

Ireland Update: The Introduction of Statutory Sick Pay in Ireland from 2022

Ireland currently does not have a mandatory sick pay scheme and the decision as to whether employees receive pay during periods of sick leave is a matter for each individual employer.

However, that is about to change and soon employers will be required to provide Statutory Sick Pay to employees under proposed draft legislation, the Sick Leave Bill 2021 (the "2021 Bill").

The Sick Leave Bill 2021

What is it?

According to the press release this week, the 2021 Bill, due to be published in the coming weeks, will provide that the proposed plan (the "Statutory Sick Pay Scheme") will be introduced starting in 2022.

What rights will the 2021 Bill create?

The Statutory Sick Pay Scheme will be phased in as part of a four-year plan, initially proposed as follows:

2022	3 days sick pay
2023	5 days sick pay
2024	7 days sick pay
2025	10 days sick pay

By 2025, employees will be entitled to 10 days of sick pay per year and this is being introduced on a staggered basis to allow smaller businesses to plan ahead and manage the additional costs.

What is the rate of Statutory Sick Pay?

Statutory Sick Pay will be paid by an employer at a rate of 70% of an employee's wage subject to a daily maximum of €110. This limit may be revised over time by ministerial order in line with inflation and changing incomes.

It is not yet clear what the definition of 'wages' will be and whether that will be confined to the value of basic salary or whether it will include variable payments such as overtime, regular bonuses or payments such as shift premiums.

Who will be entitled to Statutory Sick Pay?

All employees including fixed term or part-time employees will be entitled to the benefits outlined in the Statutory Sick Pay Scheme however there will be a minimum service threshold and employees will only be entitled to paid sick leave where they have completed six months' service with their employer.

Employees will also need to produce a medical certificate to avail of statutory sick pay.

Once the entitlement to statutory sick pay from the employer ends, employees who need to take more time off may qualify for illness benefit from the Department of Social Protection subject to PRSI contributions.

What should employers do to prepare for the introduction of the Statutory Sick Pay Scheme?

The precise preparation will become clearer once the draft legislation is published and then enacted.

UPDATE

It is likely that employers will need to review their current contracts of employment and absence / sick pay policies to ascertain whether the clause in respect of illness absence will need to be amended to refer to paid sick pay where none or inadequate sick pay is provided for. Employers should be aware that the draft legislation will not erode existing contractual rights where an employee's current contractual entitlement to sick pay exceeds the amount of paid sick leave envisaged by the draft legislation.

For further information, please reach out to your usual Maples Group contact or any of the persons listed below.

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