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GROUP

COVID 19 SUPPORT SCHEMES
IN IRELAND FOR EMPLOYERS
AND EMPLOYEES



COVID 19 SUPPORT SCHEMES IN IRELAND FOR EMPLOYERS AND EMPLOYEES

| OPTIONS | TEMPORARY WAGE SUBSIDY SCHEME ("TWSS") | COVID-19 PANDEMIC UNEMPLOYMENT PAYMENT | SHORT-TIME WORK ARRANGEMENTS | ENHANCED ILLNESS BENEFIT | PAY CUTS |
|------------------------|--|---|--|--|---|
| <p>Purpose</p> | <p>The TWSS was introduced by the Emergency Measures in the Public Interest (COVID-19) Act 2020 (the "2020 Act") and enables employees, whose employers are experiencing significant negative economic disruption as a result of COVID-19, to receive significant support directly from their employer through the payroll system. Employers must be able to demonstrate a 25% decrease in turnover or customer orders in the period March – June, 2020 compared to forecasted turnover or to 2019 or by reference to any other reasonable turnover analysis. See updated Revenue guidance on www.revenue.ie</p> <p>This scheme provides the payment of income supports to employers of between 70% and 85% of the average net weekly pay and up to a maximum of €412 per week in respect of eligible employees.</p> | <p>To quickly provide income support of €350 to employees and the self-employed who have lost their job or been temporarily laid off, on or after 13 March due to COVID-19.</p> | <p>To provide income support for people temporarily placed on a shorter working week, due to business challenges affecting their employment.</p> <p>The rate of payment will depend on an employee's average weekly earnings, the change in their work pattern and their personal circumstances.</p> | <p>To provide income support of up to €350 per week to employees who have been told to self-isolate by a doctor, the HSE and / or have been diagnosed with COVID-19 by a doctor.</p> | <p>Employers and employees should agree on any pay reduction measures. A disputed pay reduction could constitute an unlawful deduction or a breach of the employment contract.</p> <p>Where an agreement is not possible, employers should at least consult with and inform employees about proposed pay cuts.</p> <p>Many employers are considering implementing time bound pay cuts in an effort to minimise the negative economic impact of COVID-19 and in the hope that such pre-emptive action will assist companies with financial recovery.</p> |
| <p>Duration</p> | <p>Irish Revenue has advised that the TWSS is expected to last for 12 weeks, starting from 26 March 2020 until 18 June 2020. This may be extended further.</p> | <p>Employees can sign up for the payment for 12 weeks. After 12 weeks, the employee should apply for jobseekers payment.</p> | <p>The Short-Time Work Support will be available for the duration of the short-time working arrangement.</p> | <p>Employees can avail of COVID-19 Illness Benefit for a:</p> <ul style="list-style-type: none"> • Maximum of two weeks where a person is self-isolating; • Maximum of 10 weeks where a person has been diagnosed with COVID-19. | <p>N/A</p> |

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| Qualifying Employees | <p>In order to qualify, the employee must:</p> <ul style="list-style-type: none"> Remain on the employer's payroll; Have been on the employer's payroll on 29 February 2020; Have had payroll submissions for payment submitted by the employer on their behalf to Revenue between 1 February 2020 and 15 March 2020; and Have an average net weekly pay within the current prescribed limits (for now not exceeding €960 per week). | <p>In order to qualify, the employee must:</p> <ul style="list-style-type: none"> Have lost employment due to covid-19; or Have been temporarily laid-off; or Have been asked by their employer to stay at home; and Not receiving any payment from their employer; Aged between 18-66 and live in the Republic of Ireland. This includes employees who are non-EU/EEA workers, students and part-time workers. | <p>In order to qualify, the employee must be:</p> <ul style="list-style-type: none"> working three days or less per week having previously worked full-time; Under age 66; Capable of work and available for full-time work; and In receipt of sufficient PRSI contributions. <p>Short Time Work Support is paid for a maximum of 234 days and entitlement will depend on the number of social insurance contributions held.</p> | <p>In order to qualify the employee must be:</p> <ul style="list-style-type: none"> Unable to attend work; Medically certified as being required to self-isolate or unfit to attend work due to having been diagnosed with COVID-19; Confined to their home or a medical facility. <p>This is available to employees and self-employed workers irrespective of PRSI contribution.</p> | <p>As outlined above, there is a risk of a statutory claim under the Payment of Wages Act, 1991 or a breach of contract claim where changes are implemented without agreement.</p> |
| Exempt Employees | <ul style="list-style-type: none"> Self-employed individuals cannot apply. | <ul style="list-style-type: none"> An employee who voluntarily leaves their employment. | N/A | <ul style="list-style-type: none"> Civil and public servants as separate special leave arrangements have already been made for them. | N/A |
| Application Process | <p>Eligible employers or their agents, can register and apply to Revenue via the Revenue Online System at www.ROS.ie, see further details below.</p> | <p>Employees should apply online at MyWelfare.ie</p> | | <p>Employees must visit their GP or doctor and may then apply for the enhanced illness benefit by submitted a Form IB1, see further details below.</p> | N/A |

