

# Employment Wage Subsidy Scheme

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This week saw the introduction of the Employment Wage Subsidy Scheme (“EWSS”). On 1 September, the EWSS replaced the Temporary Wage Subsidy Scheme (“TWSS”) and is available to eligible employers until 31 March 2021. The introduction of the EWSS is provided for in the Financial Provisions (Covid-19) (2) Act 2020 (Act No.8 of 2020) which was signed into law on 1 August 2020.

The EWSS and TWSS had been running in parallel since 1 July. Of note is the fact that the TWSS ceased as a scheme on 31 August last.

## Qualifying criteria for employers

Employers should note that the qualifying criteria for the EWSS differs from the previous qualifying criteria for the TWSS.

In order for employers to avail of the EWSS, they must possess a valid tax clearance from Revenue and must continue to maintain this tax clearance. Employers can check their current tax clearance status using the Revenue Online Service (ROS) and if they do not currently hold tax clearance, an application can be made online.

In addition to having tax clearance, employers must also be able to demonstrate that their business will experience a 30% reduction in turnover or customer orders between 1 July and 31 December 2020 and that this disruption is caused by Covid-19. This reduction in turnover or customer orders is calculated by reference to the following:

- a. the same period in 2019 where the business was in existence prior to 1 July 2019;
- b. the date of commencement to 31 December 2019, where the business started trading between 1 July and 1 November 2019 ; or
- c. where a business started after 1 November 2019, the projected turnover or orders for 1 July 2020 to 31 December 2020.

As the eligibility criteria for the EWSS differs to that of the TWSS, employers must complete a separate registration process for the EWSS. Revenue, who will also be administering the EWSS, have confirmed that they will be undertaking an assurance check programme at a later stage. In light of this, employers are advised to retain evidence and supporting documentation which demonstrate their assessment of eligibility for participation in the scheme.

Under the EWSS, employers are required to undertake a review on the last day of every month to ensure that they continue to meet the qualifying/ eligibility criteria. If employers find that they no longer qualify for the EWSS, they should deregister with effect from the following day (first day of the following month).

## Eligible employees

The EWSS can be claimed in respect of eligible employees (subject to certain exceptions) of an impacted business who are on the payroll and in receipt of weekly gross wages between €151.50 and €1,462 during the period of the EWSS (1 September to 31 March 2021).

The EWSS extends to seasonal workers and new employees being hired (also subject to limited exceptions). This is a very welcome development, particularly for sectors such as hospitality as well as other seasonal businesses.

## Operation of EWSS

As previously stated, the EWSS will be administered by Revenue and this will be on a “self-assessment” basis. The EWSS will re-establish the normal requirement to operate PAYE on all payments. This includes the regular deduction and remittance of income tax, USC and employee PRSI. However, on receipt of payroll submissions, Revenue will apply a reduced rate of 0.5% employer PRSI in respect of eligible employees for whom a subsidy is payable.

## EWSS Payments

The EWSS will provide a flat-rate subsidy to qualifying employers, based on the number of qualifying employees on the payroll, as follows:

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Employee Gross Weekly Wages	Subsidy Payable
Less than € 151.50	€0
From € 151.50 to € 202.99	€ 151.50
From € 203 to € 1,462	€ 203
More than € 1,462	€0

As was the case with the TWSS, the EWSS will be paid directly to the employer. The employer will pay the employee their normal wages and the employer will then receive a subsidy from Revenue in respect of each eligible employee following submission of each payroll return.

Revenue has also announced that they will publish a list of employers availing of the EWSS.

Further information in relation to the EWSS can be found in the Revenue guidelines: [Guidelines on the operation of the Employment Wage Subsidy Scheme](#).

For more information or assistance please contact the Dublin Employment Team.

## Authors