

## **Employment Wage Subsidy Scheme (EWSS) Briefing**

### **- Situation as at 26 August 2020**

The Irish Government announced that it was launching a new initiative to replace the Temporary Wage Subsidy Scheme (TWSS) on 23 July 2020. The new initiative will be called the Employment Wage Subsidy Scheme (EWSS) and it will commence on 1 September 2020.

The EWSS will re-establish the requirement to operate PAYE on all payments. This requirement refers to the regular deduction and remittance of income tax, USC and PRSI. Like the TWSS, the EWSS will be administered by Revenue on a “self-assessment” basis.

The EWSS is complicated and the consequences of making a mistaken claim are significant. Legal employers are strongly advised to get guidance on this initiative from their accountant.

#### **Critical Matters to Note about This New initiative**

- Employers must possess a valid tax clearance to enter the EWSS and continue to maintain tax clearance for the duration of the scheme.
- A reduced rate of employer PRSI of 0.5% will continue to apply on subsidy payments.
- The requirement to operate PAYE and PRSI will be re-established with the EWSS.
- Seasonal and new hires are eligible for EWSS and claims can be backdated to 1 July (subject to limited exceptions). Revenue expect to pay these claims in mid-September.
- Generally, EWSS payments will be made monthly in arrears and/or as soon as practicable after the payroll return filing date.
- The EWSS subsidy will be based on an employee’s gross weekly wage, including notional pay, before deductions and excluding non-taxable benefits.
- Revenue will publish a list in 2021 of employers who availed of EWSS support.

#### **Qualifying Criteria for Employers**

Employers must ensure they have tax clearance from Revenue in order to be eligible for the scheme. To qualify for the scheme, as well as having tax clearance, employers must be able to demonstrate that:

- their business will experience a 30% reduction in turnover or customer orders between 1 July and 31 December 2020 *and*
- this disruption is caused by Covid-19.

The comparison to prove the reduction in turnover or customer orders is performed relative to:

- the same period in 2019 where the business was in existence prior to 1 July 2019
- the date of commencement to 31 December 2019 *or*
- where a business commenced after 1 November 2019 - the projected turnover.

Employers are required to undertake a review on the last day of every month to ensure they continue to meet the eligibility criteria. If they no longer qualify, they should deregister for EWSS with effect from the following day (first day of the following month).

## Eligible Employees

A subsidy can be claimed for eligible employees of an impacted business. Employees are eligible if they are in receipt of weekly gross wages between €151.50 and €1,462. People not eligible include some proprietary directors, newly hired connected parties (such as family members) and people employed otherwise than as part of a business (such as childminders).

## Subsidy Support

*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

## Operation of the Initiative

From 1 July:

- TWSS employers can claim for non-TWSS employees (new hires) under the new EWSS.
- Non-TWSS employers, who have not previously availed of TWSS, will only be eligible to apply for the EWSS.
- TWSS employers will still be able to rehire eligible employees and continue to operate the TWSS until 31 August 2020.

A template for completion will be provided on this page prior to the end of August together with guidance on the steps the employer will need to take to complete the template and submit the requisite information to apply for the EWSS.

## Registration Arrangements

A separate registration process is required for EWSS as the eligibility criteria differs materially from TWSS. Employers and authorised payroll agents can register for EWSS through ROS.

## How to Claim EWSS

To indicate that a subsidy is being requested for an eligible employee, employers should:

- include 'EWSS' as payment type in 'Other Payments' section on the payroll submission
- input the digit zero or a value up to €1 (depending on capability of your payroll package)
- not include the EWSS 'Other Payment' details on the payslip provided to the employee.

On receipt of an EWSS payroll submission, Revenue will calculate the subsidy payable.

## PRSI

A 0.5% rate of employers PRSI will continue to apply for employments that are eligible for the subsidy. Employers are required to report and apply the full rates of employer and employee PRSI as normal. However, on receipt of payroll submissions, Revenue will apply a reduced rate of 0.5% employer PRSI in respect of eligible employees for whom a subsidy is payable. Monthly employer PRSI liabilities will be revised accordingly by Revenue.

**More Detailed Information on EWSS is available from Revenue [here](#).**