

## **FAQs: Employment Wage Subsidy Scheme (EWSS)**

*The questions below have been collated by Fáilte Ireland from various industry sectors. All answers are based on the EWSS Guidelines, or have been provided by Revenue to Fáilte Ireland.*

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## **Scheme Eligibility**

### **Q: How do I qualify for the scheme?**

1. Have a tax clearance certificate.
2. Experience a 30% reduction in turnover or orders between 1 July and 31 December 2020, due to Covid-19 for 2020 paydates, and between 1 January to 30 June 2021 for 2021 paydates.

### **Q: How do I calculate the 30% reduction in turnover? Monthly or cumulatively 1 July - 31st December 2020, and 1 January – 30 June 2021?**

The reduction in turnover is cumulative over the 6 month period. However, turnover for this six month period must be calculated monthly and if employers find they no longer meet eligibility criteria they must deregister for the scheme.

### **Q: How does the turnover calculation work for new businesses that do not have 2019 figures?**

Where a business commenced after 1 November 2019, the reduction is based on projected turnover/orders for 1 July 2020 to 31st December 2020 and 1 January – 30 June 2021.

### **Q: We run a seasonal business and will be closed in the winter? Are we eligible for EWSS?**

As long as the business meets the 30% reduction in turnover requirement from 2019, the business should qualify for EWSS.

### **Q: What evidence do we need for our turnover calculations?**

See appendix 1 (page 29) of the EWSS Guidelines.

### **Q: How do I declare monthly eligibility?**

Eligibility must be assessed on the last day of every month, but you must only take action if you no longer meet eligibility criteria. In that case the employer must deregister through ROS.

### **Q: Is the scheme available to companies that still have cash reserves?**

Yes, cash reserves are not a factor in eligibility for the scheme.

**Q: Does the EWSS now also apply to proprietary directors?**

EWSS can be claimed for certain proprietary directors as long as:

- the employer meets the eligibility criteria for the EWSS,
- the proprietary director is on the payroll of the eligible employer
- the proprietary director has been paid wages which were reported to Revenue on the payroll of the eligible employer at any stage between 1 July 2019 and 30 June 2020

Please note that if a person is a proprietary director for more than one company, they can only claim EWSS in respect of a single company.

**Q: Are self-employed people and sole traders eligible?**

EWSS is available to eligible employers to claim in respect of payment of wages to eligible employees. As sole traders and self-employed people cannot be employed by themselves, there is no employer/employee relationship or wage payment in respect of which EWSS can be claimed. If the eligible business has employees who are eligible, EWSS can be claimed in respect of them.

**Q: Do I have to have a current tax cert to be eligible?**

Yes, the employer must have a valid Tax Clearance Certificate to join the scheme.

**Employee Eligibility**

General

**Q: Are there start dates or cut-off dates for the scheme? How long will the scheme operate?**

The scheme will operate from 1 September 2020 to 30 June 2021. It was possible to backdate certain claims, such as seasonal employees and new to 1 July 2020. Claims for backdated July/August subsidies had to be made by 14 October and can now no longer be processed.

**Q: Can the EWSS be used for permanent hourly paid staff who currently earn more than the TWSS will allow?**

A subsidy can be claimed in respect of employees in receipt of gross wages of between € 151.50 and € 1,462 per week.

**Q: Are there upper and/or lower age limits on eligibility for the EWSS?**

There is no age restriction for the EWSS

**Q: Does EWSS apply to sub-companies within a main company?**

See Appendix II (Page 25) of the EWSS Guidelines. Where there are clearly 2 or more separate and distinct Business Divisions within the one company carrying on distinct businesses in their own right, an employer may apply the eligibility tests to each Business Division of the company separately.

**Q: Are there upper limits on salaries eligible for EWSS?**

Employees earning above €1,462 gross pay per week are not eligible for the scheme

**Q: If you were to convert someone from part-time to full time, are they eligible for the scheme?**

Part-time and full time employees are eligible for the scheme if they are earning between €151.50 and €1,462 gross per week

**Q: Can we claim the subsidy payment on the EWSS if the employee is coming back part-time when they were previously full-time?**

The subsidy can be claimed as long as the employee is earning between €151.50 and €1,462.

**Q: If we are rehiring someone, but won't have work for them continuously, can they switch between EWSS and PUP?**

EWSS can be claimed by eligible employers in respect of payments to eligible employees in a relevant pay period. There is no requirement for them to be employed full-time or continuously. In relation to their ability to switch on and off PUP, it should be noted that PUP will not be paid by DEASP for an employee whose employer is receiving EWSS.

