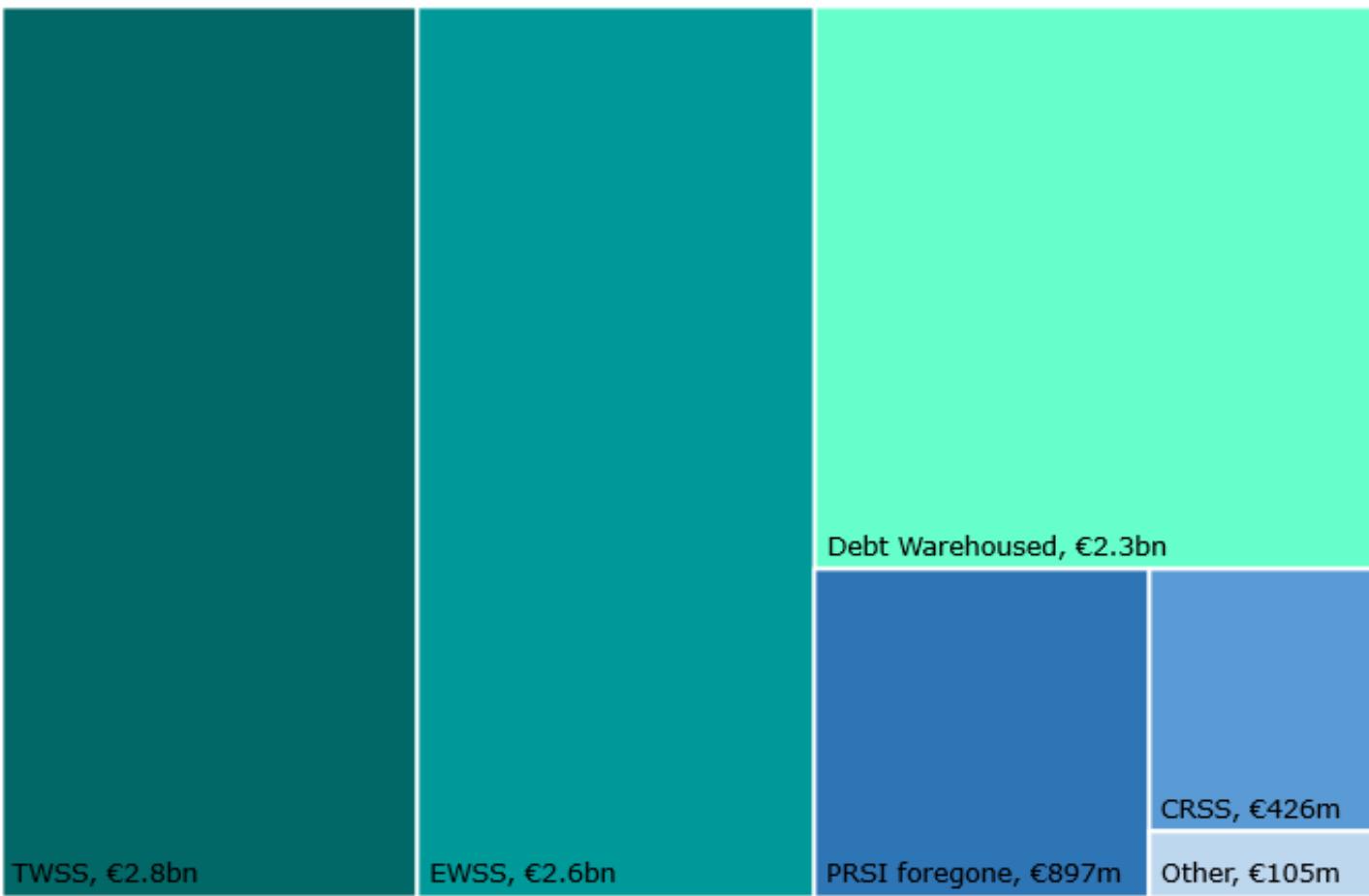


# A Year of COVID-19 Tax Supports – March 2020 to March 2021

€ 9.1 billion

In the year since the onset of the COVID-19 pandemic, Revenue has implemented or administered a series of support schemes. Aimed at supporting businesses and individuals, the value of these schemes for the twelve months to end March 2021 was €9.1 billion.



