

Additional PAYE Information

June 2020

All statistics in this note are provisional, based on information as reported to Revenue by employers, and may be subject to later revision.

All Employees

Month	Number of Payroll Employees	Gross Pay	Average Gross Pay	Income Tax	USC	Employee PRSI	Employer PRSI	Number of Employers
January	2.62m	€8,598m	€3,286	€1,466m	€287m	€284m	€767m	156,600
February	2.61m	€8,181m	€3,136	€1,459m	€285m	€272m	€723m	158,700
March	2.58m	€8,627m	€3,340	€1,621m	€318m	€289m	€757m	151,400
April	2.36m	€7,395m	€3,129	€1,266m	€250m	€235m	€606m	126,000
May	2.27m	€6,509m	€2,864	€1,097m	€216m	€208m	€541m	126,900

All Employees excluding employments in the public sector and for persons in receipt of occupational pensions

Month	Number of Payroll Employees	Gross Pay	Average Gross Pay	Income Tax	USC	Employee PRSI	Employer PRSI	Number of Employers
January	1.90m	€6,187m	€3,249	€1,077m	€211m	€220m	€595m	153,700
February	1.88m	€5,889m	€3,136	€1,073m	€209m	€212m	€563m	150,400
March	1.87m	€6,463m	€3,460	€1,272m	€252m	€233m	€608m	148,700
April	1.61m	€4,745m	€2,942	€842m	€169m	€166m	€423m	120,400
May	1.57m	€4,387m	€2,787	€755m	€150m	€151m	€389m	124,300

Employees in receipt of COVID-19 Temporary Wage Subsidy Scheme (TWSS) payments

Month	Number of Payroll Employees	Gross Pay	Average Gross Pay	Income Tax	USC	Employee PRSI	Employer PRSI	Number of Employers
January	0.52m	€1,483m	€2,847	€189m	€38m	€53m	€143m	63,700
February	0.52m	€1,349m	€2,571	€174m	€35m	€49m	€130m	62,200
March	0.52m	€1,310m	€2,504	€163m	€32m	€46m	€125m	61,400
April	0.50m	€565m	€1,134	-€16m	€4m	€10m	€29m	56,100
May	0.50m	€464m	€930	-€23m	€1m	€6m	€19m	58,700

Employment Support from Schemes and Gross Pay from Employers

COVID-19 Temporary Wage Subsidy Scheme (TWSS)

	Value of TWSS Subsidies
January	0
February	0
March	€25m
April	€702m
May	€588m
Total	€1,315m

Pandemic Unemployment Payment (PUP) Scheme

	Value of PUP*
January	0
February	0
March	€297m
April	€813m
May	€804m
Total	€1,914m

