

7 February 2024

Repayment of Warehoused Tax Debt

0% Interest Rate

Introduction

The Debt Warehousing Scheme (DWS) was aimed at assisting businesses during the Covid-19 pandemic. The DWS allowed for the deferral of the payment of VAT, Employer PAYE, certain income tax liabilities, and subsidy overpayments under the Temporary Wage Subsidy Scheme (TWSS) and the Employment Wage Subsidy Scheme (EWSS).

The period during which tax debts could be warehoused ran from January 2020 to December 2021 for most businesses with an extension to April 2022 for certain businesses including hospitality.

Businesses were allowed defer payment of warehoused tax debt until 1 May 2024.

0% Interest

On the 5th February the Minister for Finance announced that the rate of interest for warehoused tax debt will be reduced from 3% to 0%. If a business has already paid 3% interest on warehoused tax debt the interest will be refunded.

1 May 2024 deadline

The deadline for engaging with Revenue to agree repayment of warehoused tax debt is 1 May 2024. At this date businesses must either have repaid their warehoused debt or agreed to enter a payment arrangement with Revenue to repay the debt over an agreed period of time.

Phased Payment Arrangements (PPA)

Revenue have stated they will be flexible in negotiating a PPA for warehoused debt including:

- Flexibility in the level of the downpayment needed including where tax clearance is required. There is scope to make a nominal downpayment or indeed no downpayment.
- Scope to select a later date than 1 May 2024 to commence paying the instalments in the PPA.
- A willingness to consider realistic and sustainable PPA proposals for extended payment terms where appropriate for viable businesses (i.e., for terms longer than the usual maximum 60-month period).
- Scope to amend the agreed payment schedule if cashflow difficulties arise, including deferring payments and payment breaks.

The PPA will be tailored to each business based on its capacity to pay.

Where a business has an existing phased payment arrangement for other taxes it can apply to have this consolidated with the payment arrangement for warehoused debt.

For assistance with an application for a PPA please contact your relationship manager.



Tax Compliance

It is a condition of the DWS that businesses continue to file their current tax returns and pay current liabilities as they fall due. If a business fails to meet this condition the warehouse facility may be revoked. The consequence of this is the standard interest rate of 10% per annum will apply, backdated to when the debt arose together with enforcement of the outstanding debt.

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