*Note: some headings involve a degree of estimation, as discussed in the text.*

While not comprehensive, this report gives a statistical overview of the main COVID-19 schemes and other measures deployed through the taxation system in the last twelve months.

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## 1 Introduction

The onset of the COVID-19 pandemic brought about unprecedented disruption and uncertainty for the Irish economic and social landscape. COVID-19, and the public health restrictions put in place by the Government with the aim of preventing the spread of the virus, immediately impacted on business environments, and on key elements of Revenue's role as a tax and customs administration.

Since March 2020, Revenue has played a significant role in the delivery of critical Government supports to affected businesses, employers and individuals that helped to protect lives and livelihoods. The value of the supports implemented or administered by Revenue for the twelve months to end March 2021 was €9.1 billion.

The following sections profile the supports to employers, employees and businesses to cover or reduce their costs, as well as debt warehousing and other measures.

## 2 Supporting Employers and Employees

The **Temporary Wage Subsidy Scheme ("TWSS")** was announced by the Government on 24 March 2020 and Revenue made the first payments under the scheme just 4 days later. TWSS used Revenue's IT systems, particularly the introduction of real-time reporting for PAYE in January 2019, to get critical cash supports in the shortest timeframe possible to impacted employers and employees. These payments enabled eligible employers to provide significant financial supports directly to their employees by keeping those employees on their payroll and protecting the longer-term viability of their jobs. The TWSS was initially expected to last for twelve weeks from its introduction but was ultimately extended to the end of August 2020. Over the period the TWSS was in operation, 66,600 employers received subsidy payments of €2.8 billion in respect of 664,500 employees. Up to 255,800 employees, who were not in TWSS, were indirectly supported through their employers' participation in the Scheme.

Some key statistics on the operation of TWSS are shown in Figure 1. An important aspect of the outcomes of TWSS was the movement of employees from the Scheme to either normal (non-TWSS) employment or the Pandemic Unemployment Payment ("PUP"), during the phased re-opening in summer 2020. Figure 2 shows a summary of TWSS movements.<sup>1</sup>

The **Employment Wage Subsidy Scheme ("EWSS")** was announced by the Government as part of the July Jobs Stimulus and replaced the TWSS with effect from 1 September 2020. EWSS payments to eligible employers are based on a flat-rate subsidy structure based on employees' gross weekly wage. The EWSS was originally designed to pay the subsidy due once a month in arrears but since October is now paid on a 'next banking day' basis, similar to the TWSS, thereby providing a significant positive cashflow boost for businesses.

By the end of March 2021, €2.62 billion in subsidies had been paid to 48,400 employers in respect of 546,300 employees under EWSS. Some key statistics on the operation of EWSS are shown in Figure 3.<sup>2</sup>

**Employer Pay Related Social Insurance ("PRSI") was forgone** due to the reduced rate of PRSI on wages paid that are eligible for EWSS. For TWSS, employer PRSI did not apply to the subsidy and was reduced from 10.5% to 0.5% on top-up payments. €437 million in PRSI was foregone for EWSS to March 2021. For TWSS, the PRSI foregone could not be directly calculated, but it is estimated at €460 million.

<sup>1</sup> A detailed statistical overview of TWSS is published:

<https://www.revenue.ie/en/corporate/documents/research/statistical-overview-of-covid-19-twss.pdf>; weekly statistical updates were published throughout the operation of TWSS: <https://www.revenue.ie/en/corporate/information-about-revenue/statistics/number-of-taxpayers-and-returns/covid-19-support-schemes-statistics.aspx>.

<sup>2</sup> Weekly statistical updates are published on the operation of EWSS: <https://www.revenue.ie/en/corporate/information-about-revenue/statistics/number-of-taxpayers-and-returns/covid-19-support-schemes-statistics.aspx>.