**Q: Is it possible to claim the EWSS for part-time employees who claim jobseekers for the days they don't work?**

EWSS can be claimed by eligible employers in respect of payments to eligible employees in a relevant pay period. There is no requirement for them to be employed full-time or continuously. Any claim by the employee from DEASP will not affect EWSS calculation.

**Q: If a staff member on EWSS goes out sick, do they claim illness benefit directly from DEASP, and does the employer need to take any steps?**

EWSS can be claimed in respect of any wage payment made while the individual is out sick. There is no requirement to do anything other than what would have occurred prior to Covid-19.

**Q: Are we expected to provide sick pay on the scheme, even if we didn't offer it before?**

This is not a requirement for the EWSS scheme.

**Q: Can people who are returning from maternity leave go straight onto the scheme or do we need to advise ROS?**

A subsidy can be claimed in respect of these employees if they are in receipt of gross wages of between €151.50 and €1,462 per week.

New Hires

**Q: Is EWSS available to all new employees hired after July 1st?**

Yes, EWSS is available for all new employees hired between July 1 2020 and June 30 2021 meet eligibility criteria.

**Q: Will staff who were laid off and are now returning part-time be eligible?**

Yes, as long as they are in receipt of gross wages of between €151.50 and €1,462 per week.

**Q: If an employee comes from another job, are we entitled to bring their subsidy entitlement?**

Their subsidy entitlement is based on the gross weekly wage in the current job.

**Q: Do the arrangements for new hires include seasonal employees?**

Yes, claims for seasonal employees and new hires can be backdated from July 1 as long as they meet the eligibility criteria. Please note, claims for backdated sweepback payments had to have been submitted by October 14<sup>th</sup>.

**Q: Is there a higher rebate for recruiting people from the Live register?**

No

**Q: Will support be backdated to July 1st? When and how will backdated payments be made?**

The support will be backdated to July 1 for new hires & seasonal employees who were not eligible for TWSS. Please note, claims for backdated payments for July/August had to have been submitted by October 14<sup>th</sup>.

**Q: How do we report new employees to Revenue on weekly submissions?**

New employees can be included in the scheme by reporting their wages during normal monthly payroll submissions.

**Q: Will there be an upper limit on the hours worked on this scheme?**

There is no limit on hours in this scheme, there is just the limits on gross weekly pay.

**Q: Can the EWSS be used for permanent hourly paid staff who currently earn more than the TWSS will allow?**

Employees earning above €1,462 gross pay per week are not eligible for the scheme.

**Q: What PRSI class should be applied to new hires or employees who will qualify for the EWSS scheme?**

Employees are paid and taxed as normal under this scheme, so you should use whatever PRSI class applied pre-Covid-19.

**Q: Are part-time staff and students eligible?**

If they meet the pay criteria (between €151.50 and €1,462 gross per week), they should be eligible for the scheme.

## **Payroll/Admin**

### Payroll Administration

**Q: Will payroll packages make adjustments to help us process the new scheme?**

We understand payroll software providers are working on EWSS solutions and will be rolling some out shortly.

**Q: Does everyone have to go onto EWSS or is it just new employees?**

All eligible employees can avail of EWSS from September 1 2020. The TWSS will cease on August 31.

**Q: If the EWSS should not appear on the pay slip, how will it be demonstrated?**

EWSS does not need to be demonstrated to the employee as they are being paid and taxed as normal.

**Q: Are the tiers based on the current week's gross amount?**

The tiers are based on the gross weekly amount submitted as part of each month's revenue payroll submission.

**Q: How will tax credits be affected?**

No adjustments will be made to employee tax credits for 2020 other than placing recipients of PUP and TWSS on a week 1 basis to ensure their year-end liability is minimised. PUP and TWSS payments will be taken into account at the end of the year review and if there are any underpayments tax credits may be reduced from 2022.

**Q: Will staff who join the EWSS have a tax liability at the end of the year?**

There will be no outstanding tax liabilities under the EWSS scheme as employees are taxed as normal.

**Q: With EWSS, does the employer pay €203 to the employee and then get a refund?**

Under EWSS, the employer pays the employee normally, and then receives a flat-rate subsidy based on the numbers of paid and eligible employees on the employer's payroll.

**Q: How is ARNWP to be calculated?**

EWSS is based on gross weekly pay submitted as part of normal revenue payroll claims, not ARNWP.

