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Guidance on Government Employment Supports – Covid 19 Pandemic

Version 2 – 26th March 2020

We have prepared this revised information pack in relation to supports for employees, employers and self-employed announced by Government and the Revenue Commissioners up to 25th March 2020.

We will update this further as matters evolve.

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Introduction on Government Employment Supports – Covid 19 Pandemic

The Government have announced a range of supports for businesses since the start of the Covid Emergency. Given the unprecedented nature of the crisis they have had to amend their plans a number of times and this has caused some uncertainty as to entitlements.

On Tuesday night 24th March, in the area of employment/payroll supports, they produced draft legislation that allows us as advisers some clarity on the proposed rules.

This note aims to set out a summary of the current provisions as we understand them, but it is a very fluid situation and is subject to change. Some of the legal rules are subject to Revenue Commissioner guidelines which have yet to be published.

The names of all employers operating this scheme will be published on Revenue's website in due course, after the scheme has expired. This may well be a huge list therefore employers might not view it as a significant disincentive to claiming the relief.

We have attempted to address the headline issues below. We cannot address every potential query you may have in a summary document, so please phone or email your usual Kieran Ryan & Co. contact for more detailed information. As you know we are fully open for business with all staff now working on a remote basis.

Kieran Ryan & Co. are a firm of Chartered Accountants providing a range of services including:

Audit, Accounting and bookkeeping
Tax Advisory
Corporate Advisory and Insolvency

We wish you, your families and business all the best in these unprecedented times.

FOR EMPLOYERS

What options are available?

If you have had to let staff go, or reduce their hours/change their terms, but wish to continue paying or part-paying them with a view to restoring matters post-crisis, a wage subsidy of up to €410 per week or 70% of their net weekly pay, whichever is the lesser, is available. The scheme runs from 26th March 2020 and is scheduled to operate for 12 weeks. This period can be extended per the draft legislation.

There are particular ways this subsidy needs to be processed via your payroll system (see <https://www.revenue.ie/en/corporate/communications/covid19/temporary-covid-19-wage-subsidy-scheme.aspx> and particularly the section “Operating the scheme from Thursday 26 March 2020”), but it will need to be paid initially by employers to employees, followed by almost immediate (they promise “next day”) reimbursement from the Revenue Commissioners via ROS directly into your bank account.

If you cannot top up pay, and need to fully let staff go, the Government are asking that you still retain staff on your payroll system for the moment - they ask that you act as a conduit, making weekly payments equal to employee’s basic personal social welfare rates (which are being increased to €350 for Covid related unemployment), with such payments again being almost immediately (“next day”) reimbursed to you by the Revenue Commissioners via ROS/into your bank account. The full suite of social welfare benefits potentially available to laid off staff is outside the scope of this note given the complexities involved and the differing entitlements of different individuals/families.

If you have staff who are absent due to either having tested positive for Covid or being medically required to self-isolate, then enhanced illness benefits of up to €350 per week are available to them. Employers are free to follow their usual policy on whether to pay staff sick pay, or to have a special policy for Covid related absences, but any costs relating to same are not being subsidised.

What Employees and Employers are eligible?

In relation to the wage subsidy, the employee conditions from April 2020 are as follows:

1. they were on the employer’s payroll on 29 February 2020;
2. their net weekly pay is €960 per week or less;
3. the 70% restriction is NOT applied where net weekly pay is above €586 and less than €960 – instead those employees are entitled to a flat rate of €350.
4. the 70% restriction IS applied for those earning €586 or less, which gives a maximum subsidy of €410 (being 70% of €586).

IMPORTANT NOTE: For payroll payments made from 26th March to 31st March, the cap of €350 at point 3 above does not apply and a flat rate of €410 will be paid. Where the employee’s normal net pay would be less than €410, then the rebate is limited to that lower amount of net pay.

We anticipate that payroll software and Revenue's systems will be calibrated such that average net weekly pay per 2, 3, and 4, above will be assessed based on recently filed Payroll Submissions. Pending clarity on this, care should be taken if the relief is being claimed without the €350 restriction for someone who's usual net weekly pay is above €586, or claimed at all for someone who's net weekly pay is usually above €960.

