

Summary Note and FAQs

National Covid-19 Income Support Scheme

The Government has today announced a National Covid-19 Income Support Scheme.

This will provide financial support to Irish workers and companies affected by the crisis.

In summary:

- a temporary wage subsidy of 70% of take home pay up to a maximum weekly tax free amount of €410 per week to help affected companies keep paying their employees. This is the equivalent of €500 per week before tax.
- workers who have lost their jobs due to the crisis will receive an enhanced emergency Covid-19 Pandemic Unemployment Payment of €350 per week (an increase from €203)
- the Covid-19 illness payment will also be increased to €350 per week
- the Self-Employed will be eligible for the Covid-19 Pandemic Unemployment Payment of €350 directly from the Department of Employment Affairs and Social Protection (rather than the Revenue scheme)
- enhanced protections for people facing difficulties with their mortgages, rent or utility bills
- it follows from a range of supports already in place to help business through the crisis

The Government is taking these extraordinary measures to help ordinary Irish citizens and families during this period of great economic and social stress.

These measures will be costly – with an initial estimated cost of €3.7billion over a twelve week period.

The Government believes these costs are necessary to ensure social solidarity with workers and their families affected by the crisis.

How will the Income Support work?

An eligible employer will be supported up to 70% of an employee's take home income up to a maximum weekly tax free payment of €410 (i.e. 70% of take home weekly income of €38,000 per annum).

The scheme will provide support on incomes up to €76,000 or twice average earnings. It will be capped at net €350 for incomes between €38,000 and €76,000.

The employer is expected to make best efforts to maintain as close to 100% of normal income as possible for the subsidised period.

Revenue will provide further guidance on operation of the scheme.

There will be severe penalties for any abuse of the scheme.

Who will be eligible?

Employers must self-declare to Revenue that they have experienced significant negative economic disruption due to Covid-19, with a minimum of 25% decline in turnover, and an inability to pay normal wages and other outgoings, in accordance with guidance to be issued by Revenue.

This scheme is open to impacted employers in all sectors. This recognises the impact that Covid-19 is having across all parts of the economy.

The employee must have been on the payroll in February 2020.

What about the Self-employed?

Self-employed who qualify will be paid the Covid-19 Pandemic Unemployment Payment of €350 rather than through the Revenue scheme. They will be eligible on a similar basis as the Revenue scheme for employees.

When will it be available?

Revenue and D\EASP will provide details to employers today on how to apply.

Who will get the enhanced emergency Covid-19 Pandemic Unemployment Payment?

People who have already been approved for the Covid-19 pandemic Unemployment Payment will now get an increased payment of €350 per week (instead of €203).

Anyone else who loses their job due to the Covid-19 crisis can apply to the Department for payment at the new rate.

The Covid-19 illness payment will also be increased to €350 per week.

Further details are available from the Department of Employment Affairs and Social Protection at

How long will this new Income Support Scheme last?

The new Scheme will be in place for twelve weeks.

How much will this new Scheme cost?

It is estimated that these new measures will cost approximately €3.7 billion over the twelve week period.

Can the Exchequer afford this new Scheme?

The full economic impact of the Covid-19 crisis is subject to considerable uncertainty but will clearly have a very significant negative impact on the Exchequer.

However, these measures are necessary to provide support to workers, their families, and companies at a time of great economic and social stress.

The State will be able to fund these measures, but it will generate additional debt which will need to be paid off in the future.

Ireland is well placed to increase its borrowing activity in the coming years. This additional borrowing will take place against a backdrop of a strong improvement in Ireland's debt position in recent years, which has been reflected in a solid trend of lower borrowing costs, strong demand for Irish sovereign debt among international investors over a protracted period and ratings upgrades by each of the major credit rating agencies.

Our strategy in recent years of prefunding liabilities means we have already built up strong cash balances. At the end of February, we had €26 billion in cash effectively funding this year's €19 billion of redemptions.

What is being done to help people having difficulty paying their rent due to the crisis?

The Government is introducing legislation to prevent both the termination of residential tenancies and any rent increases for the duration of the Covid-19 crisis.

