

FAQs: TEMPORARY COVID-19 WAGE SUBSIDY SCHEME

The questions below have been collated directly by Fáilte Ireland from various industry sectors. All answers have been provided by Revenue to Fáilte Ireland.

Q: By declaring my business as unable to pay wages, am I declaring insolvency?

Latest communication from the Revenue Commissioners states:

“The declaration by the employer when applying for the scheme is not a declaration of insolvency.

The declaration is based on self-assessment principles and is based on reasonable projections. Additionally, Revenue does not consider that any employer will require professional advice or assistance in being able to prove that these criteria are met.”

Revenue considers ‘inability to pay’ as a serious difficulty to pay wages, meet bills or pay outstanding debts and not a declaration of insolvency.

Q. If you currently owe the Revenue Commissioners tax, will they deduct the amount you owe them from the money you will be due to receive on the Temporary COVID-19 Wage Subsidy Scheme?

The Temporary COVID-19 Wage Subsidy Scheme is paid to the employee via the employer. The employer is not entitled to the money in their own right and it cannot be used for any other purpose other than in accordance with the conditions of the scheme, including, for example, meeting any debts of the employer. This includes offsetting tax liabilities.

Q. Are businesses eligible if they do not have an up to date tax clearance form?

The Subsidy Scheme is operated by employers through their payroll system, thereby ensuring employees will be in receipt of the subsidy payment along with any weekly wages paid by their employer. Tax Clearance is not a condition of this scheme.

Q. Why is a list of companies who availed of the scheme being published?

Revenue will publish a list of names and addresses of qualifying employers. This is a standard approach in many types of grant processes. Effectively the register will be available on Revenue.ie 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.

Q. Revenue's FAQs state that Revenue is not assessing eligibility at this stage but may do in the future. The concern here is that in the future, if a business is deemed ineligible, there would be a need to refund the payments.

In operating the scheme, Revenue's priority is to ensure that all employers experiencing significant negative economic disruption as a result of the COVID-19 crisis can register for and start to receive payment as quickly as possible.

The declaration by the employer as being unable to pay wages, is not a declaration of insolvency. The declaration is simply a declaration which states that, based on reasonable projections, there will be, as a result of disruption to the business caused or to be caused by the COVID-19 pandemic, a decline of at least 25% in the future turnover of, or customer orders for, the business for the duration of the pandemic and that as a result the employer cannot pay normal wages and outgoings fully but nonetheless wants to retain its employees on the payroll.

Revenue does not consider that any employer will require professional advice or assistance in being able to prove to the satisfaction of Revenue that these criteria are met. Should Revenue seek to validate employer eligibility for the scheme, it will adopt a reasonable, fair and pragmatic approach in considering whether the criteria have been met.

Eligibility will initially be determined largely on the basis of self-assessment and declaration by the employer concerned. This will be combined with a risk-focused follow up verification by Revenue involving an examination of relevant business records where that is considered necessary. Taking above into account, and where an employer has not operated the scheme or followed its guidelines, the legislation empowers Revenue to seek the repayment along with interest and penalties.

Q. The guidelines state that an “employer with a significant cash balance that is not required to meet debt is eligible for the scheme but will be expected to pay proportion of the employee’s salary”. Can we have clarity on this guidance?

The Temporary COVID-19 Wage Subsidy Scheme is predicated on the employer wanting to keep the employees on the payroll and to retain them until business picks up. The employer is expected to make best efforts to maintain as close to 100% of normal income for the employee as possible for the duration of the subsidy period. There is no minimum amount that the employer must pay in order to be eligible for the scheme, but the employer will need to enter at least €0.01 in Gross Pay when running its payroll.

However, an employer that has been hit by a significant decline in business but has strong cash reserves, that are not required to fund debt, while still qualifying for the scheme is expected by Government to pay a significant proportion of the employees’ wages.

Sometimes referred to as top-up payments, in the transition phase (26th March to no later than 20th April) an employer can choose to make an additional payment to the employee to fully or partially make up the difference between the amount provided by the subsidy scheme and the employee’s normal Average Net Weekly Pay. Such additional payments are liable to Income Tax and USC. If the employer makes an additional payment greater than the difference allowed by the scheme (i.e. the employee receives more than the Average Net Weekly Pay) then the subsidy value refundable to the employer will be reduced by this excess amount when the refund reconciliation is performed by Revenue in due course. Further guidance will be published when it’s available.

Q. In order to qualify for payment you must prove that you were employed on 28th February. What about tour guides and wider seasonal staff for hotels and attractions that were due to start in March and have worked in these roles year-on-year?

An eligible employee is someone whose employer cannot afford to fully pay them because of the COVID-19 crisis but is being kept on the books of the employer. The employee must be on the payroll on 29 February 2020 and the employer must, between 1 February 2020 and 15 March 2020, have made payroll submissions for payments to the employee to Revenue with pay dates between 1 February 2020 and 29 February 2020. There is no age restriction for employees to be eligible for the Temporary COVID-19 Wage Subsidy Scheme and it includes those employees on full-time, part-time and short-time work arrangements.

