Under that section, an authorised officer may require an employer to produce any records which the authorised officer requires for the purposes of his or her enquiry. In this context, records include a Register of Employees.

21.3 Penalties for breaches of the PAYE Regulations

The penalties for breaches of the PAYE Regulations and failure to comply with a provision of Chapter 4 of Part 42 TCA 1997 (the legislation governing the collection and recovery of tax under the PAYE system) to:

- send a return, statement, notification or certificate,
- remit income tax to the Collector General,
- make a deduction or repayment, or,
- keep and maintain a register of employees in accordance with section 988A

shall be liable to a penalty of €4,000 for each breach. Where that employer is a company, the Secretary of that company shall be liable to a separate penalty of €3,000 in respect of each such failure.

21.4 Penalties for failure by an employer to produce records

Where an employer fails to comply with a requirement of an authorised officer - in the exercise of that officer's powers or duties under section 903 TCA 1997 (Power of inspection: PAYE) - to produce any records which that officer requires for the purposes of his or her enquiry, subsection (5) of section 903 provides that that employer shall be liable to a penalty of €4,000.

For emoluments paid on or after 1 January 2019, section 990 TCA 1997 provides that where Revenue believe an employer has not submitted any return for a month, or, where a return has been submitted but does not include the total amount of deductions due, Revenue may raise an assessment on the employer of the amounts due.

Appendix 1 - Contact details

Contact details for all Revenue offices can be found on the Revenue website.

An employer who does not find an answer to a query in relation to the operation of PAYE (income tax and Universal Social Charge) in this guide can get further assistance from the National Employer helpdesk, contact details as follows:

Telephone: 01 738 3638 (+ 353 1 738 3638 if ringing from outside the Republic of Ireland)

MyEnquiries

MyEnquiries is a service that enables customers to securely send and receive correspondence to and from Revenue instead of using email. You must be registered for either ROS or myAccount to use MyEnquiries. ROS customers can login using their ROS login credentials. If you are registered for ROS, business customers who have a ROS digital certificate will be able to access MyEnquiries from the 'My Services' tab under 'Other Services'.

Standard email

Please note that Revenue does not recommend sending personal or confidential information by unsecure (standard) email. (Secure email was decommissioned in January 2018 as it was no longer supported. It can no longer be used to contact Revenue). Customers who choose to use this channel are deemed to have accepted any risk involved. The alternative communication methods offered by Revenue include standard post and the option to register for our (encrypted) MyEnquiries service.

Revenue's Business Structure

Revenue has developed new structures to deal with customer's needs. A number of new Divisions have been created – see www.revenue.ie.

Personal Division deals with the tax affairs of PAYE and certain Self-Assessed taxpayers.

Centralised offices

Some functions within Revenue are centralised within a specific branch or location, as follows:

- Paper Pay and File returns should be sent to the Collector General, PO Box 758, Limerick

- The LPT Branch deals with all matters relating to Local Property Tax

- The National Stamp Duty Office can process the payment of Stamp Duty and the stamping of instruments such as conveyances and leases, regardless of the location of the customer

- Customs deals with matters relating to import/export, tariffs, contraband etc.

- Investigations and Prosecutions Division manages prosecutions in cases of tax and duty evasion and co-ordinates special investigations

- Large companies are dealt with by Large Cases – Corporates Division. (Relevant customers are notified directly)

- High wealth individuals are dealt with by Large Cases – High Wealth Individuals Division. (Relevant customers are notified directly)

- The Freedom of Information Unit handles FoI requests and related matters

- The Access Officers provide information and assistance to people with disabilities in regard to Revenue's offices and services

- Statistics & Economic Research Branch provides statistical information on taxes and duties for which the Office of the Revenue Commissioners is responsible.

Appendix 2 - List of forms used by employers / agents

Tax registration forms

The forms below are to be completed by an employer when applying for registration:

TR1 - Complete this form when registering as self-employed, a sole trader or in a partnership.

TR2 - Complete this form when registering as a company.

PREM Reg - Complete this form if registering as an employer.

There is an online facility to register as an employer on www.revenue.ie.

Forms used by employers

RPN – Revenue Payroll Notification: the employer copy of the employee Tax Credit Certificate.

P11D - Return by employer of benefits, non-cash emoluments and payments not subjected to PAYE/Universal Social Charge (USC) provided to directors and certain employees.

Forms used by agents

Agent Link Notification – Revenue have introduced an agent/client e-linking portal. This application will enhance digital security for both practitioners and their clients. Further information is available on the Revenue website and in TDM 37-00-04C
This form should only be used where the new e-linking process does not apply (See Guidelines for agents acting on behalf of taxpayers).

Appendix 3 - Weekly and monthly income tax calendars

Weekly and monthly income tax calendars can be found at Employing people-paying an employee on www.revenue.ie

Appendix 4 - PAYE and USC Regulations

Detailed operation of PAYE is governed by the following regulations which are available on the Revenue website:

Income Tax (Employments) Regulations 2018 (S.I. No. 345 of 2018)

Universal Social Charge Regulations 2018 (S.I. No. 510 of 2018)

Appendix 5 - Commonly used terms

Revenue Payroll Notification (RPN)
The Revenue Payroll Notification replaced the P2C (employer copy of the tax credit certificate) with effect from 1 January 2019. The RPN shows:

- The employee's total tax credits for the year
- The employee's Income Tax and Universal Social Charge (USC) cut-off points for the year.
- Any previous pay, tax and USC deducted from 1 January unless the RPN is made available on week 1/month 1 basis.
- Income Tax and USC exemptions, if appropriate.
- The amount of Local Property tax (LPT) to be deducted, if applicable.

Payroll Submission
On or before the date the employer pays his/her employee, he/she must report their payroll to Revenue. If the employer uses payroll software, there are two methods available to report payroll:

Direct payroll reporting
This allows payroll software to communicate with Revenue Online System (ROS) and exchange the required information.

ROS Payroll Reporting
This allows employers to use files created by payroll software and upload them through ROS.

A facility has also been put in place for employers who don't use payroll software. Using ROS, employers will be able to input details of their employee's pay and statutory deductions.

Employment Identifier
This is a unique identifier which is created by the employer. It will be used to distinguish between multiple concurrent employments for an employee with an employer and/or separate periods of employment within the same tax year for an employee with the same employer. It must remain unchanged throughout the period of uninterrupted employment with the employer. It is a mandatory requirement on the payroll submission where the employee PPS number is available.

Employer Reference
This is a unique Employee identifier which is created by the employer. It is a mandatory requirement where the employee PPS Number is not available. It must remain unchanged and must be provided on every payroll submission until such time as the employee PPS number becomes available. As it will be used to link previous payroll submissions made without a PPSN, it should be provided alongside the PPSN in the first payroll submission after the PPSN becomes available.