

A worked example

Temporary COVID-19 Wage Subsidy Scheme

26th March 2020



✓ An employee with normal monthly net take home pay of approx **€1,800** – at that level, the wage subsidy scheme would refund the employer approx **€1,300**.

✓ Employer pays the employee at their normal wage level i.e. (approx €1,800 net) and claim the subsidy of €1,300 from the revenue (meaning the net cost to employer is approx **€500 + 0.5% employer PRSI on the top up payment. Income tax & USC will apply to the top up payment.**)

✓ if things get really tight, & the employer pays the employee at the level of the subsidy so that the employee would receive €1,300 into their hand, the employer would get a refund from the revenue for that amount (meaning nil cost to the employer).

Figures used are approximate and for illustrative purposes only. Will vary depending on specific circumstances of each employee.

How the scheme applies to different wage levels

Temporary COVID-19 Wage Subsidy Scheme

- ✓ For an employee whose **net after tax weekly pay does not exceed €586**, the wage subsidy payment is the equivalent of 70% of the employee's net after tax weekly pay i.e. up to a maximum of €410. A net after tax weekly pay of €586 equates to a gross annual salary of less than €38,000 for a single person. The gross annual salary depends on the tax credits and the appropriate standard rate cut off.
- ✓ For an employee whose **net after tax weekly pay is in excess of €586** but not more than €960, the wage subsidy payment is understood (an amount was not stated in the Bill) to be capped at €350. A net after tax weekly pay of €960 equates to a gross annual salary of less than €76,000 for a single person. The gross annual salary depends on the tax credits and the appropriate standard rate cut off.
- ✓ There is no wage subsidy payment for any employee whose net after tax weekly pay is in excess of €960 (i.e. in excess of gross €76,000, depending on tax credits and the appropriate standard rate cut off).

Get in Touch

We provide an outsourced payroll office service, and can operate the Covid-19 subsidy scheme for you.



ONLINE

<https://www.sckgroup.ie/payroll-services>

EMAIL ADDRESS

info@sckgroup.ie

PHONE NUMBER

(01) 291 0800