



Covid-19 Workforce Restructuring

The Return to Work Safety Protocol - COVID-19 Specific National Protocol for Employers and Workers (the "Protocol") sets a high bar for employers who have, or are preparing to, re-open their workplaces in phases over the coming weeks and months.

How businesses emerge from the Covid 19 crisis will vary from sector to sector, and from business to business, but what is very clear is that the structure of the workforce and place of work will change fundamentally for most businesses.

In this article we look at some of the HR and Tax issues to consider as businesses look at remodelling the workforce. In addition, please see links to our recent articles in respect of the [Temporary Wage Subsidy Scheme](#) (TWSS) and [Employment Wage Subsidy Scheme](#) (EWSS) which may also be of interest.

Working from Home:

Until a vaccine is developed, social distancing measures will mean a significant portion of the workforce will continue to work from home where possible. Even when it is possible to resume 100% capacity in the office many business may find that it suits, either them, in terms of physical constraints, or employees, in terms of productivity and commuting, to continue working from home.

COVID-19 is an opportunity in disguise for many businesses. The “digital dream” was accelerated for a lot of businesses when the Government’s Restrictions and Lockdowns were introduced and a lot of companies had to act and think fast, and become more agile, in order to survive. Intentionally or unintentionally, the introduction of the virtual workplace has now become “The New Norm” with employers becoming more accommodating of the Work From Home model.

As a result, employers have seen an increase in employee productivity because of better work-life balance, zero commute time and improved emotional well-being. Businesses now need to re-strategise - keeping employee well-being at the heart of their People Strategy as virtual work is here to stay.

It is important for employers to take the following into consideration:

A.B.C. - Always Be Communicating

- > **Human and social connections** are required to make teams effective so ensure that you have frequent conversations with your employees
- > **Maintain a sense of belonging** – Employees who aren’t accustomed to Working From Home may feel disconnected from the regular working environment. However, remote employee engagement initiatives will smoothen the disconnect and help build team cohesiveness
- > **Explore collaboration virtual tools** such as Zoom/ Slack/MS Teams – train people on using them and build virtual communities
- > **Consult with your employees** and take into account what works for them as well as what works for your business by ensuring that employees remain “in touch” with their colleagues, and you, their employer.
- > **Two-way communication** – ensure that this is meaningful and purposeful:
 - > Some employees are “zoomed out” with too many unnecessary virtual meetings, so make sure there is a purpose to your meetings that, they are short and that action points are distributed equally, amongst your team at the end of each meeting
 - > Most importantly, Leaders need to be visible to their teams
- > **Be open and transparent** – communicate the current position of the business and discuss with employees the challenges that it has faced and are likely to face into the foreseeable future. Ensure that employees are aware of your Business Continuity Plans and what the business Road-Map is – Employees need to know where the company is going!

Work Life Balance

- > Ensure that employees are taking their breaks/ switching-off properly after the working day is over and that they are separating work from home life. The Organisation of Working Time Act, 1997 states that even though the employee might not be physically present in the normal workplace, employers have a duty of care to their employees during hours of work regardless of location
- > Be mindful that employees may be suffering from anxiety/isolation/stress for a variety of reasons such as childcare arrangements, living with a vulnerable person and in some cases, dealing with the passing of a loved one due to COVID-19 or other reasons during these unprecedented times
- > Taking genuine steps towards Employee Health and Well-being is critical as people are balancing personal and work commitments and provide access to an Employee Health & Well-being Programme or Employee Assistance Programmes

Onboarding

Securing talent and skills that an employee brings to the table is the most sustainable way of nurturing an organisation’s most important asset—its people.

Virtual onboarding will ensure that your new employee acclimatises to the social and professional expectations of their new work environment so they can proceed comfortably and effectively in their roles.