**Figure 1: TWSS Key Statistics**

**Sectors of TWSS Recipients**

<b>Sector of Employer</b>	<b>Employers</b>	<b>Employees</b>
Accommodation & food services	10.3%	16.7%
Activities of households as employers	0.1%	0.0%
Administrative & support services	4.4%	5.5%
Agriculture, forestry & fishing	1.6%	0.8%
Arts, entertainment & recreation	2.6%	2.7%
Construction	16.0%	10.3%
Education	3.0%	2.0%
Utilities	0.5%	0.7%
Financial & insurance	1.2%	1.2%
Human health & social work	6.4%	4.9%
IT & other information services	2.1%	1.7%
Manufacturing	7.3%	12.6%
Professional & technical services	12.3%	7.9%
Public administration & defence	0.7%	0.4%
Real estate	1.9%	1.4%
Transportation & storage	3.6%	5.4%
Wholesale & retail trade	19.4%	22.4%
Other services	6.6%	3.5%
<b>All Sectors</b>	<b>100%</b>	<b>100%</b>

**Subsidies and Gross Pay to Employees**

<b>Month</b>	<b>TWSS Subsidies</b>	<b>Employer Gross Pay**</b>
April*	€712m	€602m
May	€532m	€494m
June	€454m	€633m
July	€623m	€952m
August	€523m	€925m
<b>All Months</b>	<b>€2,844m</b>	<b>€3,606m</b>

\*Includes March TWSS subsidies.

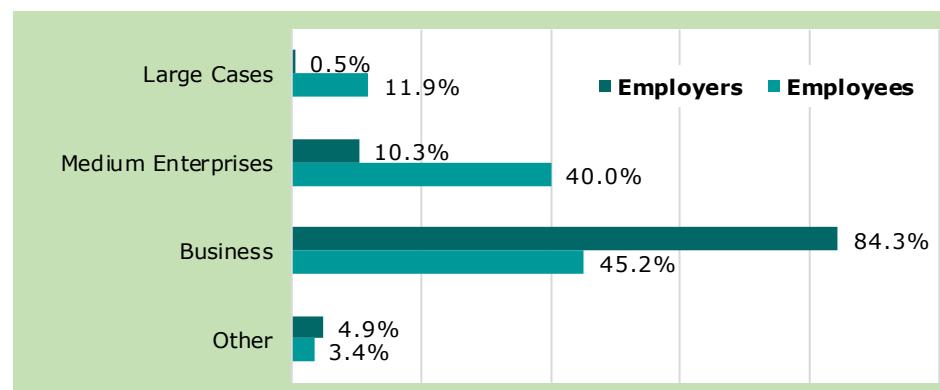
\*\*TWSS employees only.

**TWSS Employee Pay Levels (pre-COVID-19)**

<b>Average Weekly Net Pay in Jan/Feb</b>	<b>All Employees*</b>	<b>TWSS Employees Only</b>
€0 - €100	7%	2%
€101 - €200	8%	5%
€201 - €300	10%	8%
€301 - €400	14%	15%
€401 - €500	15%	21%
€501 - €600	12%	18%
€601 - €700	9%	13%
€701 - €800	6%	8%
€801 - €900	5%	5%
€900+	14%	5%
€0 - €412	40%	33%
€413 - €500	13%	18%
€501 - €586	11%	16%
€586+	36%	33%
<b>All Pay Ranges</b>	<b>100%</b>	<b>100%</b>

