**COVID -19 Wage Subsidy Schemes**

Irish Government recently announced a stimulus package to further address the economic challenges caused by the COVID-19 pandemic. Included in the package is a new scheme, the Employment Wage Subsidy Scheme (EWSS), to assist some employers with payroll costs. Guidance on the operation of the scheme was issued on 14th August 2020.

The EWSS runs from 1st July 2020 to 31st March 2021 and is to replace the Temporary Wage Subsidy Scheme (TWSS) which ceases on 31st August 2020, both schemes will run in parallel for the months of July and August 2020.

The EWSS has two elements as follows:

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

**Qualifying Employer Criteria**

In order to qualify for the scheme, employers must possess a valid tax clearance certificate and continue to maintain same for the period of the scheme.

The employer must also demonstrate that they are likely to incur, as a consequence of COVID-19, a decline in turnover or customer orders of at least 30% for the period July to December 2020 (as a whole) when compared with the same period of 2019.

Qualifying employers are required to self-assess their eligibility at the end of each month and must deregister from the 1st of the following month if they do not expect to meet the qualifying criteria. Employers may re-register for the scheme should circumstances change.

**Eligible Employees**

A subsidy can be claimed in respect of employees in receipt of gross wages between €151.50 and €1,462 per week on the payroll of a qualifying employer.

The scheme has broadened the eligibility criteria of employees and includes new hires and seasonal workers. Eligible employers may backdate a claim to the 1st of July for such employees.

Certain categories of employees are specifically excluded from the scheme, including Proprietary Directors (15% or more shareholding however there will be some exceptions in relation to this category and we await details on same) and Connected Parties (member of the extended family) who were not previously on the payroll between 1st July 2019 and 30th June 2020.

**To Register for the Scheme**

Eligible employers are expected to be able to register for the scheme from 18th August 2020. The date of registration cannot and does not need to be backdated in relation to claims for July/August 2020.

* **Login to ROS myEnquiries and select the category COVID-19 Employment Wage Subsidy**
* **Read the declaration and press the “submit” button**
* **Check the bank account details on ROS are correct, in Manage Bank Accounts, Manage EFT.**

**How the Scheme operates**

The EWSS is a subsidy paid directly to the eligible employer and does not impact the employee’s pay.

The subsidy is paid per qualifying employee. Rates of the subsidy are as below; the number of insurable weeks will be used to calculate the gross pay for pay periods other than weekly:

|  |  |
| --- | --- |
| 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 €1462 | Nil |

Payroll processing will return to Pre COVID methods and as such Employers PRSI will be calculated at the “normal” rate. A refund of the difference between this rate and the reduced rate of .5% will be issued to employers by Revenue.

To indicate that a subsidy is being requested for an eligible employee the employer must include EWSS as the payment type in the “Other Payments” section on the payroll submission and input the digit zero or one cent (depending on the software being used) as the amount of other payment being made.

Employers should not include the EWSS ‘Other Payment’ details on the payslip they provide to the employee.

Payments in respect of July and August for employees who were excluded from the TWSS but eligible for the EWSS can be claimed by completion of a template form expected to be available later this month from Revenue. The form will need to be returned to Revenue by 5th September 2020. No additional submissions in relation to July and August will be processed on or after 14th September.

**Further detail on the scheme and its operation can be found** [**here**](https://www.revenue.ie/en/corporate/communications/documents/ewss-guidelines.pdf)**.**