



# Employment Wage Subsidy Scheme

4 September 2020

## Grant Thornton:

Emer Joyce, Tax Director

Amy Adams, Payroll Manager

## Revenue:

Anne Dullea, Principal Officer

Karen Byrne, Assistant Principal

Ger Hegarty, Assistant Principal



## Agenda

### Temporary Wage Subsidy Scheme (TWSS)

- Where are we now
- End of year review
- Cessation, checks, reconciliation
- Transition to new scheme

### Employment Wage Subsidy Scheme (EWSS)

- Overview and terms
- Subsidy rates
- Registration
- Operating payroll



# Temporary Wage Subsidy Scheme (TWSS)

26 March 2020 to 31 August 2020

# TWSS – Where are we now?

**26 March 2020**  
**Transitional Phase**

TWSS introduced for initial 12 week period



**4 May 2020**  
**Operational Phase**

Subsidies paid as calculated by Revenue



**5 June 2020**  
**TWSS Extended**

Minister for Finance extended the scheme to **31 August 2020**



**June 2020**  
**Compliance Checks**

Verification letters began issuing to employers/tax agents via MyEnquiries



**Expected September 2020**  
**Reconciliation Phase**

Calculation of any overpaid subsidy in Transitional Phase



**Year end review**  
**Adjustment to employee tax credits**

Income tax and USC due on subsidy to be calculated and collection via tax credits expected to begin in **2022**



# TWSS – Moving Forward

- Cessation of TWSS
- Compliance check programme
- Reconciliation
- Employee End of year review



## Cessation of TWSS



TWSS ceases for all submissions with pay dates on or after 1 September



Employer must stop making J9 payroll submissions and return all future payrolls to normal using RPNs and correct PRSI classes.



Ensure the employee PRSI class on all its employees is returned to the correct PRSI class



Employer must retain all records for TWSS operation including subsidy payments to employees. Employers operating TWSS will be included in Reconciliation and publication at the end of the scheme.

# Compliance Check Programme

Letters issuing to employers/agents via MyEnquiries

Verification checks to confirm;

- eligibility,
- subsidy amounts paid
- payslip details



Address PMOD and outstanding tax issues

# 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 or ROS payroll reporting

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

Reconciliation CSV file, notification through ROS inbox

Initial guidance available in Frequently Asked Questions V. 18

Employers continue to retain records

TWSS refunds via RevPay

# 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)

Employee can make full or partial payment of liability (2021)

Reducing future tax credits (2022)