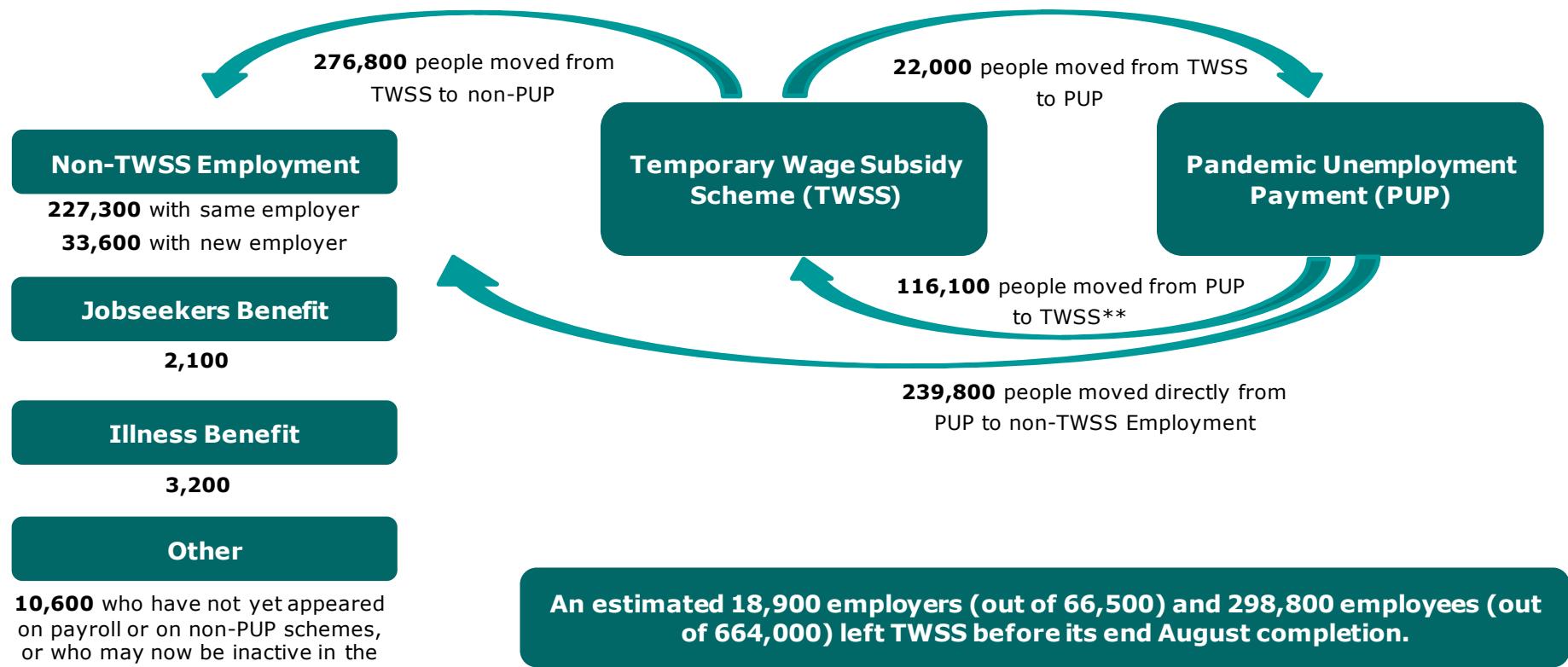
\*Employments in the public sector and for persons in receipt of occupational pensions are excluded.

**TWSS Employers and Employees by Revenue Division**



Source: Revenue analysis.

**Figure 2: TWSS – Movement between Schemes and to Employment**



Source: Revenue analysis.

