Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

Office of the Revenue Commissioners
Collector-General's Division
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25/08/2020

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This notice is being issued in respect of the following client(s):

Registration Number(s)	**Name(s)**
XXXXXXXX	XXXXXXX XXXXXXX
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Important Information for Businesses with Tax Liabilities

(reduced interest rate provision ending 30 September 2020)

The July Jobs Stimulus Package, which was announced by the Government on 23 July 2020, includes a range of taxation and other measures to support businesses that are negatively impacted by the COVID-19 pandemic. The measures are set out in the Financial Provisions (COVID-19) (No.2) Act 2020.

The enclosed leaflet gives a summary of the taxation and wage subsidy measures concerned, which may be of assistance to you. The purpose of this letter is to draw your particular attention to two of the measures:

1) the **warehousing of certain tax liabilities that arose as result of the COVID-19 pandemic** and
2) the availability of a **reduced interest rate on the payment of liabilities that cannot be warehoused**.

1) The **warehousing** measure is an arrangement whereby VAT and PAYE (Employer) liabilities incurred during the period of restricted trading caused by COVID-19 (Period 1) can be “parked” for 12 months following a resumption of trading (Period 2). A zero-interest rate is applied to all warehoused debts during Periods 1 and 2 and no debt enforcement sanctions are applied. A condition of the warehousing arrangement is that the relevant tax returns must be filed so that the debt can be fully quantified.

   A further period (Period 3) then applies during which the warehoused debt must be paid. This Period can extend to suit individual taxpayer circumstances and attracts a reduced interest rate of 3% per annum (approx. 0.0082% per day). The reduced rate is instead of the standard 10% (0.0274% per day) rate that normally applies to such arrears.

2) A **reduced interest rate of 3%** is also available in respect of tax debts that cannot be warehoused, i.e. older liabilities and debts not associated with COVID-19. This reduced rate is available across all tax types and represents a significant reduction on the standard rates of 8% and 10% that normally apply. To avail of this measure, taxpayers must agree a phased payment arrangement with Revenue **before 30 September 2020**. The reduced rate is applicable from 1 August 2020 or from the date of the agreement, whichever is later.

According to Revenue records, you have tax liabilities that do not qualify for warehousing. The reduced 3% interest rate can now be applied to these liabilities if they are included in a phased payment agreement with Revenue before **30 September 2020.** The phased payment arrangement, once agreed before 30 September 2020, can be extended over a timeframe that best suits your financial circumstances and, if necessary, can include short term deferrals and payment breaks of up to a year. The arrangement is available across all tax-heads and is not restricted to VAT and PAYE (Employer) liabilities as is the case with warehoused debts.

If a phased payment arrangement in respect of these liabilities is not agreed by 30 September, then the 3% reduced interest rate will not be available to you and the debt will, instead, continue to attract the standard 8% and 10% interest rates and will be subjected to debt enforcement in due course. Non agreement by 30 September 2020 will also negatively impact on your tax clearance status, which is an eligibility requirement for the Employment Wage Subsidy Scheme, as announced in the July Jobs Stimulus Package.

You can now apply via ROS for a phased payment arrangement and avail of the 3% interest rate, provided you have filed all your tax returns. In agreeing to a phased payment arrangement, it is very important that you keep your current taxes up to date as they fall due.

Detailed information regarding the warehousing and the reduced 3% interest rate, including a list of frequently asked questions (FAQs), is available on the Revenue website **www.revenue.ie** under "July Jobs Stimulus".
You may also contact us through MyEnquiries or at telephone number 01 7383663 if you wish to discuss these matters further.

Joseph Howley
Collector-General

JULY JOBS STIMULUS 2020
SUMMARY OF TAXATION MEASURES

On 23 July 2020, the Government announced the July Jobs Stimulus in response to COVID-19. This is a summary of the taxation measures included in the Stimulus, which will be provided for in the Financial Provisions (COVID-19) (No. 2) Bill.

Debt Warehousing of certain PAYE (Employer) and VAT debts

"Debt Warehousing" is an arrangement whereby VAT and PAYE (Employer) liabilities accrued during the period of restricted trading caused by Covid-19 will be "parked" on an interest free basis for a period of 12 months, subject to certain conditions. Liabilities accrued up to the end of the first bi-monthly VAT period after a business has resumed trading may be eligible for warehousing.

After the end of the 12-month period, warehoused debt may be discharged or entered into a phased payment arrangement at a reduced interest rate of 3% per annum.

The key condition of eligibility is that a business continues to keep its tax returns up to date. The scheme will be available to businesses whose tax affairs are dealt with by Revenue's Business and Personal Divisions. Other taxpayers may qualify for inclusion if they satisfy Revenue that they are unable to pay these liabilities at present, due to the impact of Covid-19 on their business.

Businesses availing of debt warehousing will qualify for a tax clearance certificate if they otherwise meet the qualifying conditions.

Reduced interest rate for outstanding "pre-COVID-19" debts (subject to payment agreement with Revenue)

A reduced interest rate of 3% per annum will apply to taxes owing to Revenue which are the subject of a phased payment agreement between the taxpayer and the Collector General.

This relates to agreements that are already in place and also to new agreements made on or before 30 September 2020**.**

The reduced rate will apply to existing agreements from 1 August 2020 and in other cases from the date an agreement is reached.

Standard interest rates will apply up to and including 31 July 2020 or until a payment agreement is reached.

