

# TWSS UPDATE

## Time to Review your TWSS Eligibility

This week the Revenue Commissioners have issued an e-brief and press release on operation of the TWSS (Temporary Wage Subsidy Scheme). The guidance confirms that the TWSS has been extended to 31 August 2020 with the eligibility criteria remaining unchanged. Revenue have announced that they will commence compliance reviews shortly and all employers who claimed TWSS will be contacted to provide documentary evidence that they meet the eligibility criteria. The Revenue have advised that employers should undertake a review to ensure the eligibility criteria has been met, if the criteria has not been met the employer should stop claiming the TWSS. Revenue have noted that they will not seek to clawback the TWSS from employers if the employer can provide evidence which shows that the best estimate supporting the original application was reasonable. If there is no reasonable basis the subsidy is repayable to Revenue.

### **Scheme Extension - 31 August 2020**

TWSS came into effect on 26 March 2020 initially to run for a 12-week period up to the week ending 18 June. The Minister for Finance and Public Expenditure and Reform announced on 5 June 2020 that the operation of the TWSS is extended to the end of August and the Revenue guidance issued on 23 June confirmed the extension of the TWSS to 31 August 2020.

### **Employer Eligibility – Unchanged**

The Revenue have confirmed that the employer eligibility criteria has not changed and continues to be that the employer has suffered significant economic disruption due to Covid-19. The indicators of this are a minimum of a 25% reduction in turnover, customer orders or any other 'reasonable basis' for the three months to 30 June 2020, (i.e. Quarter 2). The scheme remains applicable to employees who were on the employer's payroll at 29 February 2020, and for whom a payroll submission was made to Revenue in the period from 1 February 2020 to 31 March 2020.

**Review of eligibility**

Given that we are now at the end of Q2 the employer will be able to review actual results for Q2 and compare to the estimate used in applying for the TWSS. It is advised that employers now review their eligibility for the TWSS and determine whether they did in fact meet the eligibility criteria. Where an employer determines that the eligibility criteria was met, they can continue to avail of the TWSS for the extension period. However, where an employer determines that the eligibility criteria was not met but had reasonable grounds for assuming the criteria would have been met, the employer should now cease claiming the TWSS. As noted above, Revenue will not seek to claw-back the subsidy paid to such employers where the employer can provide evidence that the best estimate supporting the original application is found to be reasonable. If there was not a reasonable basis the subsidy received under the TWSS is repayable to Revenue.

**How employers can stop claiming TWSS**

The TWSS is operated by employers entering the subsidy amount into payroll submissions to Revenue as a non-taxable amount and setting the PRSI class to J9 for eligible employees. Employers who no longer wish to claim the TWSS or who, following a review, did not meet the eligibility criteria should no longer make payroll submissions using the J9 PRSI class. All employees should be returned to the correct PRSI class for subsequent payroll submissions.

**Tapering of subsidy payments**

The subsidy payment rates remain unchanged for the duration of the extended scheme and continue to be based on the employee's average net weekly pay for January and February 2020.

**Revised tax credit certificates for employees in receipt of TWSS and PUP payments**

The subsidy payments made under the TWSS are liable to income tax and Universal Social Charge (USC). The subsidy amount is not being taxed in real-time through the PAYE system and instead the employee will be liable for income tax and USC at the end of the year when Revenue automatically reviews their tax position.

The Revenue have confirmed that they have placed all employees that received payments under the TWSS on a 'Week 1 basis'. Notifications to employers to operate the 'Week 1 basis' are available in ROS since 21 June 2020. It is important that employers utilise the most up to date Revenue Payroll Notification (RPN) when running payroll so that employees are correctly switched to the 'Week 1 basis'. Where an employee is already on the 'Week 1 basis' no further action is needed.

### **New facility in myAccount for employees to look up the TWSS payments**

Revenue has recently provided a look up facility for employees to view details of subsidy payments made to them under the TWSS for each pay date via their myAccount record. This should allow employees to see the amount of subsidy paid to them. Employees can then compare this to their payslips and are advised if any differences arise to firstly bring them to the attention of their employer.

### **Employer Compliance Programme**

Over 55,500 employers have already received subsidy payments under the TWSS. Revenue will shortly be contacting these employers to confirm that the scheme is being operated correctly and will seek certain documentary evidence to establish that;

- employers participating in the scheme meet the eligibility criteria,
- employees are receiving the correct amount of subsidy, and
- the subsidy amount is being correctly identified in employee's payslips.

### **Statistical Reports**

Revenue publish weekly statistics on the operation of the TWSS. The latest statistics published by Revenue is based on the operation of the TWSS to 18 June 2020. The following is the key information reflected in the latest statistics;

- Over 61,300 employers registered with Revenue for the TWSS.
- More than 55,500 employers have already received subsidy payments under TWSS.
- Over 551,800 employees have received a subsidy since the start of the scheme.
- Approximately 232,400 employees received a subsidy in the last week.
- An estimated 410,000 employees are currently being supported by the scheme having received a subsidy in their most recent pay period.
- The cumulative value of payments made under the scheme is now €1,589 million.
- This includes €142 million in income tax paid that has been refunded over the same time.

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If you have any questions on any of the information in this article or you need advice on how to remain compliant during the COVID-19 crisis please don't hesitate to contact our Tax Team.

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