There are no employer eligibility conditions in relation to employers solely being conduits for social welfare payments or assisting in administering enhanced illness benefits, however employees must take steps to claim their entitlements and details are below.

In relation to the wage subsidy, the employer conditions are as follows:

1. there will occur in the period of 14 March 2020 to 30 June 2020 at least a 25 per cent reduction either in the turnover of the employer's business or in customer orders being received by the employer. The level of certainty required on the above is that it is demonstrated "to the satisfaction of the Revenue Commissioners". At the time of writing we are awaiting clarity on exactly what this will entail;
2. The result of the reduction in turnover/orders described above is that the employer is unable to pay the wages that would otherwise have been due.
3. the employer has the firm intention of continuing to employ the employee and to pay their wages, and is making best efforts to pay to those wages
4. the employer follows the wage subsidy process provided for within ROS; and
5. the employees in question were on the employer's payroll on 29 February 2020 and the employer has complied with PAYE filing (not necessarily payment) obligations for February 2020 in respect of them.

Are the supports available for company directors including proprietary directors?

At the moment it appears to us that the answer is *yes*. We can see no distinctions in the draft legislation between different categories of employees.

What do employers need to do?

They need to make a decision on whether they intend to continue to employ some or all of their staff in the terms set out above, and whether they are eligible for the wage subsidy as per the 4 specified conditions. There is a good deal of judgement and subjectivity in relation to condition no.1 in particular - we are hoping the Revenue guidelines will approach this in a reasonable manner.

Depending on the answers, and there may be different answers for different employees, employers need to follow the payroll/ROS process involved for either the wage subsidy or the social welfare conduit payments (the latter not being mandatory but all employers are being asked to assist at this time of national crisis).

Wage subsidy and social welfare payments are treated differently for tax purposes than normal wage payments. This is effectively another government subsidy because the cost of putting an employee into the same after-tax position is lower than it would otherwise be. Every individual circumstance is

different therefore we cannot provide general calculations - please ask your usual Kieran Ryan & Co. contact for specific advice.

ROS Process for reimbursement of the €350/€410/70% (as applicable) employee payments

How to apply:

Employers or their agents apply to Revenue to operate the Scheme by carrying out the follow steps:

1. Log on to ROS/myEnquiries and select the category '**COVID-19: Temporary Wage Subsidy**'.
2. Read the declaration and press the 'Submit' button.
3. Log on to ROS and in 'Manage bank accounts', 'Manage EFT', ensure that the bank account details provided are correct.
4. Process your payroll as advised by your software providers and depending on which employee payment option you are following. Note the instructions at :

<https://www.revenue.ie/en/corporate/communications/covid19/temporary-covid-19-wage-subsidy-scheme.aspx>

and particularly the section "Operating the scheme from Thursday 26 March 2020."

Taxability of the Wage Subsidy payments

Wage subsidy payments ARE treated as taxable income, they are just not subject to deductions at source under the PAYE system. This may cause considerable difficulty for employees but it depends on their individual circumstances, levels of other income and tax credits etc. We are hopeful there will be some clarity on this issue in due course which will depend on how Revenue plan to administer any overall tax underpayments (or offsets against, for example, medical expense refund claims).

FOR EMPLOYEES

Workers who are diagnosed with COVID-19

Where an employee or a self-employed person is medically required to self-isolate or has been diagnosed with COVID-19 they can apply for the Enhanced Illness Benefit Payment.

In the interests of public health, this payment will only be paid where individuals remain confined to their home or a medical facility while in receipt of this enhanced Illness Benefit.

The personal rate of this payment has been increased to €350 as compared with the normal personal rate of €203.

The standard increases payable in respect of adult and child dependents will continue to be paid. Standard payment rates for Illness Benefit are available here – www.gov.ie/en/service/ddf6e3-illness-benefit

How to apply:

Step 1

If you are suffering from COVID-19 or a doctor advises that you self-isolate, the doctor will then complete a medical certificate on your behalf and send this directly to the department.

To receive a payment, you will need to provide your doctor with your:

- Name
- PPS Number
- Date of Birth

Step 2

You now need to complete an application form for Illness Benefit (Form IB 1).