**Monthly amounts estimated based on weekly updates.*

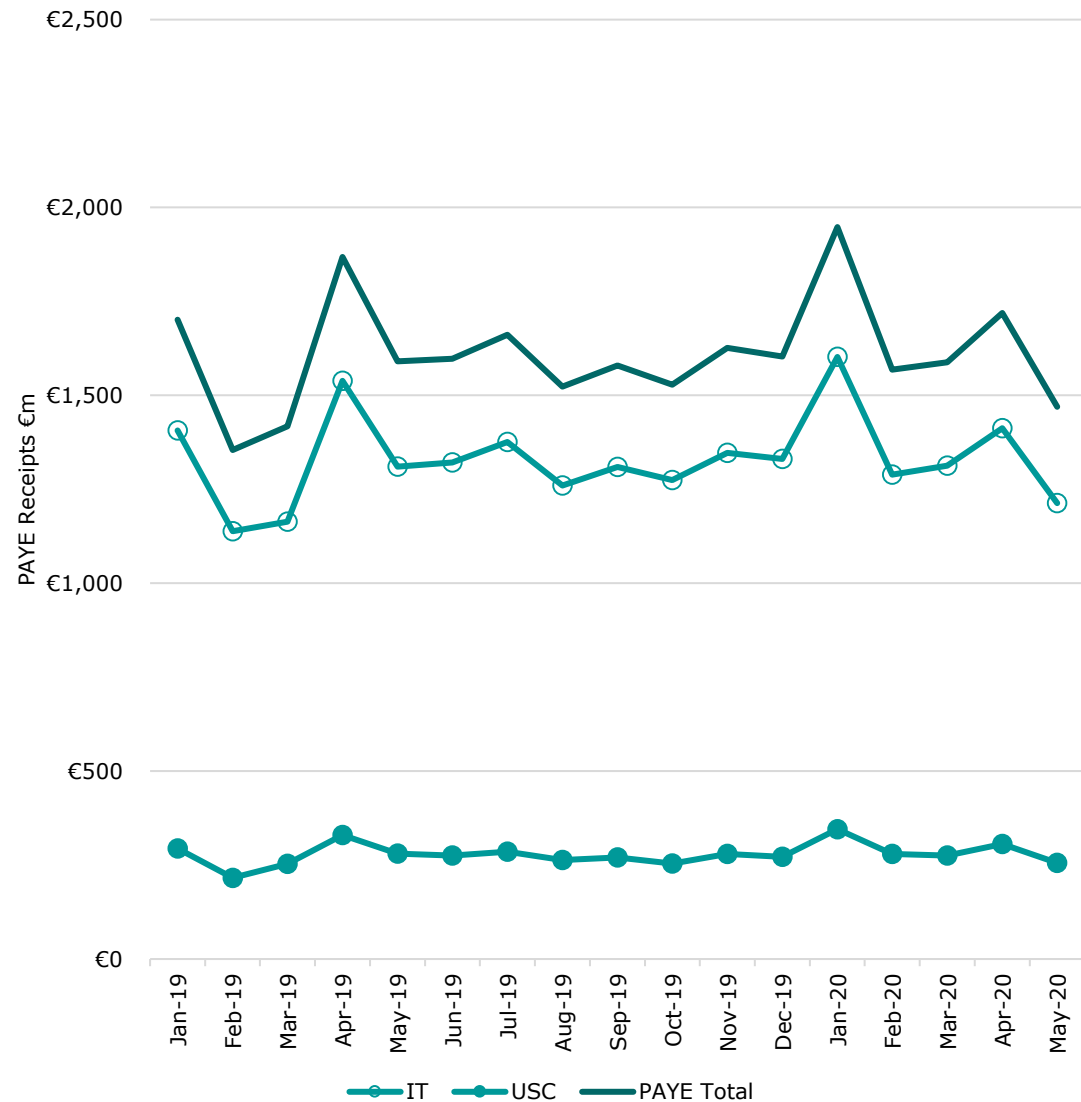
Gross and Net Pay from Employers (for all Employees)

	Gross Pay*	Net Pay**
January	€8,598m	€6,561m
February	€8,181m	€6,165m
March	€8,627m	€6,399m
April	€7,395m	€5,644m
May	€6,509m	€4,988m
Total	€39,310m	€29,757m

**Gross pay excludes TWSS subsidies; **Gross Pay less Income Tax, USC and Employee PRSI.*

PAYE Receipts January 2019 – May 2020

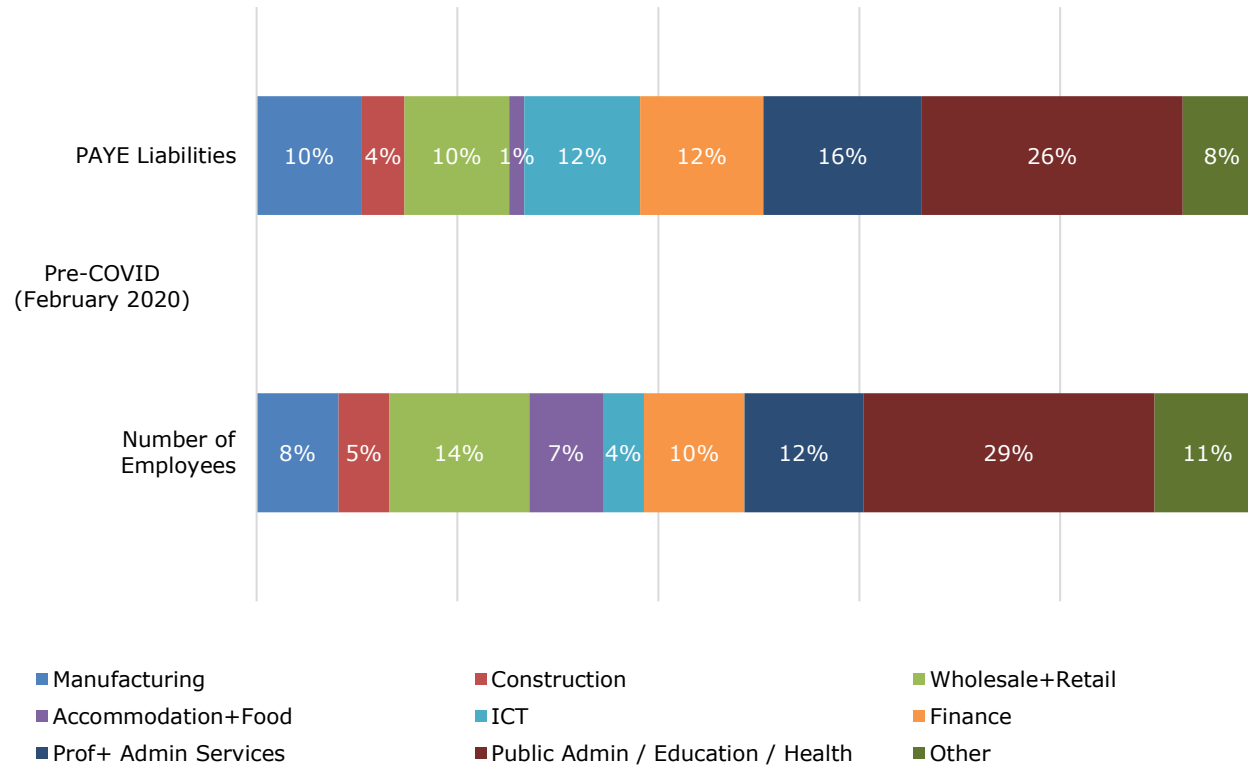
€m	IT	USC	PAYE Total
Jan-19	€1,407m	€294m	€1,701m
Feb-19	€1,139m	€216m	€1,355m
Mar-19	€1,164m	€254m	€1,418m
Apr-19	€1,539m	€330m	€1,868m
May-19	€1,310m	€281m	€1,591m
Jun-19	€1,322m	€276m	€1,597m
Jul-19	€1,376m	€286m	€1,662m
Aug-19	€1,260m	€263m	€1,523m
Sep-19	€1,309m	€270m	€1,579m
Oct-19	€1,275m	€254m	€1,528m
Nov-19	€1,347m	€280m	€1,627m
Dec-19	€1,331m	€272m	€1,603m
Jan-20	€1,602m	€346m	€1,948m
Feb-20	€1,289m	€280m	€1,569m
Mar-20	€1,313m	€275m	€1,588m
Apr-20	€1,413m	€306m	€1,719m
May-20	€1,213m	€256m	€1,469m



