

Revenue update on additional measures to support businesses and Debt Warehousing Scheme

Revenue announced additional measures to support both SME businesses (automatically) and larger businesses (on request) experiencing cashflow and trading difficulties arising from the impacts of COVID-19 on (07/05/2020). Revenue has also provided further information in relation to the new scheme to 'warehouse' VAT and PAYE (Employer) debts associated with the COVID-19 crisis, which was announced by the Government on 2 May 2020.

Additional measures to support businesses

The charging of interest on late payments is suspended (automatically for SMEs¹¹ and on request for larger businesses) for the following:

- May and June PAYE (Employers) liabilities normally due in June and July respectively
- May/June VAT liabilities, normally due in July.

This is in addition to earlier announcements that the charging of interest on late payments is suspended for January/February and March/April VAT as well as February, March and April PAYE (Employers) liabilities. The total deferred under these arrangements during March and April exceeds €1,260 million. Revenue has again stressed the importance of filing tax returns even where payment or part payment is not immediately possible. Where key personnel are unavailable to compute the tax returns due to the COVID-19 virus, businesses should still file on a 'best estimates' basis. Any subsequent amendments can be completed on a self-correction basis without penalty.

Businesses other than SMEs who are experiencing temporary cash flow or trading difficulties, including larger businesses managed by our Large Corporates Division (LCD) and Medium Enterprise Division (MED), should contact the Collector-General's office through [MyEnquiries](#), Revenue's secure online correspondence service which is available in both [myAccount](#) and [ROS](#). Alternatively, these businesses can engage directly with their LCD or MED branch contacts.

New scheme to warehouse VAT and PAYE (Employer) tax debts associated with the COVID-19 crisis

On 2 May 2020, the Government announced that it will legislate to provide that Revenue will warehouse deferred tax debts associated with the COVID-19 crisis. Pending the enactment of the necessary legislation, Revenue will operate the scheme on an administrative basis. In effect the amounts deferred from March will be warehoused.

Under the scheme, VAT and PAYE (Employer) tax debts deferred while a business is unable to trade or was subject to restricted trading due to the COVID-19 related health restrictions, as well as debts for an additional two months after the business resumes 'normal' trading, will be ringfenced by Revenue. There will be no collection of any of the debt in question during this period and no interest will apply.

However, to avail of the scheme, the tax debt will have to be quantified by the business through the filing of all relevant returns for the restricted trading phase. If a best estimate return of liability has been made for any period, the correct return will have to be filed to ensure the debt benefits from the warehousing.

Following a resumption of 'normal' trading, the outstanding VAT and PAYE (Employer) tax debts will be warehoused for 12 months during which there will be no collection of this debt by Revenue and no interest will be charged. However, businesses will be expected to pay current liabilities as they arise during this 12-month period.

At the end of the 'warehoused' 12-month period, a reduced interest rate of 3% will apply on the repayment of such warehoused tax debt until it is fully paid. This compares to a rate of 10% per annum currently charged on overdue VAT and PAYE (Employer) tax debts.

Revenue has confirmed that Tax Clearance will not be affected by a business availing of tax debt warehousing under this arrangement. Refunds and repayments of tax which arise will also be paid, notwithstanding that the business owes VAT and PAYE (Employer) liabilities that have been warehoused. However, a business can choose to offset the repayment against the warehoused liabilities if it wishes.

Further information on the [New 'warehousing' of deferred tax debts and interest suspension arrangements](#) is available on the Revenue website.

1. *For tax purposes, an SME is a business with turnover of less than €3 million who is not dealt with by either Revenue's Large Corporates Division or Medium Enterprises Division. SMEs are managed from both a service and compliance standpoint by Revenue's Business Division.*

[**Back to text**](#)

[Ends 7/5/2020]

Published by Revenue on 7/5/2020