

A Comparison of UK Covid-19 Job Retention Scheme & the Irish Temporary Wage Subsidy Scheme

20 April 2020

	Coronavirus Job Retention Scheme	Temporary Wage Subsidy Scheme
Which employers are covered?	<p>All employers who operate a PAYE scheme registered on HMRC's real time information system on 19 March 2020 whose activities are significantly adversely affected as a result of Covid-19.</p> <p>Includes public sector employers. However, where they receive public funding for staff costs which is continuing, they are expected to use that money to continue to pay staff. Also organisations who receive public funding specifically to provide services to respond to COVID-19 are not expected to furlough staff.</p>	<p>Employers who use the Revenue Online System (ROS) and:</p> <ul style="list-style-type: none"> - Self-declare to Revenue that they have experienced significant negative economic disruption due to Covid-19 - Can demonstrate a minimum of 25% decline in turnover between 14 March - 30 June 2020 - are unable to pay normal wages and outgoings fully; and - Retain employees on the payroll <p>Excludes public service and non-commercial semi-state sector.</p>
Which employees are covered?	<p>All employees/workers paid via an employer's PAYE payroll on or before 19 March 2020 (previously 28 Feb) who are "furloughed" i.e:</p> <ul style="list-style-type: none"> (a) Instructed (and have agreed in writing) to cease all work for the employer or any person connected with employer (b) For 21 days or more (c) By reason of coronavirus <p>Includes full time, part time and temporary workers, agency workers, limb (b) workers and LLP members provided they are paid via PAYE Applies company directors, who may continue to carry out their statutory duties. Doesn't apply to those on reduced hours/pay. Does not apply to self employed Does not apply to those in receipt of Statutory Sick pay but may apply after SSP has ended.</p>	<p>All employees on employers PAYE payroll on or before 29 February 2020 in respect of whom a payroll submission has been made in period from 1 February – 15 March 2020.</p> <p>Includes full time, part time and temporary workers, provided they have paid through the PAYE system as outlined above. Applies to Company directors with no limitation to carrying out statutory duties only. Can apply to those working reduced hours / pay. Does not apply to self employed Does not apply to those in receipt of duplicate support such as DEASP Covid support but may apply after it has ended.</p>



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Can the scheme be backdated?	Yes, applications for refunds under the scheme can be backdated to 1 March 2020.	TWSS only applies for payroll submissions on or after 26 March 2020, which is expected to cover payroll from w/c 23 March. Submissions made before this may be covered under Employer Refund Scheme.
How long does the scheme last?	Initially until 31 May 2020 but has been extended until 30 June 2020.	Expected to last for 12 weeks from 26 March 2020 (i.e. until 18 June 2020)
How much will the scheme pay?	<p>Employers will be eligible for refund of up to 80% of an employee's regular pay up to £2,500.</p> <p>In addition, Employer's national insurance contributions and pension auto enrolment costs associated with payments made under the scheme (i.e. up to the 80% / £2,500 cap) are recoverable under the scheme.</p> <p>There are no tiered payments.</p> <p>There is no upper average pay limit but the subsidy is subject to £2,500 gross cap (plus associated NIC and pension auto enrolment costs).</p>	<p>The Scheme is implemented in 2 phases as follows:</p> <p><u>Phase 1</u> (from 26 March 2020) Employers will receive a maximum subsidy of €410 per employee (regardless of any top up paid to employee). Employees are entitled to receive 70% of their average net weekly pay up to:</p> <ul style="list-style-type: none">- €410 per week where they earn €586 or less net per week.- €350 per week where they earn between €587 - €960 net per week <p>Employer must hold any excess received to repay to the Revenue</p> <p><u>Phase 2</u> (from 4 May 2020) Employers will receive a refund from Revenue based on employees' average net weekly pay subject to maximum weekly tax fee amounts as follows:</p> <ul style="list-style-type: none">- Average pay €0 - €412 = 85% of net weekly pay capped at €350- Average pay €412 - €500 = 70% of net weekly pay capped at €350- Average pay €500 - €586 = 70% of net weekly pay capped at €410- Average pay €586 - €960 = a tiered arrangement applies taking into account normal pay and level of reduction for employee as follows:<ul style="list-style-type: none">• Up to 60% = €350• Between 60 = 80 % - €205• Over 80% = No subsidy- Average pay over €960 = no subsidy unless gross post-Covid-19 income falls below €960 per week when tapered arrangement apply



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How do we calculate average pay?	<p>Average monthly pay is amount paid to the employee in the 2019/20 tax year (or, if less, the period before furlough) or the amount paid in the corresponding calendar period in the previous year.</p> <p>No account is to be taken of anything which is not “regular” salary/wages. This means contractual commission, non-discretionary overtime and fees and piece rate payments are included. But performance related bonuses and discretionary payments, tips, non-monetary benefits, salary sacrifice arrangements are excluded.</p>	<p>Average net weekly pay is based on January and February payroll submissions made to Revenue by the employer by 15 March 2020.</p> <p>Bonuses, commissions and other payments will be taken into account if they were included as part of gross pay in the January and February payroll submissions made by the employer to the Revenue by 15 March.</p> <p>Benefits in kind are not included.</p>
Must employers top up the pay?	<p>Employers can top up the payments to employees but are not obliged to do so.</p>	<p>The Guidance says employers are “expected” to make best efforts to maintain as close to 100% of normal income as possible. However, failure to do so does not result in ineligibility for the scheme.</p>
Is tax deducted?	<p>Employee PAYE tax and national insurance payments are deductible in the normal way from monies paid to employees under the scheme (and on any top up payments made to employees).</p>	<p>Income tax, USC and LPT will not be applied to the subsidy payment. However, it will be liable to income tax and USC on review at the end of the year. This could result in sizeable tax bill for employees at that stage.</p> <p>Employee PRSI won’t apply to subsidy or any top up payment by employer. Employer’s PRSI will not apply to the subsidy and is reduced from 10.5% to 0.5% on any top up payment within the thresholds set by Revenue.</p>
Must full Subsidy be paid?	<p>Yes, the subsidy amount must be paid to the employee in full.</p>	<p>Yes, the subsidy amount must be paid to the employee in full.</p>
Will details of users be published?	<p>This is not anticipated in the UK.</p>	<p>Details of employers who have participated in the scheme are to be published by the Revenue.</p>

This article does not constitute legal advice and specific advice should be sought in particular cases.