
COVID-19 Information and advice for taxpayers and agents

1. [Overview](#)
2. **Temporary COVID-19 Wage Subsidy Scheme**
3. [Revenue services](#)
4. [Compliance with certain reporting and filing obligations and the satisfaction of certain other tax related conditions](#)
5. [Corporation Tax and presence in the State or outside the State resulting from COVID-related travel restrictions](#)
6. [Relief from Excise Duty \(Alcohol Products Tax\) for the manufacture of hand sanitiser products](#)

Temporary COVID-19 Wage Subsidy Scheme

General Information

On Tuesday, 24 March the Government announced new measures to provide financial support to workers affected by the Covid-19 crisis. As part of these measures, Revenue will operate a Temporary Wage Subsidy Scheme. The scheme, enables employees, whose employers are affected by the pandemic, to receive significant supports directly from their employer through the payroll system. The scheme is expected to last 12 weeks from **26 March 2020**.

The information that follows is based on the terms of the [Emergency Measures in the Public Interest \(Covid-19\) Bill 2020 \(As initiated\)](#) which was recently published.

The Temporary Wage Subsidy Scheme will be available to employers who keep employees on the payroll throughout the COVID-19 pandemic, meaning employers can retain links with employees for when business picks up after the crisis. Additionally, the operation of the scheme will reduce the burden on the Department of Employment Affairs and Social Protection (DEASP) which is dealing with the other Covid-19 related payments.

Employers are encouraged to facilitate employees by operating the scheme, by retaining employees on their books and by making best efforts to maintain a significant, or 100% income, for the period of the scheme.

Key Features of the scheme

- Replaces the previous COVID-19 Refund Scheme.
- Initially, and from this Thursday (26 March 2020), the subsidy scheme will refund employers up to a maximum of €410 per each qualifying employee.
- However, employers should pay no more than the normal weekly net pay of the employee.

- The subsidy scheme applies both to employers who top up employees' wages and those that aren't in a position to do so.
- Employers make this special support payment to their employees through their normal payroll process.
- Employers will then be reimbursed for amounts paid to employees and notified to Revenue via the payroll process.
- The reimbursement will, in general, be made within two working days after receipt of the payroll submission.
- In April, the scheme will move to a subsidy payment based on 70% of the normal net weekly pay for each employee up to a maximum of €410*.
- Income tax and USC will not be applied to the subsidy payment through the payroll.
- Employee PRSI will not apply to the subsidy or any top up payment by the employer.
- Employer's PRSI will not apply to the subsidy and will be reduced from 11.05% to 0.5% on the top up payment.

* (details on this will be made available by Revenue in due course)

Who does the scheme apply to?

The Scheme is available to employers from all sectors (excluding the public service and non-commercial semi-state sector) whose business activities are being adversely impacted by the COVID-19 pandemic.

It is open to employers who retain staff on payroll; some of the staff may be temporarily not working or some may be on reduced hours and/or reduced pay. Provided the employer meets the conditions set out below and subject to the levels of pay to the employees the employer may be eligible for the scheme for some or all of its employees.

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.

The Scheme is confined to employees who were on the employer's payroll as at 29 February 2020, and for whom a payroll submission has already been made to Revenue in the period from 1 February 2020 to 15 March 2020.

After the scheme has expired, the names of all employers operating the scheme will be published on Revenue's website.

Registering for the Temporary Wage Subsidy Scheme

Any employer, already registered with Revenue for the purposes of the Employer COVID-19 Refund Scheme, is not required to take any further action. The employer may make payroll submissions from 26 March 2020 under the subsidy scheme arrangements on the same basis as they were doing for the Employer Refund Scheme, and €410 will be refunded in respect of each eligible employee per week.

Employers, or their agents, wishing to register for the scheme can apply to Revenue 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 bank account details on Revenue record are correct. 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.
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Operating the scheme from Thursday 26 March 2020

As outlined above, in April the scheme will move to a subsidy payment based on each employee's normal net weekly pay (see further information below). In the interim, 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 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 top up payment to the employee, they should include a pay amount of €0.01 in Gross Pay.
- If an employer is making a top up 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.

Subsidy payment based on each employee's income

From 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.

Guidance/Information

For general issues relating to the scheme, employers should contact Revenue's National Employer Helpdesk via the myEnquiries system, providing details of the query and a direct dial contact number.

Employers should make sure to select '**Employer's PAYE**' and then '**Employer's PAYE General Enquiry**' when submitting the query through **myEnquiries in ROS**.