PAYE Receipts in 2020



Monthly receipts of PAYE (Income Tax and USC collected by Revenue and transferred to the Exchequer) have reduced by less than expected and comparatively less than other taxheads following the onset of the COVID-19 crisis. The reductions year-on-year in April and May of €149 million and €121 million respectively compared to the same months of the previous year represent decreases of only 8%.



Many of the significant PAYE paying sectors have not been directly impacted by the COVID crisis, or even increasing hiring:

- Public administration, education and health (accounting for 26% of PAYE liabilities and 29% of employees).
- Multinational dominated sectors such as manufacturing (10% liabilities / 8% employees) or ICT (12% liabilities / 4% employees).
- To a lesser degree similar applies to Finance and Professional/Administrative services.
- Foreign multinational companies based in Ireland accounted for 870,000 employments in 2019. The top 10 largest companies (in Corporation Tax payment terms) have registered annual job growth of 11% in both April and May 2020.
- The same sectors are also supporting employment (an estimated 300,000 employees) and tax paid through relatively stable occupational pensioners.

By contrast, the sectors most likely to have suffered job losses or be receiving TWSS supports have a much higher level of part-time or otherwise lower paid workers. As such, many employees in these sectors were outside of the tax net to begin with.

- Employment in Accommodation & Food approximately halved (accounting for around a third of job losses) between February and April. This sector accounted for 7% of employees but only 1% of tax liabilities.
- To a lesser degree similar applies to Construction and Wholesale/Retail trade.
- This can be seen also in the information on TWSS employees on page 2 in respect of lower wages and overall contributions.

PAYE Receipts in 2020 Compared to Expected Growth

Forecasts set pre-COVID (at the time of Budget 2020) expected continued strong growth in PAYE receipts in the first five months.

As noted on page 5, COVID has not reduced liabilities to same extent as some other taxes. The level of declared liabilities not being paid has impacted on monthly receipts in addition to lower paid liabilities.

PAYE receipts adjusted for declared but unpaid liabilities indicate that underlying employment tax generating activity remains quite robust. However, this is reducing as the months progress.

€m	2019 Outturn	Budget 2020 Target	2020 Outturn	+/- Target
Jan	€1,701	€1,948	€1,948	0
Feb	€1,355	€1,647	€1,569	-€78
Mar	€1,418	€1,498	€1,588	€91
Apr	€1,868	€1,975	€1,719	-€256
May	€1,591	€1,691	€1,469	-€222

€m	PAYE Debt Warehoused
Jan	--
Feb	--
Mar	€268
Apr	€460
May	€159

€m	2019 Outturn	2020 Adjusted*	+/- Growth
Jan	€1,701	€1,948	€247
Feb	€1,355	€1,569	€214
Mar	€1,418	€1,856	€439
Apr	€1,868	€2,179	€311
May	€1,591	€1,628	€38

*Assumes all warehoused PAYE in March would have generated tax receipts in March (i.e., that all relates to February liabilities).

