COVID-19: Temporary Wage Subsidy Scheme

The following is a high level overview of the COVID-19: Temporary Wage Subsidy Scheme ("TWSS").

To avail of the TWSS employers must register for the scheme with Revenue.

Registering
Employers, or their agents, wishing to register for the scheme can apply to Revenue by carrying out the following steps:

- Log on to ROS myEnquiries and select the category 'Covid-19: Temporary Wage Subsidy'.
- Read the "Covid-19: Temporary Wage Subsidy Self-Declaration" and press the 'Submit' button.
- Ensure bank account details on Revenue record are correct. These can be checked in ROS and in 'Manage bank accounts', 'Manage EFT', enter the refund bank account that the refund is to be made to.

Key eligibility criteria
- available to all sectors;
- employers must be experiencing significant negative economic disruption due to COVID-19;
- be able to demonstrate to the satisfaction of Revenue, minimum of 25% decline in turnover;
- an inability to pay normal wages and other outgoings fully; and
- retain their employees on the payroll.

See COVID-19 Temporary Wage Subsidy Scheme - Employer Eligibility and Supporting Proofs document from Revenue attached.

Publication
Revenue will publish a list of names and addresses of qualifying employers. This is a fairly standard approach to any type of grant process. Effectively the register will be available on the Revenue website after the scheme has finished. In relation to an employee covered by the subsidy, the employer is obliged to show the amount of the subsidy on the employee's payslip.

Duration
12 weeks (currently)

Registered Office: 1E North Valley Business Centre, Mallow Road Cork, T23 KC67, Ireland   +353 21 4217470   +353 21 4391933   info@wentworth.ie   www.wentworth.ie
WENTWORTH is a registered trading name of Westboro Corporate Limited   Company Registration Number: 549162   Place of Registration: Ireland

Director: Declan Lynch B. Comm., F.C.A., Dip. Corp. Fin.

Registered to carry on audit work and authorised to carry on investment business by the Institute of Chartered Accountants in Ireland (ICAI). Chartered Accountants Ireland is the operating name of ICAI.

CHARTERED ACCOUNTANTS IRELAND

Transitional phases for operation of TWSS

Phase 1
Phase 1 is a short, transitional phase that builds on the previous emergency Employer COVID Refund Scheme that was operational from 15 March to 25th March 2020, under which the employer received a refund of €203 per week for each employee that it keeps on its books.

The Temporary Wage Subsidy Scheme provides a maximum of **€410** in respect of eligible employees for employers who operate the Subsidy Scheme regardless of whether the employer makes an additional payment to the employee's earnings or not. Refunds may be due to Revenue where the employer receives excess amounts under the TWSS.

Phase 2
In Phase 2, by no later than 20 April 2020, the operation of the scheme will ensure that the Subsidy paid to employers will be based on each individual employee's **Average Net Weekly Pay**, subject to the maximum weekly tax-free amounts.

Operating the Scheme

During the Transitional period (PHASE 1), the subsidy scheme **will initially refund employers up to a maximum of €410 per each qualifying employee (where employers receive a Subsidy payment in excess of what is due the excess will be refundable to Revenue in the future)**.

However, for administrative purposes and to allow for future reconciliation of subsidy payments made, employers should enter the following details when running their payroll:

- Set PRSI Class to J9
- Enter a non-taxable amount equal to 70% of the employee's "Average Net Weekly Pay" (see definition below) to:
    - a maximum of €410 per week where the Average Net Weekly Pay is less than or equal to €586
    OR
    - a maximum of €350 per week where the Average Net Weekly Pay is greater than €586 and less than or equal to €960.
- If an employer is not making any additional payment to the employee, they should include a pay amount of €0.01 in Gross Pay.
- If an employer is making an additional payment to the employee, they should include this amount in the Gross Pay.
- It is important that employers do not include the Temporary Wage Subsidy payment in Gross Pay it should be in a non-taxable input cell on your payroll package.
- To avail of the wage subsidy, the wage subsidy plus any additional pay must not exceed the employee's Average Net Weekly Pay.
- The payroll submission must include pay frequency and period number.

Review at end of year
The TWSS payments are liable to income tax; however, the subsidy is not taxable in real-time through the PAYE system during the period of the TWSS.