**Q: Will there be a limit on employers' top-up of employee's wages?**

Under EWSS, the employer pays the employee normally, and then receives a flat-rate subsidy based on the numbers of paid and eligible employees on the employer's payroll.

**Q: How will the subsidy treat holiday pay and bank holidays?**

EWSS is calculated based on the gross weekly pay returned. If employees are paid for holidays and bank holidays instead of taking them, gross pay for the relevant pay period will include these amounts.

**Q: If monthly payroll is in operation how is the weekly calculation for eligibility for EWSS calculated?**

On receipt of an eligible EWSS payroll submission from a registered employer, Revenue will calculate the subsidy payable by reference to the gross wage, pay frequency and insurable weeks reported on the payslip.

**Q: How are tips paid by credit card to be dealt with?**

EWSS is calculated based on the gross weekly pay returned. Gratuities from customers (for example, service charges in hotels, tips in restaurants) paid to the employer and subsequently paid out to an employee should be included in pay for the income tax week or month in which they are paid out and also included in Gross pay. As tips paid by credit card are included in gross weekly pay of employees, they are included when determining the relevant subsidy available.

TWSS Queries

**Q: How can we correct an anomaly with the calculation of an employee's average net weekly pay?**



Guidance is provided in Section 4.3 of the TWSS FAQs on the calculation of an employee's average revenue net weekly pay. The CSV file for each employee has been generated and subsidy payable is operated from this file. If an employer has a concern they should provide details of the issue to Revenue through myEnquiries.

**Q: What are the rules about employee ID numbers?**

Section 2.8 of the TWSS FAQs covers the use of Employment IDs for rehires under TWSS. The Employer Guide (<https://www.revenue.ie/en/tax-professionals/tdm/income-tax-capital-gains-tax-corporation-tax/part-42/42-04-35a.pdf>) provides more detail on the use of employment ID numbers, along with other reference numbers.

Managing Scheme Transition

**Q: Does TWSS transfer automatically to EWSS?**

No, a separate registration process needs to be followed for EWSS as the eligibility criteria differs from the eligibility criteria for TWSS.

**Q: Can you go straight to EWSS for August's monthly payroll?**

EWSS does not commence until Sep 1 2020 (with the exception of certain seasonal staff/new staff who were not eligible for TWSS).

**Q: What happens in the transition between schemes is at the middle of our payroll month?**

TWSS and EWSS are based on payment dates. When the wages were earned is irrelevant - you review the payment date and if it's on or before 31st August, TWSS is claimed and if it's on or after 1st September, EWSS is claimed, assuming all other eligibility criteria are met.

**Q: How do we calculate the Aug/Sept subsidy for staff who moved from part-time to full-time during that period?**

Revenue will calculate the subsidy based on monthly payroll submissions.

**Q: How does Revenue distinguish between staff on TWSS and EWSS for the period when both schemes are running in parallel, and how do we reflect the difference?**

No employees should be on both schemes at the same time. For most employees TWSS ends on August 31 and EWSS begins on Sep 1. Only certain employees who were not eligible for TWSS will be able to backdate a claim for EWSS to July 1.

#### Contract Changes

**Q: How are staff with multiple employments dealt with by the scheme?**

In such instances, each employer makes its own claim (where appropriate) for the employee ignoring any other employments that an employee may have.

**Q: How should we let Revenue know about the change of staff from PUP to EWSS?**

The employee deregisters from PUP and then their wages are reported to Revenue via normal monthly payroll submissions.

#### Scheme Payments

**Q: The TWSS payment arrived within 2 days and on a weekly basis. Will the EWSS arrive that quickly too?**

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).

**Q: Will it be lodged into the employer's bank account?**

Yes

#### Tax

##### General Tax Implications

**Q: When will employees receive notification of any taxes due on subsidy payments they have received?**

Employees will be notified of outstanding tax liability from the TWSS at the end of the year. The EWSS scheme should not cause any tax liabilities as their pay under the scheme is taxed normally at source.

**Q: Is there any example of how much tax may be due at year end from an employee who has been on both the TWSS and EWSS schemes?**

There will be no outstanding tax obligations for employees on the EWSS scheme as they are being paid and taxed as normal.

**Q: Will the EWSS be taxed at source?**

EWSS will re-establish the normal requirement to operate PAYE and normal PRSI on all payments. This includes the regular deduction and remittance of income tax, USC and PRSI at the normal rates.

**Q: What are the tax implications of topping up EWSS payments?**

EWSS will re-establish the normal requirement to operate PAYE and normal PRSI on all payments. This includes the regular deduction and remittance of income tax, USC and PRSI at the normal rates.