This interest rate is available across all tax types.

Introduction of a new Employment Wage Subsidy Scheme (EWSS) and ending of the Temporary Wage Subsidy Scheme (TWSS)

A new Employment Wage Subsidy Scheme (EWSS) commences on 1 July 2020 and runs until 31 March 2021.

To qualify for the EWSS, the employer must be able to demonstrate that they reasonably anticipate a minimum of 30% reduction in turnover or customer orders in July to December 2020 compared with the same period in 2019. In the case of new businesses this is based on a projected forward test. Where the employer is a registered childcare provider, the EWSS is available without the requirement to meet the 30% reduction in turnover or customer orders test.

EWSS provides a flat-rate subsidy to qualifying employers, based on the number of qualifying employees on the payroll. For every employee paid between €203 and €1,462 gross per week, the level of subsidy is €203. For every employee paid between €151.50 and €202.99 gross per week, the subsidy is €151.50. No subsidy is paid for employees paid less than €151.50 or more than €1462 gross per week, or for proprietary directors. A 0.5% rate of employer's PRSI will apply for employments that are eligible for the subsidy.

The EWSS will replace the Temporary Wage Subsidy (TWSS) from September 2020. The TWSS will end on 31 August 2020. No new applications from employers will be accepted from 31 July 2020.

Both schemes will run in parallel from 1 July until the TWSS concludes at the end of August. This will provide additional flexibility to employers with new hires and seasonal workers who were not previously eligible for TWSS and who may now qualify for EWSS. However, where an employee is already within TWSS, he or she must remain in that scheme until the end of August.

Help to Buy (HTB) Scheme

An increased income tax relief for the HTB scheme is now available, to the lesser of:

(i) €30,000 (up from €20,000), or
(ii) 10 per cent (up from 5%) of the purchase price of the new home or of the completion value of the property in the case of self-builds, or
(iii) the amount of Income Tax and DIRT paid over the four years prior to making the application.

This increased relief is available from 23 July 2020 to 31 December 2020.

Stay and Spend tax credit to support the hospitality sector

A new Tax Credit is being introduced from the 2020 year of assessment, in relation to certain qualifying expenditure on accommodation, food and non-alcoholic drink.

Individuals will be entitled to a tax credit equal to 20% of qualifying expenditure incurred from 1 October 2020 to 30 April 2021, subject to certain limits and conditions.

Individual taxpayers can make a claim for the credit if they spend at least €25 on qualifying services with a qualifying provider. They must submit proof of that expenditure with their claim. The maximum tax credit available to an individual is €125. For a jointly assessed couple, the maximum credit available will be €250.

In order to qualify for the scheme, service providers must provide qualifying services, be VAT-registered, hold a current tax clearance certificate, and register with Revenue.

Corporation Tax - Accelerated loss relief

A temporary acceleration of carry-back loss relief is provided for previously profitable companies, that incur trading losses in accounting periods affected by the COVID-19 pandemic.

Currently, companies are allowed to carry back trading losses incurred in an accounting period against the profits of a preceding accounting period. A claim for carry-back relief can normally only be made after the end of the accounting period in which the loss is incurred and following the filing of a tax return for that period.

Companies that incur losses in a "specified accounting period", i.e. a period that includes some part or all of the period from 1 March 2020 to 31 December 2020, will be able to make an interim claim to carry-back up to 50% of estimated trading losses. This can be done as early as 4 months after the beginning of that period.

A company will be able to revise its interim claim as the specified accounting period progresses (and up to 5 months after that period ends). This includes increasing its claim where the company estimates that its loss will be greater than previously expected.

To be eligible to make an interim claim, a company must:

- Have filed a tax return for the preceding accounting period,
- Be generally tax compliant, and
- Make a declaration that it has incurred a loss, or reasonably expects to do so, in the specified accounting period.

Income Tax - Losses/Capital allowances

Temporary income tax measures are introduced for self-employed individuals whose trade or profession was profitable in 2019 but who incur losses in 2020 as a result of the COVID-19 pandemic. These are:

1. **Carry-back of losses and capital allowances**: Taxpayers may make a claim to have their 2020 losses (and certain unused capital allowances) carried-back and deducted from income tax paid on their profits for the tax year 2019.

2. **Interim claims for carry-back of losses and capital allowances:**
   Subject to meeting certain conditions, taxpayers may also make an *interim* claim to have an *estimated* amount of their 2020 losses (and certain capital allowances) carried back and deducted from income tax paid on their profits for the tax year 2019.

3. **Income averaging for farmers:**
   An option will be given to farmers to step out of income averaging for the tax year 2020, notwithstanding that the farmer may also have stepped out of income averaging in one of the four preceding tax years.

Claims and interim claims for 1 and 2 above will be made by amending the Form 11 tax return for 2019. A €25,000 limit will apply on the total amount of losses and capital allowances that may be carried-back.

Changes to Cycle to Work Scheme

The exemption limit for employer expenditure on the provision of bicycles and associated safety equipment is increased from €1,000 to €1,250. Where the expenditure relates to the provision of an electric bike, the revised exemption limit is €1,500.

Additionally, persons may avail of the exemption once in any four-year period (previously a five-year period).

Value-Added Tax (VAT)

A 6-month reduction in the standard rate of VAT from 23% to 21% will apply, effective from the beginning of September 2020.