

EMPLOYMENT WAGE SUBSIDY SCHEME**Overview**

The Employment Wage Subsidy Scheme (the “**EWSS**”) was one of the measures announced by the Irish Government on 23 July 2020 as part of the July Stimulus package. The aim of the EWSS is to provide an important financial lifeline to employers over the next nine months. It effectively replaces the Temporary Wage Subsidy Scheme (the “**TWSS**”) operated by the Irish Revenue Commissioners (“**Irish Revenue**”) since March 2020 to enable employees whose employers were affected by the COVID-19 pandemic to receive significant supports directly from their employer through the payroll system. Set out below is a high-level outline of the EWSS based on the draft Financial Provisions (COVID-19)(No.2) Bill 2020 which, once enacted, will provide the necessary legislative footing for the EWSS.

Key Highlights

- The EWSS will be introduced with effect from 31 July 2020 and will run until the end of March 2021.
- The EWSS will run concurrently with the TWSS until 31 August 2020 at which stage the TWSS will cease to apply.
- In order to be eligible to participate in the EWSS, the employer must be able to demonstrate to Irish Revenue’s satisfaction that its business has been significantly disrupted due to COVID-19.
- Specifically, the employer needs to demonstrate that its turnover or the level of customer orders has fallen by 30% (an increase from the 25% decline required under the TWSS). This test will be measured by reference to the period from July to December 2020 as against the same period in 2019.
- The employer must also be entitled to a tax clearance certificate throughout the relevant period in order to be eligible for the EWSS.
- Irish Revenue are to publish guidelines in due course in order to assist employers in determining whether the reduction in turnover/customer orders will occur by reason of COVID-19 and the disruption that this has and is causing to business.
- There is no requirement under the EWSS for the employer to demonstrate an inability to pay wages to its employees (this was required under the TWSS which led to confusion and uncertainty for many employers).
- Under the EWSS, eligible employers will receive a flat-rate subsidy of up to €203 per employee per week, with the exact amount due to be determined by reference to each employee’s pre-COVID-19 salary. There has also been a simplification of the applicable rates under the EWSS when compared with those rates currently applying under the TWSS.
- Employer PRSI in respect of salary paid to qualifying employees during the lifetime of the EWSS will apply at a reduced rate of 0.5% (normally 11.05%). The employee contribution rate will remain at the normal 4% level.
- Unlike the TWSS, the EWSS will also apply to new hires as well as seasonal workers.
- The names and addresses of all employers who receive payments under the EWSS are to be published on Irish Revenue’s website.
- Employers will be required to review their eligibility criteria at the end of each month for July to March 2021.

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