

KSi Faulkner Orr Publication 25 March 2020

COVID-19

General Notes

- All returns still need to be filed with Revenue by their due dates, no later than the 23rd day of the relevant month. This applies especially to Payroll Returns, VAT and Corporation Tax.
- If key personnel that compute tax returns are unavailable Revenue advise that the relevant returns are submitted on a 'best estimate' basis.
- Application of a surcharge for Corporation Tax returns for accounting periods ending June 2019 onwards (due 23 March onwards) is suspended until further notice
- If you are unable to make payments then ensure you click the button that says File Return Only. Revenue have advised that they will not enforce collections for the next 3 months they do recommend that if you can pay the liabilities on time then do so.
- Revenue are prioritising the approval and processing of repayments and refunds
- Revenue have, in general, suspended audit and other compliance intervention activity on taxpayers' premises until further notice. They will continue to engage with customers to finalise open interventions through myEnquiries or telephone.
- LPT deductions that were due to be taken on 21 March will now not be debited until 21 May 2020.

Debt Management

- All debt enforcement activity is suspended until further notice
- The application of interest on late payments is suspended for all SME businesses in respect of the January / February VAT3 and both February and March PAYE (Employers) Liabilities
- Businesses other than SMEs who are experiencing difficulties in paying their taxes should contact the Collector-General's office on (01) 738 3663 or their branch contacts in Large Corporate Division / Medium Enterprise Division.
- Those who have Phased Payments in place can opt to defer a payment or apply to suspend the arrangement for up to 6 months.

Payroll

Revenue FAQ's can be accessed here - https://www.revenue.ie/en/employing-people/documents/pmod-topics/guidance-on-operation-of-temporary-covid-wage-subsidy-scheme.pdf?_cldee=bmFvbWIAa3NpZm8uaWU%3d&recipientid=contact-920664b6fcf9e71180fd3863bb3600d8-a9f0ea919d71460cb0c04c0c8811fc90&esid=942cbaee-606f-ea11-a811-000d3a20f3f8

This is an area being impacted the most and nearly all employees, directors and sole-traders are in the same boat.

- Revenue will operate a Temporary Wage Subsidy Scheme for a period of 12 weeks commencing Thursday 26 March 2020.
- This scheme is available to employers who keep employees (including directors) on the payroll throughout the COVID-19 pandemic.
- Employers are being encouraged to facilitate employees by operating this scheme, keeping employees on their books and by making best efforts to maintain a significant, or 100% income, for the period of the scheme.
- This replaces the previous COVID-19 Refund Scheme, the €203 per week.
- Initially, and from 26 March 2020 to 1 April, the subsidy scheme will refund employers up to a maximum of €410 per each qualifying employee.
- Employers should pay no more than the normal take home pay of the employee. If the employee was in receipt of a net pay of €150 per week, then this is what they get under this scheme.
- This scheme applies to employers who top-up employees' wages, up to their normal net pay and those that aren't in a position to do so.
- Employers run this scheme through their normal payroll process.
- Employers will be reimbursed for amounts paid to employees up to the €410 per week per employee as applicable.
- The reimbursement will, in general, be made within two working days after the payroll submission.
- In April, the scheme will move to a subsidy payment based on 70% of the employees weekly average take home pay up to a maximum of €410. **Update –** Phase 1 (operation from 26 March to 20 April) the subsidy scheme will refund employers €410 for each qualifying employee regardless of the employee's income level. An adjustment may be required later in cases where the employee's normal weekly wage is less than €410 or where the salary cap on wages in excess of €38,000 applies.
- **Update -** From no later than 20 April (Phase 2) 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 tax-free weekly amounts.
- Income Tax, PRSI & USC will not apply to this subsidy payment
- Employee PRSI will not apply to any top-up payment made by the employer. Income Tax and USC will still apply.
- Employers PRSI will be reduced to 0.5% on any top-up payments made.

Who can avail of this?

- Employers from all sectors excluding public service and non-commercial semi-state sector whose business activities are being adversely impacted by the COVID-19 pandemic.
- This includes salaried directors.

How to Qualify

- Be able to demonstrate, to the satisfaction of Revenue, a minimum of a 25% decline in turnover
- Be experiencing significant economic disruption due to COVID-19
- Be unable to pay normal wages and normal outgoings fully
- Must retain their employees on the payroll
- The scheme is confined to employees who were on the employers payroll as at 29 February 2020 and for whom a payroll submission has already been made to Revenue in the period from 1 February 2020 to 15 March 2020

Revenue will publish a list of all employers who operated this scheme after it has expired – this is for State Aid purposes.

Registering

This can be done either by the employer, the payroll operator or Tax Advisor.

- Log on to ROS
- Go to 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 the bank details for payroll refunds on Revenue are correct. These can be found under the ‘Manage Bank Accounts’, Manage EFT.

Operation from Thursday 26th March 2020

The payroll is operated as normal, entering the following details for each relevant employee under the scheme:

- PRSI Class set to J9
- A non-taxable amount equal to the employee’s net take home pay or €410 whichever is the lesser. You may need to set up a new payment heading for ease of reference
- If the employer is not making any payment to the employee, they should include a pay amount of €0.01 in Gross Pay.
- If the employer is making additional payments they should include this amount in the Gross Pay
- DO NOT INCLUDE the Temporary Wage Subsidy payment in Gross Pay.
- The payroll submission must include pay frequency and period number.

Income Tax, USC, LPT if applicable, and PRSI are not deducted from the Temporary Wage Subsidy

In many cases this payment and any additional income paid by the employer will result in a refund of Income Tax and / or USC already paid to date by the employee. These refunds should be passed on to the employee as Revenue will also issue the applicable amounts back the employer. This is in line with normal payroll operations.

Employers must not operate this scheme for any employee who is making a claim for duplicate support (e.g. Pandemic Unemployment Payment) from the DEASP.

Based on the information provided in the payroll submissions and adherence to the maximum limits Revenue will credit employers with the temporary wage subsidy paid to each employee.

Update - For employees laid off as a result of COVID-19 there will be an increase in the COVID-19 Pandemic Unemployment Payment from €203 to €350.

An increase in the COVID-19 Illness Payment from €305 to €350 per week.

Penalties will apply to any abuse of the Subsidy Scheme by self-declaring incorrectly, not providing funds to employees or non-adherence to Revenue, and any other relevant, guidelines.