

Update – 8th June 2021

## TEMPORARY WAGE SUBSIDY SCHEME UPDATE



### Revenue clarification on concessional Benefit-in-Kind treatment

The TWSS subsidy that was paid to employees during 2020 is a taxable payment. Income tax and Universal Social Charge (USC) were not deducted at source when the subsidy was paid to employees via payroll.

Most employees that received the subsidy were notified of their liability to income tax and USC when Revenue issued the Preliminary End of Year Statements during January 2021.

On 10<sup>th</sup> December 2020 Revenue announced they would facilitate employers who wished to pay the 2020 income tax and USC liabilities arising from the TWSS on behalf of their employees and, subject to certain conditions, Revenue would not apply the Benefit-in-Kind rules that usually apply where employers make payments of this nature on behalf of their employees.

To pay employees tax liabilities an employer can either:

- Provide funds to each employee to meet their income tax and USC liabilities, as shown in their Preliminary End of Year Statement. Each employee must then pay their liability via myAccount.

*Or*

- Amend the last payroll submission of 2020 to add the amounts of additional income tax and USC that the employer is paying on behalf of each employee from the Preliminary End of Year Statement.

On the 10<sup>th</sup> May 2021 Revenue issued further clarifications in relation to the concessional BIK treatment:

- The concessional treatment is now extended to run until end of September 2021.
- The concession also applies where an employer pays the tax and USC liabilities of an employee who is a self-assessed taxpayer or, in joint assessed cases, if the employee's spouse is self-assessed.
- The concession also applies where an employer pays the tax and USC liabilities of a proprietary director(s) in the company, provided that the employer pays the TWSS related liabilities of all employees in the company.

### TWSS Reconciliation – Deadline 30<sup>th</sup> June 2021

We wish to remind employers that availed of the TWSS subsidy that they are required to finalise the reconciliation of the subsidy amounts received from Revenue with the amounts paid out to employees by the 30<sup>th</sup> June.

During the transitional phase of the TWSS (26 March to 3 May 2020) Revenue refunded employers the maximum subsidy amount of €410 per week for each employee. The employer was then expected to calculate the wage subsidy that was due to each employee and pay the correct amount via payroll. This meant that there was an overpayment built into the transitional phase of the scheme for some employers.

During March Revenue issued a Statement of Account to employers with details of the subsidy that was paid to employees via payroll and details of the subsidy that was paid to the employer by Revenue.

Employers were requested to review this statement and to either accept the

reconciliation calculation or make corrections to payslips if necessary by the 30th June 2021.

Some employers will have a reconciliation balance to repay to Revenue. If an employer has difficulty in meeting this payment there is an option to warehouse the debt in line with Revenue Covid 19 policies. For employers already availing of debt warehousing, this liability will be automatically warehoused when they "Accept" the reconciliation.

Employers not eligible for, or not availing of debt warehousing, can pay any outstanding reconciliation balance on ROS.

If you require any further information on TWSS please contact

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