

COVID-19
Income Support
Decision Tree

The recent launch of the Covid 19 wage subsidy scheme has provided a much needed lifeline to businesses struggling to keep going in these extraordinary times. However there are some considerations for businesses who are considering whether to avail of the scheme or not.

Below you will find the most up to date Revenue guidance on the legislation:

- Temporary Covid-19 Wage Subsidy Scheme
- Guidance on Operation of Temporary Covid Wage Subsidy Scheme
- Guidance on Employer Eligibility and Supporting Proofs

Before making a final decision on this scheme DBASS would recommend that you consider the following;

- What is your commercial purpose in considering the scheme? If you want to retain key personnel and teams, the wage subsidy is designed to help you do exactly that
- Are you eligible for the scheme? A taxpayer has to document the basis on which it was decided to avail of the wage subsidy. What financial information was considered? Matters such as financial accounts, debtor position, loan forbearance applications, cashflow projections, month by month comparisons and other financial criteria between Q1 and Q2 are all critical evidence. In the case of a company, a directors meeting must be held and minuted.
- In the majority of cases, eligibility should be obvious but, in the rest, it may be a borderline call particularly where there are cash reserves in the business and it may be necessary to contact Revenue to seek a view. We strongly advise doing this via the MyEnquiries facility on ROS.
- If there are cash reserves, there is an expectation that the employee salaries will be topped up over the Subsidy
- The legislation has much tighter and uncertain eligibility criteria that have been softened to some extent by the guidelines issued by the Revenue Commissioners. However, self-assessment does apply to the wage subsidy and, if a dispute arises with Revenue as to the eligibility of an employer and a potential clawback of the wage subsidy, it will be the legislation that ultimately will be relied upon and not the guidelines
- The profile of the employee's salaries has to be considered to determine if the employees would be better off under the alternative social welfare system.

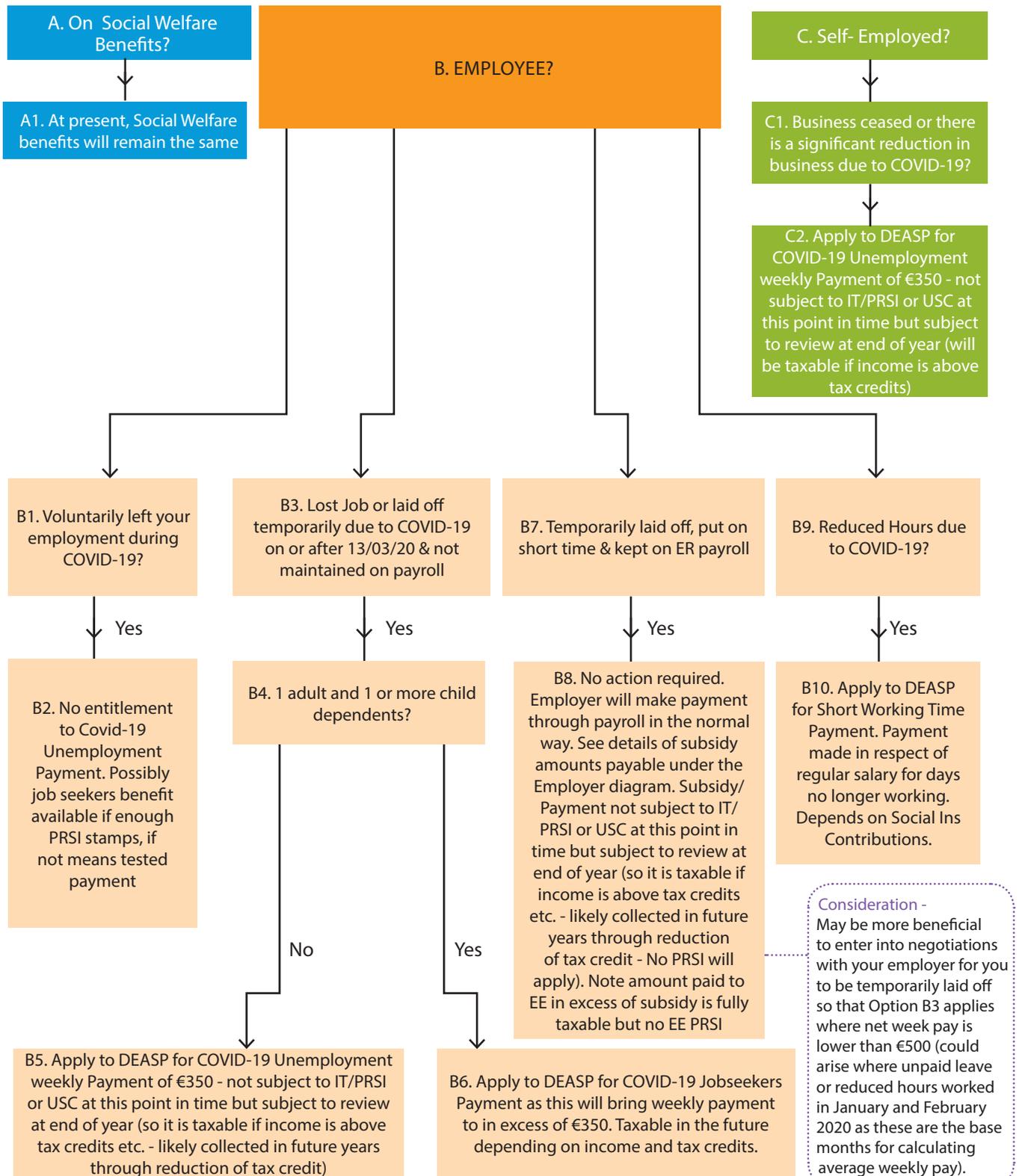
As regards the employees, the payments are liable to income tax; however, the subsidy is not taxable through payroll during the period of the subsidy scheme. Instead the employee will be liable for tax on the subsidy amount paid to them by their employer by way of review at the end of the year. When an end of the year review takes place, it may be the case that an employee's unused tax credits will cover any further liability that may arise. Where this is not the case, and should an income tax liability arise, it is normal Revenue practice to collect any tax owing in manageable amounts by reducing an individual's tax credits for a future year(s) in order to minimise any hardship.