The banks have also said they will support buy-to-let bank customers with tenants affected by COVID 19 with an opportunity to seek a payment break of up to 3 months – so they can in turn offer forbearance to their tenants.

Rent Supplement is also available as a short-term income support to those in the private rented sector who are experiencing difficulty paying their rent. In view of the difficulties created for many in the private rented sector who have lost significant employment income, the Department of Employment Affairs and Social Protection will use the full flexibility of the scheme to provide the necessary support.

What is being done to help people having difficulty paying their mortgage due to the crisis?

A series of measures to support people impacted by Covid-19 have been announced by the banking sector. These include:

- flexible arrangements, including a payment break for mortgages and other loans. Customers affected by COVID-19 must contact their bank to discuss the flexibility available to them, including the possibility of a payment break of up to 3 months. Non-bank mortgage lenders and credit servicing firms have also announced their support for this measure.
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- support for buy-to-let bank customers with tenants affected by COVID 19 – customers with rental property in which the tenants are adversely impacted by COVID-19 will also be provided with flexibility including with an opportunity to seek a payment break of up to 3 months, which will allow them to exercise due levels of forbearance to their tenants
- in addition applications for payment breaks as a result of COVID-19 will not affect credit records.

What is being done to help people having difficulty paying their utility bills due to the crisis?

The Commission for Regulation of Utilities (CRU) has issued a moratorium on disconnections of domestic customers for non-payment to the gas and electricity suppliers.

The suppliers have arrangements in place for any domestic/residential customers in arrears which are overseen by CRU and have a number of emergency provisions to assist Pay As You Go customers.

What else is being done to help businesses survive during this crisis?

In addition to the Scheme being announced today, the Government has already announced a range of measures including:

- (i) **financial supports**, including a €200m Strategic Banking Corporation of Ireland Working Capital scheme; a €200m Rescue and Restructuring Scheme available through Enterprise Ireland for vulnerable but viable firms; the maximum loan available from Microfinance Ireland has been increased from €25,000 to €50,000 (these loans are now interest free with no repayments for 6 months); Local Enterprise Offices in every county will be providing vouchers from €2,500 up to €10,000; a Finance in Focus grant of €7,200 will be available to Enterprise Ireland and Údarás na Gaeltachta clients
- (ii) **other supports** including a First Responder support service through the Intreo Offices and development agencies, Enterprise Ireland and IDA Ireland in each region to provide tailored supports for affected businesses; the Department of Employment Affairs and Social Protection Short Term Work Support Scheme#
- (iii) **deferral of Business Rates:** the Government has agreed with local authorities that they should defer rates payments due from the most immediately affected businesses, primarily in the retail, hospitality, leisure and childcare sectors, until the end of May.
- (iv) **taxation Measures to alleviate short-term difficulties:** Revenue has also posted specific advice for businesses experiencing trading difficulties as a result of COVID-19 including information on tax returns, the application of late payment interest, debt enforcement, tax clearance and customs. These are the highlights:
 - Interest on late payments is suspended for January/February VAT and both February and March PAYE (Employers) liabilities.
 - All debt enforcement activity is suspended until further notice.
 - Current tax clearance status will remain in place for all businesses over the coming months.
 - The Relevant Contract Tax (RCT) rate review scheduled to take place this month (March) is suspended.
 - Critical pharmaceutical products and medicines will be given a Customs 'green routing' to facilitate uninterrupted importation and supply.

(v) **Banking and Credit Measures**

All the banks have announced that they will offer flexibility to their customers, and they may be able to provide payment holidays or emergency working capital facilities.

The main non-bank lenders also confirmed their intention to also support the range of measures announced by the country's main retail banks which is to be welcomed.

A deferral of up to 3-months on loan repayments will be available to many businesses. In addition, the banks are adopting a customer-focussed approach to these businesses with a wide variety of tailored supports including extensions of credit lines, risk guarantees, and trade finance. These supports complement the range of Government supports available through the Strategic Banking Corporation of Ireland.

The Central bank has confirmed that it will allow banks to dip into their rainy-day capital reserves to keep lending flowing. It is anticipated that this move could free up considerable additional credit for households and businesses.

A small but important change for many businesses is the limit for contactless credit card payments has been raised from €30 to €50.