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# **Guide to the Redundancy Payments Scheme**

**Department of Social Protection**  
**[www.welfare.ie](http://www.welfare.ie)**

**REDUNDANCY PAYMENTS  
ACTS 1967 TO 2007**

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**Department of Social Protection**

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This Guide and the online claim facility are available on the Department of Social Protection Website at [www.welfare.ie](http://www.welfare.ie). The website also includes an online Redundancy Calculator which will enable you to calculate your statutory redundancy entitlement.

The Guide is a general guide to the Redundancy Payments Scheme. It is not intended to be a legal interpretation of the legislation.

Information on queries relating to claims that have been submitted to the Department is available from the Redundancy Payments Section of the Department of Social Protection, Lo-Call 1890 800 699. Further information on employment rights is available from the National Employment Rights Authority, Lo-Call 1890 80 80 90.

The original 1967 Act under which the Scheme operates has been amended on a number of occasions by various other pieces of legislation and, with these amendments, is known collectively as the Redundancy Payments Acts 1967 to 2007.

Where reference is made in this Guide to the Redundancy Payments Acts 1967 to 2007, or to other legislation, the reference applies to the legislation as amended by any subsequent legislation. Copies of the 1967 Act and other legislation referred to are available from the Government Publications Sales Office, Sun Alliance House, Molesworth Street, Dublin 2.

## **THE REDUNDANCY PAYMENTS SCHEME**

The purpose of the Redundancy Payments Scheme is to ensure (i) that employers receive a rebate of 60% when they pay their employees their statutory redundancy lump sum entitlement, or (ii) employees receive their statutory redundancy lump sum entitlement if their employer(s) cannot or will not pay them.

## **WHO IS ENTITLED TO A STATUTORY REDUNDANCY PAYMENT?**

In order to qualify for a statutory redundancy payment an employee must meet the following criteria:

- Employees must have at least two years (104 weeks) continuous service
- Have been in employment, which is fully insurable for all benefits under the Social Welfare Acts
- Have been made redundant as a result of a genuine redundancy situation i.e. the person's job no longer exists and the person has not been replaced.

## **HOW IS STATUTORY REDUNDANCY CALCULATED?**

Under the Redundancy Payments Act statutory redundancy is calculated as follows:

- Two weeks payment for every year of reckonable service, plus one bonus week
- For redundancy purposes a week's wage is deemed to be the employee's normal gross weekly wage subject to a ceiling of €600 per week.
- Where reckonable service is not an exact number of years, "excess" days are credited as a portion of a year.

An on-line redundancy calculator facility is available at [www.welfare.ie](http://www.welfare.ie) to check calculations.

## **WHAT IS RECKONABLE/NON-RECKONABLE SERVICE?**

**Non-reckonable** service is confined only to the last 3 years of employment. The following absences are all deemed to be non-reckonable for statutory redundancy calculation purposes:

- An absence greater than 52 consecutive weeks by reason of an occupational accident or illness
- An absence in excess of 26 consecutive weeks by reason of an ordinary illness or injury
- An absence by reason of lay-off by the employer
- An absence by reason of strike

The following absences are deemed to be **reckonable service**:

- An absence from work while on Maternity leave, additional Maternity leave, Adoptive leave, Parental Leave, and Carer's Leave
- Any absence that is authorised by the employer e.g. career break

## **WHO IS RESPONSIBLE FOR PAYING MY REDUNDANCY?**

Your employer is responsible for paying statutory redundancy. The employer in turn is then entitled to apply to the Social Insurance Fund for a rebate of 60% of the statutory redundancy payment using the online claim facility available at [www.welfare.ie](http://www.welfare.ie) .

## **WHAT IF MY EMPLOYER CANNOT AFFORD TO PAY MY REDUNDANCY ENTITLEMENT?**

Statutory redundancy is the responsibility of the employer in the first instance. However, where an employer genuinely cannot afford to pay an employee their entitlement, the employer and employee can apply to the Social Insurance Fund for a Redundancy Lump Sum using form RP50. Proof of inability to pay must be submitted with the RP50. The following proof of inability to pay is required:

- A letter from an accountant/solicitor confirming the employer's inability to make payment.
- An acknowledgement of the employer's liability of 40% of the statutory redundancy payment.

