

Update on Coronavirus

Changes to the Temporary Wage Subsidy Scheme

The Minister for Finance & Public Expenditure and Reform announced changes to the Temporary Wage Subsidy Scheme yesterday. The Temporary Wage Subsidy Scheme (TWSS) is in place to provide payment of income supports to Employers in respect of eligible Employees where the Employer's business activities have experienced significant negative disruption due to the COVID-19 (Coronavirus) pandemic, thus assisting with staff retention and preserving the employment relationship.

The effective date of these changes will apply for payroll with a pay date on or after the May 4, 2020 and received by the Revenue Commissioners on or after that date (no backdating of increased subsidy will apply). The information as provided below is per the announcement made by the Minister for Finance as published) and it is expected that Revenue will offer further guidance on this information in the near future.

Under Section 28 of the Emergency Measures in the Public Interest (Covid-19) Act 2020 there is provision for the Minister for Finance to determine the amount of the temporary wage subsidy. In light of this there are *5 changes in total* that were announced to the Scheme and these can be broken down under **two categories**, namely;

- (1) Those Employees whose net pay is less than €586 per week (€38,000 gross pa), and
- (2) Those Employees whose net pay is more than €586 per week (in excess of €38,000 pa)

1. Employees with net pay less than €586 per week (€38,000)

1.1 For those Employees with previous average net pay less than €412 per week (equivalent to almost €24,400) the subsidy will be increased from 70% to 85% of their previous net weekly pay.

1.2 For those Employees with previous average net pay between €412 and €500 per week (equivalent to €24,400-€31,000), the subsidy will be up to €350 per week.

1.3 In addition, where an Employer wishes to pay a greater level of top-up – beyond the outstanding 15% of previous pay- (in respect of Employees with net pay less than €412 per week) in order to bring the Employee’s pay to €350 per week then tapering would not be applied to the subsidy.

There are no changes in respect of those whose previous average net pay was between €500 and €586 per week (equivalent to €31,000-€38,000), who will continue to receive a subsidy of up to 70% of previous net income, up to a maximum of €410 per week.

These changes mean that more Employees will now receive a subsidy of €350 per week, and those with previous net pay below €412 per week will now receive a greater level of subsidy.

2. Employees with net pay in excess of €586 per week (€38,000)

2.1 For employees with previous net pay in excess of €586 per week (equivalent to €38,000), a tiered approach will apply. The maximum subsidy payable for these remains €350 per week. The tiered approach takes into account both the amount paid by the Employer and the level of reduction in pay borne by that Employee as follows:

Gross Amount paid by Employer	Subsidy
Up to 60% of employee’s previous average net weekly pay	Up to €350 per week
Between 60% and 80% of employee’s previous average net weekly pay	Up to €205 per week
Over 80% of employee’s previous average net weekly pay	No subsidy payable

Tapering of the subsidy will apply to all cases where the gross pay paid by the employer and the subsidy exceed the previous average net weekly pay. This is calculated by subtracting the amount paid by the employer from the previous average net weekly pay. This is to ensure that no employee would be better off under the scheme.

2.2 The wage subsidy is now available to support Employees where the average net pre-Covid salary was greater than €76,000, and their gross post-Covid salary has fallen below €76,000. The tiered arrangement

applicable to gross incomes in excess of €38,000 will apply in such circumstances.

Therefore, if an Employee was earning over €76,000 gross and has now been reduced to below €960 net pay a week, and their reduction is more than 20% then a subsidy of up to €205 would be payable and if the reduction was more than 40% a subsidy of up to €350 would be payable. To calculate the level of subsidy payable, current gross pay will be compared with previous average net weekly pay for January/February. This subsidy will be tapered so as to ensure that the total net income (Employer contribution + wage subsidy) does not exceed €960 net per week.

Effective date

The effective date of these changes will apply for payroll with a pay date on or after the May 4, 2020 and received by the Revenue Commissioners on or after that date (no backdating of increased subsidy will apply).

Revenue are currently making the necessary changes to their systems to implement these changes and move to phase 2 of the scheme. This phase will see a personal subsidy amount paid in respect of each Employee and recoupment of any amounts overpaid to Employers during the introductory interim phase.

In Phase 2, from 4 May 2020, the operation of the scheme will ensure that the Subsidy paid to Employers will be based on each individual Employee's Average Net Weekly Pay, subject to the maximum weekly tax-free amounts. Further information on how these arrangements will work will issue shortly.

Disclaimer - The information in this section is provided to assist Employers on the implementation of the government schemes and must be read in the context of information provided by the Minister for Finance and should not be interpreted as a legal definition of any of the information provided. The information is changing constantly, and any information provided is correct of April 16, 2020 and is per information on the Minister for Finance TD website as of that date. Further clarifications on these changes are expected from Revenue in the future.

**For further information or advice, please contact the experienced HR team in
Adare Human Resource Management on 01 561 3594
or ipihrhelphdesk@adarehrm.ie**