



BACKGROUND

The Irish government introduced a new support scheme for Employers as part of the July 2020 stimulus package i.e. the **Employment Wage Subsidy Scheme (EWSS)** on 23rd July 2020. The EWSS scheme will formally replace the existing job subsidy scheme, the **Temporary Wage Subsidy Scheme (TWSS)** from 1st September 2020.

It is currently expected that the EWSS scheme will continue in operation for eligible Employers until **31st March 2021**.

Under the EWSS scheme, the subsidy for the Employer is more of an employment support grant i.e.

- the Employer will pay the employee the normal wages and following the submission of the payroll return
- the Employer will receive a subsidy from the Revenue in respect of any eligible employees

Where Employers have already availed of the TWSS scheme, it is important that they are aware of the changes applicable to the EWSS scheme, which will determine whether they can continue to benefit from Government support under the new scheme (**or not**) after **1st September 2020**.

KEY FEATURES OF THE EWSS SCHEME

1. All Employers availing of the EWSS scheme, must possess a valid tax clearance certificate **AND** must continue to maintain tax clearance for the duration of the scheme
2. Under the EWSS scheme, there is a reduced rate of Employer PRSI of 0.5% on the element of salary paid which is eligible for the subsidy payment
3. Under the EWSS scheme, the normal requirement to operate PAYE and normal PRSI on all payments will apply
4. Any seasonal and/or new hires by the Employer are eligible for the EWSS scheme, and in this regard relevant claims can be **backdated to 1 July 2020 - subject to certain exceptions**
5. Revenue will aim to make payment of any 'backdated' claims by mid-September, however all future EWSS scheme payments will be made monthly in arrears, and as soon as practicable after the payroll return has been submitted or filed by the Employer.
6. The EWSS subsidy amount will be based on an employee's Gross weekly wage, including notional pay, **BEFORE** deductions **AND** excluding any non-taxable benefits.
7. Revenue will again publish a list of Employers who operated the EWSS at the end of the operation of the scheme

Features that apply for the EWSS scheme from 1 July:

1. Employers currently availing of the TWSS scheme can claim for non-TWSS employees (new hires) under the EWSS scheme
2. Employers who have not availed of the TWSS scheme, will only be eligible to apply for the EWSS scheme
3. Employers currently availing of the TWSS scheme will still be able to rehire eligible employees and continue to operate under the existing scheme until 31 August 2020

ELIGIBILITY

- **Employers**

To qualify for the scheme, an Employer **MUST** be able to demonstrate the following:

1. That the business will experience a 30% reduction in turnover (or orders) between 1st July 2020 and 31st December 2020



AND

2. The reason for the reduction or disruption to the business activity is directly related to COVID-19.

The calculation or determination of the 30% reduction for an Employer will be by reference to:

- the same period in 2019, where the business was in existence prior to 1st July 2019, or
- the date of commencement of the business to 31 December 2019

[When undertaking a review of the 30% potential drop in turnover, an Employer needs to include all sources of trade income, specifically including sales, donations, State Funding etc. **(except see exception re EWSS)**]

PLEASE NOTE that Employers are required to undertake an ongoing review on the last day of every month, to ensure that the business continues to meet the eligibility criteria. Where the business **no longer qualifies**, then they are required to de register from the EWSS scheme - with effect from the following day i.e. from the 1st day of the following month.

- **Eligible Employees**

Employees are only eligible for inclusion in the EWSS scheme where they are in receipt of weekly Gross wages between €151.50 and €1,462.00, however employees that are specifically excluded include the following:

1. **Proprietary Directors – HOWEVER** there is expected to be further guidance issued around the specific eligibility of Directors under the scheme (**with some Directors expected to be allowed to claim under the EWSS scheme**)
2. **Newly Hired Connected Parties** who were not on the payroll and paid at any time between 1st July 2019 and 30 June 2020 e.g. brothers, sisters etc.

Any employee who was considered an eligible employee under the existing TWSS provisions will also be considered an eligible employee for the EWSS.

The subsidy under the EWSS scheme will be a **maximum of €203.00 per eligible employee per week**, based upon the level of salary being received by each eligible employee.

OTHER

An entirely separate registration process will be required by Employers in order to avail of the EWSS scheme, mainly due to the eligibility criteria differing materially from the eligibility criteria for the TWSS scheme.

The EWSS subsidy amounts are expected to be paid directly into the Employer's designated bank account once a month in arrears, as soon as practicable following the submission of the payroll return to Revenue e.g. **typically around the 14th of the following month**

Any amounts received by an Employer under the EWSS scheme, will be taxed as part of trading income of the business, **BUT** can be ignored in any calculation in respect of the 30% reduction in turnover.

As part of it's programme of compliance and to ensure that the EWSS scheme is operated as intended by the Employer, Revenue will undertake an assurance check programme at a later stage !