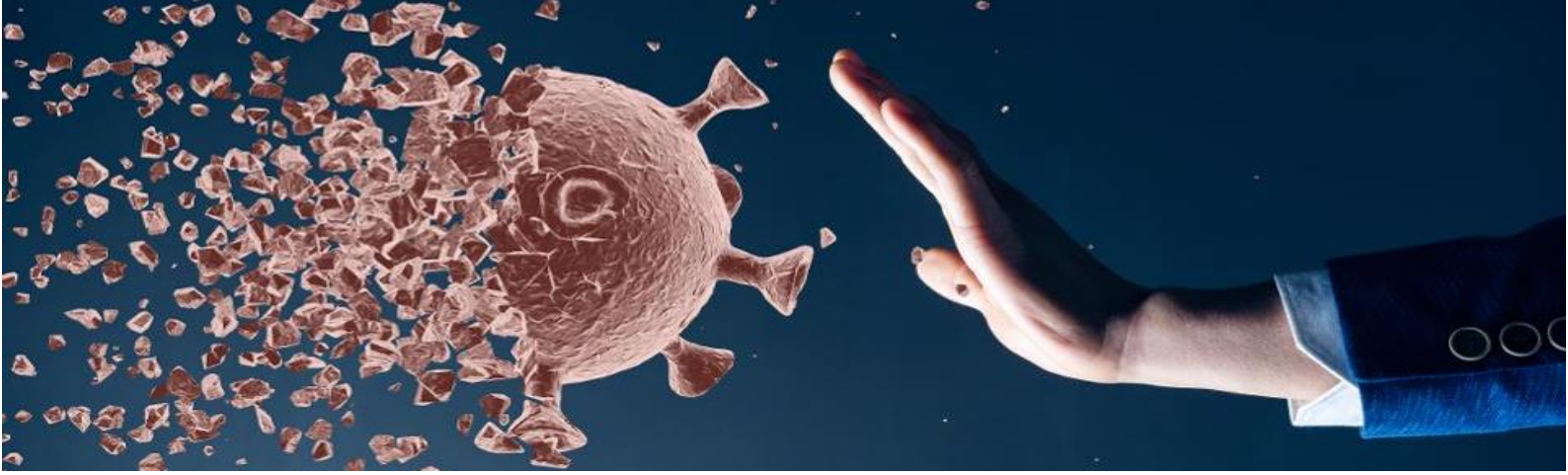


COVID-19: Latest updates on the Temporary Wage Subsidy Scheme (TWSS)

This week, Revenue released version 16 of the FAQ, *Guidance on the Operational Phase of the COVID-19: Temporary Wage Subsidy Scheme (TWSS)* together with a detailed eBrief and press release covering a number of important updates relating to the scheme.

The main updates relate to:

Scheme extension and confirmation eligibility criteria unchanged
Confirmation that the TWSS will continue until 31 August 2020, as announced by the Minister for Finance & Public Expenditure and Reform, Paschal Donohoe T.D. earlier this month and that the eligibility criteria for continued participation in the scheme (or to join the scheme) will remain unchanged. Eligibility depends on the level of negative economic disruption suffered by the employer due to COVID-19 for the three months to 30 June 2020 – Quarter 2.

Employer review of scheme eligibility
Employers joined the TWSS based on the principles of self-assessment and a best estimate determination relating to a decline in turnover, customer orders or any other "reasonable basis" measurement. Revenue has advised employers that as the end of Quarter 2 approaches, it is timely to review their eligibility for the scheme and determine whether they did in fact meet the eligibility criteria. This matter is covered in more detail below in the item on Employer Compliance Programme.

Week 1 Basis
All employees that received payments under either the TWSS or the COVID-19 Pandemic Unemployment Payment (COVID-PUP) are being moved to a Week 1 basis. Notifications to employers to operate the Week 1 basis are available in ROS since 21 June 2020. It is important that employers check that they are utilising the most up to date Revenue Payroll Notification (RPN) when running the payroll.

Revenue has also updated the Guidance for employees on the TWSS to cover a number of matters, which is available **www.ros.ie.**

The National PAYE Phoneline is expected to reopen from 30 June, with telephone opening hours of 9.30am to 1.30pm, to deal with employee queries.

