

Revenue confirms 'warehousing' of COVID-19 related tax debt for businesses

Over the last number of months, Revenue has outlined some key actions to assist businesses experiencing cashflow and trading difficulties arising from the impacts of COVID-19, including:

- advising businesses to continue to send in tax returns on time, even where payment is not immediately possible
- suspending all debt enforcement action until further notice and
- suspending interest on late payment charges for both SME's (automatically) and larger businesses (on request).

The Minister for Finance and Public Expenditure and Reform, Paschal Donohoe TD, announced a further range of economic measures in response to COVID-19. These include, legislating to permit Revenue to 'warehouse' VAT and Payroll tax debt that arose on foot of the COVID-19 related restrictions.

Following this announcement, Revenue have stated that it will continue to work with businesses severely impacted by COVID-19 to agree payment arrangements that support both the capacity of the business to resume trading as well as the national recovery, post COVID-19.

While the finer details of this 'warehousing' measure have still to be worked out, Revenue has confirmed the following:

- COVID-19 related VAT and Payroll tax debts, due from 1 March 2020 to the date when sectoral restrictions are lifted, will be parked for a period of 12 months
- no interest will accrue on the tax debts during the 12-month period
- thereafter, the COVID-19 related tax debts will carry a reduced interest rate of 3% (down from 10%), until the debt is paid
- the timeframe allowed to pay the 'warehoused' debt will be flexible and determined by the ability of the business to pay both COVID-19 related debts as well as meeting its ongoing tax liabilities as they arise in the normal course
- for the warehousing arrangement to apply, all returns must be filed in accordance with the Revenue guidance that has applied since the start of the current pandemic.

Additional information and clarifications will be provided in due course.

These exceptional and unprecedented measures will give certainty to businesses, allow them time to plan their recovery and deal with non-tax liabilities without worrying about their 'warehoused' tax liabilities.

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Right solutions.

Please contact a member of our team if you would like to discuss any of the issues raised.

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