

TWSS & EWSS – Latest Updates

7 August 2020

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COVID 19 - Temporary Wage Subsidy Scheme

Grant Thornton

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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

Maximise staff retention and viability of employers business

Fair, reasonable, pragmatic approach to the Covid- 19 Crisis

List of employer participants published on www.revenue.ie

Register through ROS and nominate a refund bank account

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

Scheme Closing 31 August 2020

Eligibility and Supporting Documents

- Full criteria and eligibility document available on www.revenue.ie
- Employers across all sectors (excluding the Public Service and Non-Commercial Semi-State Sector)
- Business must;
 - be experiencing a *significant negative economic disruption* due to the Covid-19 pandemic.
 - demonstrate a minimum of 25% reduction in turnover or customer orders Q2, 2020
 - be unable to meet normal wages or normal outputs
 - have a firm intention to continue to employ specified employee
 - retain evidence and supporting documents – illustrative list on www.revenue.ie

Eligible Employee



**Eligible employee is an employee
who;**

**On employers payroll at 29 Feb;
with pay and tax details reported in qualifying
submission;
being kept on the payroll.**

**or where the employee was laid off
after 29 Feb 2020 and rehired.**

Operating the Scheme

- Recent announcements:
 - Maternity, Paternity, Adoptive or related unpaid leave
 - Apprentices
 - Employment Wage Subsidy Scheme
- Rehiring of Eligible Employees
- Compliance checks
- Non Cumulative Week 1 basis
- End of year review and Reconciliation
- How to stop operating the Scheme

Maternity, Adoptive, Paternity, or related unpaid leave

Revisions announced 29 May 2020 for employees returning from a period of related unpaid leave

Employees may not have been included in January/February payrolls

Employee returning on/after 26th March, date of employer operating TWSS or date of return to employment

Employer notifies Revenue through ROS/MyEnquiries

Revenue calculates RNWP and generate employer CSV File

Employer notified of a refreshed CSV through MyEnquiries

Apprentices



Change to accommodate apprentices returning to work who, in February 2020, were on an apprenticeship education and training programme run by SOLAS, and were not on their main employer's payroll in February 2020.



Scheme applied retrospectively to the date of return to employment, or, the date the employer joined the scheme, or, 26 March 2020, whichever is the latest.



For apprentices who were ceased from payroll and in receipt of PUP, no retrospection to TWSS can apply.



However, employers may rehire these apprentices and can operate TWSS to subsidise their pay.

July Stimulus Announcement (Employer Subsidy Schemes)



Winding down of TWSS



Commencement of Employer Wage Subsidy Scheme (EWSS)

1 Sep 2020 to 31 March 2021



Legislative arrangements



TWSS Employers claim for non TWSS employees
from 1 July 2020



Non TWSS employers apply EWSS from 31 July 2020



Seasonal Workers and Rehires from 1 July 2020

Rehiring of Eligible Employees



Create new employment with same PPSN and new employment ID



Step by Step process FAQ V17



Weekly pay frequency for all rehired employees



Prevent PUP payment overlaps



CSV File refresh



Valid RPN received the day before the employer calculates and submits to Revenue the first payroll payment for the rehired employees

Compliance Checks

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

'Non Cumulative' Week 1 Basis



TWSS extension to August 2020



All employees under TWSS/PUP placed on Week 1 Basis from 21 June 2020



Updated RPN available for employers



End of year review for employees

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

How do employers stop operating the scheme?



Employer no longer meets the employer eligibility criteria, then stop making J9 payroll submissions.



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.

Reconciliation



Details of reconciliation process and the process for employers when returning excess Temporary Wage Subsidy Scheme funds will be published in due course.



Employers should continue to retain records of subsidy payments to employees, refunds and tax refunds received from Revenue



Hold any excess of the subsidy payments received for offset against future subsidy payments or for future repayment to Revenue. (via Revpay facility).

CSV File and Calculator

- Employer CSV file available from Revenue since 4 May
- Ensures correct subsidy paid to eligible employees
- Available on ROS employer Services “Request RPN’s”
- Employers registered for Employer PAYE (EMP), and agents
- Import/load employee information on employment with employer downloading the file.
- Specific information to eligible employee

FAQ's and Guidance

[Employer FAQ Document](#)

[Revenue Informational Web Page](#)

[\(Covid -19\) Act 2020](#)

[Eligibility and Proofs](#)

[Employee guidance](#)

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7 August 2020

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Employment Wage Subsidy Scheme “EWSS”

- Introduced as part of the July Stimulus Package
- Will apply from 1 July until the end of March 2021
- It will run concurrently with the existing Temporary Wage Subsidy Scheme (TWSS) until 31 August
- TWSS will cease from 1 September 2020
- The inclusion of new hires under the scheme will provide welcome support to employers who may need to expand their workforce in the future
- Financial Provisions (Covid-19) (No.2) Act 2020 provides the legislation for the scheme
- Guidance from Revenue is expected shortly



What is an Eligible Employer?