Tax Credits

**Q: If employees were sent updated tax credit certificates placing them on week one, will this still apply for EWSS?**

Employers need to apply the most up to date RPN. Employers were put on a week 1 basis to minimise their tax exposure at the year end. Unless there is a specific and exceptional request from an employee to return to cumulative basis, week 1 basis will continue for the remainder of 2020.

**Q: Are employees' tax credits staying the same, or will they be reduced to account for the period of closure?**

No adjustments will be made to employee tax credits for 2020 other than placing recipients of PUP and TWSS on a week 1 basis to ensure their year-end liability is minimised. PUP and TWSS payments will be taken into account at the end of the year review and if there are any underpayments tax credits may be reduced from 2022.

**Q: When will employees receive notification of any taxes due on subsidy payments they have received?**

Employees will be notified of outstanding tax liability from the TWSS at the end of the year. The EWSS scheme should not cause any tax liabilities as their pay under the scheme is taxed normally at source.

PRSI

**Q: When the lower rate of employers' PRSI (0.5%) finishes, are we expected to pay back the balance?**

No, this will need to be paid back.

**Q: Will tax, PRSI and USC be paid on the whole amount or only on the amount over the subsidy?**

EWSS will re-establish the normal requirement to operate PAYE and normal PRSI on all payments. This includes the regular deduction and remittance of income tax, USC and PRSI at the normal rates.

**Q: Will PRSI return to its normal rates?**

Reduced PRSI limits are just for the duration of the scheme.

**Q: Will the J9 PRSI rate still apply?**

No

**Q: How will employers' PRSI be treated?**

See Page 16 of the EWSS guidelines. A reduced rate of employer PRSI of 0.5% will apply on wages paid which are eligible for the subsidy payment.

**Q: How can we work out our liability for employer PAYE/PRSI contributions not collected during TWSS?**

Revenue will be conducting a reconciliation process.

**Q: What PRSI class should be applied to new hires or employees who will qualify for the EWSS scheme?**

You should revert to using your normal pre-Covid PRSI class.

Reconciliation

**Q: How will the reconciliation process work?**

For each employer who operated the TWSS Revenue will commence the reconciliation of all refunds paid to the employer against the amount of subsidy payable to each

employee per pay date under the conditions of the scheme. This Reconciliation process is two stage:

Stage one - employers are required to report the actual subsidy paid to their employees for each pay date

Stage two – Revenue will determine the amount of TWSS, if any, owing back to Revenue from employers. Each active payslip will be reconciled. This stage is due to commence in October 2020. During the reconciliation all active payslips will be examined and the subsidy payable amount for each will be determined. The sum of the subsidy payable amounts will be compared against the cumulative refunds paid to the employer and a Statement of Account will be sent to the employer’s ROS inbox. Any under/over refund will be paid/repaid to/from the employer.

Revenue requires employers to report the actual subsidy payments made to all employees for all pay dates:

- To reconcile and determine the amount of TWSS, if any, owing to or from employers, and
- As the subsidy is chargeable to income tax in the hands of employees, Revenue will update employees’ records with the subsidy paid amounts they actually received from employers in order to correctly charge income tax and USC for the employee at year end.

The predecessor to the Temporary Wage Subsidy Scheme was the Employer Refund Scheme. This scheme ran from 12 March to 25 March. It provided for a flat €203 for a qualifying employee. The actual amounts paid by employers to employees under this scheme are also required to be reported by employers to Revenue.

Subsidy paid amounts paid under both The TWSS and the Employer Refund Scheme can be reported via the following methods:

- Direct reporting through Payroll
- CSV upload available in ROS. This feature will be available in ROS in late September.
- Revenue Payroll Reporting in ROS.

The employer will be able to view the details and results from a previously uploaded Subsidy paid CSV file. This feature will be available in ROS in late September.

It is envisaged that the reconciliation calculation feature will be available in ROS by the end of October 2020. Where the employer has reported all the subsidy paid data the reconciliation will be automatically initiated. The reconciliation calculation will reconcile each employer who availed of the scheme and will reconcile per payslip. The reconciled amounts will be included on a TWSS Reconciliation CSV file which will be available for the employer or agent to download. When the reconciliation CSV file is available, a message will be sent to the ROS inbox advising the employer/agent that the CSV is available for download. A Statement of Account will also be sent to

the ROS inbox with the reconciliation totals. Any under/over refund to the employer will be paid/repaid to/from the employer.