Some methods to ensure successful remote onboarding are:

- > A repository for all new-hire paperwork and collecting electronic signatures for all required documentation
- > Digitising the employee handbook for new employees
- > Ensure access to the necessary hardware, Wi-Fi, licenced company software, any log-in details the new employee will need, computer security guidelines, as well as additional instructions for setting up their workstation
- > Communication is key
- > Assigning the new hire to a Job Coach and an Onboarding Leader
- > Daily meetings with the Onboarding Leader and regular check-ins with their Job Coach to make sure they have the resources they need to learn
- > Making your new remote employee feel like part of the team by setting up video calls with ‘organisational insiders’ (team members)
- > Scheduling role-specific group training sessions via virtual onboarding and use interactive training courses that are user-friendly, including pre-recorded demonstrations will assist in engagement and basic information retention for new employees

Pulse Survey

Conduct a pulse survey to see if your employees are engaged and what has worked well vs what needs improvement:

- > It can provide you with an insight into where people are at
- > It is anonymous so employees can share honestly what they may not ordinarily say
- > It will show employers if their communications have been effective
- > It will provide employers with what people need collectively, implement the right practices for your employees and put the resources in the right places
- > It will also provide information to employers on employee engagement now and how to improve this going forward
- > Be sure to let your employees know what you are going to do with their feedback

Remember that employee engagement and culture have a close correlation with the bottom line of your business.

HR Policies & Procedures

Update your HR Policies and Procedures to reflect work practices in the New Norm and also review your Contracts of Employment to reflect any on-going and permanent changes.

Communicate any changes to employees.

Health & Safety

Remember that all employers have a legal obligation to ensure the safety, health and welfare at work of their employees under the Safety, Health and Welfare Act (the 2005 Act) and regulations. This applies to employees working remotely also.

Remind employees of their own obligations under this Act also.

Ensure that employees working from home carry out a Self-Risk Assessment and this will involve the accurate and timely completion of a **Working from Home Checklist**.

PAYE Perspective

From an **Employer Payroll Tax (PAYE) perspective** it is important to note the following:

- > No Benefit in Kind (BIK) will arise where employers provide equipment such as laptops, printers, scanners and office furniture in order for employees to set up a working space in their homes.
- > Revenue allow an employer make a tax free payment of €3.20 per day to an employee to reimburse home office costs.
- > Alternatively the employee can claim a deduction for expenses incurred based on the formula:

*Allowable utility bills x number of days e-working/365 x 10%**

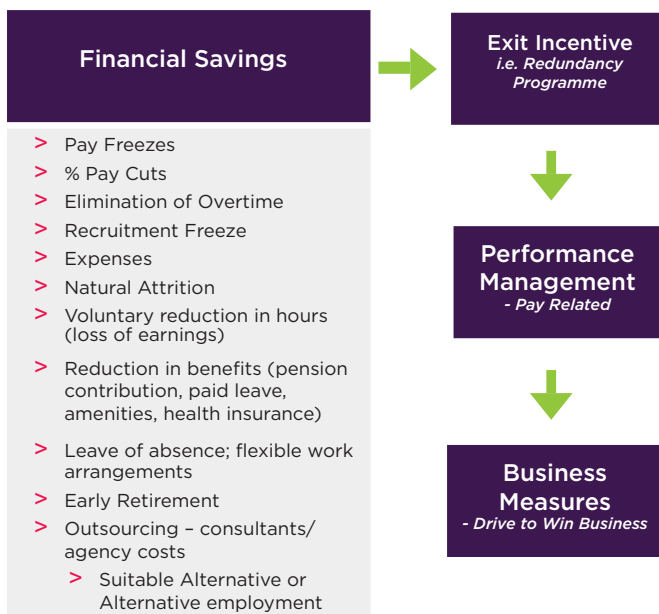
*as a rule of thumb Revenue will accept 10% of home as being attributable to home office

If the employee has to travel on occasion to the office or a client/customer premises on business the employer should note the following in terms of the ability to reimburse expenses tax free or pay subsistence/mileage:

- > Historically Revenue have been very reluctant to accept “home” as a normal place of work for expense purposes principally because there is no objective requirement to perform the duties of employment there. This practice will hopefully evolve as businesses adapt and indeed there may in future be an objective requirement to perform duties at home in terms of social distancing requirements.
- > Where it is not accepted that “home” is the normal place of work, the employer’s business premises can be used as the “normal” place of work and expenses reimbursed for a business journey based on the distance from home or the business premises, whichever is shorter.
- > It is not possible to reimburse business expenses from home to the normal place of work.