- To qualify, employers must be able to demonstrate to the satisfaction of the Revenue that:
 1. their business has been significantly disrupted by reason of Covid-19
 2. demonstrate at least a 30% decline in either the turnover of the employer's business or in orders received during the period 1 July 2020 to 31 December 2020, as compared to the same period in 2019
- In cases where the business of the employer has not operated for the whole of the corresponding period in 2019, the following will apply:
 1. Where the business operations have commenced on or before 1 November 2019, the 30% decline test must be determined in 2020 by reference to the same reference period in 2019 in which the business was in operation
 2. Where the business operations have commenced after 1 November 2019, the employer must be able to show that the turnover or orders during the period 1 July to 31 December 2020 will be at least 30% less than what the turnover or orders would have been had there been no disruption caused by Covid-19.

What is an Eligible Employer?

- The employer must be entitled to a tax clearance certificate throughout the period to be eligible for the EWSS
- Must remain tax compliant to continue to receive the EWSS subsidy



What is an Eligible Employee?

- Any employee who was considered an eligible employee under the existing TWSS provisions
- An individual who is on the payroll of the employer at any time in the “qualifying period”, i.e. at any time between 1 July 2020 and 31 March 2021
- Extends eligibility to seasonal workers and new hires
- Employers who were not eligible for TWSS or who had employees not eligible for TWSS can claim EWSS in respect of these employees from 1st July
 - These will be dealt with as part of a ‘sweepback’ mechanism, under development with proposal for payment being made in September



What is an Eligible Employee?

The following persons are **excluded** from the EWSS:

- Where the employer is a company, any proprietary director (a beneficial owner of the company who controls more than 15% of the ordinary share capital of the company)
 - the Minister for Finance has requested a review of the exclusion provision with the aim of admitting proprietary directors to the EWSS with effect from 1 September 2020 where they are retaining ordinary employees on their payroll
- Any person who is connected (e.g. spouse, sibling, child) with the employer and was not on the payroll of that employer, nor received a payment, at any time during the period from 1 July 2019 to 30 June 2020



How do I apply for the scheme?

Employers must apply to Revenue to avail of the EWSS:

- Revenue are currently updating the eRegistration system to facilitate registration for EWSS – should be live by end of August
- A self-declaration will be made by the employer as part of this process
- To be eligible to complete the registration process it is necessary the employer has a valid Tax Clearance Certificate



What is the Rate of the Subsidy?

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

Gross Pay	Subsidy Payable
< €151.50	€0
€151.50 - €202.99	€151.50 per week
€203 - €1,462	€203 per week
> €1,462	€0

What is the Rate of the Subsidy?

For new hires and seasonal workers

- Backdating of the support to 1 July 2020 will be permitted for eligible employers
- Revenue are currently undertaking the necessary software changes to support this new scheme
- Payments for July and August are expected to be made by Revenue mid September
- Payments after mid September expected on a monthly basis
- Guidance on applications for new hires and seasonal workers expected shortly



EWSS - Scheme Operation

Claiming the EWSS

- The employer will pay the employee their normal wages
- Revenue will pay the subsidy via EFT directly to the employer in respect of each eligible employee following submission of the payroll return

Tax and PRSI position

- Employers will be required to operate payroll taxes in real-time on all gross payments to be made to their employees
 - We expect guidance from Revenue on this
- Employer's PRSI for those employees for whom a subsidy is being claimed, will apply at a rate of 0.5%



EWSS - Scheme Operation

Anti-avoidance Provisions

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.

Other features of the EWSS

- Employers must review their eligibility criteria at the end of each month from August 2020 to February 2021
 - If as a result of the review, it transpires that the employer does not meet the eligibility criteria they should withdraw from the scheme on ROS with effect from the first day of the following month
- The names and addresses of all employers operating this scheme will be published on Revenue's website in January 2021 and April 2021



EWSS interaction with TWSS

- July & August 2020 the TWSS and EWSS will run in tandem
- 31 July 2020 no new applications for the TWSS
- 31 August 2020 TWSS will cease
- 1 September 2020 EWSS replaces the TWSS
- 31 March 2021 EWSS due to cease

NB: An employer cannot claim EWSS in July or August for an employee if that employee was eligible for TWSS irrespective of whether it is claimed for them in July or August

Disclaimer

- These slides are not considered to be tax advice and no reliance should be placed on the information contained therein.
- These slides set out our understanding of the Covid-19 Government Supports based on information currently available.
- The information contained in these slides does not purport to be comprehensive but is purely for guidance and discussion purposes only.

Thank you

Questions



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