

Revenue



Cáin agus Custaim na hÉireann
Irish Tax and Customs

Guidance for employers on:

**Operation of the COVID Employer Refund scheme on behalf of
DEASP.**

Revenue has announced the operation of the [Covid Employer Refund scheme on behalf of DEASP](#). The principle of the Scheme is that employers pay a weekly special support payment of €203 to their **existing** employee(s) that have been being temporarily laid off as a result of the COVID-19 (Coronavirus) pandemic. Revenue will promptly refund employers who have made this payment to employees that have been laid off, when a payroll submission is received from the employer. This arrangement achieved the objectives of relieving hardship on staff that have been laid off and allows the relationship between employer and employee to continue.

1. Purpose of document

To provide employers and agents with information on the operation of the COVID Employer Refund scheme on behalf of Department of Employment Affairs and Social Protection (DEASP).

This document should be read in conjunction with the DEASP FAQ and Revenue scheme information linked in the Refund Scheme section below.

This document will be revised as additional information is available

2. Refund Scheme

- Revenue are operating the COVID-19 Employer Refund Scheme on behalf of DEASP.
 - More information on the scheme including employer requirements and employee eligibility is available on the DEASP website at: <https://www.gov.ie/en/service/6c6582-employer-covid-19-refund-scheme/>
 - More information on the Revenue refund scheme, including how to register and make submissions for refunds is available at <https://www.revenue.ie/en/news/articles/employer-covid-19-refund-scheme.aspx>
- Payments from employers to eligible employees from Monday 16 March 2020 will be refunded.
- The refund Scheme is expected to operate for an initial six weeks, this duration may be reviewed.
- The refund Scheme is limited to employees who have been temporarily laid off due to the impact of the Covid-19 virus.
- Payment via the Employer is a transitional arrangement. The employee is to be advised to make a Jobseeker's Benefit claim via the MyWelfare.ie online portal. If that is granted, future payments will be made by DEASP - including any arrears for entitlement above the €203 and the employer will cease making payments.

3. Employers wishing to operate the scheme

- Employers who are up-to-date with their payroll submissions can operate the Scheme.
- Employers **must confirm bank details before making any submissions** (see process below) as **missing or incorrect refund bank details will prevent refund to employers** and can add approximately 5 days to the refund process
- Prior to making a submission Employers, or their agents, must submit a Declaration that they intend to operate the scheme. Agents are to be reminded to ensure that they make a Declaration for each employer using the correct tax reference number.
- The application must be completed by the Employer/agent, on ROS/myEnquiries as follows:
 1. Logon to ROS and in **Manage bank accounts, Manage EFT** check that the refund bank account details for PAYE-Emp are correct.
 2. Logon to ROS/myEnquiries
 3. Input Employer registration number
 4. Select the category "Employer COVID -19 Refund Scheme". The following text will be displayed in the Enquiry Details field:

I hereby notify the Revenue Commissioners of my intention to operate the Employers COVID-19 Refund Scheme and declare that I will make the emergency payment to my employees through my business payroll process.

I give full permission for Revenue to share this declaration, and other directly related information on the operation of this scheme, with the Department of Employment Affairs and Social Protection.
 5. Accept Declaration
- Revenue will issue a ROS notification acknowledging receipt of the declaration
- If an employer who is operating the scheme wishes to cease operating the refund scheme then they should:
 - Advise employees who have not already done so to apply directly to DEASP. Ideally the employees would be given maximum notice of this change
 - Submit cessation dates for each affected employee in the final payroll submission using the end date of the last refund scheme week as the cessation date.

4. Employee eligibility

- Details on Employee eligibility are available on <https://www.gov.ie/en/service/6c6582-employer-covid-19-refund-scheme/>
- Employees between the ages of 18 and 65 are eligible for the Scheme.
- Employees that have been *temporarily laid off due to Covid-19*, and not ceased on the employer's payroll, can receive the weekly payment of €203 via their employer.
- Employers who wish to operate the Scheme **should not cease** temporarily laid off employees. Once an employment cease date has been notified to Revenue in a payroll submission, the employee cannot be included in the refund scheme and the employee will have to apply directly to DEASP for job seekers allowance.
- Employers who are **not operating** the Scheme should cease the employments of their laid-off employees, as DEASP will need to be able to see the cease date in order to process applications
- The payment of €203 is not an emolument and is to be paid gross without deductions – e.g. Tax, PRSI, USC, LPT, union etc.
- If an employee, identified with their **PPSN**, was not included in a payroll submission reported to Revenue between 1 Feb 2020 and 15 March 2020 with a pay date between 1 Feb 2020 and 15 March 2020, then the employee is not eligible and employer will not be refunded for this employee.
- Staff on existing work patterns, or who are moved to altered work patterns, such as week on/week off are not considered laid-off and therefore eligible for payment under the refund Scheme.
- There are no preconditions with regard to PRSI contributions or visa requirements.
- If an employee is entitled to additional benefits, e.g. dependent children, then the employee will need to apply to DEASP for job-seekers allowance adjusted for the additional entitlements. Such employees can use the Revenue refund scheme to receive €203 per week until the registration with DEASP is complete.