We regret that we cannot give you a simple, yes or no recommendation.

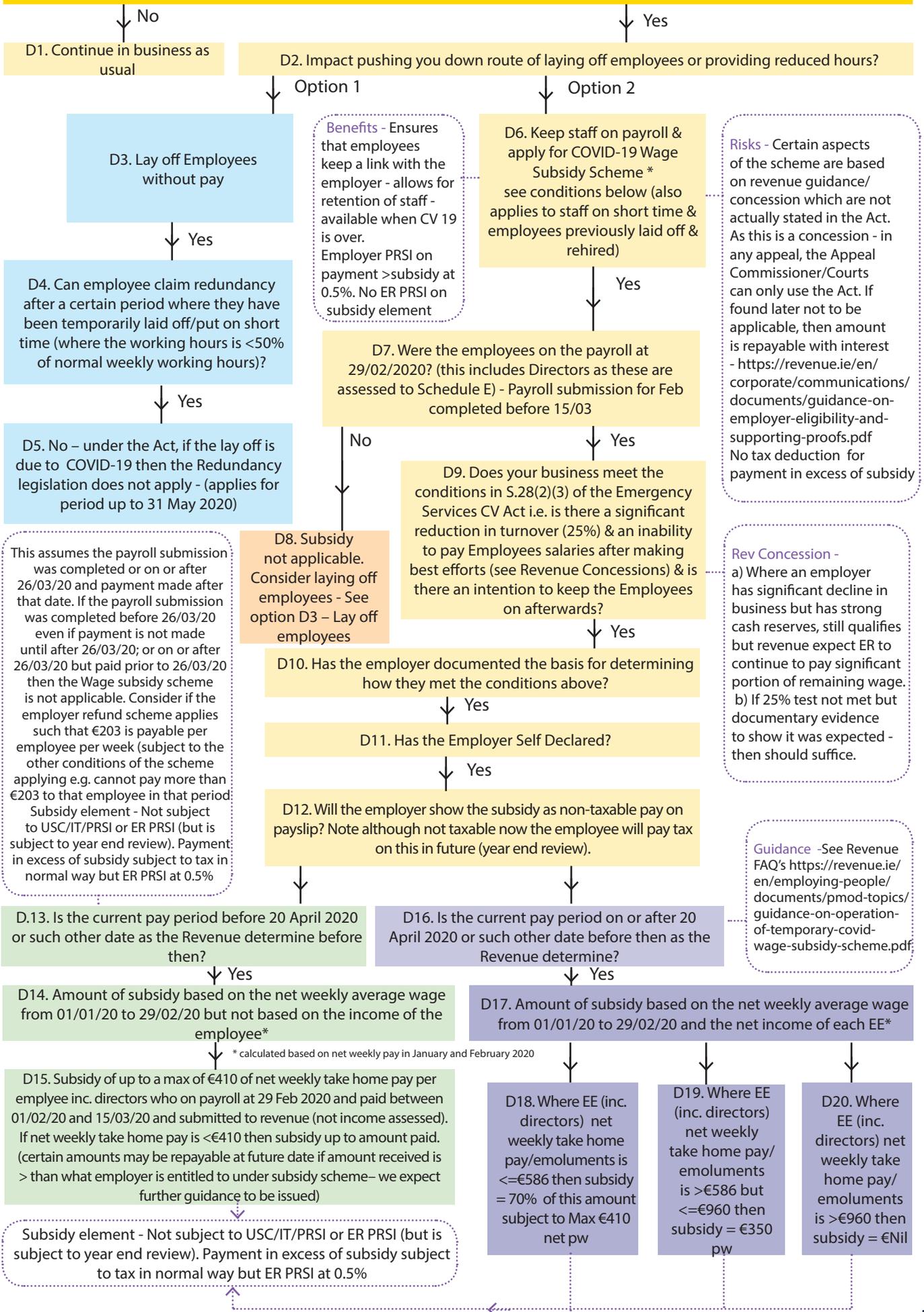
We have studied the legislation and guidelines in consultation with professional bodies and industry groups intensively over the past week.

Please take some time to read all of the Revenue guidance before making a decision regarding this scheme and should you require any further advice please contact your DBASS adviser <01 849 88 00> who will be happy to discuss your concerns with you. The following pages contain a decision tree which we hope will assist you with your decision regarding this scheme.

COVID-19 INCOME SUPPORT DECISION TREE



D. EMPLOYERS - BUSINESS IMPACTED AS A RESULT OF COVID-19?





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