### Figure 3: EWSS Key Statistics

## **Sectors of EWSS Recipients**

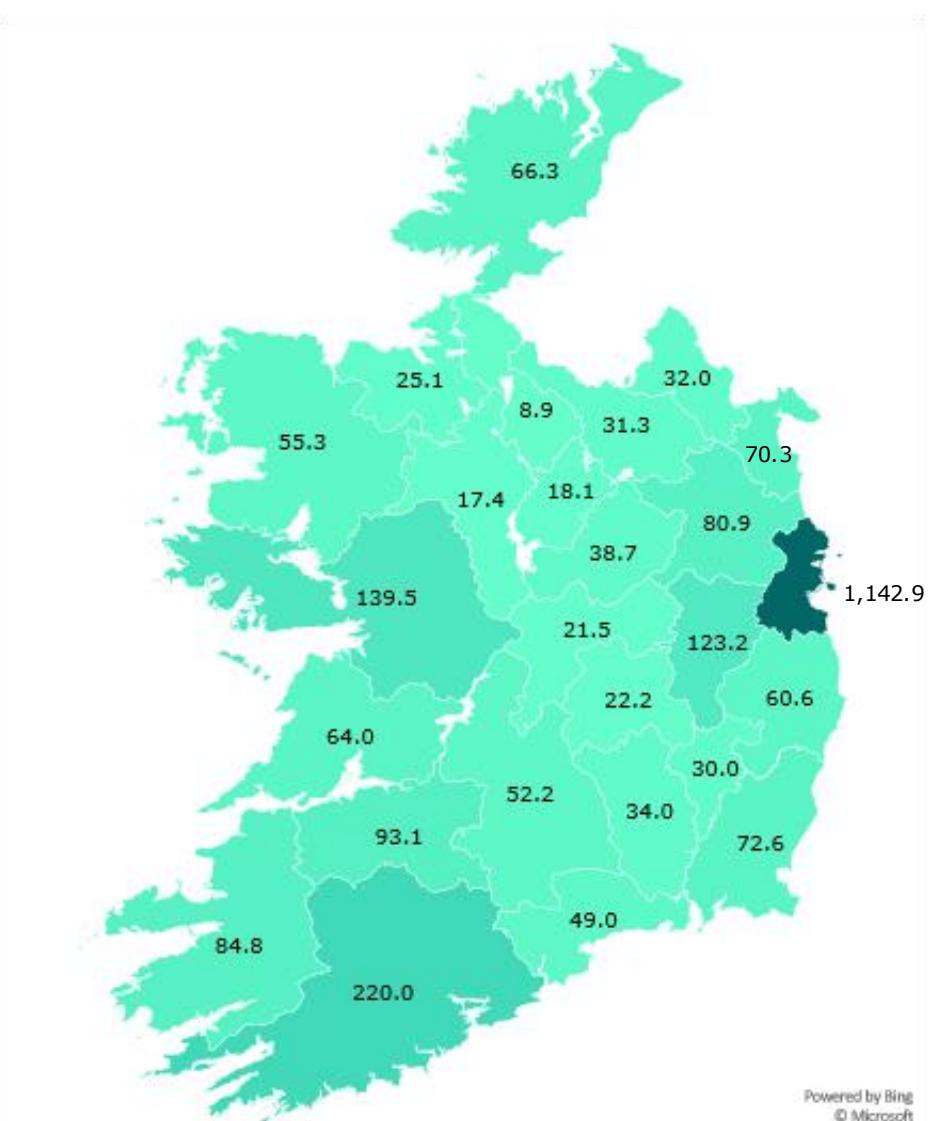
<b>Sector of Employer</b>	<b>Employers</b>	<b>Employees</b>
Accommodation & food services	15%	26%
Administrative & support services	4%	7%
Agriculture, forestry & fishing	1%	1%
Arts, entertainment & recreation	3%	4%
Construction	14%	10%
Education	4%	3%
Utilities	0%	0%
Financial & insurance	1%	1%
Human health & social work	6%	5%
IT & other information services	2%	1%
Manufacturing	7%	9%
Professional & technical services	10%	6%
Public administration & defence	1%	1%
Real estate	2%	2%
Transportation & storage	4%	7%
Wholesale & retail trade	17%	17%
Other services	8%	4%
<b>All Sectors</b>	<b>100%</b>	<b>100%</b>

## **EWSS to PUP Movements**

Flow	Number of Employees
February EWSS Employees who subsequently appeared on PUP in March	14,900*
January EWSS Employees who subsequently appeared on PUP in February	55,200
December EWSS Employees who subsequently appeared on PUP in January	85,900
November EWSS Employees who subsequently appeared on PUP in December	10,800
October EWSS Employees who subsequently appeared on PUP in November	75,100
September EWSS Employees who subsequently appeared on PUP in October	44,900

\*A further 46,100 non-EWSS employees (in "normal" employment) in February subsequently appeared on PUP in March.

## **EWSS Subsidy Payments by County €m**



Source: Revenue analysis.

### 3 Debt Warehousing

From 13 March 2020, Revenue put a series of immediate measures in place to assist businesses experiencing trading difficulties caused by the impacts of COVID-19, including:

- suspending the application of interest on late payments on January/February 2020 VAT and both February and March 2020 PAYE (Employers) liabilities;
- suspending all debt enforcement activity;
- the retention of tax clearance status for all businesses in circumstances where tax payments and tax returns were not up to date; and
- suspending the impending scheduled RCT rate review thereby ensuring a subcontractor's RCT deduction rate did not increase due to changes in their compliance position.