Q. Payment is not available to 66-year olds and over (a number of tour guides and B&B owners are of that age and payment should be available for all self-employed regardless of age)

See Q&A above. Eligibility for the Department of Employment Affairs and Social Protection (DEASP) COVID-19 Pandemic Unemployment Payment is restricted to those aged between 18 and 66 years old. There is no age restriction for employees to be eligible for the Temporary COVID-19 Wage Subsidy Scheme. The DEASP operated COVID-19 Pandemic Unemployment Payment (CPUP) is available to employees and the self-employed who have lost their job on (or after) March 13 due to the COVID-19 (Coronavirus) pandemic.

Q. If employees are currently on CPUP and now want to go back to their employer, how can they do that?

If an eligible employer has laid off employees as a result of COVID-19, they can take the employees back onto the payroll and will qualify for the subsidy if they meet the criteria, were on payroll at the end of February 2020 and details were returned to Revenue in February's payroll submissions by 15 March 2020. The employer can create a new employment for the employee under the same PPSN, with a different EmploymentID, and apply the scheme for this employee.

Where an employee who was previously laid off has been re-hired, the employee will qualify for the subsidy scheme if their DEASP Pandemic Unemployment Payment claim is ceased. Revenue will share data with DEASP. If an employee is receiving both the Pandemic Unemployment Payment (CPUP) and the wage subsidy, DEASP will cease their PUP payments.

Q. The taxation of the subsidy on the Revenue website is described as: 'Income tax, USC, LPT, if applicable, and PRSI are not deducted from the Temporary COVID-19 Wage Subsidy Scheme. However, the Subsidy will be liable to Income Tax and USC on review at the end of the year.'

The subsidy payments are liable to income tax; however, the subsidy is not taxable in real-time through the PAYE system during the period of the subsidy scheme. Instead the employee will be liable for tax on the subsidy amount paid to them by their employer by way of review at the end of the year. When an end of year review takes place, it may be the case that an employee's unused tax credits will cover any further liability that may arise. Where this is not the case, and should an income tax liability arise, it is normal Revenue practice to collect any tax owed in manageable amounts by reducing an individual's tax credits for a future year(s) in order to minimise any hardship. Additionally, if an individual has any additional tax credits to claim, for example health expenses, this will also reduce any tax that may be owing.

Q. Short Term Lay Off:

- **Can the employer continue to pay CPUP in a week where the employee is paid accrued untaken holiday pay?**
- **Can the employer continue to pay CPUP in a week where the employee is paid public holiday pay calculated on the 13-week look-back basis?**
- **Is holiday accrual applicable in a week where the employee is on lay-off but is paid the CPUP by the employer?**
- **Is holiday accrual applicable in a week where the employee is on lay-off but is paid the CPUP by the state?**

The DEASP COVID-19 PUP is for employees who have been laid off and their employment ceased. The Temporary COVID-19 Wage Subsidy Scheme is available to workers on the payroll or rehired employees. An employee can only benefit from one scheme.

If operating the Temporary COVID-19 Wage Subsidy Scheme the employer may pay additional sums to the employee. These additional sums must be paid through payroll and the wage subsidy plus any additional pay must not exceed the Average Net Weekly Pay of the employee. If the employer makes an additional payment greater than the difference allowed by the scheme (i.e. the employee receives more than the Average Net Weekly Pay) then the subsidy value refundable to the employer will be reduced by this excess amount when the refund reconciliation is performed by Revenue in due course.

Q. Short Time Working (3-day week)

- **Can the employee claim state benefit in a week where the employee is paid accrued untaken holiday pay?**
- **Can the employee claim state benefit in a week where employee is paid public holiday pay calculated on the 13 weeks look back basis?**

The Temporary Wage Subsidy is available to employees on full-time, part-time and short-time work arrangements.

The above question appears to refer to DEASP benefits. Under arrangements with DEASP the PUP will not be paid to employees who have not been ceased in the employer's payroll or are receiving the Temporary Wage Subsidy.

Q. Refunds from Revenue: Where does liability lie where an employer pays CPUP and is unaware that the employee has separately claimed and been paid CPUP?

Revenue is sharing data with DEASP who will use this to identify dual payments and will cease future DEASP CPUP payments for employees who are benefiting from the wage scheme.

Q. Continuity of service or calculation of length of service: Is there a difference in calculation of the above where the employee is paid CPUP by employer versus by the state?

The question of continuity of service appears to be a matter of employment law and is outside Revenue's scope.

Q. Are those who are self-employed eligible for the employment payment scheme?

Self-employed individuals will be paid directly by DEASP under the COVID-19 Pandemic Unemployment Payment scheme rather than through this Revenue operated subsidy scheme. If Directors are paid through the payroll system and are included in the relevant payroll submissions for an eligible employer, then they are eligible to receive the wage subsidy.

