



HOW TO HIRE MY FIRST EMPLOYEE IN IRELAND

MAIN LEGAL STEPS TO FOLLOW TO HIRE A FIRST EMPLOYEE

- Employer must be registered with Irish tax authorities (Revenue).
- If employee does not have a PPS (social security) number they must apply for one from the Department of Social Welfare.
- Employer must comply with national minimum wage – currently €8.65 per hour for an “experienced adult employee” i.e. an employee who has an employment of any kind in any 2 years over the age of 18 (National Minimum Wage Act 2000).
- Employees must be given a written statement of terms of employment within two months of starting work – generally this is issued as part of the employment contract (Terms of Employment (Information) Acts 1994–2012).
- Employers are responsible for making the correct statutory deductions of tax, Pay Related Social Insurance (PRSI), Universal Social Charge (USC) and Local Property Tax (LPT) from their employees’ wages and remitting these to Revenue using the PAYE system. Employers must also pay employer’s PRSI contributions.
- Employers are responsible for ensuring that employees are given adequate rest under The Organisation of Working Time Act 2007.
- Employees have annual leave entitlements from the time they start work. Most full-time employees are entitled to 4 weeks’ paid annual leave per year. Part-time workers’ entitlement is generally calculated as 8% of the hours worked subject to a maximum of 4 working weeks per year. Employers can determine the timing of annual leave, taking into consideration work and personal requirements.
- Employers are obliged to allow employees to avail of statutory protective leave, such as maternity leave, health and safety leave, parental leave, adoptive leave and carer’s leave. There is specific legislation setting down the rules for each entitlement.
- Employers have a duty to ensure employees’ safety, health and welfare at work as far as is reasonably practicable (Safety, Health and Welfare Act 2005).

DESIGN AND CONTENTS OF AN EMPLOYMENT CONTRACT

The Terms of Employment (Information) Acts 1994–2012 provide that an employer is obliged to provide an employee with a written statement of terms of employment within the first 2 months of the commencement of employment. However, this requirement does not apply to an employee who has been employed for less than a month.

The statement of terms must include the following information:

- The full name of employer and employee
- The address of the employer
- The place of work
- The title of job or nature of work
- The date the employment started
- If the contract is temporary, the expected duration of the contract
- If the contract of employment is for a fixed term, the details
- Details of rest periods and breaks as required by law
- *The rate of pay or method of calculation of pay
- The pay reference period for the purposes of the National Minimum Wage Act 2000
- *Pay intervals
- *Hours of work



- *That the employee has the right to ask the employer for a written statement of his/her average hourly rate of pay as provided for in the National Minimum Wage Act 2000
- *Details of paid leave
- *Sick pay and pension (if any)
- *Period of notice to be given by employer or employee
- *Details of any collective agreements that may affect the employee's terms of employment

* *In the case of these items instead of giving each employee the details in writing, the employer may refer an employee to other documents, for example, a pension scheme booklet or a collective agreement, provided that the employee has easy access to such documents.*

The statement of terms must indicate the reference period being used by the employer for the purposes of the calculation of the employee's entitlements under the National Minimum Wage Act 2000. (Under that Act the employer may calculate the employee's minimum wage entitlement over a reference period that is no less than one week and no greater than one month).

While the statement of these terms must be signed and dated by the employer, there is no requirement for the employee to sign it. The employer must keep a copy during the period of the employee's employment and for at least a year after it ceases.

CAN SOMEBODY DO BUSINESS FOR ME AND NOT BE AN EMPLOYEE?

Yes. This would be an independent contractor. It is important to distinguish between an employee (contract of service) and an independent contractor (contract for service), as protection of employment legislation does not apply to independent contractors (with the exception of the Safety Health and Welfare at Work Act 2005 and the Equality Act 2004).

The following is a summary of the essential differences between a Contract of Service (employee) and a Contract for Service (independent contractor):

Contracts Of Service

- Employer-Employee relationship.
- Usually a continuous relationship.
- A duty of care owed to employees, as the employer.
- The employer is generally liable for the vicarious acts of employees.
- Protective legislation applies to contract.
- Wages/Salary payment method.
- Subject of contract is to carry on continuous work.

Contracts For Service

- Employer-Independent Contractor relationship.
- A relationship organised around the completion of a once-off piece of work.
- A duty of care, arising from occupiers' liability.
- The employer is generally not liable for the vicarious acts of independent contractors.
- In general, protective legislation does not apply, except for the Safety Health and Welfare at Work Act 1989 and the Equality Act.
- Various methods of payment, including lump sum per job.
- Subject of contract is once-off job.