

2025 in review – an end of year debrief

2025 brought significant changes to employment law. From retirement age reform to maternity protection, from restrictions on non-disclosure agreements to Revenue's amnesty on employment status, the past 12 months have reshaped the landscape in ways that will have lasting implications for employers and employees alike. This article explores the most important developments, explains their context, and considers what they mean for HR practice in the year ahead.

Pensions auto enrolment

From 1st January 2026, the pensions auto enrolment scheme will commence in the Republic of Ireland.

The scheme, which has been dominated by deists, will see employees who are not already in a pension scheme automatically enrolled in 'My Future Fund' with deductions made through payroll.

The National Automatic Enrolment Retirement Savings Authority (NAERSA) has been established to run the scheme including collecting all employee, employer and State contributions and investing the money on participants behalf.

NAERSA will offer an online portal for employers to manage their requirements with regards to the fund, including recording and facilitating payments.

Employees will be automatically enrolled if they satisfy the following criteria:

- I. Are aged between 23 and 60 years
 - II. Earn gross pay of more than €20,000 a year (from all employments)
 - III. Are not exempt from auto enrolment*
- *An employee will be exempt from auto enrolment if employee and/or employer contributions are made via payroll to a PRSA or a pension scheme.

Contributions under the Future Fund

- The Employer will be required to match member's contributions, up an eventual maximum of 6%, and subject to an earnings cap at €80,000
- For every €3 contribution made by an employee, the employer will also contribute €3 and the State will contribute €1.

	Employee	Employer	Government
Year 1 to 3	1.5%	1.5%	0.5%
Year 4 to 6	3%	3%	1%
Year 7 to 9	4.5%	4.5%	1.5%
Year 10+	6%	6%	2%

Calculating Contributions

Contributions are calculated on an employee's gross earnings including allowances and overtime. Contributions are deducted from the employee's net income and are capped at earnings of €80,000 gross salary per year. NAERSA will notify the employer if max contributions have been reached for that year. Contributions from employer/employee will not be required during periods of unpaid leave.

Opt out / Suspension of Enrolment

Employees may opt out of the scheme:

- After the first 6 months of enrolment (must stay in the scheme for at least six months)
- After the first 6 months of a contribution increase
- The opt out period is a 2 month period during which the employee must notify NAERSA
- After opting out, the Employee will receive their contributions back for the preceding period, however the employer and government contributions for that period will remain in the scheme and continue to be invested on the employee's behalf.

An Employee can also suspend their contributions:

- For a minimum of one year, and a maximum of 2 years. This is possible after the first 6 months of auto-enrolment into the scheme
- In this instance, employees will not receive their contributions back- the scheme is essentially paused on their behalf
- As above, employer and government contributions for that period will remain in the scheme and continue to be invested on the employee's behalf
- NAERSA will automatically re-enrol the employee back into the scheme every 2 years (if the employee is still eligible) after opt-out/ suspension.

Should an employee move jobs they will keep the one pension pot, and this will move with them from job to job.

Ultimately the delay is a good thing for employers, it gives more time to decide how to implement auto enrolment in their business. As mentioned above employers should

keep an eye for all information coming from NAERSA in the upcoming months with regard to the scheme and their respective obligations.

If a business already offers a contributory pension scheme or a PRSA it now faces a decision between whether to stick to a single scheme approach or adopt a dual scheme approach. A single scheme approach will involve setting up the current business contributory pension scheme or PRSA so as to make all employees exempt from auto enrolment. A dual scheme approach on the other hand will see the current business contributory pension scheme or PRSA continue for those employees enrolled, and auto enrolment commence for all employees currently not paying into the business's workplace pension scheme. Over the coming months whether to adopt a single or dual scheme approach will be a key consideration for businesses.

Retirement Ages and the New Bill

One of the most closely watched developments in 2025 was the publication of the Employment (Contractual Retirement Ages) Bill 2025. Traditionally Irish law has allowed employers to set contractual retirement ages, provided they could be objectively justified under the Employment Equality Act 1998. The Supreme Court's decision in *Mallon v Minister for Justice* (2024) confirmed that justification applied to the rule itself, not to each individual employee, thereby reinforcing the legitimacy of general retirement age policies.

