

## **TEMPORARY WAGE SUBSIDY SCHEME** (replaces COVID-19 [Refund Scheme](#))

27<sup>th</sup> March 2020

The outbreak of COVID-19 and the subsequent measures taken by the Irish Government to contain its spread present the Irish co-operative sector with several challenges. Chief among these challenges is the management of employees in the various circumstances that may arise.

The Government is urging all employers, including co-operatives, to support national public health objectives by continuing to maintain the employee/employer relationship. On Tuesday, 24<sup>th</sup> March 2020, the Taoiseach announced the introduction of a new [Temporary Wage Subsidy Scheme](#). The scheme is developed to encourage cooperatives and other employers affected by the Emergency to keep staff on the payroll.

- The government will pay 70% of the salary up to a cap of €410 per week net, which equates to the after-tax income of an employee earning €38,000
- Employees earning between €38,000 and €76,000 will be entitled to assistance capped at €350
- Employees earning more than €76,000 will not be eligible for the scheme

The scheme will run for 12 weeks from **26 March 2020**. Draft legislation to be published shortly.

Employers are encouraged to facilitate employees by operating the scheme, by retaining employees on their books and by making best efforts to maintain a significant, or 100% income, for the period of the scheme.

### **KEY FEATURES OF THE SCHEME**

- Replaces the previous COVID-19 Refund Scheme.
- Initially, and from Thursday (26 March 2020), the subsidy scheme will refund employers up to a maximum of €410 per each qualifying employee.
- However, employers must pay **no more than the normal take home pay** of the employee.
- The subsidy scheme applies to employers who top up employees' wages and those that are not in a position to do so.
- Employers make this special support payment to their employees through their normal payroll process.
- Employers will then be reimbursed for amounts paid to employees and notified to Revenue via the payroll process.
- The reimbursement will, in general, be made within two working days after receipt of the payroll submission.
- In April, the scheme will move to a subsidy payment based on 70% of the weekly average take home pay for each employee up to a maximum of €410\*.

- Income tax and USC will not be applied to the subsidy payment through the payroll.
- Employee PRSI will not apply to the subsidy or any top up payment by the employer.
- Employers PRSI will not apply to the subsidy which will be reduced from 10.5% to 0.5% on the top up payment.

\* (details on this are available on the [Revenue website](#)).

#### **WHO DOES THE SCHEME APPLY TO?**

The Scheme is available to employers from all sectors whose business activities are being adversely impacted by the COVID-19 pandemic. The scheme is available for employers who retain staff on payroll; some of the staff may be temporarily not working or some may be on reduced hours and/or reduced pay. Provided the employer meets the conditions set out below and subject to levels of employee pay the employer may be eligible for the scheme for some or all employees.

#### **TO QUALIFY FOR THE SCHEME, EMPLOYERS MUST:**

- Be experiencing significant negative economic disruption due to COVID-19.
- Be able to demonstrate, to the satisfaction of Revenue, a minimum of a 25% decline in turnover
- Be unable to pay normal wages and normal outgoings fully.
- Retain their employees on the payroll.
- The Scheme is confined to employees who were on the employer's payroll as at 29<sup>th</sup> February 2020, and for whom a payroll submission has already been made to Revenue in the period from 1<sup>st</sup> February 2020 to 15<sup>th</sup> March 2020.
- The names of all employers operating this scheme will be published on Revenue's website
- Based on the information provided in payroll submissions and adherence to the maximum limits, described above, Revenue will credit employers with the temporary wage subsidy paid to each employee.
- Penalties will apply to any abuse of the Subsidy Scheme by self-declaring incorrectly, not providing funds to employees or non-adherence to Revenue, and any other relevant, guidelines.

It is critical to note that, as a result of the unprecedented circumstances brought about by the outbreak of COVID-19, **the advice set out is subject to change and is not a "one size fits all" solution.** Therefore, it is advisable to consult with your co-operative's HR advisors and contact Sinead Farrell on [sfarrell@icos.ie](mailto:sfarrell@icos.ie) or Darragh Walshe on [dwalshe@icos.ie](mailto:dwalshe@icos.ie) if you have any queries relevant to the matters outlined above.

Co-operatives are directed to the [public health advice issued by the HSE](#) for questions arising as a result of COVID-19. It is essential that all co-operatives abide by this advice.