

The COVID-19 Temporary COVID-19 Wage Subsidy Scheme is now effective from Thursday, 26<sup>th</sup> March 2020 and will be operated in two phases. It replaces the Employer Covid Refund scheme.

Phase 1 - 29<sup>th</sup> March to 20<sup>th</sup> April and then Phase 2 – No later than 20<sup>th</sup> April 2020.

See below for questions and answers that we have been receiving from employers.

*“Question and Answers for Employers”*



## 1. Employer Supports

### TEMPORARY COVID-19 WAGE SUBSIDY SCHEME

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#### 1. WHAT HAPPENS BETWEEN 26<sup>TH</sup> MARCH AND THE 20<sup>TH</sup> OF APRIL?

The subsidy scheme will initially refund employers up to a maximum of €410 per each qualifying employee regardless of the employee's income.

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#### 2. WHAT CHANGES ON THE 20<sup>TH</sup> OF APRIL?

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 or €350 if wages are in excess of €38,000.

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#### 3. WHAT EMPLOYEES QUALIFY?

The scheme is confined to employees who were on the employer's payroll as at 29 February 2020, and for whom a payroll submission has already been made to Revenue in the period from 1 February 2020 to 15 March 2020

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#### 4. HOW TO QUALIFY AS AN EMPLOYER?

In summary, the employer will need to be able to demonstrate a reduction in income of at least 25%, along with cash flow difficulties resulting from the COVID-19 crisis.

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#### 5. WHAT ARE THE TAX IMPLICATIONS FOR THE EMPLOYER

Employers PRSI will not apply to the subsidy and will be reduced from 10.5% to 0.5% on the top up payment.

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#### 6. DO EMPLOYEES HAVE TO PAY TAX ON THE SUBSIDY

Income tax, PRSI, USC and LPT will not be deducted from the Temporary Wage Subsidy.

However, the Subsidy will be liable to Income Tax and USC on review at the end of the year.

Employee PRSI will not apply to the subsidy or any top-up payment by the employer.

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#### 7. HOW LONG DOES THIS SCHEME LAST?

The scheme is expected to last 12 weeks from 26<sup>th</sup> March 2020

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#### 8. CAN I REDUCE EMPLOYEES PAY IF I CAN'T AFFORD TO PAY THEIR FULL PAY?

It is up to the employer to agree this with each employee. Government are looking for employers to make their best efforts to maintain a significant, or 100% income, for the period of the scheme.

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#### 9. I CAN ONLY AFFORD TO KEEP SOME EMPLOYEES?

It looks likely that where employers cannot afford to keep all their staff, some employees will have to be laid off and can access the COVID-19 Pandemic Unemployment Payment. Employers can access the Temporary Wage Subsidy scheme to assist them to maintain their remaining employees.

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#### 10. DO EMPLOYEES CONTINUE TO ACCRUE HOLIDAYS AND THEIR ENTITLEMENT TO PUBLIC HOLIDAYS FOR THE DURATION OF THE WAGE SUBSIDY?

Yes.

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#### 11. WHAT DOCUMENTATION NEEDS TO BE SUBMITTED TO REVENUE TO AVAIL OF THIS SCHEME FOR EMPLOYEES?

This is a "Self Declaration" that is done through the ROS (myEnquiries) system – no additional forms need to be completed. Once you request your payroll provider to access the scheme, we can confirm this on your behalf on ROS.

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#### 12. HOW QUICKLY WILL THIS MONEY BE AVAILABLE TO BE RECLAIMED BY THE COMPANY FROM REVENUE?

Once the submission has been completed, revenue have committed to refund this within 2 working days.

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#### 13. DOES THE WAGE SUBSIDY COVER ALL EMPLOYEES INCLUDING DIRECTORS AND BUSINESS OWNERS?

Per Revenue “They will be eligible on a similar basis as the Revenue scheme for employees”

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14. ARE THERE ANY SUPPORT FOR EMPLOYEES EARNING OVER €76,000?

No subsidy is available for these earners. The scheme is designed to help lower- and middle-income employees.

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15. DOES THIS IMPACT EMPLOYEES’ RIGHTS TO REDUNDANCY PAYMENT?

Measures are being brought forward by DEASP to suspend the provisions of Section 12 of the Redundancy Payments Act 1967 where an employee has been temporarily laid off or put on short-term work arising from the Covid-19 emergency measures.

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16. I’VE LAID OFF EMPLOYEES THIS WEEK CAN I REHIRE THEM AND AVAIL OF THIS SCHEME?

Yes, if an eligible employer has laid off employees as a result of COVID-19, they can be taken back onto the payroll and will qualify for the subsidy if they meet the criteria and were on payroll at the end of February and details were returned through to Revenue by 15 February.

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17. CAN I REHIRE AN EMPLOYEE THAT WAS PREVIOUS LAID OFF AND CEASED ON PAYROLL?

Yes. Employees, who were ceased between 1 March and 25th March can avail of the Temporary COVID-19 Wage Subsidy Scheme for future payroll if they are rehired, but as they were not entitled to the original Covid Refund Scheme at that time, claims cannot be backdated and they cannot receive subsidy under either scheme for payroll prior to 25<sup>th</sup> March.

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18. WHAT IF MY EMPLOYEE HAS MULTIPLE JOBS WILL THEY GET MULTIPLE PAYMENTS?

If an employee has multiple employments, each employer can operate the scheme based on 70% of employee’s net earnings.

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19. IF I PAY AN ADDITIONAL PAYMENT IS THE EMPLOYER PRSI CALCULATED AT J9?

Yes, the employers PRSI is reduced from 11.05% to 0.5% and no employee PRSI applies. Qualifying employees are coded as PRSI Class J9 for the purposes only of its reporting obligations. Entitlements will not be regarded as broken, and employees will get insurable weeks or credited contributions. This matter will be fully examined by DEASP and agreed.

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20. WHAT DOES AVERAGE NET PAY MEAN?

Net weekly pay is the employee's Average Net Weekly Pay for Jan and Feb 2020 based on submissions made to Revenue by 15 March 2020.

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21. IF I WANT TO PAY FORTNIGHTLY/MONTHLY PAYROLL ON OR AFTER 26 MARCH CAN I DO THIS?

Yes.

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22. CAN I CORRECT SUBMISSIONS ALREADY MADE FOR COVID REFUND SCHEME?

No, once a submission is made to Revenue with a J9 Refund in it, it cannot be deleted or amended. Errors will have to be taken up with revenue via the ROS systems.

Please note that the legislation is currently being drafted and there may be some changes and we will update once more clarity is available.

At Solve we will be available to assist you during this difficult time. We will remain here to assist you with processing your payroll, filing your revenue returns and dealing with any queries that you may have. You can contact us at [payroll@solve.ie](mailto:payroll@solve.ie) or 01-5445375.



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