

# Revenue



Cáin agus Custaim na hÉireann  
Irish Tax and Customs

## Frequently Asked Questions on:

## Operation of the Transitional phase of the Temporary COVID-19 Wage Subsidy Scheme.

This document describes the operation of the Transitional phase of the Temporary COVID-19 Wage Subsidy Scheme.

This information may change subject to legislation passed.

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## **2. Introduction**

On 24 March 2020 the Government announced new measures to provide financial support to Irish workers affected by the Covid-19 crisis. As part of these measures, Revenue will operate a Temporary COVID-19 Wage Subsidy Scheme. The scheme, enables employees, whose employers are affected by the pandemic, to receive significant supports directly from their employer.

## **3. Purpose of document**

To provide employers and agents with additional information on the operation of the Temporary COVID-19 Wage Subsidy Scheme

This document should be read in conjunction with the Revenue scheme information available on <https://www.revenue.ie/en/corporate/communications/covid19/index.aspx>

## **4. Frequently Asked Questions**

### **What is the Temporary COVID-19 Wage Subsidy Scheme?**

This scheme supersedes the Employer Covid Refund scheme.

The Temporary Wage Subsidy Scheme will be operated by employers through their payroll system, therefore ensuring employees will be in receipt of the subsidy payment along with their weekly employer contribution of wages.

### **What are the key elements of the Temporary COVID-19 Wage Subsidy Scheme?**

The Subsidy Scheme provides the payment of income supports to employers in respect of eligible employees where the employer's business activities have been adversely impacted by the COVID-19 (Coronavirus) pandemic.

The employer will include the subsidy as part of the employees' wages in addition to the amount that the employer would otherwise be able to pay. The employer will separately identify the subsidy element on the payslip as a payment described as "non-taxable pay".

### **How does the Subsidy Scheme differ from the Employer Refund Scheme?**

During this short transition period this enhanced scheme:

- Increases the maximum non-taxable refundable payment to €410 or 70% of the employee's Average Net Weekly Pay if less than €410 for employees earning less than or equal to €586 per week net.
- Increases the maximum non-taxable refundable payment to €350 or 70% of the employee's Average Net Weekly Pay if less than €350, for those earning over €586 per week net and less than or equal to €960 per week net.
- Allows the payment by employers of additional taxable payments.

### **What are the two phases to the Temporary COVID-19 Wage Subsidy Scheme?**

Phase 1 is a short, transitional phase that builds on the current emergency Employer Refund Scheme that has been operational since 15 March 2020, under which the employer gets a refund of €203 per week for each employee that it keeps on its books. The Subsidy Scheme will increase the €203 refund to a maximum of €410 in respect of all employees for employers who operate the Subsidy Scheme regardless of whether the employer makes an additional payment to the employee's earnings or not.

In Phase 2, 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. Further information on how these arrangements will work will issue shortly

### **How long will payments under the enhanced Scheme last?**

The scheme is expected to last a period of 12 weeks.

### **Why are the names of the Employers operating the scheme published?**

The legislation requires the publication of the names of the employers who have applied to operate the scheme

## What is an additional taxable payment in the Temporary COVID-19 Wage Subsidy Scheme?

Sometimes referred to as top-up payments, in the transition phase of the Temporary COVID-19 Wage Subsidy Scheme an employer can choose to make a taxable payment to the employee to fully or partially make up the 30% difference between the 70% of the Average Net Weekly Pay provided by the subsidy scheme and the employees normal Average Net Weekly Pay.

If the employer makes an additional payment greater than the 30% 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 being performed.

## Will the employer be required to make an additional payment to the employee?

The scheme is predicated on the employer wanting to keep the employees on the payroll and to retain them for when business picks up. The employer is expected to make best efforts to maintain as close to 100% of normal income 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 to run payroll.

## How do Employers register for the Subsidy Scheme?

Employers, or their agents, apply to Revenue to operate the scheme 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 **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](#)

## Can those Employers who are signed up for the current Scheme apply for the Subsidy Scheme?

Employers who have signed up to the scheme announced on Sunday 15 March and who may have received refunds under the Employer Refund Scheme are eligible for the Subsidy scheme. They will not be required to apply for the Subsidy scheme. Instead, Revenue will look to confirm with the employer that they meet the conditions of the Subsidy scheme.

## Are there any conditions associated with the Subsidy Scheme?

The Subsidy Scheme is open to employers who self-declare to Revenue that they have experienced significant negative economic disruption due to Covid-19. They should be able to show, to the satisfaction of Revenue, that the negative disruption has led - to a minimum of 25% decline in actual or predicted turnover, to an inability to pay normal wages and outgoings and, to other circumstances as set out in soon to be published Revenue Guidelines.