Business Reorganisations

Planning for Change Programme - Options



Tax

From a tax perspective, it may be possible for an employee to claim relief from tax in respect of any payment made to the holder of an office or employment to compensate for a reduction or a possible reduction of future remuneration arising from:

- > a reorganisation of the business of the employer;
- > change in the working procedures, working methods, duties or rates of remuneration of the office or employment; or
- > a change in the place where the duties of the office or employment are performed.

The relief cannot be claimed by a part-time director or employee or by a proprietary director or employee (i.e. a director or employee able, either directly or indirectly, to control more than 15 per cent of the ordinary share capital of a company making the payment in question).

The relief from tax given by TCA 1997, s 480 is granted by way of repayment - the employer making any such compensation payment is required to deduct income tax as normal, under PAYE from the payment. The employee can make a claim to Revenue to have his total income tax liability for the tax year reduced to the sum of:

1. the tax payable excluding the compensation payment; and
2. tax on the compensation payment computed at a special rate

The application of this special rate may not always lead to a reduction of the income tax otherwise payable.

Terminations & Redundancies

Unfortunately, some employers will be forced to make difficult choices in managing their costs post Covid 19, which for some may involve down-sizing.

In doing so employers will be keen to design a suitable severance package and adhere to their legal obligations while managing the communication of the restructuring to their employee.

Structuring ex-gratia payments in the most tax efficient manner is always a key concern.

At RBK we understand the challenges in implementing a restructuring plan and provide a range of services tailored to your needs including:

- > Consultancy services in designing an appropriate severance package
- > Consultancy services in advising and supporting employers through this process in line with employment legislation
- > Preparation of redundancy payments
- > Advising on the various obligations for both the employer and employees
- > One-on-one meeting to discuss the severance package with the affected employees

Redundancy Overview Process - Downsizing Approach

STAGE 1 Making the Decision to implement a Change Programme

- > Establish the starting point and the Validation
- > Craft a credible vision
- > Internal Briefing – Insight is critical!
- > Explore options available

STAGE 2 Planning the Change Programme

- > Form a cross-functional team
- > Identify all affected components
- > Use experts (RBK) to smooth transition
- > Provide training and coaching to managers executing change
- > Supply information on the state of the business

STAGE 3 Making the Announcement

- > Explain business rationale
- > Announce the decision
- > Notify in advance of any meetings
- > Be specific and time the announcement appropriately
- > Offer EAP/Support to employees

STAGE 4 Implementing the Change Programme

- > Tell the story and over-communicate
- > Be fair in implementing the process
- > Allow for suggestions from employees re: changes
- > Involve employees in downsizing implementation
- > Provide external outplacement services
- > Offer EAP/Support to employees
- > After-care

Tax Considerations

In many cases, maximizing the relief available to employees is relatively straight forward – the main challenge is explaining to the employee the options available and the implications for them in terms of pension planning and prior/future redundancies.

Other considerations apply where, for example, the employee has stock options/awards – again we are very familiar with the issues involved and we are experts at explaining to the employee, in layman's terms, what it means for him/her.

How can RBK help?

Within our respective teams we have vast experience in each aspect of restructuring the workforce which enables us to provide you with a range of services tailored to the specific support your company needs through this challenging time.

RBK HR Solutions have extensive experience in advising our clients and assisting them through the planning, communication and implementation phases. We facilitate the calculation of redundancy payments.

Our tax experts have substantial expertise in advising on structuring payments to employees in a tax efficient manner.

Our wealth management team have vast experience in financial planning services which can assist employees during the process as well as advising on the options available to them in relation to their pension entitlement.

As a regional firm specialising in this area our rates are very competitive.

We are, and will be seen by your employee to be independent.

How can RBK help?

If you need assistance to avail of any of the above measures or wish to discuss in confidence, please contact your usual RBK contact or:



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