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|---------|---|--|---|---|----------|
| Amount | <p>Phase 1 (the "Interim Phase") During the Interim Phase which was implemented from 26 March 2020, employers will receive a subsidy of €410 per week for each employee that they have made a submission for, regardless of the amount of the subsidy actually paid to the employee. Revenue has advised that in many cases, this €410 weekly payment will exceed the subsidy that the employee is entitled to receive for that week and in these cases, the employer is obliged to hold the excess of the subsidy payment received and refund it in due course.</p> <p>Phase 2 (the "Operational Phase") During the Operational Phase which will start on 4 May 2020, a personal subsidy amount will be paid in respect of each employee and there will be a recoupment of any amount overpaid to employers during the introductory interim phase.</p> <p>(i) Employees with net pay less than €586 per week (€38,000 p.a.)</p> <ul style="list-style-type: none"> For employees with previous average net pay less than €412 per week (equivalent to almost €24,400 p.a.), a subsidy of 85% of the employee's average net weekly pay will be provided; For those employees with previous average net weekly pay between €412 and €500 per week (equivalent to €24,400-€31,000 p.a.), the subsidy is a flat rate of €350 per week. | €350 per week – flat rate | <p>An individual's duration of eligibility and rate of payment for Short-time Work Support depends on their PRSI contributions, weekly earnings and the nature of the change to their work pattern.</p> <p>An employee will get a percentage of the weekly rate of Jobseeker's Benefit of what they are entitled to (basic rate €350) for the number of days that they are on short time.</p> | <p>The personal rate for this payment is €350 per week, as compared with the normal Illness Benefit rate of €203.</p> <p>If the person applying has dependents, they will receive additional supports for them. An increased rate for Qualified Adults of €147 per week applies (normally €134.70) for 12 weeks during the COVID-19 pandemic. This temporary increase will end on the week of 15 June 2020.</p> | N/A |

OPTIONS

TEMPORARY WAGE SUBSIDY SCHEME ("TWSS")

COVID-19 PANDEMIC UNEMPLOYMENT PAYMENT

Amount Cont...

(ii) Employees with net pay in excess of €586 per week (€38,000 p.a.)

As above

- For employees with previous net pay in excess of €586 per week (equivalent to €38,000 p.a.), a tiered approach will apply. The maximum subsidy payable for these remains €350 per week. The tiered approach takes into account both the amount paid by the employer and the level of reduction in pay borne by that employee as follows:

| GROSS AMOUNT PAID BY EMPLOYER | SUBSIDY |
|---|---------------------|
| Up to 60% of employee's previous average net weekly pay | Up to €350 per week |
| Between 60% and 80% of employee's previous average net weekly pay | Up to €205 per week |
| Over 80% of employee's previous average net weekly pay | No subsidy payable |

From 4 May 2020, the wage subsidy is available to support employees where the average net pre-COVID-19 salary was greater than €76,000, and their gross post-COVID-19 salary has fallen below €76,000. The tiered arrangement applicable to gross incomes in excess of €38,000 will apply in such circumstances. To calculate the level of subsidy payable, current gross pay will be compared with previous average net weekly pay for January/February. There will be no back-dating of this increased subsidy for any period before 4 May 2020.

SHORT-TIME WORK ARRANGEMENTS

ENHANCED ILLNESS BENEFIT

PAY CUTS

As above

As above

N/A

OPTIONS

Can Employers top up the payment?