## Are there checks and balances in place to ensure that only Employers adversely affected benefit from the Subsidy Scheme?

Revenue and the Department of Employment Affairs and Social Protection (DEASP) will be checking the eligibility of employer and employees for this scheme. Checks include:

- That the employer has applied to operate the scheme,

- That all eligible employees are included on a payroll submission made by the employer in the period from 1 February 2020 to 15 March 2020,
- That the eligible employee was on the payroll as of 29 February,
- That the employer has paid the full subsidy amount to the employee, and
- That employees have not received the wage subsidy from multiple employers or have not received a payment from DEASP.

### **I've laid off employees this week can I rehire them and avail of this scheme?**

Yes, if an eligible employer has laid off employees as a result of COVID-19, they can be taken back onto the payroll and will qualify for the subsidy if they meet the criteria and were on payroll at the end of February and details were returned through to Revenue by 15 February.

### **How can I rehire an employee that was previous laid off and ceased on payroll?**

Revenue will check payroll submissions to ensure that employers have completed the required declaration and that the employees receiving the payment were included in Employer's February payroll submissions between 1 February 2020 and 15 March 2020, under the same PPSN.

If such an employee, as a result of the impact of the Covid crisis, was laid off and their employment ceased, and the employer now wishes to place this employee back on payroll to validly avail of the Wage Subsidy Scheme, the employer can create a new employment for the employee under the same PPSN, with a different Employment\_ID, and apply the scheme for this employee.

Employees, who were ceased between 1 March and 25th March can avail of the Temporary COVID-19 Wage Subsidy Scheme for future payroll if they are rehired, but as they were not entitled to the original Covid Refund Scheme at that time, claims cannot be backdated and they cannot receive subsidy under either scheme for payroll prior to 25th March

### **Can paper filers use the scheme?**

The scheme is open to employers who file electronically through ROS.

### **What is an eligible employee?**

An eligible employee is someone who their employer cannot afford to pay fully because of the COVID-19 crisis who is being kept on the books of the employer. The employee must be on the payroll as at 29 February 2020 and the employer has made payroll submissions to Revenue, in respect of the individual, between 1 February 2020 and 15 March 2020. There is not age restriction.

### **Is the scheme open to self-employed as well as employees?**

Self-employed individuals will be paid directly by DEASP under the COVID-19 Pandemic Unemployment Payment scheme rather than through the Revenue operated subsidy scheme.

### **What does an employee have to do to avail of the scheme?**

Once an employee of an eligible employer was employed on 29 February 2020 and the employer has included them in their payroll submissions to Revenue in the period 1 February to 15 March 2020, they are eligible for the scheme. The employee does not have to do anything else. It is a matter for the employer to register for the Subsidy scheme with Revenue.

## **What if an employer already applied for the previous scheme and got €203 refunded, are they now due more?**

The Subsidy scheme is operational only from March 26, 2020 so they will not be due a further refund for amounts received up to that date. Revenue will transfer those employers who have registered for the Employer Covid-19 Refund scheme across to this new scheme.

## **Does this impact employees' rights to redundancy payment?**

Measures are being brought forward by DEASP to suspend the provisions of Section 12 of the Redundancy Payments Act 1967 where an employee has been temporarily laid off or put on short-term work arising from the Covid-19 emergency measures.

## **Will my employees get insurable weeks?**

Yes, the employers PRSI is reduced from 11.05% to 0.5% and no employee PRSI applies. Entitlements will not be broken, and employees will get insurable weeks or credited contributions.

## **Is the wage subsidy taxable on the employee?**

The 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 taxable on the subsidy amount paid to them by their employer by review at the end of the year.

## **What if my employee has multiple jobs will they get multiple payments?**

If an employee has multiple employments, each employer can operate the scheme based on 70% of employee's net earnings.

## **How will Employers operate the Subsidy Scheme during the Transitional Period?**

During the Transitional period, the subsidy scheme will initially refund employers up to a maximum of €410 per each qualifying employee regardless of the employee's income. 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 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.
- The total net pay (temporary wage subsidy and additional pay) must not exceed previous normal 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. However, the Subsidy will be liable to Income Tax and USC on 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 must not operate this scheme for any employee who is making a claim for duplicate support (e.g. Pandemic Unemployment Payment) from the DEASP. Where an employee previously laid off has been re-hired, the employee will qualify for the Subsidy scheme if their DEASP claim is ceased.