It was expected that these measures would be in place for the short-term but the above were ultimately extended for the duration of 2020, with the suspension of the application of interest on late payments of VAT and PAYE (employers) liabilities subsequently being incorporated into the **Debt Warehousing Scheme**.<sup>3</sup> Under the Scheme, businesses can temporarily 'park' certain tax debts while trade is impacted by COVID-19 restrictions. These debts remain 'parked' on an interest free basis for 12 months following resumption of 'normal' trading. At the end of the 12-month interest free period, if the warehoused debt has not been paid in whole or in part during that time, the balance can be paid through an agreed phased payment arrangement at a significantly reduced interest rate of 3% per annum. The standard interest rates for tax debts are 8% and 10%.

By the end of March 2021, €2.3 billion of tax debt had been warehoused for 81,400 businesses. Some key statistics on the operation of Debt Warehousing are shown in Figure 4.

The Debt Warehousing Scheme gives businesses a framework within which they can retain tax clearance where tax payments are not up to date. The only requirement for businesses to continue to avail of the terms of the Scheme, and to retain tax clearance, which is a key eligibility requirement for access to the EWSS and the CRSS, is to continue to file accurate and timely tax returns and bring any outstanding returns up to date.

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<sup>3</sup> The Scheme was later extended to include certain self-assessed income tax liabilities and overpayments of TWSS subsidies due to be repaid by employers to Revenue.

**Figure 4: Debt Warehousing Key Statistics**

### Warehousing by Taxhead



### Warehousing by Due Month

Due Month	€m	VAT Businesses	€m	PREM Businesses
Mar-20	234	9,788	86	10,613
Apr-20	2	110	135	22,145
May-20	213	12,920	42	5,800
Jun-20	1	38	41	5,740
Jul-20	164	7,811	57	13,847
Aug-20	0	47	58	11,346
Sep-20	213	10,872	57	12,318
Oct-20	1	52	63	20,017
Nov-20	80	7,067	49	13,161
Dec-20	0	13	48	12,575
Jan-21	164	10,849	131	30,216
Feb-21	0	19	65	16,462
Mar-21	92	4,015	82	20,304
<b>Total</b>	<b>1,165</b>	<b>63,601</b>	<b>916</b>	<b>194,544</b>

Count of number of businesses is unique to each Due Month period. Amounts exclude estimated amount relating to Business and Personal Division non-filers.

### Debt Available for Collection at end March 2021

	€m
Total Debt	6,738
Appeals	3,659
Insolvency	42
<b>Debt Available for Collection</b>	<b>1,182</b>
Warehoused Debt	2,117*
<b>Total</b>	<b>3,299</b>

\*Excludes estimated amount relating to Business and Personal Division non-filers.

Source: Revenue analysis.

## 4 Helping Businesses with Cashflow and Costs

The **COVID Restrictions Support Scheme (“CRSS”)** was announced in Budget 2021 (13 October 2020) and the Scheme applied from the same date. Under the CRSS, a qualifying person who carries on a business activity that is impacted by COVID-19 related public health restrictions, such that the business is required to prohibit or considerably restrict customers from accessing its premises, can make a claim to Revenue for a payment, subject to a maximum of €5,000, for each week that it is affected by the restrictions.

Revenue designed an online registration process for the scheme within just over 2 weeks of the Budget announcement, with the first payments made to eligible businesses from 17 November 2020 onwards. By the end of March 2021, €426 million in CRSS payments had been paid to 21,800 businesses in respect of 24,100 business premises. Some key statistics on the operation of the CRSS are shown in Figure 5.<sup>4</sup>

To provide assistance to a wide range of economic activities and benefits to a broad range of businesses and traders, two **VAT rate reductions** have been implemented in the last year.

