

ROI PAYROLL UPDATE 2025

As the 2025 tax year begins in Ireland, we want to draw your attention to some important payroll updates.

Increase to National Minimum Wage

Minimum wage has increased from 1 January 2025. Employers should ensure their employees hourly rates comply with minimum wage. Rates are as follows:

Age of Employee	Minimum Hourly Rate 2024	Minimum Hourly Rate from 1 January 2025
20+	€12.70	€13.50
19	€11.43	€12.15
18	€10.16	€10.80
Under 18	€8.89	€9.45

Statutory Sick Pay (SSP)

Under the Sick Leave Act 2022, employees are entitled to 70% of their gross earnings, subject to a daily maximum threshold of €110. From 1 January 2024, employees are entitled to 5 days of statutory sick pay per annum. This is expected to increase to 7 days later in 2025, although this has not yet been confirmed. To qualify, employees must have completed 13 weeks of continuous service. The provisions apply to employees, apprentices, and agency staff employed under a contract of employment.

Enhanced Reporting Requirements (ERR) - Returns by Employers in Relation to Reportable Benefits

From 1 January 2024, employers who provide any of the following expenses or benefits to their employees must report them to Revenue:

- The remote working daily allowance of €3.20
- The payment of travel and subsistence expenses
- The small benefit exemption

From 1 January 2025, the total value of tax-free annual benefits or vouchers that an employer can provide to an employee has increased from €1,000 to €1,500. Additionally, the number of qualifying vouchers or incentives has risen from two to five per year.

The legislation requires employers to notify Revenue Commissioners on or before the provision of any of the above benefits. Employers must determine in advance of the payment being made, if the condition for payment without the deduction of tax has been satisfied and if so, report details to Revenue Commissioners. After submission details will be visible in the employees myAccount dashboard.

Auto-Enrolment Retirement Savings System (AERSS)

Auto-Enrolment is a new pension savings scheme for certain employees who are not paying into a pension. The introduction of the Auto-Enrolment Retirement Savings Scheme, called My Future Fund, will start from 30 September 2025.

Employees aged between 23 and 60, earning more than €20,000 per year who are not currently paying into a work or private pension will be automatically enrolled. Contributions will commence at 1.5% for employee and employers and the state will contribute 33c for each €1 the employee contributes up to €80,000. They will be automatically included in the scheme but can opt out after 6 months.

Company car – BIK Tax

The government's 'green-up' initiative continues in 2025, offering a temporary universal relief of €10,000 on the original market value (OMV) of electric vehicles. The €35,000 reduction in OMV for electric vehicles also remains in place. The lower mileage limit for the highest mileage band for employer-provided cars remains at 48,000 for 2025. Additionally, from 1 January 2025, an exemption from Benefit-in-Kind (BIK) will apply, subject to conditions, if an employer provides a home charging facility for an electric vehicle at the residence of a director or employee.

If you have any queries or require additional information, please feel free to contact us.

www.cavanaghkelly.com

Key Contacts:



Catherine Martin
Managing Partner

Catherine.Martin@CavanaghKelly.com



Diane Mann
Manager

Diane.Mann@CavanaghKelly.com