Based on the information provided in payroll submissions and adherence to the maximum limits, described above, Revenue will credit employers with the Temporary Wage Subsidy paid to each employee.

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.

### **If I pay an additional payment is the employer PRSI calculated at J9 0.5%?**

Yes, the employers PRSI is reduced from 11.05% to 0.5% and no employee PRSI applies. Qualifying employees are coded as PRSI Class J9 for the purposes only of its reporting obligations. Entitlements will not be regarded as broken, and employees will get insurable weeks or credited contributions. This matter will be fully examined by DEASP and agreed.

### **What figure for Employee Average Net Weekly Pay do I use to calculate an employee's subsidy amount?**

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

To calculate the "Average Net Weekly Pay", using the values in the payroll submission for each pay date in Jan and Feb 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.

**Note:** If the employee's wages and tax/USC/PRSI were constant through all payment in Jan and Feb then using one weeks figures will give the same result and simplify the process (see "What if I use a different value than the Average Net Weekly Pay?" below).



## Example of a calculation of Average Net Weekly Pay

### 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
<b>Totals</b>	<b>9</b>	<b>2,597.76</b>	<b>30.90</b>	<b>18.75</b>	<b>0.00</b>	<b>2,548.11</b>

Employee's Average Net Weekly Pay (ANWP) €2548.11 / 9 = 283.12

To bring this employee up 100% of their Average Net Weekly Pay wages, the employer can make a taxable additional payment and enter this value in place of the €0.01

### Payroll details for 27 March 2020

Frequency	Weekly
Weeks	1
PRSI Class (Employee 0%, Employer 0.5% on taxable pay)	J9
Non Taxable pay - No USC (70% of ANWP as it is less than 38,000 pa)	198.18
Taxable Pay - Employer contribution (optional) (USC)	0.01
Subsidy refund received from Revenue	410.00
Balance of payment due to be refunded to Revenue in future	211.82

### What if I use a different value than the Average Net Weekly Pay?

When reconciling the refunds made to Employers, Revenue will use the Average Net Weekly Pay to determine the refund value amount the employee is eligible to. If an employer uses a value other than the Average Net Weekly Pay to determine the employee's subsidy payment, then the employer may experience difficulties reconciling the payments made to employees to the amount refundable as determined by Revenue.

### What if an employee was not on Payroll in January or February?

There can be cases where an employee was in employment but who did not receive normal pay in January or February, such as reduced pay or off-pay leave, the employee may select not to avail of the Temporary Wage Subsidy Scheme and instead apply directly to the Department of Employment Affairs and Social Protection.

## If I want to pay Fortnightly/Monthly Payroll on or after 26 March how much subsidy do I pay employee?

For payrolls submitted with a Pay Date on or after 26 March

- Weekly employees:
  - Enter a non-taxable amount equal 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 equal to 70% of the employee's net weekly pay to:
    - a maximum of €820 (€410 \* 2) where the average net weekly pay is less than or equal to €586; or
    - a maximum of €700 for (€350 \* 2) where the average net weekly pay is greater than €586 and less than or equal to €960.
  - This is based on two weeks.
- Monthly employees. For March payroll with pay date between 12 March 2020 and 31 March 2020:
  - Enter a non-taxable amount equal to 70% of the employee's net weekly pay to
    - a maximum of €812 (€203 \* 4).
  - This is based on a 4 week March with four weeks at the €203 rate.
- Monthly employees For April payroll:
  - This will be confirmed later, it is planned to have the next phase in operation for April payroll.

## What are the applicable payroll frequency multipliers?

For March 2020 the following apply for payrolls submitted with a Pay Date on or after 26 March

1. Fortnightly = (203 \* 2)
2. Monthly = (203 \* 4)
3. Twice Monthly = (203 \* 2)
4. Week Based Monthly = (203 \* 4)
5. Four Weekly = (203 \* 4)
6. Quarterly – Not applicable for the scheme
7. Bi-Annual – Not applicable for the scheme
8. Annual – Not applicable for the scheme
9. Other – Not applicable for the scheme

## When is the scheme starting from/Can I revise previous payments/Can I back-date?

Scheme starts from 26<sup>th</sup> March, for payroll submissions relating to pay dates on or after the 26<sup>th</sup> March. The expectation is that this would cover payroll for the week commencing Monday 23. It cannot be backdated prior to that date.

Submissions made before the introduction of the Temporary Wages Subsidy Scheme, on the 26<sup>th</sup> March 2020, cannot be processed under the Temporary Wages Subsidy Scheme and are covered under the previous Refund Scheme.