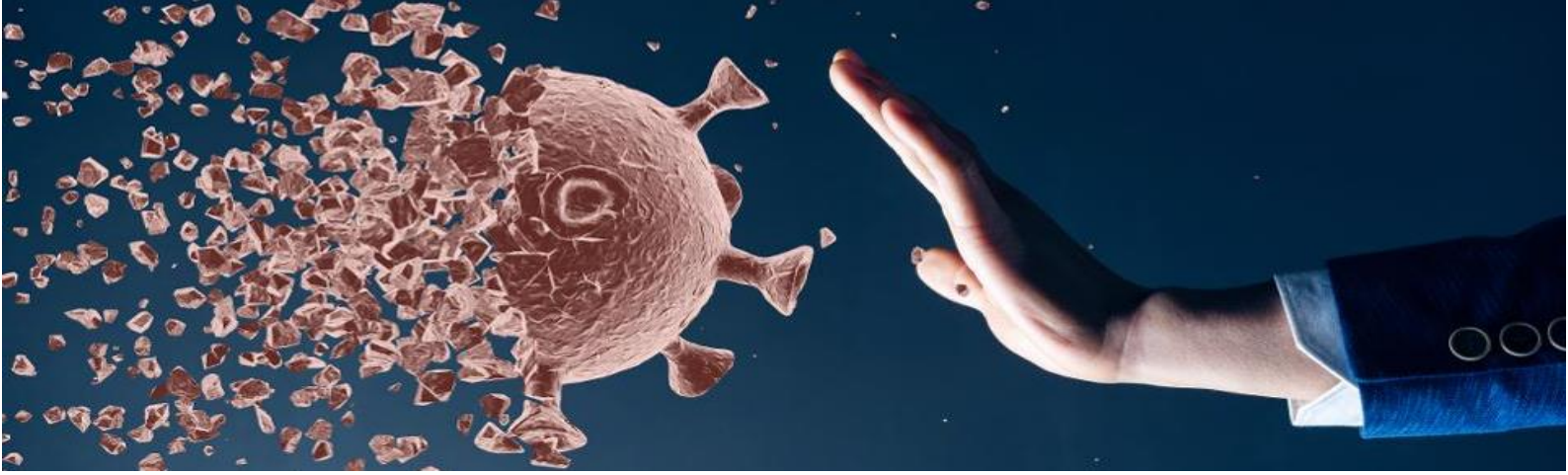
Inclusion of SOLAS apprentices
Revenue has implemented a change to the TWSS which will accommodate apprentices returning to work who, in February 2020, were on an apprenticeship education and training programme run by SOLAS and were not on their main employer's payroll in February 2020. This follows an announcement on Tuesday by Minister Donohoe that the exclusion from the TWSS of apprentices on block release from their employers for training purposes was an unintended consequence.

Employer Compliance Programme
Revenue is contacting c.55,500 employers that have received subsidy payments under the TWSS to confirm that the scheme is operating correctly. The letters are issuing via MyEnquiries, with the first 1,300 letters issued this week.

Revenue is seeking certain documentary evidence to establish that:

- employers participating in the scheme meet the eligibility criteria;
- employees are receiving the correct amount of subsidy and
- the subsidy amount is being correctly identified in employee payslips.

Revenue clarified at TALC this week that employers are not expected at this point to provide detailed documentation to prove that



they have met the employer eligibility criteria. Revenue is asking employers to summarise the basis on which they believed they would be significantly adversely affected by the COVID-19 pandemic and would experience a reduction of at least 25% in turnover or customer orders (or other reasonable basis, where applicable) in Quarter 2 and whether this reduction materialised, now that Quarter 2 is coming to an end on 30 June. Based on the summary provided, Revenue may look for more detailed information in some cases.

If the predicted fall in turnover did not materialise, Revenue is advising employers to immediately exit the TWSS by ceasing to submit J9 payroll submissions and returning employees to their normal PRSI class for all future payrolls. Revenue will require evidence of the assumptions made to support the original self-assessment of eligibility and once the basis for the assumptions is reasonable, they will not seek to claw back subsidy amounts already paid.

The letters will also seek copies of payslips as evidence that subsidy amounts have actually been paid to employees. The size of the sample will depend on the size of the business.

These compliance checks are not Revenue Audits or compliance interventions under the *Code of Practice for Revenue Audit and other Compliance Interventions*. Revenue has noted that they are checks to ensure the scheme is operating correctly, given the significant cost of the TWSS to the Exchequer and the period for determining an employer's qualification for the scheme ending on 30 June. Agents will be copied on the letters issued to employers via MyEnquiries. The correspondence will be listed as "COVID-19: Employer COVID-19 Compliance" in the MyEnquiries Record.

When the short timeframe for employers to reply stated in the letters was raised with Revenue (i.e. 5 days) at TALC, Revenue confirmed that the employer's subsidy will not be immediately reduced if the employer cannot reply within this timeframe. However, Revenue will actively follow up with employers where a satisfactory response is not provided and will, where necessary, cease payments to employers who do not co-operate with the checks or who are not complying with conditions of the scheme.

A copy of the standard Revenue TWSS Compliance Check letter is shown below. In cases where the employer has outstanding returns, the letter will include a reference to this and a reminder that a taxpayer will not be able to avail of the "debt warehousing" arrangements in respect of PAYE and VAT liabilities if there are outstanding tax returns.

Version 16 also includes updates on rehiring employees who need to transfer their credits, paying employees for multiple pay periods (e.g. holiday pay) and other matters.

For more information or further guidance please contact us on 01 836 5522 or email ciara@bkrm.ie.