

16 March 2007

### **Legal Requirements for Employers**

We wish to draw your attention to legislation regarding employment law in this country. Failure to comply with this legislation may result in severe financial penalties on the employer. Outlined below please find a summary of items of legislation that may be relevant to your business.

#### **Payment of Wages Act 1991**

In order to comply with Payment of wages Act 1991 employers are legally bound to give employees payslips detailing the gross wages less any deductions for PAYE, PRSI and pension schemes

- *We want to emphasis the importance of not agreeing net wages with employees. Employees are entitled to transfer their tax credits between spouses; this will have no effect on employers if they have agreed gross wages with their employees.*
- *Where employers agree net wages the total cost to the employer can vary greatly between different employees who receive the same net wages.*
- *If you are currently agreeing net wages with staff, please contact us to discuss the most convenient and practical way you can change to working on a gross wage basis.*
- *Some sectors eg. Construction and Electrical contracting have specific hourly rates for trades persons and apprentices which must be adhered to.*

#### **Organisation of Working Time Regulations 2001**

The organisation of working time regulations 2001 require that employers maintain the following records for all employees

- the name, address, PPS Number and job description for each employee
- days and total hours worked in each week by each employee
- Days and hours of leave in each week granted by way of annual leave or in respect of a public holiday to each employee and the pay received for that leave.

- Where there is no clocking in system in operation a form recording days and hours worked in each week by each employee must be kept by the employer. This form must be signed by the employee and the employer and must be kept for possible inspection by an inspector.
- ***We attach a standard sheet which can be completed each week and retain for your records or forwarded to us where we calculate the wages for you.***

### **Terms of Employment Act 2004**

This Act outlines the requirement to have in place a contract of employment which will give the following information:-

- full names of the employer and the employee
- the address of the employer or the principal place of business
- place of work or where no fixed place of work this should be stated
- date of commencement of the employees contract of employment
- in the case of a temporary contract the expected duration or the date the contract expires
- rate or method of calculation of the employees remuneration
- intervals between remuneration payments e.g. week, monthly
- terms and conditions regarding hours of work e.g. overtime
- terms and conditions relating to paid leave
- terms and conditions relating to
  - o incapacity to work due to sickness or injury and paid sick leave
  - o Pensions and pension schemes
- Period of notice which the employee is required to give and entitle to receive
- Reference to any collective agreements which directly affect the terms and conditions of the employees employment

### **National Minimum Wages Act 2000**

The national minimum wage has increased for an experienced adult employee from €7.65 per hour to €8.30 with effect from 1<sup>st</sup> Jan 2007

Minimum rates of pay, and other conditions of work, for workers in certain sectors are determined by Joint Labour Committees (JLCs) and Registered Employment Agencies. These rates relate to Construction/Electrical Contracting.

- ***We attach relevant wage rates for your trade***

### **Organisation of Working Time Act 1997**

Employees are entitled to a maximum of 4 working weeks holidays in a year that the employee works at least 1365 hours (this does not include bank holidays). Employees that work fewer hours are entitled to holidays of 8% of the hour worked.

Employees are entitled to paid leave for a public holiday or an additional day's annual leave or an additional day's pay. Part-time employees who are entitled to public holiday leave, but are not due to work on that particular day should receive one-fifth of their weekly pay instead of the actual day's leave.

### **Travel & Subsistence**

Payments by an employer that re-imburse employees for allowable expenses incurred in the performance of the duties of their employment are made tax free to the employee. Where an employee performs the duties of the employment while away from the normal place of work a claim for subsistence can be claimed. A schedule of subsistence rates is attached.

In order to claim subsistence allowance the employee should provide the following records for each period of absence

- Date and duration of absence
- Reason of absence
- Location

Where employees use their private cars for business purposes, re-imburement in respect of allowable motoring expenses can be made by way of flat-rate kilometric allowances.

Employees would be expected to provide to their employer a record showing, for each business journey:

- The date of the journey
- The reason for the journey
- The distance (km) involved.

***- We attach a standard expense sheet form which should be completed to match payments to employees/directors for travel/subsistence.***

## **Payroll Service**

In order to assist you with your compliance with this legislation we can provide a payroll service for you which will provide you with payslips on a weekly basis.

For us to provide this service we will require:

- Completed timesheets each week
- Fax or e-mail the previous weeks hours to us each Monday
- Employees be paid on a back week
- We will need to be notified of new employees immediately when they commence
- Net wages should not be agreed with any employees

If you require any further information please do not hesitate to contact us.

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Enda Lewis & Company