

Webinar: Debt warehouse scheme and reduced rate of interest on other tax debts

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Today's speakers:

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Speakers



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Debt Warehouse Scheme Overview



Qualifying businesses

- It applies to all effected SMEs – no need to contact Revenue
- Larger firms impacted by Covid-19 and experiencing tax payment difficulties apply to the Collector General, or their LCD or MED branch contact

Revenue suspended debt collection and the charging of interest on late payment for

- **January/February, March/April, May/June** VAT periods
- **February, March, April, May** and **June** PAYE (Employer) liabilities
- Businesses still required to file timely returns

July Stimulus package provided legislation to provide that Revenue can warehouse Covid-19 tax debts

1. Restricted trading period plus 2 months
2. Warehouse of Covid-19 payroll and VAT debt, for 12 months at 0% interest rate
3. Interest rate of 3% per annum on the repayment of such 'warehoused tax debts' applies after that date

Practical experience to date

Reduced interest rate

3% per annum
(0.0082% per day)

Current rate of interest on late tax payments

8% per annum
(0.0219% per day)

or

10% per annum
(0.0273% per day)

Applicable from **1 August 2020**

Debt Warehouse Scheme

What can be warehoused – General Rule

All VAT and PREM liabilities falling due during the Covid-19 restricted trading period

+

As a minimum liabilities for first two months after return to trading.

Note: Businesses who file and pay on a less frequent basis (Quarterly PREM, Bi-annual and Tri-annual VAT) may be able to warehouse additional liabilities based on their filing pattern.

All SMEs automatically qualify – large businesses on application

A detailed information booklet is available at:

<https://www.revenue.ie/en/corporate/communications/documents/debt-warehousing-reduced-interest-measures.pdf>

The Warehouse Periods

Period 1

- **IDENTIFY** the VAT and PREM that may be warehoused – FILE RETURNS
- Automatic for SMEs (Business and Personal Div.s) – LCD and MED on application.
- End date based on Return to Trading plus next full bimonthly VAT Period.

Period 2

- **PARK** debt at 0% interest for 12 months immediately following Period 1
- Business must file and pay current taxes.
- Business can make payments against warehoused debt (no obligation).

Period 3

- **REPAY** the warehoused debt in full or by Phased Payment Arrangement.
- 3% Reduced rate of interest over the lifetime of the arrangement.
- Terms will be based on the circumstance of the business.

Filing Patterns

VAT Filing Pattern

Standard

All within Period 1

Four and Six Monthly

If part is in Period 1 then all in

Annual Filer

Y/E Feb to end Period 1+1 mth

PREM Filing Pattern

Standard

All within Period 1

Quarterly

If part is in Period 1 then all in

Annual

All of 2020

Pets Corner

Return to trading in June 2020

Monthly PREM and Bi-monthly VAT

**Period 1 ends on
31 Aug**-(Jul/Aug VAT)

Resumes mid Jun so
Jul/Aug (next bi-
monthly) is
included

PREM

All months from Feb
to Aug can be
warehoused.

Note: Jan due in Feb
before Covid - 19

VAT

All bi-monthlies fully
within Period 1.
Jan/Feb to Jul/Aug
i.e. 4 returns
included

Muph's Pub and Grub
Return to trading in July 2020
Monthly PREM and Bi-Monthly VAT

**Period 1 ends on
31 OCT** – (Sep/Oct VAT)

Resumes July so
Sep/Oct (next bi-
monthly) is included

PREM

All months from Feb
to Oct can be
warehoused.

Note: Jan due in Feb
before Covid - 19

VAT

All five returns from
Jan/Feb to Sep/Oct
can be warehoused.

The DIY Store

Return to trading in May 2020

Quarterly PREM and Tri Annual (Four Monthly) VAT

**Period 1 ends on
31 Aug** - (Jul/Aug VAT)

Resumes mid May so
Jul/Aug (next bi-
monthly) is included

PREM

Period 1 ends
during Q3 so all Q3
(to end Sept.) plus
Q1 and Q2

VAT

2nd Tri-Annual
(May to Aug)
coincides with end
of Period1 plus
Jan/Apr

Tasty Bites

Return to trading in July 2020

Annual PREM and Bi-Annual (Six Monthly) VAT

**Period 1 ends on
31 OCT**–(Sep/Oct VAT)

Resumes mid Jul so
Sep/Oct (next bi-
monthly) is included

PREM

Annual filer so all
2020 is
warehoused

VAT

2nd Bi-Annual (Jul to
Dec) all included as
part of Period 1 plus
1st Bi-Annual (Jan to
Jun)

