

JULY JOBS STIMULUS PLAN

How you can get in touch for assistance in accessing these supports;

The team at Gilroy Gannon comprises over 50 staff with a wealth of experience in finance, business, tax and technology consultancy. Don't delay in seeking out support in these challenging times, contact any member of our team for more information.

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Debt warehousing and reduced rate of interest for outstanding 'non-COVID-19' debts

The Government has legislated to allow for (i) VAT and PAYE (Employer) liabilities incurred during the period of restricted trading caused by COVID-19 to be deferred or “warehoused” for a period of 12 months after a business resumes trading and for (ii) the application of a lower interest rate of 3% per annum on the repayment of such warehoused tax debts after that date.

1. Debt Warehousing

Some aspects of this measure include:

- Only VAT and PAYE (Employer) debts from the COVID-19 restricted trading phase plus 2 months can be warehoused. PAYE (Employer) liabilities include income tax, USC, employer’s PRSI and LPT collected by the employer on behalf of a customer which are due to be remitted by employers under the PAYE system.
- Access to the warehouse arrangement is automatic for all businesses managed by Revenue’s Business Division (turnover < €3 million) and Personal Division. Access is available on request for businesses managed by Revenue’s Large Corporates Division and Medium Enterprise Division.
- The period covered by the scheme is the time during which the business was and is unable to trade due to the COVID-19 related restrictions and includes two months after the business recommences trading.
- All tax returns must be filed and taxes maintained during the warehouse period.
- Any individual/business with additional tax liabilities that have not been declared to Revenue in the appropriate tax return, due to error or omission, will not be entitled to benefit from the debt warehousing scheme unless the issues are regularised immediately.
- Refunds and repayments of tax arising in “warehoused” COVID-19 periods will be repaid notwithstanding that the businesses will have tax debts under the scheme.
- Businesses with warehoused COVID-19 related tax debts or in a Phased Payment Arrangement can qualify for tax clearance, despite having these outstanding debts. As a result, these businesses can obtain a Tax Clearance Certificate and may then avail of the Employment Wage Subsidy Scheme, accelerated loss relief and other measures.

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2. Reduced rate of interest for outstanding “non-COVID-19” debts

Some aspects of this measure include:

- The scheme is applicable to a Phased Payment Arrangement (“PPA”) for any debt which cannot be warehoused under the terms of the Debt Warehousing Scheme.
- The scheme encompasses all tax-heads and the PPA must be agreed before 30 September 2020 to avail of the reduced interest.
- The 3% rate is to be applied to projected interest for the lifetime of the PPA.
- Full accrued interest will be applied to 1 August 2020 for existing arrangements or up to the date of PPA for new arrangements.
- Debts currently at enforcement may be included in the scheme, depending on its status.
- An individual/business with non-COVID-19 tax debts will not qualify for a tax clearance certificate unless they have agreed a PPA to pay those liabilities. Absence of tax clearance will preclude a business from availing of the Employment Wage Subsidy Scheme, accelerated loss relief and other measures.

If you require further detail on any of the above measures, please see our more detailed tax commentary on our website and contact Desi Foley, Tax Director (desi.foley@gilroygannon.com), Laura Cassidy, Senior Tax Manager (laura.cassidy@gilroygannon.com) or your usual Gilroy Gannon contact.