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# Employment Law Implications for Businesses setting up in Ireland

In the past 15 years Ireland has punched above its weight as a country in terms of attracting foreign direct investment from multinationals, particularly from US companies. The factors that have contributed to enticing companies to set up in Ireland are a very favorable corporation tax rate of 12.5%, a well educated, skilled and English-speaking workforce and easy access to the EU from both a geographical and economic perspective.

In addition, Ireland is a politically stable country, with a respected regulatory regime, which together with the availability of grants from the Irish government, has seen considerable growth in its multinational presence in many areas, including the financial services, information technology, pharmaceutical and manufacturing sectors.

For any company considering setting up their business in Ireland there are a number of legislative and common law provisions to be aware of and which must be adhered to from an employment law point of view.

Firstly, there are a number of documents to be provided to an employee upon formation of the employee/employer relationship. Legislation provides that an employer must give a written statement of the

employee's terms and conditions of employment within two months of the commencement of their employment. Needless to say, company policies will vary from sector to sector, but it is imperative that employers adhere to the various legislative requirements.

As Ireland is a common law jurisdiction like the US and UK, there are various common law rights which are implied in the employment relationship such as an entitlement to fair procedures and natural justice, trade secret and confidentiality obligations and the principle of best custom and practice.

Some of the more prominent legislative protections for employees in Ireland include:

- Employees may only work an average of 48 hours maximum per week and the legislation provides for minimum rest periods.
- An entitlement to the national minimum hourly rate of pay which is currently €8.65 for persons over 18.
- Statutory entitlements to annual leave, maternity leave, adoptive and parental leave in accordance with the relevant legislation. There is no obligation on employers, however, to pay employees who take maternity leave, adoptive leave or parental

leave. Furthermore, there is no obligation on employers to pay employees while they are on sick leave.

- Statute ensures that part-time employees cannot be treated less favorably than a comparable full-time employee.
- Legislation sets out the minimum period of notice that is required to be given by either party when terminating a contract of employment.
- Where employers do not operate an occupational pension scheme, or where there are certain restrictions on any such scheme, they are required to ensure that their employees have access to at least one standard P.R.S.A. (Personal Retirement Savings Account) which can be arranged through a local pension provider/broker.

A total of 77,001 redundancies were received by the Department of Enterprise, Trade and Employment (a branch of the Irish government) between January and December 2009. This has resulted in a large increase in the number of employment related disputes. The Employment Appeals Tribunal is an independent statutory body with a judicial function, which was set up to provide a speedy, fair, and inexpensive



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means for employees to seek remedies for alleged infringements of their statutory rights.

In the current economic climate, two-thirds of businesses have reduced wages by up to 15% in the past 18 months. This in practice has been achieved by employers resorting to and receiving agreement from their employees to pay cuts as an alternative to redundancy.

The employment law regime in Ireland is dynamic and ever-changing. Employers from abroad would be well advised to familiarize themselves with the various legislative provisions in Ireland at the outset and to be aware of their obligations in this regard so as to avoid difficulties and costs in the future.