

Employment Wage Subsidy Scheme – Updated Guidance

The Financial Provisions (Covid-19) (No. 2) Act 2020 (Act No. 8 of 2020) has been signed into law inserting section 28B into the Emergency Measures in the Public Interest (Covid-19) Act 2020, which provides for the introduction of the Employment Wage Subsidy Scheme (EWSS).

From September 1, 2020 the EWSS replaces the Temporary Wage Subsidy Scheme (TWSS) (which ceases on 31 August 2020) and the EWSS can be claimed in respect of employees provided the eligibility conditions are met. Revenue have published a detailed guide which outlines the key parameters of the scheme. The key points of note are provided below and further details of the scheme are available through the Revenue website.

Defining the Employment Wage Subsidy Scheme (EWSS)

This new scheme is an economy-wide enterprise support that focuses primarily on business eligibility. With a separate registration process, owing to differing eligibility criteria compared to the TWSS, the scheme is open to employers who file their payroll submissions electronically through Revenue Online Service (ROS).

The scheme has two elements as follows:

- It provides a flat-rate subsidy to qualifying employers based on the numbers of paid and eligible employees on the employer's payroll; and
- It charges a reduced rate of employer PRSI of 0.5% on wages paid which are eligible for the subsidy payment.

Administration of the EWSS

The scheme does not affect any legal obligations that the employer may have to their employee as regards any terms, conditions or entitlements of their employment, including pay.

The scheme will be administered by Revenue on a "self-assessment" basis. Revenue will not be looking for proof of eligibility at the registration stage but will review in the future, based on risk criteria. Owing to this, employers should retain their evidence/basis for entering and remaining in the scheme.

The subsidy will be paid directly into the employer's designated bank account once a month in arrears, as soon as practicable after the return due date (14th of the following month).

EWSS Eligibility Criteria

1. Tax Clearance

Employers must possess a valid tax clearance certificate to enter the EWSS and continue to maintain tax clearance for the duration of the scheme, in order to receive the applicable EWSS payments provided all other conditions are met. Where an employer does not hold tax clearance an application should be made online.

2. Other Employer Eligibility Criteria

In addition to having tax clearance for the duration of the scheme, an employer must be able to demonstrate that:

- their organisation is expected to experience a 30% reduction in turnover* or orders between 1 July and 31 December 2020 looking at the period as whole rather than on a monthly basis; and
- this disruption is caused by COVID-19.

This reduction in turnover or orders is relative to;

- the same period in 2019 where the organisation was in existence prior to 1 July 2019;
- where the organisation commenced trading between 1 July and 1 November 2019, the date of commencement to 31 December 2019; or
- where a organisation commenced after 1 November 2019, the projected turnover or orders for 1 July 2020 to 31st December 2020.

Please note:

****All sources of income must be included when reviewing a possible drop in turnover (i.e., sales, donations, State funding).***

****Childcare businesses/ organisations registered in accordance with Section 58C of the Child Care Act 1991 are included in the scheme with no turnover test to be met.***

Continued Review of Employer Eligibility required

There is an expectation that employers undertake a review on the last day of every month (other than July 2020 and the final month of the scheme) to ensure continued eligibility.

Where an employer becomes aware prior to the end of the month that they will no longer meet the eligibility criteria, they must deregister immediately and cease claiming.

Where circumstances change the following month and the employer is again eligible, they can reregister and claim from the date of reregistration (the claim cannot be backdated in this scenario).

Eligible Employees

From September 1, 2020 – March 31, 2021 a subsidy can be claimed in respect of employees of an impacted organisation on the payroll and in receipt of gross wages of between € 151.50 and € 1,462 per week (subject to limited exceptions).

There are no restrictions on taking on new employees or movement of employees under the Transfer of Undertakings (Protection of Employment) (TUPE) legislation, provided such recruitments/movements are undertaken for bona fide business/ organisational purposes and not with the intention to maximise subsidy claims.

Rate of Subsidy

The rate of weekly subsidy the employer will receive per paid eligible employee is as follows:

Level of subsidy the employer will receive is per paid Employee

Employee Gross Weekly Wages	Subsidy Payable
Less than € 151.50	Nil

From € 151.50 to € 202.99	€ 151.50
From € 203 to € 1,462	€ 203
More than € 1,462	Nil

Exclusion of certain categories of employees

Contained within the legislation is an exclusion of certain categories of employees which include:

- Proprietary Directors (additional guidance to be provided on exemptions that may pertain to this group).
- Connected Parties who were not on the payroll and paid at any time between 1 July 2019 and 30 June 2020.
- employees working in a business division of an organisation or related group entity not expected to suffer a 30% reduction.
- employees employed otherwise than as part of a organisation e.g. domestic employees such as childminders, housekeepers, gardeners etc.

Points of Note:

- In order to provide monthly subsidy payments to employers, EWSS can only be claimed in respect of payroll submissions of at least a monthly pay.
- Registration for the Scheme will commence from August 18, 2020 and cannot be backdated. Employers will also be expected to agree and sign a declaration.
- In limited circumstances certain exemptions for backdating exist where certain categories of employees or organisations were excluded from TWSS (please review the Revenue guidance document for further details).
- The Minister for Finance will continue to monitor the economy and may amend the terms of the scheme, specifically the end date, the rate of subsidy payable and the turnover test to determine employer eligibility.

Disclaimer – The information in this section is provided for reference purposes only to assist Employers with the government protocols and guidance and must be read in that context and should not be used for or interpreted as a legal definition of any of the information provided. The information provided is correct of Aug 19, 2020 and is per information published in the Revenue Commissioner guidance document - Guidelines on the operation of the Employment Wage Subsidy Scheme available on the Revenue website at <http://www.revenue.ie> as of that date. Professional advice should always be sought before making any such decisions.

For further information or advice, please contact the designated HR & Employment Helpdesk at thewheelhrhelpdesk@adarehrm.ie or via telephone on (01) 5394661 Monday – Friday 9.00am- 5.00pm