## **WHAT CAN I DO IF MY EMPLOYER REFUSES TO PAY MY REDUNDANCY ENTITLEMENT?**

Where an employer refuses to pay an employee their statutory redundancy entitlement, the employee must apply to the Employment Appeals Tribunal for a hearing under the Redundancy Payments Acts. Form **T1A** (available on [www.eattributional.ie](http://www.eattributional.ie)) is used for this purpose.

An employee who obtains a favourable decision from the Employment Appeals Tribunal may then apply to the Social Insurance Fund for their statutory redundancy entitlement by completing Form RP50 at [www.welfare.ie](http://www.welfare.ie) .

## **IS THERE A TIME LIMIT FOR MAKING A REDUNDANCY REBATE/LUMPSUM CLAIM?**

### **Rebate claims**

The time limit for making an employer's rebate claim to the Dept. of Social Protection is six months from the date of termination of employment.

### **Lump sum claims**

The time limit for making a claim to the Social Insurance Fund is 52 weeks from the date of termination of employment.

## **APPLICATION FOR ENTITLEMENTS UNDER THE REDUNDANCY PAYMENTS SCHEME**

Applications for entitlements under the Redundancy Payments Scheme may be made by the employer, employer representative, or employee, and submitted online.

Once submitted, the Form should be printed, signed (**original signatures only**) and forwarded to the Redundancy Payments Section, Floor 2, Department of Social Protection, Block C, The Earlsfort Centre, Lower Hatch Street, Dublin 2 for processing. Applications made by Liquidators should be accompanied by **Notice of Appointment of Liquidator/Receiver** and a copy of **the Statement of Affairs** where available.

Please ensure that all documentation accompanying an application contains the Employer PAYE number. This PAYE number must be clearly stated on the front page of each document submitted.

An application is not complete until the printed, signed form, along with the supporting documentation has been received by this office

Modified or unsigned forms will be returned and will not be processed.

### **SMS (TEXT) FORM REQUEST SERVICE**

A customer may request a form by text as follows: Text the relevant Form Code followed by their name and address (e.g. "FORM REDUNDANCY, NAME AND ADDRESS") to 51909.

### **OFFENCES**

Forms used under the Act are statutory forms. Proceedings may be taken against any person who, in relation to a claim/application under the Act, makes a false statement or produces or furnishes false documentation or refuses or neglects to provide required information.

## **CALCULATION OF NORMAL WEEKLY REMUNERATION**

### **1. TIME WORKERS (FIXED WAGE OR SALARY)**

Normal weekly remuneration means an employee's earnings for a normal working week, including any regular bonus or allowance that does not vary in relation to the amount of work done. Also, any payment in kind normally received by an employee, e.g., free accommodation, free meals, etc., must be taken into account.

### **2. PIECE WORKERS**

Normal weekly remuneration for an employee who is paid in proportion to the amount of work carried out (e.g., if paid wholly or partly by piece-rates, bonuses or commissions related to output) will be taken to be the pay received for normal weekly working hours at a specially calculated rate. This rate is calculated as follows: -

- (a) The total number of hours worked by the employee in the 26-week period ending 13 weeks before the date on which the employee's employment was terminated is calculated first. Weeks worked with different employers will be taken into account if the change of employer did not affect the continuity of employment. Any week or weeks during the 26-week period in which the employee did not work will not be taken into account and the most recent week or weeks, counting backwards from the 26-week period, will be taken into account instead.
- (b) The pay to be taken into account is the amount due for all the hours worked during the 26 week period mentioned at (a), adjusted in respect of any variations in the rate of pay which became operative during the 13 weeks before the employee's employment was terminated.
- (c) The employee's average hourly rate of pay is ascertained by dividing the total pay as at (b) by the total hours as at (a). The weekly pay is then calculated by multiplying this average hourly rate by the number of normal weekly working hours of the employee concerned at the date on which employment was terminated.

### **3. EMPLOYEES WITH NO NORMAL WORKING HOURS**

Employees who have no "normal" working hours should calculate their average pay, including bonuses, etc., over the last 52 weeks worked to determine their normal weekly wage.

### **4. SHIFT WORKERS**

Shift workers' normal pay should be calculated in the same way as piece-workers' pay.

### **5. WHERE CAN I GET MORE INFORMATION ON STATUTORY REDUNDANCY?**

Full information on statutory redundancy entitlements is available at [www.welfare.ie](http://www.welfare.ie)