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

# Important reminders from Revenue

## TWSS FAQ update V18

- Reconciliation process Q4 2020
- End of Year review for employees

## EWSS Guidance document V2

- Tax clearance
- Agent process
- Grants
- Proprietary Directors
- Publication

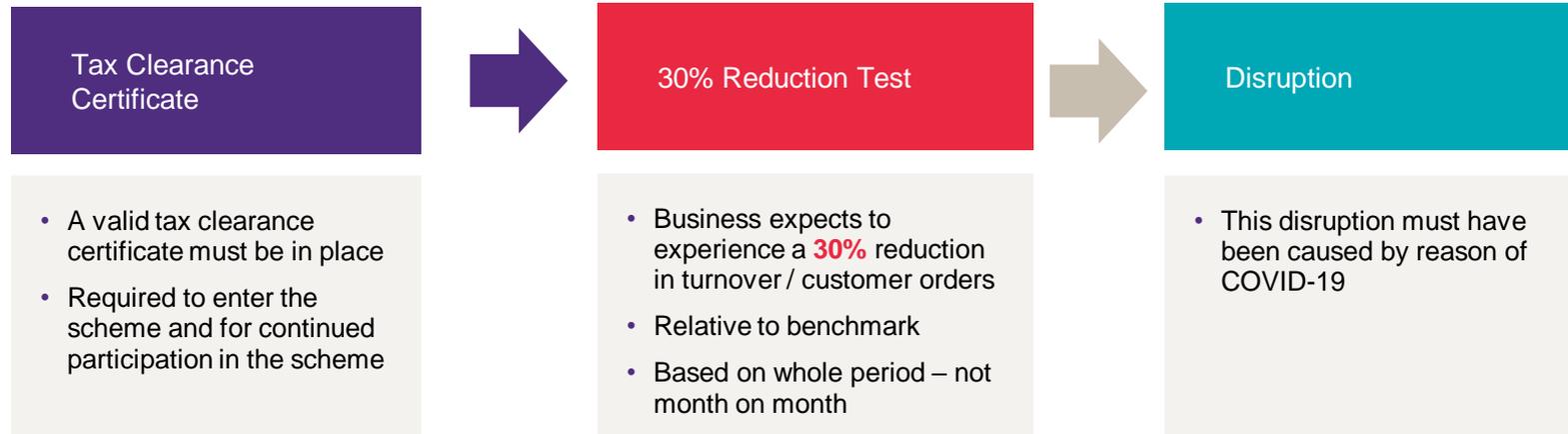
# Transition from TWSS to EWSS



# EWSS Overview

- The scheme runs from **1 September 2020** to **31 March 2021** – with a ‘sweepback’ mechanism for **July & August 2020**
- Tandem **July/August 2020** operation for TWSS and EWSS
- Separate registration process – TWSS registration does not carry over
- Flat-rate subsidy provided to employers
- Reduced employer PRSI of **0.5%**
- Administered on a ‘self-assessment’ basis
- A list of employers availing of EWSS will be published in **January 2021** and **April 2021**

# Employer Eligibility



## Reduction is relative to:

- Business in existence prior to **1 July 2019** – the same period in **2019**
- Commenced trading between **1 July** and **1 November 2019** – date of commencement to **31 December 2019**
- Commenced trading after **1 November 2019** – projected turnover/customer orders for **1 July 2020** to **31 December 2020**

Benchmark

# Employer Eligibility

- Registered childcare businesses are not required to meet the **30%** reduction test
- Turnover includes all sources of trade income specifically sales, donations, State Funding (EWSS payments are excluded)
- Consideration of 'cash reserves/inability to pay normal outputs' not a feature of EWSS conditions
- Eligibility proof will not be required at registration
- Proof will be required in future based on Revenue risk criteria
- Employers should retain evidence supporting entry into scheme

# Tax Clearance Certificate

- Check current tax clearance status via ROS
- Application via ROS e-Tax clearance – select 'EWSS' as reason
- Tax clearance granted where:
  - Tax affairs of applicant and their connected parties are up to date
  - Tax returns and liabilities are up to date
- Tax clearance will not be denied where a phased payment /debt-warehousing arrangement has been put in place

Tax Clearance Issued.

## Other Services

[Manage Tax Clearance](#)

[Verify Tax Clearance](#)

[Manage Financial Statements](#)

[Manage Reporting Obligations](#)

[Manage Tax Registrations](#)

[Charities and Sports Bodies eApplication](#)

[Phased Payment Arrangement](#)

# Registration

- Registration opened **18 August 2020**
- Date of registration can not be backdated – imperative to register prior to first EWSS pay date
- Registration backdating not required for **July & August 2020** participation
- To register, must:
  1. Make a declaration via ROS
  2. Be registered for PAYE/PRSI
  3. Link bank account to PAYE registration
  4. Have tax clearance

## Other Services

[Manage Tax Clearance](#)

[Verify Tax Clearance](#)

[Manage Financial Statements](#)

[Manage Reporting Obligations](#)

[Manage Tax Registrations](#)

[Charities and Sports Bodies eApplication](#)

[Phased Payment Arrangement](#)

# Self-Declaration

As part of the registration process, employers will be required to agree to the following declaration:

***I declare that I have read the eligibility criteria for the Employment Wage Subsidy Scheme and that the business qualifies for the scheme. I undertake that the business will abide by the terms and conditions of the scheme. I understand and accept that failure by the business to adhere to the terms of the scheme could result in recoupment of monies together with interest, penalties and prosecution. I undertake that the business will retain all records relating to the scheme, including the basis of eligibility, for review by Revenue.***

*Revenue Guidelines on operation of the Employment Wage Subsidy Scheme – 14 August 2020*

# Continued Eligibility Review

1. Employers must undertake a review on the last day of every month (excluding **July 2020** and final month of scheme)
2. Review **30%** reduction test
3. Deregister with effect from **1<sup>st</sup> of following month** if no longer qualify
4. Deregister mid-month if event knowingly triggers disqualification - deregister through ROS and cease claiming the subsidy
5. Subsidies paid prior to deregistration will not be required to be repaid – assuming claimed in accordance with conditions of scheme
6. Employers may opt back into the scheme if circumstances change – they must ensure to re-register via ROS
7. Backdating the subsidy to the 'opt-out' period can not be facilitated

