

COVID-19: Temporary Wage Subsidy Scheme - Updates Effective 4 May 2020



The Operational Phase of the Temporary Wage Subsidy Scheme has now come into operation for all payroll submissions made under the Scheme on or after 4 May. This also coincides with a number of updates and changes to the operation and calculation of the Wage Subsidy amount, the details of which were flagged as part of our previous publication, [here](#).

The move to the Operational Phase also means that Revenue will now commence the process of reconciliation of subsidy amounts paid under the Transitional Phase of the

Scheme, and employers should receive notification from Revenue with regard to same in due course.

The purpose of this article is to focus on the practical details of the changes under the Operational Phase of the Scheme, which will include an overview of some procedural changes which should assist employers in their administration of the Scheme.

Revenue's formal guidance document on the Operational Phase of the Scheme can be viewed at [the following link](#).

Revenue file now available for download

As part of the Operational Phase, Revenue will make a CSV file available to all employers which will contain the details of the employee's Average Revenue Net Weekly Pay ('ARNWP'), the maximum wage subsidy and the maximum additional payment permitted by the employer under the Scheme.

This CSV file will be available to download from ROS (within the 'Request RPN's' Page on ROS) and it should be possible to upload into your payroll software (subject to provider) or alternatively can be used as a reference document to cross check your payroll workings. Revenue have published details of a sample CSV file and related guidance on their website at [the following link](#).

Revenue's Sample Subsidy Calculator

Revenue has also published a Sample Subsidy Calculator available at [the following link](#).

This calculator can be used to assist employers who wish to check or perform calculations under the Scheme.

Updates to the level of Subsidy payable under the Scheme

These updates refer of the new level of subsidy payment for lower income employees (i.e. those under €412 ARNWP) and the new tiered arrangement for those employees between €586 and €960 ARNWP. The updated in terms of the 'higher earners' (i.e. those with ARNWP over €960) had become effective since 16 April, and are noted again below for reference. With regard to payroll submissions made on or after 4 May with a pay date on or after 4 May, the Subsidy payable to an employer will be calculated by Revenue as follows:

A. Where the employee's ARNWP does not exceed €412

The Subsidy will be calculated as 85% of the employee's ARNWP up to a maximum of €350 per week. This will be subject to tapering to ensure that the sum of the subsidy amount and the additional gross top-up pay does not exceed the employee's ARNWP. However, tapering will not apply where the sum of the subsidy amount and the additional gross top-up pay does not exceed €350 per week.

B. Where the employee's ARNWP exceeds €412 but does not exceed €500

A flat rate Subsidy of up to €350 per week applies. This will be subject to tapering to ensure that the sum of the subsidy amount and the additional gross top-up pay does not exceed the employee's ARNWP.

C. Where the employee's ARNWP exceeds €500 but does not exceed €586

The Subsidy is calculated as 70% of the employee's ARNWP subject to a maximum of €410 per week. This will be subject to tapering to ensure that the sum of the subsidy amount and the additional gross top-up pay does not exceed the employee's ARNWP.

D. Where the employee's ARNWP exceeds €586 but does not exceed €960

The Subsidy is dependent on the gross value of the additional top-up payment made by the employer as follows:

- Where the gross value of the additional top-up payment does not exceed 60% of the employee's ARNWP, a Subsidy of up to €350 is payable, subject to tapering.
- Where the gross value of the additional top-up payment is greater than 80% of the employee's ARNWP, no Subsidy is payable.
- Where the gross value of the additional top-up payment is greater than 60% but does not exceed 80% of the employee's ARNWP, a reduced Subsidy of up to €205 is payable, subject to tapering.

E. Where the employee's ARNWP exceeds €960

Revenue have relaxed the criteria so that these employees can in some cases avail of a Subsidy under the Scheme. The amount of the Subsidy will be calculated by reference to the reduction in earnings. High earners who have taken a reduction in pay may qualify for a subsidy under the scheme where:

- The employee's net salary must now be below €960 per week (the net salary is calculated as the subsidy amount plus any additional top-up payment, less any taxes), and
- The total of the subsidy plus the additional gross top-up payment must not exceed €960 per week.

The Subsidy is dependent on the gross value of the additional top-up payment made by the employer as follows:

- Where the gross value of the additional top-up payment as a percentage of ARNWP represents a reduction of 40% or more, a reduced Subsidy of up to €350 is payable, subject to tapering.
- Where the gross value of the additional top-up payment as a percentage of ARNWP represents a reduction of between 20% and 39%, a reduced Subsidy of up to €205 is payable, subject to tapering.
- Where the gross value of the additional top-up payment as a percentage of ARNWP represents a reduction of less than 20%, the employee does not qualify for a Subsidy.

Revenue's updated guidance also sets out a number of detailed worked examples which outline the calculation of the subsidy for different levels of ARNWP and how the tiering/tapering of the Subsidy applies.

Other Important Points of Note

- Revenue have also updated their guidance notes with regard to Employer Eligibility Criteria, which includes further commentary in terms of Revenue's approach to assessing these criteria and provisions to address cases of Divisional operations within companies. This is available at [the following link](#).
- For pay dates after 24 April, Revenue have relaxed the provision in terms of the deadline by which employers had to have submitted their February 2020 payroll in order to qualify for the Scheme. This date has now been revised to allow for qualification in cases where the February 2020 payroll was submitted on or before 1 April (previously 15 March) once all other monthly payrolls prior to February were filed before 15 March. This means that some employers who may not have qualified for the Scheme as a result of a late February 2020 payroll filing could be eligible going forward.
- It is important to note that, in any case where the total reported gross pay for an employee (i.e. the sum of the Subsidy and the additional gross top-up payment) exceeds either the lower of the employee's ARNWP or €960 (the only exception being the cases of those under €412 as noted above subject to the €350 cap), the employee will be ineligible for the Scheme. In such cases, the Scheme does not apply and payroll should be operated in the normal manner in respect of that employee.
- Revenue have now confirmed that an employer does not have to cease the employment/enter a leave date on their payroll for an employee to be able to receive the COVID-19 Pandemic Unemployment Payment ('PUP). However, if an employee is receiving both PUP and the Wage Subsidy, the Department of Employment and Social Protection will cease their PUP payments.

- Under the Operational Phase, the figures provided by Revenue as part of their CSV file as referenced above will be based on the aggregate of the employee's earnings from multiple employments (if applicable). Prior to this, an employer could claim Subsidy for such employees on an employer by employer basis, without the need to consider earnings from other employments. This will mean that an employer should receive full details from Revenue as to the permitted levels of Subsidy/Additional Top-Up Payment which can be made to such employees going forward.

If you need any further assistance in terms of reviewing the impact of the changes or indeed considering availing of the Temporary Wage Subsidy Scheme, please contact your usual RBK contact in confidence or:

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