COVID-19 Temporary Wage Subsidy Scheme

Farmers who have employees whose work is affected by the pandemic can receive Government supports. The Wage Subsidy Scheme is available to farmers who keep employees on the payroll throughout the COVID-19 pandemic, meaning employers can retain links with employees for when business picks up after the crisis.

The scheme will run for 12 weeks from 26 March 2020.

Who is eligible?

Application for the scheme is based on self-assessment principles, a qualifying employer declares that it is significantly impacted by the crisis.

Key indicators that your business is significantly impacted by Covid-19:

Key indicators are that the employer’s turnover is likely to decrease by 25% for quarter 2, 2020
That the business is unable to meet normal wages or normal outputs and any other indicators set out in Revenue’s guidelines.
In relation to the likely reduction in turnover of 25% or more, this is a reduction in expected turnover for Q2, 2020. The employer is best placed to determine that and may base this judgement on the decline in orders in March 2020, in comparison to February 2020, or the likely turnover for the quarter compared to Q1 or if appropriate Q2, 2019, or on any other basis that is reasonable.

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

What is the payment rate?

On April 15th, changes to the Wage Subsidy Scheme payment rate were announced as follows;

- The subsidy will increase from 70% to 85% for employees with a previous average take below €412 per week
- The subsidy will be €350 per week for employees with a previous average take home pay between €412 and €500 per week.
- The subsidy remains the same for employees with a previous take home pay of between €500 and €586 per week.
- A tiered system has been introduced for employees with a previous take home pay of over €586 per week.
- Employees who were taking home more than €960 per week will be able to avail of the scheme.

The new rates apply from 4th of May and will not be backdated.

For more information contact Niamh Brennan on 01 426 0347
How does it work?
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.

• 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 and will be reduced from 10.5% to 0.5% on the top up payment.

How do you apply?
You do not need to re-apply if you have already applied for the Employer COVID-19 Refund Scheme. You can make payroll submissions from 26 March 2020 under the COVID-19 Temporary Wage Subsidy Scheme arrangement on the same basis as the Employer COVID-19 Refund Scheme, and the €410 will be refunded for each eligible employee per week.

If you need to register for the scheme, you can apply to Revenue by the logging onto ROS myEnquiries and select the category ‘COVID-19: Temporary Wage Subsidy

How do you operate the scheme from Thursday 26 March 2020?
The employer runs the payroll as normal, entering the following details for each relevant employee under the Scheme:

• PRSI Class set to J9.
• A non-taxable amount equal to the employee’s net take home pay or €410, whichever is the lesser.
• If an employer is not making any payment to the employee, they should include a pay amount of €0.01 in Gross Pay.
• If an employer is making additional wage payments to affected employees, they should include this amount in the Gross Pay.
• Income tax, USC, LPT, if applicable, and PRSI are not deducted from the Temporary Wage Subsidy.

In many cases the payment of the Temporary Wage Subsidy and any additional income paid by the employer will result in the refund of Income Tax or USC already paid by the employee. Any Income Tax and USC refunds that arise as a result of the application of tax credits and rate bands can be repaid by the employer and Revenue will also refund this amount to the employer.

Employers must not operate this scheme for any employee who is making a claim for duplicate support e.g. Pandemic Unemployment Payment) from the DEASP.

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