In the July 2020 Stimulus, a temporary reduction in the standard rate of VAT from 23% to 21% was announced for the period 1 September 2020 to 28 February 2021. In Budget 2021, the VAT rate for the hospitality and tourism sector was reduced from 13.5% to 9%, with effect from 1 November 2020 to December 2021.

The reduction in the standard rate was projected to cost €440 million. The 9% rate for hospitality and tourism was estimated to cost €336 million for 2021 as a whole and €401 million from 1 November 2020 to 31 December 2021 (based on normal VAT receipts trends, the pro-rota cost from November to end March is estimated at about €180 million).<sup>5</sup>

Returns data are not yet available to measure the impact of the reductions in VAT rates on collected receipts to end March 2021. These amounts are not included in the €9.1 billion value of the schemes in this report as they are provisional and arise from a tax policy change.

<sup>4</sup> Weekly statistical updates are published on the operation of CRSS: <https://www.revenue.ie/en/corporate/information-about-revenue/statistics/number-of-taxpayers-and-returns/covid-19-support-schemes-statistics.aspx>.

<sup>5</sup> The Revenue Ready Reckoner contains a number of examples of the estimated cost of changes or extensions to VAT rates: <https://www.revenue.ie/en/corporate/information-about-revenue/statistics/ready-reckoner/index.aspx>.

**Figure 5: CRSS Key Statistics**

## **CRSS by Sector**

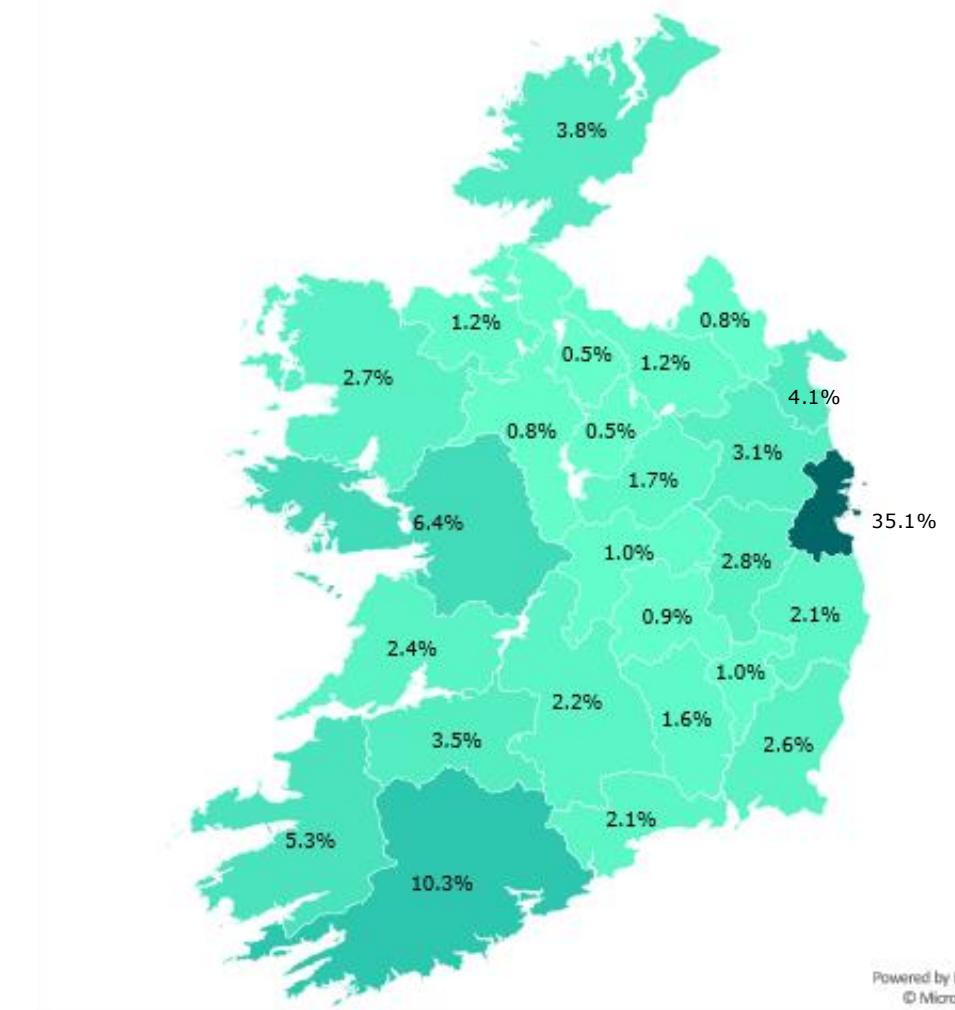
Sector of Business	Share of Premises	Share of Claim Amounts
Bar (Serving Food)	7.5%	16.2%
Bar (Wet Pub)	14.1%	11.2%
Café, Restaurant	12.4%	14.8%
Hotels and Accommodation (B&Bs etc)	8.1%	16.7%
Personal Services (Hairdressers, Beauticians, etc)	23.2%	6.9%
Retail Specialist Store (Clothes, Toys, Florist, etc)	15.1%	13.5%
Other	19.6%	20.6%
<b>All Sectors</b>	<b>100%</b>	<b>100%</b>