There are three ways that you can make an application:

- you can call 1890 800 024 or 01 2481398 between 9.00am and 5.00pm Monday to Friday to get an application form by post
- organise someone to pick up a form at your doctor's surgery or at your local Intreo Centre
- an online application process will be available by the end of March

If you have been medically certified to self-isolate or are diagnosed with COVID-19 do not attend your doctor's office or Intreo Centre.

It is important to complete part 5 of the Illness Benefit form as this contains how you would like to be paid. You don't have to fill in part 7 of the form.

Send your application form by Freepost to:

Social Welfare Services

Address:

PO Box 1650, Department of Employment Affairs and Social Protection, Dublin 1

Once both the application form and the medical certificate are received payment will be processed. You should continue to liaise with your doctor in relation to your diagnosis and the length of time you are medically certified unfit to work because of COVID-19.

Workers whose employers do not supplement/top-up the State Illness Benefit payment

Workers, in receipt of the enhanced illness benefit payment who still face financial distress because their employer fails to pay sick pay beyond the level paid by the State, can apply for additional emergency income support, in the form of Supplementary Welfare Allowance– details available here - www.gov.ie/en/service/36e514-supplementary-welfare-allowance

Applications are usually made in person, normally when a person is no longer confined to their home. People who require immediate support and cannot attend an Intreo Centre can phone 1890 800 024 or 01 248 1398 between 9.00am and 5.00pm Monday to Friday.

Workers who are laid off temporarily

Employees who are laid off temporarily, without pay, due to a reduction in business activity, can apply for a special new COVID-19 Pandemic Unemployment Payment.

You will get a payment of €350 per week. Former employers are being asked to assist in administering this, however regardless of that the employee must make a claim.

How to apply:

1. Apply for the COVID-19 Unemployment payment using the form, which can be downloaded here - www.gov.ie/jobseekers .
2. Post it to FREEPOST PO BOX 12896 Dublin 1.
3. Apply for Jobseekers Benefit to ensure you continue to receive a payment (if applicable) after the emergency payment has finished. Once this normal Jobseekers claim is subsequently received, the Department will process these claims and reconcile payments at that time. This will involve backdating increased payments for certain customers.
4. You can apply for Jobseekers support through online portal www.MyWelfare.ie, (you will need a Public Services Card); or Phone on 1890 800 024 or 01 2481398 and they will send you the relevant application form for the new payment or alternatively you can apply in person at an Intreo centre.

Workers who are put on short time working

Employees who are put on short-time working by their employer due to a reduction in business activity related to COVID-19 may apply for a Short-time Work Support payment.

How to apply:

There are two forms to be completed when making an application.

The first form is a Jobseeker's application form (UP1) and the second is the Short-time Work Support form (UP14 STWS) which must be completed by the employer to confirm the change in the employee's work pattern.

The quickest way to apply for Jobseeker's Benefit is through www.myWelfare.ie.

You must have a verified MyGovID to use this service. If you complete your form on-line, you can arrange to send on the UP14 STWS form completed by your employer.

Employees can also apply for Short-time Work Support at their local Intreo Centre or Branch Office. You can find your local Intreo Centre at our website www.gov.ie/deasp.

Forms UP1 and UP 14STWS are available here:

<https://www.gov.ie/en/service/c20e1b-short-time-work-support/>

To apply, you will need the following documents:

1. Identification – your public service card, passport or driving licence,
2. Jobseeker's application form (UP1), and
3. Short-time Work Support form (UP14 STWS) Ongoing certification of the employees work pattern will be required each week.

The Department of Employment Affairs and Social Protection will reassess a Short-time Work Support claim if it continues for an extended period.



FOR THE SELF-EMPLOYED

The above €350 Covid related social welfare payments (either unemployment related or enhanced illness benefit) are also available to the self-employed, but they are being administered directly by the Department of Enterprise and Social Protection (DEASP) rather than there being an option of administration by employers/Revenue.

You can apply online at <https://services.mywelfare.ie/en/topics/covid-19-payments/>

Much of the processes involved are the same as those set out above for employees and therefore are not repeated here.