# Eligible Employees

- Employees of an eligible employer who are on the payroll and in receipt of gross wages during the period of the scheme
- Certain proprietary directors can avail of a subsidy – additional Revenue guidance due
- Connected parties not on the payroll at any time between **1 July 2019** and **30 June 2020** will be excluded
- Also excluded are employees not part of a business (e.g. domestic employees) and those working for related group entities which are not expected to suffer a **30%** reduction
- Revenue are putting safeguards in place to prevent abuse of the scheme

# Subsidy Payable

Employee Gross Weekly Wage	Weekly Flat-rate Subsidy
Less than <b>€151.50</b>	Nil
From <b>€151.50</b> to <b>€202.99</b>	<b>€151.50</b>
From <b>€203</b> to <b>€1,462</b>	<b>€203</b>
More than <b>€1,462</b>	Nil

## Gross Wage

Includes notional pay and before deduction of items such as pensions and salary sacrifice – it excludes DEASP benefits mandated to the employer (these are ignored when calculating the quantum of the subsidy to be paid)

# Subsidy: Non-weekly pay periods

- The flat-rate EWSS Subsidy paid by Revenue is based on weekly gross pay – it is not converted to fortnightly/monthly subsidy amounts
- Therefore, all pay periods other than weekly must be first converted to weekly pay in order to determine subsidy payable
- Gross pay is divided by the number of insurable weeks – both as reported in the Payroll Submission – to determine weekly gross pay
- On a fortnightly payroll, the number of insurable weeks must be greater than **0** and not exceed **5**

Fortnightly Gross	Insurable Weeks	Weekly Gross Pay	Weekly Subsidy	Total Subsidy
€850	2	€425	€203	€406
€850	3	€283.33	€203	€609

# Subsidy: Monthly pay periods

- On a monthly payroll, the number of insurable weeks must be greater than **0** and not exceed **9**
- If the number of insurable weeks is either **4** or **5**, Revenue will multiply the gross pay by **12** and divide by **52** to get the weekly equivalent
- If the number of insurable weeks is **1, 2, 3, 6, 7, 8,** or **9**, Revenue will divide the gross pay by the number of insurable weeks to get the weekly equivalent

Monthly Gross	Insurable Weeks	Weekly Gross Pay	Weekly Subsidy	Total Subsidy
€3,451.21	2	€1,725.61	Nil	Nil
€3,451.21	3	€1,150.40	€203	€609
€3,451.21	6	€575.20	€203	€1,218
€3,451.21	4	€796.43	€203	€879.67
€3,451.21	5	€796.43	€203	€879.67

# Payroll Operation

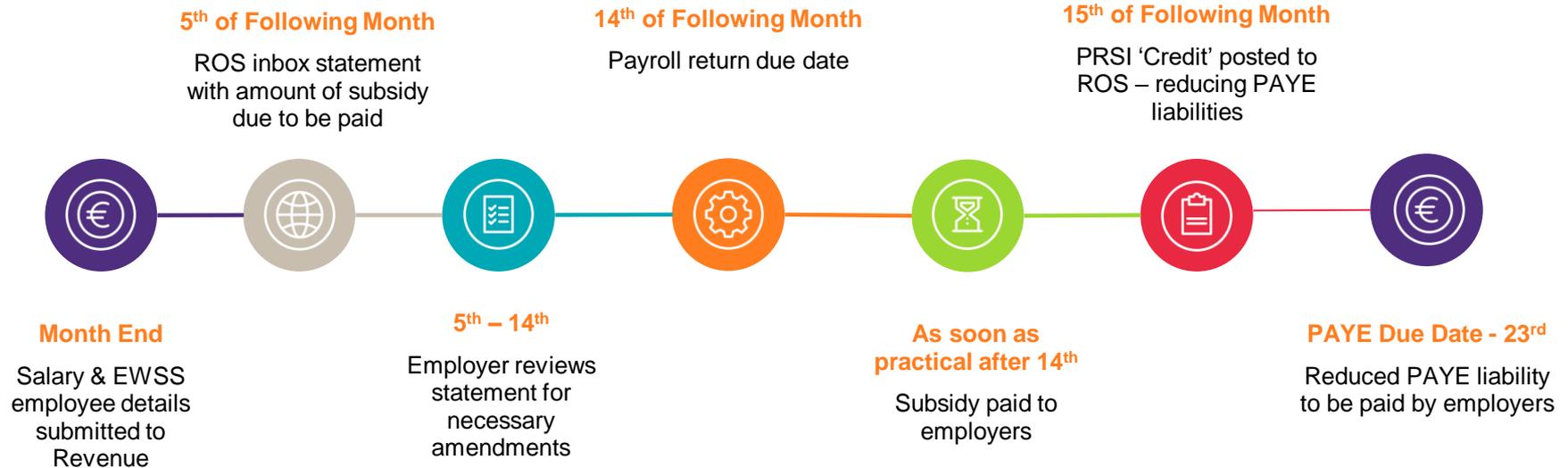
- Normal payroll operation to resume
- PAYE and USC on taxable salary – EWSS amount is not recognised on payslip and not treated as non-taxable pay
- Normal PRSI rates and classes to be applied via payroll calculations – no J9 class
- ‘EWSS tick box’ on payroll software to indicate EWSS employee to Revenue
- Employers PRSI will be reduced to **0.5%** via a PRSI ‘credit’