The new Bill however changes that position. It introduces a statutory right for employees to remain in employment until the State Pension Age of 66, unless they consent to retire earlier. Crucially, it requires employers to justify the retirement of the individual employee, not just the existence of the rule. Employees who wish to extend their employment must give between 3 and 12 months' notice, and employers must respond with a written, reasoned reply within one month. Complaints can be referred to the Workplace Relations Commission, which has the power to order reinstatement, re-engagement, or compensation of up to 104 weeks' pay or €40,000.

For HR professionals, this represents a significant shift. Policies and procedures will need to be updated, managers trained, and succession planning reconsidered. While the Bill offers employers the opportunity to retain experienced staff it also raises challenges in terms of career progression and talent management.

We will keep Members updated as the Bill progresses through the Oireachtas.

Maternity Protection and Equality

The Maternity Protection, Employment Equality and Preservation of Certain Records Act 2024, which came into effect in 2025 has introduced important new rights. Employees can now postpone maternity leave for up to 52 weeks if they are undergoing treatment for a serious health condition, including mental health conditions requiring inpatient care. This flexibility acknowledges the realities of modern healthcare and provides greater support for employees facing serious challenges.

Equally significant are the restrictions placed on non-disclosure agreements. Employers can no longer use NDAs to prevent employees from making allegations of discrimination, harassment, or sexual harassment. Exceptions exist only where the NDA arises from formal WRC mediation or where the employee requests it, supported by independent legal advice and a 14 day cooling-off period. This change has already

had a major impact in practice, reducing certainty in settlement agreements and requiring HR teams to adapt their approach to dispute resolution.

Employment Status and Revenue's Amnesty

The question of employment status has long been a complex one, but the Supreme Court's decision in *Karshan (Domino's Pizza)* (2023) provided welcome clarity. The Court set out a 5-step test focusing on remuneration, personal service, control, contract terms, and legislative context. Revenue subsequently published guidelines and, in September 2025, announced an amnesty for employers who had misclassified workers in 2024 and 2025.

Under the amnesty, employers who disclose misclassifications by 30 January 2026 can settle their tax liabilities without penalties. Income tax is calculated at 20%, USC at a blended rate of 3.5%, and PRSI on an actual basis, with credits available for tax already paid through self-assessment. Employers must also create PRSI records for affected employees. Failure to avail of the amnesty will result in penalties and interest.

For HR professionals, the implications go beyond tax. Re-characterising contractors as employees may trigger retrospective entitlements such as minimum wage, annual leave, sick pay, redundancy rights, and unfair dismissal protections. Careful auditing of contractor arrangements and strategic planning are essential to avoid costly disputes.

Sick Leave Act 2022

Not all reforms progressed as planned in 2025. The phased increase in statutory sick pay, introduced by the Sick Leave Act 2022, was expected to rise to 7 days this year. However, Minister Peter Burke confirmed in April that entitlement will remain at 5 days, citing concerns about business viability.

Employees are entitled to 70% of gross earnings, capped at €110 per day, with Illness Benefit available thereafter. It remains to be seen if the remaining proposed increases will take effect as planned.

Looking Ahead

Taken together, these developments highlight the increasing complexity of employment law and the need for HR professionals to remain agile. Retirement age reform requires new procedures and careful succession planning. Maternity protection and NDA restrictions demand updated policies and greater transparency. Revenue's amnesty offers an opportunity to regularise employment status, but also raises questions about retrospective entitlements. Delays in sick pay and pensions remind us that reform is often uneven, requiring clear communication with employees.

As we move through 2026, HR leaders should focus on proactive compliance, policy updates, and manager training. The challenge is not only to meet legal obligations but also to maintain employee trust and engagement in a changing environment. Employment law is evolving rapidly, and those who adapt early will be best placed to support their organisations and their people.