5. Payment details

- Refunds are made for whole weeks only. There are no proportional payments for part weeks. E.g. if an employee is laid off on a Wednesday, they will receive no scheme payment for the part week and will be eligible to receive the scheme payment of €203 commencing the following week.
- No other payment amounts can be made by the employer to the employee for the week of the scheme refund payment. If the Employer wishes to make additional or top-up payments to employees, the employee must register directly with DEASP.
- If the employee is properly due outstanding payments prior to being laid off, such as back pay, holiday pay, etc., this must be reported in a payroll submission for a week other than the refund scheme week. Income Tax, USC and PRSI must be deducted on these payments as normal. (See Example on page 7).
- All eligible employees will receive the payment of €203.00 and employees are **eligible for only one payment** of €203.00 per week.
- Where an employee:
 - Has multiple employments, either with one or multiple employers
 - Is in receipt of Jobseekers Benefit
 - Is in receipt of the Covid-19 payment directly from the DEASP

The employee should notify the employer immediately and the payment stopped immediately.

If an employee receives more than one payment of €203 then Revenue will subsequently detect this duplicate payment and the employee will have to reimburse the overpayment.

6. Processing payroll

- Request RPN as normal. Use Cumulative or Week 1 basis:
 - **Cumulative Basis:** employees on Cumulative basis may also receive tax refunds from the employer each week as their tax credits become available. These monies will be in addition to the payment of €203.00 and will be refunded to the employer following receipt of the submission. If operating the Cumulative basis inflicts hardship, the employer can operate Week 1
 - **Week One Basis:** employees on Week 1 basis (i.e. where Revenue has been notified that the employee is on Week 1) will not receive tax refunds from the employer each week but will continue to receive the €203 weekly.

The employer should not seek to put employees that are currently on Week 1 onto a Cumulative basis as this may cause further disruption for the employee.

The employee will be able to get any tax refund due if they are re-employed in year or by completing an end of year tax return.

- The employer enters the following details for each relevant employee:
 - PRSI Class set to J9
 - A taxable pay amount of €0.01 (to allow the payroll calculate tax credits)
 - A non-taxable amount of €203. No other payment amounts are made by the employer to the employee and all temporarily laid off employees are paid the €203
 - The payroll submission must include pay frequency and period number.

PRSI

- PRSI class of **J9 MUST** be used for the affected employee. **If J9 is not used, the employer will not receive the refund**
- If an affected employee currently has a PRSI exemption, the PRSI exemption should be removed to allow correct submission of the employee for the Scheme.
- The J9 class will not be included in RPNs.

Taxable payment element

- The payment of €0.01 must be taxable. If not, then the cumulative tax credits will not be correctly applied, and the **employee may not receive any tax refund due.**

Non-Taxable payment element

- The non-taxable payment of €203 is not an emolument and no deductions whatsoever (e.g. tax/LPT/union) should be made from this amount.

Frequency

- To simplify the process, reduce implications for cashflow and align submissions to the weekly based scheme, employers may prefer to move monthly paid employees to weekly payments.
- The pay frequency field of the submission must be populated and should reflect the number of weeks included in the payment as follows:

Frequency	Weeks	Taxable payment	Non-taxable payment
Weekly	1	0.01	203
Twice monthly	2 in March and April	0.01	406
Fortnightly	2	0.01	406
Monthly [will vary by month]	4 in March and 5 in April	0.01	812
4 weekly & Week based monthly	4	0.01	812

- If the employee is paid fortnightly or monthly and within that frequency has some weeks at normal pay and some weeks in the refund scheme, the treatment will depend on the capability of the payroll package. If the payroll package is unable to support corresponding PRSI rates per week and the employee cannot be moved from monthly to weekly basis, then the J9 insurable weeks is to be applied to the full fortnight/months submission (this is to allow Revenue to identify that refunds need to be made). Employers with monthly paid scheme employees should refer to their payroll software provider to establish if the payroll package can include multiple PRSI rates for a monthly/fortnightly employee in a single submission.

Example: A monthly employee who was employed for weeks 1 and 2 and was then laid off for week 3 and 4 of the month. Week 1 and week 2, together with any back pay, is processed, and taxed, as normal and the week 3 and week 4 processed in accordance with the refund scheme with PRSI rate J9 applied. Some payroll packages can, within a fortnightly or monthly submission, report each week with the corresponding PRSI rate, if your payroll package cannot support this then apply J9 for the full fortnight/month submission.

- If an employee is being paid, or receiving BIK, then they are considered to be in employment. If the employee is laid off and the employer wishes to continue an existing value BIK arrangement (e.g. modest health insurance) on the expectation that the employee will resume work then the employer can allow the employee to use the scheme but the employer will be required to report and tax the BIK benefit at a later stage. Full records of BIK must be maintained.

7. Refund process

- Employer submits the payroll submission to Revenue on or before each pay date.
- Once a payroll submission with a PRSI class of J9 is submitted to Revenue no amendment or deletion of the submission can be made.
- Revenue will check payroll submissions to ensure that employers have completed the required declaration.
- If a submission includes an employee that was not included in any of the Employer's payroll submission between 1 February 2020 and 15 March 2020 the employee will not be eligible and the employer will not be refunded for that employee.
- Based on the submissions received, Revenue will calculate the refund amount based on valid scheme payments to employees with J9 PRSI class together with the value of any cumulative tax refunds due to the affected employees.
- Payroll submissions received will be sent to the bank on the day following submission for payment on the next banking day. A receiving bank may reflect this payment on the day received or a subsequent banking day.
- Refund payments are expected to commence from Tuesday 24th March.

8. Additional information

- Payroll software developers are currently updating their packages to allow for this Scheme. Queries in relation the use of the payroll packages should be directed to the payroll software provider.
- DEASP and Revenue will make additional information available on their websites.
- For general issues relating to the Scheme, employers can contact Revenue's National Employer Helpdesk via the myEnquiries system, providing details of the query and a direct dial contact number. Employers should make sure to select 'Employer's PAYE' and then 'Employer's PAYE General Enquiry' when submitting the query through myEnquiries to ensure prompt response.