Income tax, USC, LPT, if applicable, and PRSI are not deducted from the Temporary Wage Subsidy. However, the employee will be liable to Income Tax and USC on the Subsidy by way of review at the end of the year.

In many cases the payment of the Temporary Wage Subsidy and any additional income paid by the employer will result in the refund of Income Tax or USC already paid by the employee. Any Income Tax and USC refunds that arise as a result of the application of tax credits and rate bands can be repaid by the employer and Revenue will also refund this amount to the employer.

Employers PRSI
The employers PRSI is reduced from 11.05% to 0.5% (for subsidy amount and any additional top up payments) and no employee PRSI applies. Qualifying employees are coded as PRSI Class J9 for the purposes only of its reporting obligations.

Directors
If directors are paid through the payroll system (subject to income limits) and are included in the relevant payroll submissions for an eligible employer, then they are eligible to receive the wage subsidy.

Average Net Weekly Pay calculation

Net weekly pay is the employee's Average Net Weekly Pay for January and February 2020 based on payroll submissions made to Revenue by the employer by 15 March 2020.

To calculate the "**Average Net Weekly Pay**", using the values in the payroll submission for each pay date in January and February 2020:

1. Take the employee's "Gross pay" and from it subtract the "Income Tax Paid", the "USC Paid" and the "Employee PRSI paid ". (See Appendix 1 for sample screens in ROS showing these values).
2. Total this figure for each pay date in Jan and Feb 2020 and divide this by the number of insurable weeks (capped at 9) for the period.
3. This gives you the employee's average pay that is to be used for the subsidy amount.

Calculate Employee's Average Net Weekly Pay						
Pay Date	Insurable weeks	Gross Pay	Income tax paid	USC paid	Employee PRSI paid	Net weekly pay as reported to Revenue
Fri 03-Jan-20	1	270.60	3.22	1.95	0.00	265.43
Fri 10-Jan-20	1	270.60	3.22	1.95	0.00	265.43
Fri 17-Jan-20	1	270.60	3.22	1.95	0.00	265.43
Fri 24-Jan-20	1	297.66	3.54	2.15	0.00	291.97
Fri 31-Jan-20	1	297.66	3.54	2.15	0.00	291.97
Fri 07-Feb-20	1	297.66	3.54	2.15	0.00	291.97
Fri 14-Feb-20	1	297.66	3.54	2.15	0.00	291.97
Fri 21-Feb-20	1	297.66	3.54	2.15	0.00	291.97
Fri 28-Feb-20	1	297.66	3.54	2.15	0.00	291.97
Totals	9	2,597.76	30.90	18.75	0.00	2,548.11

Employee's Average Net Weekly Pay (ANWP) €2,548.11 / 9 =   283.12

Worked Example for March

Frequency	Weekly
Insurable weeks	1
PRSI Class (Employee 0%, Employer 0.5% on taxable pay)	J9
Non taxable pay - (70% of Average Net Weekly Pay)	€198.18
Taxable pay - Employer contribution (optional)	€0.01
Gross pay to employee	€198.19
Subsidy refund received from Revenue	€410.00
Balance of payment due to be refunded to Revenue in future	€211.82

(*To bring this employee up to equal their Average Net Weekly Pay wages, the employer can make an additional payment and enter this taxable value in Gross Pay*)

PAYROLL OPERATION FOR MARCH

To operate payroll on or after 26 March the following amount of TWSS should be included in non-taxable pay field in the payroll:

For payrolls submitted with a pay date on or after 26 March and submitted to Revenue on or after the 26th of March

Weekly employees:
- Enter a non-taxable amount up to 70% of the employee's net weekly pay to:
  - a maximum of €410 per week where the average net weekly pay is less than or equal to €586;
    OR
  - a maximum of €350 per week where the average net weekly pay is greater than €586 and less than or equal to €960.

Fortnightly employees:
- Enter a non-taxable amount up to 70% of twice the employee's net weekly pay to:
  - a maximum of €820 (€410 x 2) where the average net weekly pay is less than or equal to €586;
    OR
  - a maximum of €700 for (€350 x 2) where the average net weekly pay is greater than €586 and less than or equal to €960.

March monthly employees:
For March payroll with pay date between 12 March and 31 March 2020:
- Enter a non-taxable amount up to 70% of; four times the employee's net weekly pay to:
  - a maximum of €812 (€203 x 4).
  - This is based on a 4-week March, with four weeks at the €203 rate.

