Meat factory recruiter told to pay Irish tax contributions

HANNAH QUINN-MULLIGAN
NEWS CORRESPONDENT
hqmulligan@farmersjournal.ie

EXCLUSIVE

The *Irish Farmers Journal* understands that Revenue is aware of a recruiter supplying foreign workers to meat factories who used a payment scheme that paid workers in Ireland through Poland.

Documents seen by the *Irish Farmers Journal* reveal that the Department of Employment Affairs and Social Protection has ruled that a Romanian operative of the recruiting firm AA Euro Recruitment Group Limited, was legally an employee and not a sole trader as AA had asserted.

Under the scheme, although a worker is physically working in Ireland, due to the contract they were deemed as self-employed and paid through a subsidiary company of AA in Poland.

The issue has come to a head as some workers operating in a large-scale Cork meat factory did not have enough Irish PRSI contributions in their names to avail of the illness benefit during the pandemic because their tax contributions had been paid in Poland.

Throughout the Department investigation, the factory management and AA maintained the worker was self-employed and, as such, the Department noted: "He did not get holiday or sick pay. If he didn't come into work he didn't get paid."

The Department investigation uncovered that AA received payment from factories for the services of workers: "Payment is then made by AA Euro Recruitment to their Polish subsidiary [AA Recruitment Poland Spzoo] in respect of those workers on self-employed Polish contracts.

"The payment is converted in Polish zloyts. Deductions for Polish tax and social insurance are paid to the Polish authorities."

Accountancy fees

The Department continues by noting that the recruitment agency charged workers accountancy fees for managing their self-employed contracts and that: "Rent is also deducted where the individual is renting accommodation in Ireland through AA Recruitment and the remainder of the money is paid into the individual's account."

When contacted for comment, AA Recruitment said: "All workers are correctly taxed and pay their social security in the relevant countries. All our workers are EU nationals."

"We have over 200 workers in the food industry in Ireland, all are on the Irish payroll and pay all their taxes and social security here. None of these, as mentioned previously, are self-employed."

However, the September 2019 document states the worker was operating incorrectly as a sole trader under AA's Polish subsidiary with the Department stating he must be paid as employee. The change was made with immediate effect.

It is understood the remaining workers classed as self-employed were switched to employee status in December 2019.

Following the ruling, another well-known meat plant in the south of the country is understood to have cut ties with the agency.

However, the agency is currently recruiting meat workers for a plant in Kildare.

The *Irish Farmers Journal* understands that some of the workers were on the contracts for up to four years and the Workplace Relations Commission has received a large number of complaints in regard to the Polish contracts.

Revenue declined to provide details of specific cases but said it remained "alert" to the potential issues through the misclassification of employees as self-employed individuals.

Germany bans subcontracting in meat factories

The German government has recently placed a ban on subcontractors in meat plants, meaning all factory staff will have to be directly employed by the factory from January 2021.

The move follows widespread concern for workers' rights after the outbreak in Tönnies in North Rhine-Westphalia, one of Germany's largest pig processing plants, where over 1,300 workers tested positive for COVID-19 and a local lockdown was imposed.

It is estimated that up to two-thirds of the 90,000 staff working across major German meat plants are working through recruiters or subcontractors.

Seamus Noonan of Noonan Agri harvesting and dry-crimping winter barley for Andrew Meade, Castlelyons, Co Cork. Crimping the barley involves rolling it and treating it with a urea-based product like Kerva from Inform Nutrition Ireland. This allows the barley to be stored in a dry shed without ensiling. \ Donal O'Leary

The weekly wrap 01.08.2020

Contents

News

The Dealer	10
Beef Plan: 12 months on	14
Farm retirement plan	16
Agribusiness	18

Viewpoints

Matt Dempsey	23
A Farmer Writes	24
Letters	25

Technical

Livestock	26
Dairylink	28
Grass+	29
Way out west	30
Beef	31
Sheep	32
NI sheep programme	33
Tillage	34
Sustainable farming	37
Forestry	38
Focus	39
Business of Farming	47

44 Pedigree

Records smashed at 30th anniversary Charollais sale

6 Machinery

Motoring: buyer's guide – top tips on what to look out for

Arrabawn and Aurivo exit milk price review

AMY FORDE
DEPUTY NEWS EDITOR
aforde@farmersjournal.ie

Arrabawn and Aurivo have withdrawn from participating in the KPMG/*Irish Farmers Journal* annual milk price review.

Both processors indicated that they want the money they pay out for "liquid" milk to be included in the manufacturing milk price review. The annual manufacturing milk price review divides the money paid out on all manufacturing milk to all suppliers divided by the total manufacturing litres collected.

It excludes contracted liquid milk and money paid out for liquid milk.

Chair of Arrabawn, Edward Carr, called for criteria for the annual milk price review process to be changed in the interest of transparency in a letter sent to the 1,000 Arrabawn suppliers last week, while Aurivo chief executive Donal Tierney said it was the "correct decision for the co-op given what we firmly believe is the flawed nature of a 'manufacturing milk' league table that excludes fresh milk sold for domestic consumption".

Reaction

IFA dairy chair Tom Phelan said that the review is a valuable independent measurement of true milk prices and makes a "major contribution to transparency in milk pricing"

"To ensure a comprehensive, transparent analysis of milk pricing in Ireland is available to all dairy farmers this year again, I urge all parties involved to ensure full participation by all co-ops," he said.

Imelda Walsh, north Tipperary IFA chair and Arrabawn supplier, said: "As a supplier, farmers are entitled to full transparency and I hope Arrabawn will be back in the KPMG milk price review.

"It's important that suppliers can compare and contrast what's happening in other co-ops."

READ MORE
See letters page 25

CAP boost in the pipeline

Changes to EU rules on co-financing farm payments mean farmers could be in line for an annual increase of €225m in farm schemes. The EU has committed to providing €2.45bn in Pillar II funds to Ireland. These funds, used to provide schemes such as GLAS and ANC, are further topped up by national governments.

In the last CAP, Ireland provided 47% of the money with the EU providing 53%. The EU's contribution will drop to 43% with Ireland expected to provide 57%.

Indications are that the national exchequer could have to provide an extra €1.3bn to ensure the maximum draw down of EU funds. This would increase the annual Pillar II budget from €590m to €815m.

However, the EU has indicated that it is willing to provide up to 80% of the funds for agri-environmental schemes.

Countries seeking to minimise their contributions could prioritise these schemes.

– BARRY CASSIDY

Read more on page 22