TEMPORARY WAGE SUBSIDY SCHEME ("TWSS")

Yes, employers are encouraged to keep employees on 100% of their salary but there is no strict obligation to 'top-up' the payment.

An employer can choose to make an additional payment to the employee to fully or partially make up the difference between the amount provided by the subsidy scheme and the employee's average net weekly pay. Such additional payments are regarded as gross pay and liable to Income Tax and USC. No employee PRSI is payable. Employer PRSI is 0.5%. Even though there is no minimum top up amount that the employer must pay as an additional payment in order to be eligible for the scheme, the employer will need to enter at least €0.01 in Gross Pay when running its payroll from an administrative point of view.

COVID-19 PANDEMIC UNEMPLOYMENT PAYMENT

No, an employee must not be on the employer's payroll in order to qualify for this payment.

SHORT-TIME WORK ARRANGEMENTS

N/A

ENHANCED ILLNESS BENEFIT

Yes, employers may top-up the Enhanced Illness Benefit in accordance with their sick pay policy. The Government is requesting that employers should, at a minimum pay employees, if possible, at least the difference between the Enhanced Illness Benefit rate and their normal wages.

PAY CUTS

N/A

FREQUENTLY ASKED QUESTIONS

How do employers apply for the TWSS?

Eligible employers or their agents, can apply to Revenue via the Revenue Online System at www.ROS.ie, see further details below.

- Log on to ROS "MyEnquiries" using the company's details, select 'Add A New Enquiry' and select the category 'COVID-19: Temporary Wage Subsidy';
- Read the "COVID-19: Temporary Wage Subsidy Self-Declaration" and click the "Submit" button to confirm;
- Revenue will then issue a confirmation message via the "MyEnquiries" section of their website and once confirmation has been received, you can immediately operate the scheme.

Employers will also need to update their refund bank details on ROS in order to receive a refund. This can be done through ROS under 'Manage bank accounts' and then 'Manage EFT', by entering the details of the refund bank account that the refund is to be made to.

If the employer had previously signed up to the COVID-19 Refund Scheme, it is not necessary to re-apply.

What is an additional taxable payment in the TWSS?

Sometimes referred to as top-up payments, in the transition phase of the TWSS, an employer can choose to make a taxable payment to the employee to fully or partially make up the 30% difference between the 70% of the average net weekly pay provided by the subsidy scheme and the employee's normal average net weekly pay.

If the employer makes an additional payment greater than the 30% difference allowed by the scheme (i.e. the employee receives more than the average net weekly pay) then the subsidy value refundable to the employer will be "tapered" or reduced by this excess amount when the refund reconciliation is being performed.

When does tapering occur under the TWSS?

Tapering of the subsidy will apply to most cases where the gross pay paid by the employer and the subsidy exceed the previous average net weekly pay. This is calculated by subtracting the amount paid by the employer from the previous average net weekly pay. This is to ensure that no employee would be better off under the scheme.

As outlined above, employees with an average net pay of less than €412 per week, will be eligible for a subsidy of 85% of their previous net weekly pay. The tapering of the subsidy will not apply where an employer wishes to pay a greater level of top up payment beyond the outstanding 15% of previous pay in order to bring the employee's pay to €350 per week.

What impact does placing an employee on the TWSS have on pension schemes?

Where a subsidy is paid under the TWSS, the full amount must be paid to the employee without deduction. Revenue have expressly confirmed that pension contributions cannot be deducted from the subsidy.

It may be difficult for the employer to continue to deduct the full current rate of employee contributions from any top-up payment which is being paid to employees as this would lead to a significant deduction being made to the top-up.

Employers should consider whether it is possible to temporarily reduce or suspend employee contributions under the relevant pension scheme.

Is a TWSS payment taxable?

Yes, but the subsidy is not taxable 'in real time'. Income tax, USC, LPT, if applicable, and PRSI should not be deducted from the Temporary Wage Subsidy. Revenue is expected to issue further guidance on this and it is likely that an end of year review and reconciliation will be carried out. It is possible that employee tax credits will be applied to offset any additional employee tax liability that arises.

Employer top up payments in addition to the subsidy is taxable. However, employer's PRSI contribution is reduced to 0.5% on the top up payment and no employee PRSI applies.

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