Q. Can an employer pay for some (not all) of the 12 weeks that the scheme runs for, depending on their financial situation?

Employers can pay additional monies for as many weeks as they can manage.

Q. Should employees, whose employers continue to pay them, complete the CPUP form or is this only for employees who are not continuing to be paid?

See above.

Q. How is the employer informed when employees payments are processed by DEASP and employer should stop paying?

See above.

Q. How do employers confirm with DEASP which employees are to be paid initially and during the 12 weeks?

Revenue are sharing data with DEASP who will use this to identify dual payments and will cease future DEASP PUP payments for employees who are benefiting from the wage scheme. However, employers should ensure rehired employees notify DEASP that they are "signing off" and re-joining their employer.

Q. Can the employer make General Top Ups at the employer's discretion?

If operating the Temporary COVID-19 Wage Subsidy Scheme, the employer may pay additional sums to the employee. These additional sums must be paid through payroll and the wage subsidy plus any additional pay must not exceed the Average Net Weekly Pay of the employee. If the employer makes an additional payment greater than the difference allowed by the scheme (i.e. the employee receives more than the Average Net Weekly Pay) then the subsidy value refundable to the employer will be reduced by this excess amount when the refund reconciliation is performed by Revenue in due course.

Q. If applicable from Friday, how does the payment work for businesses whose working weeks are not from Monday to Friday?

Revenue will refund the Temporary Wage Subsidy for payroll submissions from eligible employers made on or after 26th March for pay dates on or after that date. The amounts paid to employees and notified to Revenue will be transferred into the employer's bank account by Revenue. This reimbursement will, in general, be made within two working days after receipt of the payroll submission.

Q. How do people on existing part-time contracts who have been reduced to zero hours, and people on full-time reduced to part-time differ in the support schemes?

An eligible employee is someone whose employer cannot afford to fully pay them because of the COVID-19 crisis but is being kept on the books of the employer. This includes those employees on full-time, part-time and short-time work arrangements.

An employer may make an additional payment to the employee to fully or partially make up the difference between the amount provided by the subsidy scheme and the employee's normal Average Net Weekly Pay. Such additional payments are liable to Income Tax and USC. If the employer makes an additional payment greater than the difference allowed by the scheme (i.e. the employee receives more than the Average Net Weekly Pay) then the subsidy value refundable to the employer will be reduced by this excess amount when the refund reconciliation is performed by Revenue in due course. Further guidance will be published as soon as it's available.

Q. Can team members on CPUP be asked to do upskilling or some work from home as it is an employment subsidy?

The Temporary COVID-19 Wage Subsidy Scheme is for employees on the payroll. This is a matter between employers and employees.

Q. Does the €203 COVID-19 payment now transfer to the new Temporary COVID-19 Wage Subsidy Scheme, which is €410?

Yes, anyone who was previously availing of the COVID Employer Refund Scheme launched on 19th March are being transferred by Revenue across to the Temporary COVID-19 Wage Subsidy Scheme.

Q. If employees are now registered as unemployed, and an employer agrees to pay employees the €203/€350 for the next 3 weeks as agreed with Social Welfare, will Revenue refund this and can businesses re-employ staff?

If employer and employee agree to re-employment, then the employees need to cease application for CPUP and re-join the payroll. Subject to the other eligibility criteria, Revenue will refund the employer for employees under the Temporary COVID-19 Wage Subsidy Scheme. DEASP will pay the COVID PUP up until the employee re-joins the employer's payroll.

Q. As it is currently worded, there seems to be a discrimination against higher earners who only qualify for a subsidy of €350 and not €410? Is this the case?

The level of subsidy and income thresholds are not a matter for Revenue.

Q. Does the €303 Illness Benefit for COVID-19 now become the €350 COVID-19 Social Welfare payment?

No these are different and a matter for DEASP. Details of the Illness Benefit for COVID-19 is available at: <https://www.gov.ie/en/service/df55ae-how-to-apply-for-illness-benefit-for-covid-19-absences/>

and the Pandemic Unemployment Payment at:
<https://www.gov.ie/en/service/be74d3-covid-19-pandemic-unemployment-payment/>

Q. Is the Temporary COVID-19 Wage Subsidy Scheme payment going to reduce in the coming weeks?

The Temporary COVID-19 Wage Subsidy Scheme is expected to last for 12 weeks. The amount of the subsidy, as announced by the Government, is up to 70% of the average net weekly pay subject to a maximum of €410 per week. No reductions are envisaged at this time to this scheme.

Further information:

Information on the Temporary COVID-19 Wage Subsidy Scheme is available at:

<https://www.revenue.ie/en/corporate/communications/covid19/temporary-covid-19-wage-subsidy-scheme.aspx>;

<https://www.revenue.ie/en/employing-people/documents/pmod-topics/guidance-on-operation-of-temporary-covid-wage-subsidy-scheme.pdf>; and

<https://www.revenue.ie/en/corporate/communications/documents/guidance-on-employer-eligibility-and-supporting-proofs.pdf>