

COVID-19

The Temporary Wages Subsidy Scheme (TWSS) Health Check

6 July 2020

The TWSS is a temporary measure designed to maintain the employee / employer relationship during the period covered by the emergency COVID-19 measures, and to support employers whose business (turnover and cash flow) have been severely affected as a result of the pandemic.

Since its launch, Revenue has regularly updated and refined their guidance to help employers accurately calculate the subsidy available under the scheme. This has been a complex and challenging undertaking for many employers.



Accounting for your operation of the scheme

As the period initially envisaged for the scheme came to a close in June (albeit that it will continue for some), employers will need to consider the extent to which they have correctly operated the scheme. This is particularly so in light of the fact that Revenue will carry out a reconciliation programme to ensure compliance with the scheme rules and the level of payments made in the relatively near future.

TWSS compliance check letters have already issued to some employers, meaning that in addition to the future reconciliation programme, Revenue is already scrutinising errors and inconsistencies identified in the “real time” operation of the scheme.



Experience to date

Client feedback has told us that employers are concerned about a number of factors arising from their participation in the scheme. These include meeting the eligibility criteria over the period of the scheme, as well as the specifics of the calculation of Average Revenue Net Weekly Pay, the Subsidy amount due, and the Top-Up calculations in each pay period.

In addition, employers are concerned generally about errors driven by the complexity of the scheme and the fact that TWSS payroll submissions cannot be reopened to make corrections.

A further consideration for employers that have also availed of the Tax Warehousing Scheme is that Revenue has now linked participation in that scheme to compliance with the rules of the TWSS.



Addressing the issues

An independent health check of the approach adopted in the operation of the TWSS will identify issues and prepare employers for the reconciliation programme, currently expected later this year.

Carrying out a timely TWSS health check will:

- Help protect you against undue reputational damage.
- Provide comfort on the submissions made and payments received.
- Facilitate documentation of the information needed on eligibility and operation of the scheme to provide an evidential record for permanent retention.
- Identify errors which require correction.
- Facilitate the preparation of corrective submissions where necessary.

Scope of the health check

Our health check will typically cover the following:

- 1 Your eligibility* to participate in the TWSS over the duration of the scheme.
- 2 Employee eligibility for the TWSS.
- 3 Review of your calculations including**:
 - Calculation of Average Revenue Net Weekly Pay (ARNWP)
 - Calculation of Subsidy amounts
 - Employer top up payments - underlying rationale and impact on subsidy tapering (if any)
 - Treatment of benefits / non statutory payments
 - Treatment of Pension deductions and deductions more generally
 - Payroll set up and implementation
- 4 The content and quality of the permanent documentation you have retained.
- 5 The level of risk of your participation being subsequently open to challenge or subject to reclaim of payments by Revenue.

We will provide a summary report on our findings that will, should it be necessary, facilitate engagement with Revenue (as recommended by them) to resolve any issues arising in advance of the reconciliation programme.

** Note - Our assessment of eligibility to participate in the TWSS will not address the specific financial calculations / models and judgements used by you to determine if turnover in the TWSS period met / was likely to meet the criteria set out in the TWSS legislation. Should you wish such an assessment to be carried out, we can discuss this separately.*

*** Note - our methodology can be based either on interviews with relevant personnel in your organisation with a limited review of the documentation that they would provide, or on interviews, supplemented by a more detailed interrogation of your calculations, using our technology to generate detailed analysis of your operation of the scheme. The approach would be agreed with you in a scoping discussion in advance of providing you with our fee quote for the work.*

Further Information

PwC Ireland is actively liaising with Revenue to obtain further information on this scheme. If you have any questions in relation to the above, please get in touch with your usual PwC contacts or one of those listed on this page.

Contacts

Pat Mahon
Partner

pat.mahon@pwc.com
+353 86 172 6745

Alanna O'Doherty
Senior Manager

alanna.odoherty@pwc.com
+353 87 928 1693

Ken O'Brien
Director

ken.obrien@pwc.com
+353 86 810 6818

Sean Walsh
Senior Manager

sean.walsh@pwc.com
+353 85 142 4544

Emer O'Sullivan
Director

emer.osullivan@pwc.com
+353 87 976 0269

Clara Flynn
Manager

clara.flynn@pwc.com
+353 87 349 1438

Think Beyond

The information in this document is accurate as at publication date 6 July 2020



© 2020 PwC. All rights reserved. Not for further distribution without the permission of PwC. "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL), or, as the context requires, individual member firms of the PwC network. Each member firm is a separate legal entity and does not act as agent of PwCIL or any other member firm. PwCIL does not provide any services to clients. PwCIL is not responsible or liable for the acts or omissions of any of its member firms nor can it control the exercise of their professional judgment or bind them in any way. No member firm is responsible or liable for the acts or omissions of any other member firm nor can it control the exercise of another member firm's professional judgment or bind another member firm or PwCIL in any way.