April monthly employees For April payroll:
- Enter a non-taxable amount up to 70% of
  ((employee's Average Net Weekly Pay x 52) / 12) to:
  - a maximum of €1,777 ((weekly x 52) /12) where the Average Net Weekly Pay is less than or equal to €586;
    OR
  - a maximum of €1,517 ((weekly x 52) /12) where the Average Net Weekly Pay is greater than €586 and less than or equal to €960.

Payroll frequency multipliers
The following apply for payrolls submitted with a Pay Date on or after 26 March:
- Fortnightly = (Weekly x 2)
- March monthly = (€203 x 4)
- April monthly = ((Weekly x 52) /12)
- Twice Monthly = (Weekly x 52)/24
- Week Based Monthly = (€203 x 52)/13
- Four Weekly = €203 x 4

BIK & TWSS

Eligible companies can suspend the operation of BIK for eligible employees for the period that the employee is on the scheme. For employees covered by this scheme, BIK or notional pay does not need to be included in Gross Pay, <u>however the notational pay will be liable tax and USC on review at the end of the year</u>.

Pension

Revenue have issued **no guidance in relation to the operation of employee pension contributions**. From discussions with Revenue they have advised that they have received no guidance on this issue but have said their view is that employee pension contributions should be factored into the Average Net Weekly Wage amount when determining what level of TWSS the employee is eligible for, i.e. €580 net pay plus employee pension contribution of €20 puts them on an Average Net Weekly Payment of €600.

We expect further clarification on this point in the coming days and we will update you accordingly.

Penalties

Penalties will apply to any abuse of the Subsidy scheme by an employer self-declaring incorrectly, not providing funds to employees or non-adherence to Revenue, and any other relevant guidance issued.

COVID-19 Pandemic Unemployment Payment (as updated 24 March 2020)

Employees who are laid off temporarily, without pay, due to a reduction in business activity, can apply for a COVID-19 Pandemic Unemployment Payment. This new payment quickly delivers income support to the unemployed (including the self-employed) for a 12-week period. The COVID-19 Pandemic Unemployment Payment is paid at a flat rate of €350 per week for the duration of the pandemic emergency. It was originally set at a rate of €203 but the government increased it on 24 March 2020. Application can be made online or by post.

A number of other income supports are available from the Department of Employment Affairs and Social Protection for employees during a COVID-19 (Coronavirus) related absence or temporary lay-off from work. Please contact this office or refer to gov.ie for more information.

This document is a summary of the Temporary Wages Subsidy Scheme and is not intended to be a comprehensive guide or a substitute for professional advice. Before deciding to proceed you are recommended to seek professional advice regarding the risks involved as well as on your personal financial and taxation position.

Should you have any queries regarding the above please do not hesitate to contact us.

Yours sincerely,
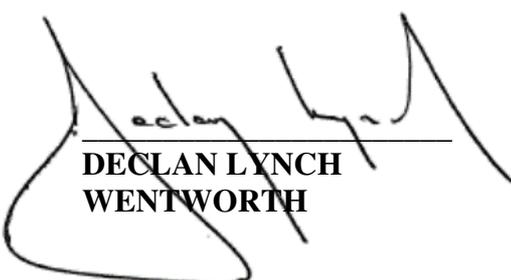
_____
**DECLAN LYNCH
WENTWORTH**

Appendix 1

REGISTRATION
To register for the Revenue payroll scheme you need to carry out the following process:

STEP 1
Log in to ROS.ie.

STEP 2
Select **MyEnquiries** from the Main page

STEP 3
Select the category 'Covid-19: Temporary Wage Subsidy' from the drop down menu.