Reduced Interest Rate PPA for Other Debts

Overview of New Reduced Interest Rate

- Introduced under July Stimulus Package
- New Interest Rate of 3% for Phased Payment Arrangements
- Effective from 1 August or date of agreement if later
- Agreement to be in place by 30th September
- Applies to ALL non warehoused debt for ALL taxes
- Apply online via ROS
- When it's gone its ~~gone~~ 10%

How to Apply

- PPA available from ROS services page
- Ensure all returns are filed – otherwise you cannot proceed
- Specify down payment and number of repayments
- You will be presented with the schedule of repayments – you can change your selection before proceeding.
- Supporting documentation will be requested if required
- Sign and submit

ROS Screen

Revenue
Cian agus Cainte na Míreann
2008, 2014 agus 2015

GAELIGE ENGLISH ROS HELP
LTD EXIT

MY SERVICES REVENUE RECORD PROFILE WORK IN PROGRESS ADMIN SERVICES

No current tax clearance certificate.

My Frequently Used Services [Add a service](#) + ^

MyEnquiries

Payments & Refunds

[Submit a Payment](#) ▾

[Manage Bank Accounts](#) ▾

Gifts & Inheritance

[Statement of Affairs \(Probate\) Form SA.2](#)

Other Services

MyEnquiries	Drivers & Passengers with Disabilities	Mobile Access
Receipts Tracker	eRepayment Claims	Download Pre-populated Returns
Stay and Spend - Service Provider Registration	VRT Certificate of Conformity	Secure Upload/Download Service
Manage Tax Clearance	VRT EU Leased Vehicle - Lessee	VAT MOSS
Verify Tax Clearance	VRT EU Leased Vehicle - Leasing	VAT OSS
Manage Reporting Obligations	Letter Of Tax Residence	View Property History
Manage Tax Registrations	Customs UCC Portal	Manage LPT / HC arrears
Charities and Sports Bodies eApplication		Transfer Property
Trust Register Functions		
Phased Payment Arrangement		
VAT Number Verification		

Example of Possible Savings – VAT or PREM

Commencement	Term	Down Payment	€10,000	€20,000	€30,000	€40,000	€50,000	€60,000	€70,000
Start 10th Sep 2020 for Nov/Dec 2019 VAT	36 Months	€100	€1,078	€2,155	€3,233	€4,310	€5,388	€6,465	€7,543
Start 10th Sep 2020 for Nov/Dec 2019 VAT	48 Months	€400	€1,382	€2,763	€4,145	€5,527	€6,909	€8,290	€9,672
Start 10h Sep 2020 for Nov/Dec 2019 VAT	60 Months	€400	€1,718	€3,437	€5,155	€6,874	€8,592	€10,311	€12,029

Example of Possible Savings – IT or CT

Commencement	Term	Down Payment	€10,000	€20,000	€30,000	€40,000	€50,000	€60,000	€70,000
Start 10 th Sep 2020 for 2018 IT	36 Months	€100	€769	€1,538	€2,307	€3,075	€3,844	€4,613	€5,382
Start 10 th Sep 2020 for 2018 IT	48 Months	€400	€986	€1,972	€2,958	€3,944	€4,930	€5,915	€6,901
Start 10 th Sep 2020 for 2018 IT	60 Months	€400	€1,226	€2,452	€3,678	€4,905	€6,131	€7,357	€8,583

Benefits

- Qualify for Tax Clearance where debt is in a PPA
- Meets the tax clearance requirement of
 - Employment Wage Subsidy Scheme (EWSS)
 - Stay and Spend scheme providers
- Flexibility on application on downpayment and repayment term
- Additional flexibility during repayment term depending on business needs in relation to deferral and payment breaks

A detailed information booklet is available on the Revenue website

[Debt warehousing-reduced interest measures](#)

Questions

Disclaimer

- These slides are not considered to be tax advice and no reliance should be placed on the information contained therein.
- These slides lay down optional structures only and the information contained in these slides does not purport to be comprehensive but is purely for guidance and discussion purposes only.