Labour Market Churn in 2020 and Fiscal Impacts

[note that this analysis is largely based on declared liabilities for a given month, based on payslips, and differs from the analysis of receipts in a given month on previous pages. Analysis of liabilities is a more natural basis than receipts for studying labour market developments.]

In 2019, typically about 5% of all jobs disappeared from one month to the next. This pattern held for the first three months of 2020. However, the 41,000 reduction in net employment in February and March 2020 contrasts with growth of 34,000 in the same period in the previous year, potentially suggesting that the labour market was already experiencing signs of weakness ahead of the sharp job loss in April. Almost a fifth of all March jobs ceased in April (426,000 jobs) and a further 176,000 jobs were lost between April and May.

Expressed as a share of all jobs each month, job creation has remained reasonably steady at about 5% in each of the first five months of 2020. This job creation rate is similar to 2019 (although the underlying stock of total jobs has shrunk over time in 2020). Average tax liability per new job has exceeded average tax liability per ceased job in both April and May 2020. Low average tax liability per ceased job reflects the fact that initial job losses in the recession were concentrated in lower paid areas of the economy, coupled with the strong progressivity of the Income Tax system.

The combined tax liability loss arising from ceased jobs in April and May is €238 million (this includes Income Tax, USC, employer and employee PRSI). However, as new jobs created in these months paid €105 million, the net tax effect over the two months is limited to a €134 million loss. In other words, tax liability from new jobs compensated for almost half of the tax lost from ceased jobs.

Looking at jobs which continue from one month to the next, average tax liability declined by 16% between March and May, but by only 7% between February and May. February may be a better initial baseline as the Financial & Insurance and Manufacturing sectors drove average tax liability up in March, likely due to the distribution of bonuses or share-based remuneration (the same pattern is evident in March 2019 also).

Overall, the reasonably contained drop in tax liability since February from continuing jobs, the relatively low average tax liability per ceased job, and continued job creation which has been relatively tax-rich have all contributed to the muted drop observed so far in Income Tax, USC and PRSI (muted relative to the extremely large unemployment shock).

However, comparing monthly tax liabilities to the same period one year ago provides a good indication of the deterioration over time: May 2020 liabilities were 25% lower than those of May 2019. If the May 2020 outturn were replicated in each of the remaining months of 2020, which amounts to assuming no further job loss or downward wage pressure, the total annual tax receipts drop for the year would be 13% (which would represent a slightly more benign outcome than the Department of Finance's SPU forecast of a 12% annual drop in PRSI contributions and a 20% drop in Income Tax and USC, and also ignores potential future tax payments from TWSS recipients).

Labour Market Churn in 2020 and Fiscal Impacts

	Jan-20	Feb-20	Mar-20	Apr-20	May-20
Total number of unique jobs ('000)	2,410	2,383	2,369	2,018	1,948
of which: continuing ('000)	2,264	2,272	2,253	1,944	1,842
of which: new ('000)	146	111	116	75	106
Number of ceased jobs (didn't continue from previous month)	145	138	130	426	176
Net additional jobs ('000)	2	-27	-14	-351	-70
Proportion of continuing jobs this month (%)	94%	95%	95%	96%	95%
Proportion of new jobs this month (%)	6%	5%	5%	4%	5%
Proportion of ceased jobs last month (%)	6%	6%	5%	18%	9%
Total tax liability by new jobs this month (€m)	110	67	77	59	45
Total tax liability by ceased jobs last month (€m)	166	83	87	166	72
Net tax effect from job churn (€m)	-56	-16	-10	-107	-27
Average tax liability per new job (€)	752	607	662	795	427
Average tax liability per ceased job (€)	1,147	603	671	391	408
Difference in average tax liability (€)	-396	4	-9	404	19
Average tax liability per continuing job this month (€)	1,150	1,127	1,251	1,134	1,053
Total tax liability by continuing jobs this month (€m)	2,603	2,561	2,819	2,204	1,940
Total tax liability by all jobs this month (new and continuing (€m)	2,713	2,629	2,896	2,264	1,986
% y-on-y change in total monthly tax liability	12%	11%	2%	-8%	-25%

Note: each job is derived from the payroll data based on whether the gross pay on the payslip is positive and on whether the gross pay can be identified as pension income. Tax is the sum of income tax, USC, employee PRSI and employer PRSI.