

4.14 How will the DCYA Wage Subsidy Childcare Scheme operate from 20 April 2020 to 3 May 2020?

4.14.1 WSCS scheme introduction and eligibility.

The Department of Children and Youth Affairs (DCYA) announced a new scheme (DCYA COVID-19 Temporary Wage Subsidy Childcare Scheme (WSCS)) as a supplement to the broader temporary wage subsidy scheme, to address the particular needs of the Early Learning and Care (ELC) and School Age Childcare (SAC) sectors. The DCYA WSCS is designed to enhance the supports available to ELC and SAC providers and their employees. It provides ELC and SAC providers with a contribution to overhead costs that are still being incurred during COVID-19 closures and, for ELC and SAC providers with employees, it enables these providers to retain their employees through the provision of additional funding to be used to top-up employees under the TWSS.

The Department of Children and Youth Affairs has opened applications for the WSCS to registered providers within the meaning of the Child Care Act 1991 (Section 58C, as amended by the Child and Family Agency Act 2013) which were contracted with the Department of Children and Youth Affairs to provide ELC and SAC Programmes on 12 March 2020. ELC and SAC providers that apply for and are approved for the WSCS will receive a contribution from the Department of Children and Youth Affairs to overhead costs that are still being incurred during COVID-19 closures. ELC and SAC providers with employees will receive additional funding from the Department of Children and Youth Affairs to be used to top-up employees under the TWSS.

An “employee”, in relation to the WSCS, means a person who has entered into or works under a contract of employment with the ELC and SAC provider participating in TWSS/WSCS. It includes staff, including ancillary staff, employed by the participating ELC and SAC provider for the purpose of ELC and SAC provision.

The TWSS cannot be applied retrospectively. A participating ELC and SAC provider must not amend a payroll submission already reported to Revenue. The original payroll has already been processed and employees paid.

However, where ELC and SAC providers have provided additional payments to employees under the TWSS on payrolls submitted since 6 April, the Department of Children and Youth Affairs will reimburse the providers for these additional payments.

To benefit from the new DCYA scheme, participating ELC and SAC providers must register for the Temporary Wage Subsidy Scheme and operate the Temporary Wage Subsidy Scheme in accordance with the Revenue TWSS guidance.

(For more information see <https://www.gov.ie/en/organisation/department-of-children-and-youth-affairs/>).

4.14.2 Operating the WSCS scheme.

For the period from 20 April 2020 to 3 March 2020, to facilitate DCYA's WSCS, Revenue will accept valid submissions from participating ELC and SAC providers operating the TWSS that make additional payments to bring the employee's additional pay before tax, plus subsidy to €350 gross per week.

For pay dates from 20 April 2020 to 03 May 2020, participating ELC and SAC providers participating in the TWSS and WSCS should enter the following details when running their payroll for eligible employees:

- Set PRSI Class to J9.
- Enter a non-taxable amount up to 70% of the employee's Average Revenue Net Weekly Pay (ARNWP) (see **Error! Reference source not found. Error! Reference source not found.**) to:
 - a maximum of €410 per week where the average net weekly pay is less than or equal to €586
 - or**
 - maximum of €350 per week where the average net weekly pay is greater than €586 and less than or equal to €960
 - or**
 - See 4.1 for details on employees with ARNWP greater than €960 after 16 April 2020
- For employees with an ARNWP of less than €350 the participating ELC and SAC providers can pay an additional gross payment up to a maximum of the difference between €350 and the 70% subsidy being provided (see worked example 4.14.3 below).
- The amount of additional payment to the employee should be included in the Gross Pay and should not be regrossed.
- It is important that participating ELC and SAC do not include the Temporary Wage Subsidy payment in Gross Pay.
- The payroll submission must include pay frequency and period number.

4.14.3 Example 1 – Processing an employee with ARNWP of €300 for the DCYA WSCS

For example, where a participating ELC and SAC provider’s employee’s ARNWP is €300 (A) the participating ELC and SAC provider can make a wage subsidy payment of €210 (B) (70% of ARNWP). An additional payment can also be made of up to €140 (C) (€350 – €210 (B)) to bring the employee’s additional pay before tax, plus subsidy to €350 per week.

Illustration of impact of additional payments on subsidy		
Employee's Average Revenue Net Weekly Pay (ARNWP)	A	300
Maximum Weekly Wage Subsidy for employee (MWWS)	B	210
Maximum Weekly Employer Payment Before Tapering (MWEPBT) to receive full subsidy	C	140
Taxable Pay - Employer additional payment (optional)	D	140
Excess of Gross pay over allowable pay - Tapering amount	D - C	0
Non-Taxable pay (Subsidy after any applicable tapering reduction)		
Total of additional payment before tax, plus subsidy	D + E	350
PRSI Class		J9
Subsidy refund received from Revenue during transition phase	F	410
Balance of payment due to be refunded to Revenue in future	G	200

During the transition phase the participating ELC and SAC provider receives a refund of €410 (F) per week per eligible employee and, at a later phase, the reconciliation will recoup from the participating ELC and SAC provider the difference between €410 and the subsidy paid. In the example above the reconciliation recoupment will be €200 (G), being the difference between €210 (E) and €410 (F).

4.14.4 Additional information.

Tapering of the temporary wage subsidy shall apply to all cases where the gross pay paid by the participating ELC and SAC providers and reported on their payroll submission plus the subsidy amount exceeds €350.

It is important to note that above rules for employees with ARNWP of less than €350 only applies to payroll submissions made on or after the 20th of April and for pay dates from 20th April until 3 May 2020.

From 4 May 2020 “registered providers” will operate the revised standard TWSS scheme in line with general scheme guidance and be able to avail of the additional measures including:

- an 85% subsidy payable in the case of employees whose Average Revenue Net Weekly Pay does not exceed €412, and
- a flat rate subsidy of up to €350 shall be payable in the case of employees whose Average Revenue Net Weekly Pay is more than €412 but not more than €500.

The proposed top up payment to employers for overhead costs of a minimum amount of €300 per week or 15% of staff costs would be a taxable stream of income in the hands of the childcare providers, similar to DCYA subsidy payments such as ECCE, CSSP, TEC, and NCS.