



An Bille Leasa Shóisialaigh (Covid-19) (Leasú), 2020
Social Welfare (Covid-19) (Amendment) Bill 2020

Meabhrán Mínitheach
Explanatory Memorandum



**AN BILLE LEASA SHÓISIALAIGH (COVID-19) (LEASÚ), 2020
SOCIAL WELFARE (COVID-19) (AMENDMENT) BILL 2020**

EXPLANATORY MEMORANDUM

Introduction

Main Provisions

This Bill puts the Covid-19-Pandemic Unemployment Payment (PUP) on a formal statutory footing. It allows for the attribution, for a prescribed period, of paid social insurance contributions to employees who have been directly affected by the Covid-19 pandemic.

Section 202 of the Social Welfare Consolidation Act 2005 allows the Minister to provide for urgent needs payments by way of Supplementary Welfare Allowance, including the amount of any such payment and the conditions under which it is paid. This provision enabled the introduction of the emergency payment known as the Pandemic Unemployment Payment in response to the extreme increase in unemployment in March 2020. People in receipt of Supplementary Welfare Allowance do not, in the normal course, qualify for the allocation of either paid or credited social insurance contributions. In order to establish clear grounds for the attribution of paid social insurance contributions, it is necessary that the Pandemic Unemployment Payment is established as an identifiable payment on a statutory footing.

The Bill provides, in the exceptional circumstances of Covid-19, that persons, for the period of time in which they are in receipt of a PUP payment, and all employees laid off during the pandemic (i.e. since 13th March 2020), whether they are in receipt of the Covid-PUP, Jobseeker's payments or employees benefiting from the Temporary Wage Subsidy Scheme (introduced by section 28 of the Emergency Measures in the Public Interest (Covid-19) Act 2020) will be entitled, for a prescribed period, to paid social insurance contributions at the PRSI Class they were previously paying (e.g. Class A if employees). In that regard, it protects those persons' entitlement to future payments - both long-term payments (such as pensions) and shorter term payments such as Illness, Maternity and Paternity Benefits which require a contribution record up to the date at which benefit is claimed.

The Bill contains 13 sections in 2 Parts.

Part 1

Short title and construction

Section 1 provides for the short title of the Bill, its construction and citation.

Operation of section 8

Section 2 provides that the 13th March 2020 will be the operative initial date for the attribution of PRSI contributions.

Definition

Section 3 is a drafting device whereby “Principal Act” is used in the Bill as a short-hand version for the Social Welfare Consolidation Act 2005.

Part 2

Amendment of section 2 of Principal Act

Section 4 provides for the insertion of new definitions into the Social Welfare Consolidation Act 2005 connected with the purpose of this Bill.

Amendment of section 4 of Principal Act

Section 5 is a technical amendment to the Principal Act, identifying those regulatory powers which require the formal consent of the Minister for Public Expenditure and Reform. Regulations made under this Bill, when enacted, will require the consent of the Minister for Public Expenditure and Reform.

Amendment of section 7 of Principal Act

Section 6 provides that some of the expenditure incurred to date on Pandemic Unemployment Payments (PUP) – which has been paid as SWA Urgent Needs Payments – may be charged to the Social Insurance Fund.

Amendment of section 21 of Principal Act

Section 7 confirms that the Covid-19 Pandemic Unemployment Payment is an unemployment benefit (i.e. based on PRSI) available to self-employed contributors.

Attribution of contributions in respect of certain payments made to address the effects of Covid-19

Section 8 inserts a new Chapter 6A into the Social Welfare Consolidation Act 2005 to provide for the attribution of paid social insurance contributions. It defines the cohorts to whom contributions may be attributed as those in receipt of the pandemic unemployment payment, Jobseekers Benefit, Jobseeker’s Allowance as well as those on the Temporary Wage Subsidy Scheme (TWSS) or the Employer Refund Scheme who have lost their employment since 13th March 2020 as a result of the public health crisis arising from Covid-19.

This section also formally provides that those availing of the TWSS as well as the Employer Refund Scheme – employers and employees – are exempted from the requirement to make employment contributions which apply to all employed contributors and their employers. It also formalises the arrangements whereby employers availing of TWSS are required to pay a notional 0.5% rate of PRSI in respect of any top-up payments to the employee. The amount of the subsidy paid to the employee is exempted from PRSI.

It clarifies that PRSI contributions will be attributed rather than paid by the employee. It also clarifies that the contribution will be attributed at the same rate previously paid, e.g., Class A if the person is an employee.

This section also supplements the existing provisions of the Social Welfare Acts in relation to exchange of information between the Department of Employment Affairs and Social Protection and the Revenue Commissioners to ensure that employees benefitting from TWSS can be identified and have paid contributions attributed to them.

Amendment of section 39 of Principal Act

Section 9 is a technical amendment which formally identifies the new Covid-19 PUP as a social insurance benefit within the social welfare code.

Amendment of section 40 of Principal Act

Section 10 is a technical amendment to reflect the fact that Section 2 of the Social Welfare Consolidation Act 2005 will formally include a definition of “Covid-19” and it avoids repetition of that definition elsewhere in the Act.

Covid-19 pandemic unemployment payment

Section 11 inserts a new chapter 12B into the Social Welfare Consolidation Act 2005 setting out the operation of the formalised Covid-19 PUP scheme. The new section 68L confirms the general conditions of eligibility for Covid-19 PUP while the new section 68M confirms the PRSI contribution conditions.

The new section 68N provides for the duration of the payment to be set by Regulation made by the Minister. The Minister, with the consent of the Minister for Public Expenditure and Reform, can specify a date after which applications for Covid-PUP will not be accepted as well as a date on which payments will cease to be made.

The new Section 68O confirms that the weekly rates of Covid-19 pandemic unemployment payment will be those set out in Part 6 of Schedule 2 to the Social Welfare Consolidation Act 2005. The section also provides that the Minister may alter these rates of payment by Regulation with the consent of the Minister for Public Expenditure and Reform.

The new section 68P provides for the Minister to make Regulations to give effect to the provisions of the newly inserted Chapter 12B. Such Regulations require the consent of the Minister for Public Expenditure and Reform. The new section also specifies the factors to be considered in the making of any such Regulations.

Amendment of section 241 of Principal Act

Section 12 is a technical amendment to allow for Regulations on late claims to be introduced

Amendment of Schedule 2 to Principal Act

Section 13 amends Schedule 2 to the Social Welfare Consolidation Act 2005 by introducing a new Part 6 to that schedule, specifying the rates of Covid-19 PUP.

*An Roinn Gnóthaí Fostaíochta agus Coimirce Sóisialaí,
Iúil, 2020.*