# Revenue Messages

Post EWSS payroll submissions, Revenue will respond in the following circumstances:

- EWSS ticked but not eligible employee – message via ROS advising employee is not eligible
  - No subsidy will be payable for that employee and
  - “Such payslips will also not be eligible for the reduced rate of PRSI and will be excluded from the PRSI credit calculation” [*Revenue Guidelines on the operation of the EWSS – 14<sup>th</sup> August 2020*]
- No valid tax clearance certificate – real-time message to advise tax clearance must be in place by return filing date (**14<sup>th</sup> of the following month**)

# Subsidy Payment Timelines



# 'Sweepback' – July/August 2020

- Backdating permitted for **July** and **August 2020** where employer or employee(s) were not eligible for TWSS (excluding tapered employees)
- A 'sweepback' payment will be made in **September 2020**
- Employers to provide information via template available from **15th September**
- Revenue will calculate subsidy due and remit as soon as practical after **16th September 2020**
- Revenue will also credit the difference between the employer PRSI already returned and the reduced rate of 0.5% due under the EWSS against the employer's PRSI liability for **August 2020**

# Compliance Checks

- EWSS administered on a 'self-assessment' basis
- Revenue will undertake an assurance check programme at a later stage – Revenue to issue details in due course
- Imperative records maintained at:
  - Point of entry into scheme
  - Month end review
  - Any trigger points e.g. unexpected large orders
- Revenue have indicated a high degree of monitoring for EWSS



# Anti-avoidance Provisions

## There are specific anti-avoidance provisions to deal with

1. 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
2. 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 cases of 1. or 2.,

- Employer will be treated as having never been eligible for the scheme
- Any subsidy payments received would need to be refunded
- Possible interest and penalties

# Other Important Points

- EWSS amounts are taxed on the employer as part of their trading income
- Subsidy payments do not form part of turnover for the **30%** reduction test
- Subsidy paid per eligible employer where more than one employment
- **30%** reduction test applies at level of the entity as a whole
- Formal business division facilitated – clearly defined pre COVID-19
- ‘Other reasonable basis’ facilitated – seek Revenue guidance
- ‘Wholly or mainly’ test for certain employees

# Contact us



**Emer Joyce**  
**Tax Director**

E: [emer.joyce@ie.gt.com](mailto:emer.joyce@ie.gt.com)  
T: 091 53 22 81



**Amy Adams**  
**Payroll Manager**

E: [amy.adams@ie.gt.com](mailto:amy.adams@ie.gt.com)  
T: 043 334 3004

# Questions?

© 2020 Grant Thornton Ireland. All rights reserved. Authorised by Chartered Accountants Ireland (CAI) to carry on investment business.

*‘Grant Thornton’ refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.*

*Grant Thornton Ireland is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another’s acts or omissions.*

*This publication has been prepared only as a guide at the time of publication. No responsibility can be accepted by us for loss occasioned to any person acting or refraining from acting as a result of any material in this publication. Due to the changing nature of rules and regulations the information may become out of date and therefore Grant Thornton do not warrant the continued accuracy of the publication.*