



# Temporary Wage Subsidy Scheme [TWSS]

## Guidance Note – Eligibility, applying and proofs

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On 24 March 2020, the Government announced that Revenue will operate the Temporary Wage Subsidy Scheme to help keep as many employees as possible in their jobs during the COVID-19 crisis.

This financial support could provide the breathing space both employers and employees need to come through the COVID-19 crisis.

This guide walks you through eligibility for the scheme, how to apply and the documentation the Revenue will look for as proof of your right to participate in the scheme.

### Does my business qualify for the Scheme?

The TWSS is available to all private sector employers.

To qualify for the scheme, employers must:

- be experiencing significant negative economic disruption due to Covid-19
- be able to demonstrate, to the satisfaction of Revenue, a minimum of a 25% decline in turnover
- be unable to pay normal wages and normal outgoings fully, and
- retain their employees on the payroll.

Employees will only be eligible if they were on payroll as at 29 February 2020, and you made a payroll submission to Revenue confirming the employee's pay in the period from 1 February 2020 to 15 March 2020.

### How much will I need to pay employees?

There is no obligation to top up the state subsidy being paid to employees, but the government encourages all employers that can maintain their employees' salaries at their normal level to do so.

The state subsidy amounts to a maximum non-taxable refundable payment of €410 or 70% of the employee's Average Net Weekly Pay if they are earning less than €586 per week net.

The maximum non-taxable refundable payment is €350 for those earning over €586 per week net and less than or equal to €960 per week net.

### How do I apply for the scheme?

You will need to apply through the Revenue's online ROS system and click on the Covid-19 Temporary Wage Subsidy category.

If you have already registered for the Employer Refund Scheme which entitled you to a refund of €203 per week per employee from the state, you will be contacted by Revenue to confirm that you meet the qualifying criteria.

### How do I prove that turnover is down 25%?

To prove your business is experiencing significant economic disruption, Revenue will seek proof:

- that your turnover is likely to decrease by 25% for quarter 2, 2020, and
- that the business is unable to meet normal wages or normal outputs.

For some businesses that have been forced to close, it will be straightforward to demonstrate a 25% decline in turnover.



You can also prove the 25% decline in turnover by showing a decline in orders from March 2020 as against February 2020.

Revenue will also accept a comparison with your 2019 turnover figures from the same period, or any other basis that is reasonable.

### **You must have made efforts to keep employees on payroll**

You will only be able to use this scheme for employees who were on your payroll on the 29<sup>th</sup> February 2020. Revenue will examine your payroll submission for that pay period to confirm this.

If you laid off employees after 29 February 2020, you will be permitted to put them back on the payroll for the purposes of this scheme.

### **No immediate proofs required**

Revenue will not be looking for proof of your qualification for the scheme immediately, but you must retain your documentary evidence/basis for entering the scheme.

Revenue will be carrying out subsequent checks based on their risk profiling to retrospectively confirm employers' eligibility for the scheme.

It is a good idea to have your financial records relating to this difficult trading period ready for inspection at any time in the next six years.

### **What financial records do I need?**

In general, Revenue will take account of the nature and scale of the business when determining what level of financial records are required.

If you submitted financial records to your bank to renegotiate loan repayments for example, Revenue will accept those records that you submitted to the bank as evidence of the financial downturn you suffered. This will avoid unnecessary duplication.

The guiding principle is that you must be able to show that your business suffered significant negative economic disruption due to COVID-19.

Examples of documents that will be sufficient proof for Revenue might be:

- Copies of documentation submitted to a bank to renegotiate a loan.
- Copies of communications to employees, Trade Unions or staff representative bodies regarding salary/wage cuts owing to the COVID-19 pandemic.
- Copies of documentation that show that cash reserves in the business are required to fund debt that is equal or greater than the reserve amount.
- Evidence of reliance on the Government Credit Guarantee Scheme or overdraft facilities or other borrowings for capital purposes.
- For start-up businesses, evidence of a decline in investment by at least 25% arising from the COVID-19 crisis.

### **Employer's declaration**

The TWSS will operate in line with the Revenue's normal basis of self-assessment.

You will be required to make a declaration, stating 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 affecting your business for the duration of the pandemic which is preventing you from paying normal wages and outgoings fully but nonetheless wants to retain its employees on the payroll.



**PENINSULA**

## **Payroll considerations**

Revenue gives the following instructions to payroll professionals suggesting how to reflect payment of the subsidy in payroll submissions:

1. Set PRSI Class to J9.
2. 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.
3. If your business is not making any additional top up payment to the employee, you should include a pay amount of €0.01 in Gross Pay.
4. If your business is making an additional top up payment to the employee, you should include this amount in 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 the employee's previous normal pay.

The payroll submission must also include pay frequency and period number.

### **Need Further Advice?**

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