



BUDGET 2022 – HR Implications

In this short summary, we outline the main HR implications following the release of Budget 2022.

The Budget announcement from Government on Tuesday 12 October, marks a return to a more normal budget by reducing the deficit as the country steps out of the Covid crisis, increasing investment in key areas in line with the National Development Plan and dealing with the day-to-day challenges facing the country within a tight overall envelope.

Income Tax

There were a number of changes to income tax credits and bands as follows:

- Each of the personal tax credits, employee tax credits and income tax credits will be increased by €50.
- To ensure that the salary of a full-time worker on the minimum wage will remain outside the top rates of USC, the ceiling of the second USC rate band will be increased from €20,687 to €21,295
- An increase of €1,500 in the income tax standard rate band for all earners from €35,300 to €36,800.

Employer's PRSI

From 1 January 2022 the weekly income threshold for the higher rate of employer's PRSI will increase from €398 to €410. This follows a recommendation of the Low Pay Commission to ensure that the increase in the hourly minimum wage does not lead to work disincentives for workers, in particular, those seeking to work full-time.

Minimum Wage

Minimum Wage rises by 30 cent per hour from €10.20 to €10.50 with effect from 1 January 2022.

This increase will also mean that those working under certain conditions, under the age of 18, 19 and 20, will receive a corresponding increase in their pay, as they are entitled to a percentage of the full minimum wage rate.

National Minimum Wage – rates with effect from 1 January 2022

	Minimum hourly Rate of Pay €	% of National Minimum Wage
National Minimum Wage (Aged 20 and over)	€10.50	100%
Aged 19	€ 9.45	90%
Aged 18	€ 8.40	80%
Aged under 18	€7.35	70%

Remote Working

Income tax deduction amounting to 30% of vouched expenses for heat, electricity and broadband incurred while working from home.

Extension of the Employment Wage Subsidy Scheme (EWSS) until 30 April 2022

Employment Wage Subsidy Scheme will remain in place, in a graduated format, until 30 April 2022. The scheme will close to new employers from 1 January 2022.

The following are the broad parameters of this extension:

- no change to EWSS for the months of October and November,
- businesses availing of the EWSS on the 31st of December 2021 will continue to be supported until the 30th of April 2022
- across December, January and February, the original two-rate structure of €151.50 and €203 will apply
- for March and April 2022, a flat rate subsidy of €100 will be put in place
- In addition, the reduced rate of Employers' PRSI will no longer apply for these two months.

Pandemic Unemployment Payment (PUP)

The Minister for Social Protection stated on 11 October in advance of the Budget announcement that in line with the government's Economic Recovery Plan, the PUP is gradually changing over a 6- month period from September 2021 until February 2022 to align it with the standard jobseeker's payments.

The process of moving from the lower €203 rate of PUP to a jobseeker's payment was due to begin in early September. This was deferred until after all sectors had started to reopen in line with the Roadmap announced on 31 August and all affected customers will continue to receive their PUP payment until 26 October when the process of their transition to a Jobseeker's payment will begin.

Employment Investment Incentive scheme extended and reformed

The Employment Incentive Scheme (EII) has been expanded and extended to the end of 2024. EII is a tax relief which aims to encourage individuals to provide equity-based finance to trading companies. The aim is to make the scheme more attractive to investors to the ultimate benefit of companies in their start-up years and to the economy through job creation.

Parent's Leave and Benefit

From July 2022, Parent's Leave and Parent's Benefit will be extended from 5 weeks to 7 weeks for each parent to be taken during the first 2 years of the child's life. In the case of adoption, the leave must be taken within 2 years of the placement of the child with the family. The weekly rate of parent's benefit is due to increase from €245 to €250 from January 2022.

Maximum rate of all weekly social welfare standard payments to increase by €5

The maximum rate of all **weekly social welfare payments** will increase by €5 with proportional increases for qualified adults and people on reduced rates of payment (January 2022). This includes the maximum weekly rate of all State pensions. There will be proportional increases for people getting a reduced rate.

€5 increase in the maximum weekly rate of Jobseeker's Benefit and Jobseeker's Allowance from January and proportionate increases for people receiving a reduced rate. Jobseeker's Benefit rates are graduated according to the individual's earnings in the relevant tax year. The maximum weekly personal rate of Jobseeker's allowance will increase from €203 to €208.

€5 increase from €245 to €250 Maternity/Paternity/Adoptive/Parent's Benefit and one parent family benefit from January 2022.

The maximum rate of Illness Benefit will also increase by €5 from €203 to €208 from January 2022 with proportional increases for qualified adults and people on reduced payments.

Working family payment

€10 increase in the weekly income threshold for Working Family Payment regardless of family size

Carer's allowance

Changes to the income thresholds for Carer's Allowance will mean a single person earning €350 per week and a couple earning €750 per week will still qualify

Earnings limited on disability allowance up to €375 from €350

From January 2022, the earnings limit on Disability Allowance will increase by €25 from €350 to €375 and the weekly means disregard will increase from €2.50 to €7.60 in June 2022.

Wage subsidy scheme for disabled will rise by €1

Wage subsidy paid to employers who employ people with a disability increases from €5.30 to €6.30 per hour from January 2022.

Motor fuel and motor tax

- Revision to VRT table, with uplift in rates of between 1-4 per cent depending on what band a vehicle is in. The changes include:
 - 1% increase for vehicles between bands 9-12
 - 2% increase for vehicles between bands 13-15
 - 4% increase for vehicles between bands 16-20
- A litre of diesel will rise by 2.5 cent or €1.48 for the average full tank. Petrol goes up 2.1 cent or €1.28 on a full tank
- An extension of the €5,000 vehicle registration tax relief for battery electric vehicles to the end of 2023

Apprenticeships

- A new Employer Apprenticeship Grant
- Off -the-job training places for 7,000 craft apprentices impacted by COVID-19

Other measures related to Covid

VAT

The reduced VAT rate of 9% for the hospitality sector will remain in place until August 2022.

Commercial Rates

Extension of temporary waiver of commercial rates waiver for Q4 2021 that is targeted at the hospitality, arts, and certain tourism related sectors

Covid Credit Guarantee Scheme

Extra funding of €15 million will be provided for the Covid Credit Guarantee Scheme, providing low-cost loans for businesses negatively affected by COVID-19

Measures related to Travel & Tourism and Arts & Culture include:

- New Youth Travel Card will offer a 50% discount to those aged between 19 and 23 across the transport network
- €40 million to market Ireland overseas as a tourist destination
- €25 million for live entertainment supports
- Pilot basic income guarantee scheme for artists
- €90 million for an aviation package to help Ireland rebuild connectivity

Information on the full range of measures contained in the Budget 2022 is available [here](#). Ibec's Budget Day Analysis is available [here](#).

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