

COVID 19 - Wage Subsidy Schemes

ITI

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Temporary Wage Subsidy Scheme (TWSS)

26 March 2020 to 31 August 2020

Overview of Temporary Wage Subsidy Scheme (TWSS)

[Emergency Measures
in the Public Interest
\(Covid -19\) Act 2020](#)

Financial support to
eligible employees
where employers
significantly affected by
the pandemic

Eligibility criteria
benchmark Q2 2020,
25% reduction in
turnover

Eligible employee on
payroll at 29 Feb 2020,
retained by employer

List of employer
participants published
on www.revenue.ie

ARNWP and specified
rates subject to
additional gross
payments from
employer

Self assessment
principles with self
declaration from
employer (to 31 July
2020)

Scheme Closing 31
August 2020

TWSS – Moving Forward

- Compliance check programme
- End of year review
- Reconciliation



Compliance Check Programme

Letters issuing to employers/agents via MyEnquiries

Verification checks to confirm;

- eligibility,
- subsidy amounts paid (CSV file)
- payslip details



Address PMOD and outstanding tax issues

Employee End of Year Review

Subsidy payment not taxable in 'live' PAYE environment for employee

Liable to Income tax and USC by way of an employee end of year review (2020)

Unused tax credit may cover liability

Reducing future tax credits

Employee may have other tax credits such as health expenses to reduce liability

Reconciliation

Development and testing phase

Reconciliation for each TWSS employer on each active payslip

Employers report 'subsidy paid' amount (amount paid from employer to employee)

via CSV (5 Sep 2020) or ROS payroll reporting

Calculation of 'subsidy paid, subsidy payable, or caseworker resolved'

Reconciliation CSV file, notification through ROS inbox

Further guidance will issue

Employers continue to retain records

TWSS refunds via RevPay

Employment Wage Subsidy Scheme (EWSS)

1 September 2020 to 31 March 2021

Transitioning from TWSS to EWSS

TWSS and EWSS will operate parallel

TWSS will expire

TWSS Reconciliation Phase

1 July 2020 to 31
Aug 2020

31 July 2020

31 Aug 2020

1 Sep 2020

Q4 2020

31 Mar 2021

Registration for TWSS closed, no
new applications

Commencement of EWSS for non
TWSS employers or non eligible
TWSS employees

EWSS Due to
expire

Key Features of EWSS

Includes seasonal and new hires from 1 July 2020

Employer Eligibility
30% decline in business
1 July to 31 Dec 2020.
eTax Clearance

Publication of employers
to Revenue website Jan
and April 2021

Registration via Self
declaration on ROS

Flat rate subsidy to
employer based on
employee weekly GROSS
pay

Operated through
normal payroll and
deductions system

Employer PRSI Rate
reduced to 0.5%

Safeguards to minimise
abuse of the scheme

Employer Eligibility

Employers must demonstrate that:

a) their business has been significantly disrupted by the Covid-19 pandemic

b) at least a 30% decline in either turnover or in orders received from 1 July 2020 to 31 December 2020, compared to same period 2019

If no comparable period in 2019, where
business operations commenced:

On or before 1 November 2019,
the 30% decline test determined in 2020 by reference
to the same period in 2019, in which the business was
in operation

After 1 November 2019,
the employer must be able to show projected turnover
or orders for the period
1 July to 31 December 2020 will be at least 30% less
than expected turnover or orders would have been
without disruption caused by Covid-19.



Employer must remain tax compliant throughout the operation of the EWSS



Review of eligibility each month from August 2020 to February 2021. If circumstances change, or employer no longer meets eligibility, they must de-register on ROS from 1st day of the following month and cease claiming subsidy



If the employer becomes eligible again, they can re-register and operate EWSS from the date of re-registration.

Employee Eligibility

Eligibility extended to seasonal workers and new hires

Childcare Businesses registered in accordance with Childcare Act 1991 included

Non TWSS Employers or non eligible TWSS employees eligible from 1st July

No restrictions under TUPE arrangements


Certain exclusions in legislation
Proprietary Directors and Connected Parties

Registration

Employers must make a self declaration through ROS



eRegistration system to facilitate EWSS expected to be live 18th August



Employer must be PAYE/PRSI registered, tax clear and has linked bank account in order to register for EWSS

Subsidy Rates

Eligible **employers** will receive a per-head subsidy on a flat rate basis which will be determined based on the amount of gross pay that the employer pays to the eligible employee

Where employee weekly Gross Pay	Subsidy Payable
Less than €151.50	€0
From €151.50 to €202.99	€151.50 per week
From €203 to €1,462	€203 per week
More than €1,462	€0

Operating EWSS

Flat rate subsidy
Paid to employer based on
employee Gross Weekly
Wage

Pay Frequency other than
weekly
Calculate Gross Weekly
Wage/No. of insurable weeks

Gross Wage
Includes notional pay before
deductions
Excludes non-taxable
benefits

Normal payroll PRSI/PAYE
process

EWSS indicator
'Other Payments' with Zero
or 0.01 to indicate subsidy
request. NOT ON PAYSIP

Return filing
Submissions to be made by
return filing date of relevant
month i.e 14th of following
month

Multiple employments
Each employer makes a claim
in own right

Safeguards and Compliance

The Act includes a specific anti-avoidance provision which seeks to counteract

- A. contrived situations whereby any gross pay due to an employee is deferred, suspended, increased or decreased with a view to securing the wage subsidy or
- B. situations where an employee is laid off and removed from the payroll and replaced with two or more employees in relation for whom the subsidy would be available.

If Revenue identify any such cases, the employer will be treated as having never been eligible for the scheme and any subsidy payments received would need to be refunded, together with possible interest and penalties.

Employer should retain all evidence and supporting documentation of their operation of EWSS as compliance checks will be undertaken on a risk or random basis.

Q&A