## Can I correct submissions already made for COVID refund scheme?

No, once a submission is made to Revenue with a J9 Refund in it, it cannot be deleted or amended. As Revenue's systems were developed quickly to cater for the Subsidy scheme, attempts to delete or amend previous Covid

refund submissions may cause further difficulties for the Employer and disrupt the refund process. In such a case, a detailed message should be submitted to Revenue through MyAccount for further instructions.

### **Can I make submissions for multiple weeks in advance?**

Employers must file a payroll submission with Revenue on or before the day they pay their employees. Based on this submission, Revenue will promptly make a Subsidy payment for valid submissions.

Submissions made more than 4 days in advance of the pay-date will not be processed for refund until 4 days before the pay-date. Such advance submissions may not be based on the latest RPNs or may include payments to employees whose personal situation changes putting them outside eligibility for the refund. To avoid a situation where an employer is not refunded, employers are reminded to ensure that they use the most current RPN and make submissions in line with payroll frequency, i.e. weekly / fortnightly or monthly.

### **What if my employee is due a refund of tax in the payroll?**

Where an employee is due a refund of tax or USC based on the payroll being processed, Revenue will refund this to the employer along with the associated wage subsidy.

### **Will employers be entitled to the full Subsidy amount under the transitional arrangements?**

If an employer receives a subsidy payment which is more than they are entitled to, say because the employee's "normal" net weekly earnings are less than the Subsidy payment, they will be obliged to refund the monies to Revenue, or Revenue will reduce subsequent Subsidy payments the employer is due to receive.

### **If an employer operated the scheme will the refund amount money be offset against tax liabilities?**

Subsidies under the scheme are 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 line with the scheme, including meeting any debts of the employer.

### **How quickly will Employers get their refund under the Subsidy Scheme and how is it paid?**

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.

### **How long will it take for my payroll package to be updated for the scheme?**

Revenue has been working with a number of payroll software providers to implement payroll solutions in response to the Covid pandemic crisis. Revenue recognises that the payroll software providers have been extremely cooperative and are fully engaged in delivering software enhancements to their payroll software to support the schemes in a very short time.

## 5. Appendix 1

Sample ROS screens showing how to locate an employee's payroll submission information. The equivalent information may be available in the payroll package.

Payroll

[Submit payroll](#)

[View payroll](#)

### View payroll

Search by	<input type="text" value="Payroll runs by tax year"/>	
Tax year	<input type="text" value="2020"/>	<input type="button" value="Search"/>

#### Payroll runs tax year 2020

All payroll runs which were submitted or last updated in the tax year selected are displayed below. Any payroll run which was amended will display in the month it was last updated.

##### January

Date last updated	Payroll run reference	Status	Action
31/12/2019 03:30 PM	330de658-74e0-40a6-9526	PROCESSED	<a href="#">View</a>
08/01/2020 10:09 PM	18aed15a-fa37-4b05-96e5	PROCESSED	<a href="#">View</a>
15/01/2020 09:56 PM	841efb1f-12b5-479d-a3f4	PROCESSED	<a href="#">View</a>
22/01/2020 10:31 PM	acaefabb-3831-48ba-b3f3	PROCESSED	<a href="#">View</a>
29/01/2020 10:13 PM	d2cd3a08-f100-4780-87c2	PROCESSED	<a href="#">View</a>

##### February

Date last updated	Payroll run reference	Status	Action
05/02/2020 10:13 PM	711e7ebd-b648-4b27-8de9	PROCESSED	<a href="#">View</a>
12/02/2020 09:59 PM	b7365f5f-e8a1-4e57-b6c8	PROCESSED	<a href="#">View</a>
12/02/2020 10:01 PM	3eccc807-af17-4c99-ac62	PROCESSED	<a href="#">View</a>
26/02/2020 10:15 PM	ca43aac3-0107-4945-af64	PROCESSED	<a href="#">View</a>

Identifying values to use in calculating the Average Net Weekly Pay.

Pay date	07/02/2020
Pay period	6
RPN number	6
Gross pay	€270.60
Pay for Income Tax	€270.60
Income Tax paid	€3.22
Income Tax calculation basis	Week 1
Tax credits	€263.40
<b>Tax rates</b>	
Tax rate	1
Standard rate cut off point this period	€2,995.62
USC status	Ordinary
Pay for USC	€270.60
USC paid	€1.95
PRSI exempt	No
<b>PRSI classes</b>	
PRSI class	A0
Insurable weeks	1
Pay for employee PRSI	€270.60
Employee PRSI paid	€0.00
Pay for employer PRSI	€270.60
Employer PRSI paid	€23.81
LPT deducted	€0.00