



Irish government employment supports – COVID 19

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Employer COVID-19 Temporary Wage Subsidy Scheme

The Government announced a Temporary Wage Subsidy Scheme on 24 March 2020. This replaces the previous COVID-19 refund scheme, which provided for a special support payment of €203 per week (for up to 6 weeks) in respect of workers who were temporarily laid off as a result of COVID-19.

The Temporary Wage Subsidy Scheme will be available to employers whose business activities are adversely impacted by the COVID-19 pandemic where employers want to retain employees on their payroll for the duration of the COVID-19 pandemic. This should allow employers to retain links with employees for when business picks up after the crisis.

This scheme is open to employers who retain staff on payroll whether some employees are temporarily not working or on reduced hours and/ or reduced pay. Further, the scheme is available to employees who were on their employer's payroll as at 29 February 2020 and for whom a payroll submission was made by their employer at any point between 1 February 2020 to 15 March 2020.

Initially this scheme provides for a wage subsidy of up to €410 per week in respect of each qualifying employee. From sometime in April onwards (date to be confirmed), in respect of each qualifying employee, the scheme will provide for a wage subsidy of 70% of an employee's normal net weekly pay up to a maximum of €410 per week.

Conditions

In order to qualify for the scheme, each of the following conditions must be met:

- An employer must experience significant negative economic disruption due to the Covid-19 pandemic.
- An employer must be in a position to demonstrate a decline of at least 25% decline in turnover (subject to Revenue's agreement).
- An employer must be unable to pay normal employee wages and other costs in full but must be making best efforts to pay these expenses.
- An employer must retain their employees on the payroll with the intention of continuing to employ their employees.

Clarification around a number of the conditions is required and we await publication of the relevant legislation over the next few days.

Taxation of payments

The amounts paid to employees under this scheme are not subject to income tax, USC or PRSI. Employer's PRSI will not apply to any subsidy paid to employees but will apply at a reduced rate of 0.5% in respect of any top-up payment to employees.

Any refunds of income tax or USC that an employee may be entitled to as a result of being laid off or put on reduced hours (due to the application of tax credits and rate bands) can be refunded by Revenue to the employer on behalf of employees.

Operation of the scheme

This scheme is administered through Revenue's Online Services (ROS). Under this scheme, employers make payments to employees and these payments are notified to Revenue. Amounts paid under this scheme should then be reimbursed into the employer's bank account by Revenue. The intention is

for these reimbursements to be made within two working days post receipt of payroll submissions sent to Revenue by employers/ their tax agents.

Social welfare scheme for employees whose employments are fully terminated

Where an employer is not in a position to top up employees' pay and need to fully terminate any employee's employment, in order to ease the strain on the State's social welfare system, the Government has requested that said employees are temporarily retained on the employer's payroll and the employer will effectively provide payments to any effected employees equal to an employee's social welfare entitlement (which is being increased to €350 per week in respect of unemployment resulting from the COVID-19 pandemic). Such payments will be reimbursed by Revenue.

The €350 social welfare payment should also be available to any employees who are absent due to either being medically required to self-isolate or who have tested positive for COVID-19. Employers may follow their usual sick pay policy (e.g. full pay or 70% of pay) but such sick pay is not being subsidised.

Other comments

After the Temporary Wage Subsidy Scheme expires, please note that the names of all employers who operated this scheme will be made publicly available through Revenue's website.

Further announcements from the Irish Government and Revenue are expected in coming days.

Bradley Tax Consulting can assist with the administration of the Temporary Wage Subsidy Scheme.

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