## **CRSS Average Weekly Payments**

Sector of Business	Average Weekly Payment	Share with Maximum Payment*
Bar (Serving Food)	€1,776	11%
Bar (Wet Pub)	€602	1%
Café, Restaurant	€1,193	4%
Hotels & Accommodation (B&Bs etc)	€1,789	22%
Other	€1,068	7%
Personal Services (Hairdressers, Beauticians, etc)	€282	0%
Retail Specialist Store (Clothes, Toys, Florist, etc)	€989	3%
<b>All Sectors</b>	<b>€930</b>	<b>5%</b>

*\*CRSS is subject to a weekly maximum payment of €5,000.*

## **CRSS Claim Amounts by County**



Source: Revenue analysis.

## 5 Other Supports

The above mentioned COVID-19 supports provide just a snapshot of the wide range of supports Revenue administered or implemented on behalf of the Government during 2020. Additionally, Revenue implemented a suite of concessional measures across an extensive range of well-established tax matters under the care and management provisions afforded to the tax administration under section 849 of the Taxes Consolidation Act 1997.

Examples, but not an exhaustive list, of the types of concessional measures and Government supports Revenue provided and/or administered during 2020 include (costs to March 2021 provided where available or applicable – many are cost neutral or impact cash flow only):

- accelerated loss relief say (estimated cashflow impact of €65 million);
- the acceleration of Professional Services Withholding Tax ("PSWT") interim refunds;
- early access to Research and Development ("R&D") payable credits;
- extended pay and file deadlines;
- the availability of a significantly reduced interest rates of 3% in respect of pre-COVID tax debt for a limited time;
- a waiver on 'in-trade' liquor licences for the 2020/2021 licensing period (estimated cost €8.2 million);
- extended timeframes for SME's seeking to avail of relief under the Employment Investment Incentive ("EII") to meet certain conditions;
- concessional measures regarding the application and calculation of Benefit-In-Kind ("BIK") in certain circumstances including COVID-19 testing, flue vaccination, employer-provided vehicles and the Small Benefits Scheme;
- the relaxation of the use of ethyl alcohol in the production process of hand sanitiser to enable increased manufacture and supply;
- the introduction of the Stay and Spend tax credit (estimated cost €2 million);
- the availability of the Enhanced Help to Buy Scheme (estimated cost €30 million).

## 6 Conclusion

The onset of the COVID-19 pandemic brought about unprecedented disruption and uncertainty for the Irish economic and social landscape. COVID-19, and the public health restrictions put in place by the Government with the aim of preventing the spread of the virus, immediately impacted on business environments, and on key elements of Revenue's role as a tax and customs administration.

This report profiles the COVID-19 supports deployed through the tax system to employers, employees and businesses to cover or reduce their costs, as well as debt warehousing and other measures. These measures overlap and reinforce each other. While not comprehensive, these are the most significant supports implemented or administered by Revenue, the value of which was €9.1 billion by end March 2021. Over the same period, March 2020 to March 2021, tax receipts collected for the Exchequer totalled €57.3 billion, showing the significant scale of these supports in context of the ongoing activities of taxpayers.