

Information to Employers about the 'COVID Wage Supplement' benefit.

1. COVID Wage supplement: Is it Tax Exempt or non-Tax-Exempt?

The "COVID Wage supplement" of € 800 or less, is the government's contribution to the employer to support the wages of the enterprise employees for the employer to retain the employees in employment.

The employer will be responsible to pay the employee any top-up over and above the COVID Wage Supplement, instead of paying the full wage, since the company will be passing through a period of loss of business.

The employee will receive the full or reduce wage, depending on the amount of the top-up which the employer will pay the employee.

The tax computation on the income which employees earn, coming from which ever source, will continue to be computed as is presently being computed. Thus, there is absolutely no need of any changes to be made to present payroll system being used.

The Wage Supplement payments made by government and forwarded to employers, will not be considered as income / grant given to the company or to the individual employee.

2. Social Security Contributions (SSC)

Government will be forwarding to the company, a Wage Supplement of €800 for each employee retained in employment with the company. The employee's SSC on the Wage Supplement, will be paid by government and thus the employer is to pay the full Wage Supplement contribution received to the employee.

This means that there will no be any changes to the payroll system which is presently being used by employers.

On the pay slip which is given to the employee, the gross income paid by the employer is to be included – thus there should be included the gross Wage Supplement paid by government (€880 to include the SSC paid by government on behalf of the employee) plus any additional wage paid by the

employer, which wage should include also any additional SSC due on this additional wage.

The employer is obliged to calculate the SSC due (including both the employee and the employer's share) together with any tax due on the income received from the employment which the employee is obliged to pay to the Office of the Commissioner for Revenue (CfR). The SSC and taxes due to the Office of the Commissioner for Revenue, less the SSC pre-paid by government, is to be paid by the employer to the CfR.

The Employer will know (1) how many of his employees benefitted from this Wage Supplement; (2) the total SSC pre-paid by government to CfR on behalf of the employees; (3) the amount of SSC and tax dues to be paid by the employer to the CfR.

Employers can attach the above-mentioned calculations, in a form which can be downloaded online from the CfR website. The CFR system will have (1) the amount retained per PE number, and (2) will self-check with what the employer is reporting in the Wage supplement declaration.

All what the employer is requested to input in this form, is (1) the number of employees benefitting from this scheme, and (2) the total amount of SSC prepaid by government.

3. FS3 Layout

The employer is to report the gross emoluments paid by the employer to his employee including the Social Security Contributions paid by government on behalf of the employee. As regards to the details, as explained here above, these will be reported on a separate form which is going to form part of the FS3. One can download this form online from the website of The Office of the Commissioner for Revenue.