

COVID-19 Income Support Scheme FAQs

This document is prepared based on the Emergency Measures in the Public Interest (Covid-19) Act 2020.

I am financially challenged by the current crisis and struggling to pay the wages. In the interests of my organisation I would ideally rather not lay off my employees, even temporarily. Are there any government supports that I could avail of?

On 24 March 2020, the government announced an Income Support Scheme to assist employers in your position. This scheme will see the government pay up to 70% of your employee's net, or take-home pay. It is capped at €410 for anyone earning up to €38,000 and at €350 for employees earning between €38,000 and €76,000. It is not however available for those earning more than €76,000. This payment, being a replacement for after-tax income is not itself taxable through payroll.

What are the conditions?

The Revenue Commissioners will administer this scheme and you will be required to make a self-declaration to them that you are experiencing significant economic disruption due to Covid-19, that you have an inability to pay normal wages as a result and that you will suffer a decline of at least 25% in your turnover. The Revenue Commissioners are to provide further information on how these conditions may be met and there will be severe penalties for any abuse of the scheme.

Will I be required to pay the remainder of their salary?

This is not a condition of the scheme but the government strongly encourages employers to make top-up payments to ensure that their employees are no worse off financially as a result of the current crisis. Employers should not however pay any more than the normal take home pay of the employee. This top-up payment will not be subject to Employee's PRSI while Employers' PRSI will be reduced to 0.5%, which should further reduce the cost to the employer.

So, if I have an employee who earns €25,000 per annum how does this work?

An employee on a gross salary of €25,000 would normally have a net weekly salary of approximately €420. Assuming they qualify for the scheme, the government will pay 70% of this, or €294. You, as employer are encouraged to pay them an additional amount that will take their net weekly salary back to €420.

And if I have an employee who earns €45,000?

This individual would normally have a take-home salary of €658 and, as 70% of this amount exceeds the cap, the amount paid by the government will be a maximum €350. You are encouraged to pay the balance to leave their net weekly salary unchanged.

What if I engage contractors for a project – can they qualify for this scheme?

It depends on their employment status. If they are employees of yours, then provided the other conditions of the scheme are met, they should. They must however have been on the payroll as at

29 February 2020, and a payroll submission already made for them to Revenue between 1 February 2020 and 15 March 2020 to qualify.

If, on the other hand they are self-employed contractors they will not qualify and will have to make a claim themselves for the COVID-19 Pandemic Unemployment Payment (COVID-PUP). This is a payment of €350 per week, which is paid directly to the individual by the Department of Employment Affairs and Social Protection.

They must have been on the payroll on 29 February 2020? So, if I have just hired or am about to hire new employees they won't qualify?

As things stand, unfortunately not. They must instead make an application to the Department of Employment Affairs and Social Protection for the COVID-PUP or other social welfare payments.

I temporarily laid off a number of employees last week. Are they now precluded from availing of this new scheme?

Not necessarily. By re-engaging them at this stage, their break in service should be sufficiently short to render it a continuing employment and, provided the other conditions (including that they were on the payroll on 29 February 2020) are met this scheme should apply. These employees who had applied for an emergency Covid-19 payment should let the Department know that they are back in work.

How long is this scheme due to last for?

Initially this is to run for a twelve-week period.

How do I claim?

As noted above, the Revenue Commissioners are responsible for the administration of this scheme and you should register for it using ROS. Once you have made the payroll submission and claimed the subsidy Revenue advise that the refund will be made within two working days.

And what if, despite these supports I end up having to temporarily lay off some employees?

These employees should be entitled to COVID-PUP, as described above. Also, individuals who are temporarily put on short working weeks, after which they work for three days or less per week, may be entitled to a pro-rata social welfare payment as may employees who are temporarily put on short-time provided their working hours or salary are reduced by more than 50%.

My organisation has received advance funding from The Arts Council for 2020 with the result that we currently have significant cash reserves. However, our box office receipts and other sources of income are likely to be significantly reduced in the coming months because of the pandemic with the result that, while we should be able to pay staff wages in the foreseeable future we would likely run into difficulty in doing so later in the year. Can we still avail of this scheme?

While every case would be examined on its own merits, Revenue have clarified that an organisation holding cash reserves would not necessarily be precluded from availing of the scheme. Revenue's key focus will be on ensuring that claimant organisations are experiencing significant economic disruption as a result of Covid 19; the decline in turnover, referenced above and inability to pay wage costs would be indicative of this. Where, in order to meet wage costs during the crisis period, an organisation has to use funds that were not originally earmarked for such use it may in itself be indicative of an inability to pay wages and, in turn that significant economic disruption is being experienced. This might include funding that was to support the organisation over the course of the

year but had to be accessed early to pay wages owing to a lack of income from its ongoing activities and ventures.