

PwC South East

The Wage Subsidy Schemes

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In partnership with Kilkenny Chamber

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Temporary Wage Subsidy Scheme

- Commenced 26 March 2020
- 65,000 employers/410,000 employees /cost of €1.6 Billion to date
- Various phases, updates and iterations
- Primary objective to keep employees on the books and assist employers in meeting costs of doing so – keeping employees at same net pay levels during pandemic
- Due to cease 31st August
- Run in Parallel with EWSS from 1 July

Temporary Wage Subsidy Scheme

Difficulties

- Eligibility criteria
- Initial calculations of ARNWP, subsidy and potential Top Up
- Dealing with pensions and other benefits
- Transitional phase and subsequent reclaims
- Employees not on February payroll
- Issues with re-hires post May 2020 – subsequently corrected

Temporary Wage Subsidy Scheme

Difficulties

- Issues with previous non compliance
- Tax refunds and interaction with payments (subsequent move to Week 1 basis importance of most up to date RPN)
- Employee communication around tax liability on subsidy
- Divisions – positive and negative
- Publication concerns

Temporary Wage Subsidy Scheme

Current employer considerations:

- Continuing eligibility – 25% test plus ability to meet normal wages and outgoings fully
- Decreasing the subsidy amount as businesses recommence trading and when to stop operating the scheme?
- Compliance letters – 5 day turnaround time and extension beyond TWSS
- Importance of self review
- Reconciliations from Revenue should be available in Q4 – check of amounts due vs paid – guidance on how to apply will be issued shortly
- Inability to re-open submissions to amend – need for corrective submissions
- End of Year Review of employee liability – 2022 to 2026

Employment Wage Subsidy Scheme

Basic conditions:

- Runs Parallel with TWSS from 1 July – 31 August. Replaces TWSS on 1 September and is due to run to end of March 2021
- 30% reduction in Turnover or Customer Orders compared to 2019
- Allows inclusion of employees who did not qualify under TWSS
- Flat rate of €151.50 or €203 based on GROSS wages
- PRSIer is to continue at 0.5% on all earnings – no Class J9 – different process required
- Sweepback allowed to 1 July for non-TWSS employees

Employment Wage Subsidy Scheme

Practical Issues:

- Must register thru ROS before applying for the subsidy - can register since Tuesday 18th Aug
- Cannot register if not tax compliant – must have Tax Clearance Cert
- Monthly self review required and if no longer eligible – must sign off through ROS
- Publication in Jan and April 2021 of participants

Employment Wage Subsidy Scheme

Employer Eligibility:

- 30% drop in turnover or customer orders in the period 1 July 2020 to 31 December 2020 when compared to same period in 2019 (provision/guidance for business that were not in existence on 1 July 2019) – must be as a result of COVID19 impact
- Ability to pay/cash reserves issues – no longer relevant
- Individual Business Divisions that are not suffering 30% drop CANNOT benefit. Individual Business Divisions that are suffering 30% drop but the business as a whole is not, CAN qualify.
- Multiple payrolls → only one subsidy
- Unconnected multiple employments – each employer is separate

Employment Wage Subsidy Scheme

Basic conditions:

- Covers any employee who benefited from TWSS, + seasonal workers + new hires + plus some non-TWSS employees
- Rates are now flat rate and based on Gross Weekly Wages
- Can be claimed back to 1 July for employees who did not qualify for the TWSS, with payment due mid September. Template claim form and guidance to follow from Revenue

Gross Weekly Wages	Subsidy Amount
Less than €151.50	€ -
Between €151.50 and €202.99	€ 151.50
Between €203 and €1,462	€ 203.00
Greater than €1,462	€ -

Employment Wage Subsidy Scheme

PRSI Issue:

- PRSIer applying is 0.5% - but, must be applied at normal PRSI Class rates for payroll submission
 - no Class J9 for the EWSS
 - add 'EWSS' in the 'other payments' field on the payroll submission (not on the payslip) to signify that you are applying for the subsidy
 - Revenue will give a credit for the excess PRSI to reduce the net amount payable to 0.5%

Employment Wage Subsidy Scheme

Some Other Practical Issues:

- Need to be registered for the EWSS before applying for the subsidy through payroll
- Employer and all connected parties must hold Tax Clearance Cert AND remain full compliant – check now – 16,000 TWSS eligible employers do not have a TCC
- Must be registered already for PAYE/USC
- Normal payroll process applies – i.e. normal gross wages – subsidy is paid direct to employer
- Treated as taxable income for the employer (but not included for the purpose of the 30% test)

Employment Wage Subsidy Scheme

Some Other Practical Issues:

- Cannot back date any claim after 1 September – i.e. backdating applies only to Period 1 (July – 31 August)
- Monthly self review required to ensure ongoing eligibility – if not, sign off immediately
- Some anti-avoidance provisions to prevent contrived wages situations or situation involving layoffs with employees being replaced with multiple new hires to claim multiple subsidies
- Employers required to maintain records to support the 30% reduction test – EWSS compliance checks will be carried out.

EWSS Vs TWSS

- Payable to employer not to employee
- Based on gross wages – not on fictional ARNWP
- Flat rate of payment – no complicated tapering rules
- No requirement to keep evidence to show subsidy being paid to the employee
- Not limited to employees on the books on 29 February
- Has no impact on employees wages (i.e. wages are paid as normal – so, overtime, shift premiums etc flow through to employee)

EWSS Vs TWSS

- No end of year review for employees
- Cash reserves not relevant for employer
- PRSIer process cumbersome
- Monthly self review required
- Different treatment of business divisions that are not suffering 30% drop
- Multiple employments – each employer gets to claim a subsidy.

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