Type COVID 19 for your own reference (optional)
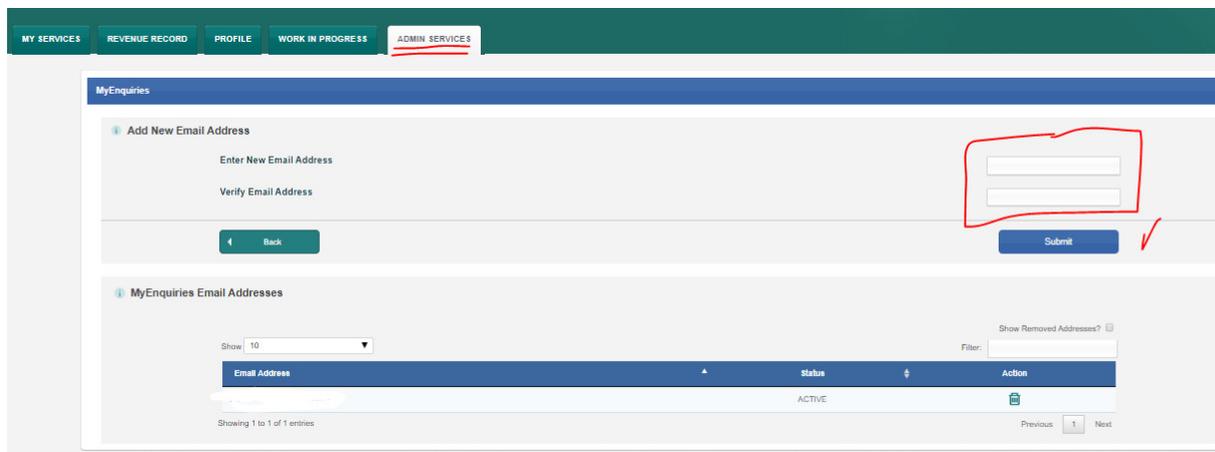

STEP 4
Read the "Covid-19: Temporary Wage Subsidy Self-Declaration"

Read the text that automatically fills in the "Enquiry details*" box and type in an email address. (The email address and confirm email address boxes are auto-filled, this is set up from the Admin tab).

Use Admin Services to input a confirmation email address if not already set up.

STEP 5
Agree and submit

Enquiry details *

as quickly as possible, or will be offset
by Revenue against future payments arising
under the Scheme, (iii) any abuse of the
scheme that comes to light following a
Revenue compliance intervention into the
operation of the Subsidy Scheme will be
subject to significant penalties.

Please provide an email address below. Note your address will only be used
to notify you when there has been activity on your enquiry.

Email Address
DBUCKLEY@WENTWORTH.IE

Confirm email address
DBUCKLEY@WENTWORTH.IE

Attach supporting information
▶ What file types can I attach?

Submit enquiry →

STEP 6
Ensure refund bank account details are registered on your Revenue record. These can be checked in ROS and in 'Manage bank accounts', 'Manage EFT', enter the refund bank account that the refund is to be made to. ROS Help has Instructions on how to setup a refund bank account.

Manage Bank Accounts

You can choose to make and receive payments to and from Revenue using your bank account by means of ROS Debit Instruction and Direct Debit. You can also make payments using MasterCard or VISA debit and credit cards. Certain repayments or refunds can be made by means of Electronic Funds Transfer.

ROS Debit Instruction

Set up a ROS Debit Instruction (RDI) to allow fast one off payments directly from your bank account when filing a return or payment.

Manage RDIs →

SEPA Direct Debit Instruction

You can choose to make monthly payments to Revenue for current taxes.

Select a Direct Debit Type... ▾

Refunds

Certain repayments or refunds due can be paid directly into your bank Electronic Funds Transfer.

Manage EFT →

STEP 7
Revenue will issue a confirmation via myEnquiries and the employer can immediately operate the scheme.

SUMMARY

← Back **Add a new enquiry**

Tax reference number

Tax reference type
CUST

Enquiry relates to * ⓘ

[COVID-19: Temporary Wage ▾] *1*

More specifically * ⓘ

[COVID-19: Temporary Wage ▾] *2*

More Info ⓘ

My reference (optional) ⓘ

You should not include a Tax Reference Number or other personal data as part of this reference (see Information tooltip).

[COVID 19] *3*

For attention of (optional)

[ ]

Enquiry details *

```
In accordance with the legislation
governing the Scheme, I declare to the
Revenue Commissioners that the business
intends to operate the COVID-19:
Temporary Wage Subsidy Scheme and I
confirm that the business is experiencing
significant negative economic disruption
due to Covid-19, and can demonstrate that
```

Please provide an email address below. Note your address will only be used to notify you when there has been activity on your enquiry.

Email Address

Confirm email address

Attach supporting information

▶ What file types can I attach?

[Submit enquiry →] *4*