INFORMATION BOOKLET ON:

- **WAREHOUSING OF TAX DEBTS ASSOCIATED WITH COVID-19**

This document provides guidance on the Warehousing of Tax Debts which commenced on 2 May 2020.

This document is updated as required.

Revision history:

1	6 August 2020	
2	17 September 2020	Change of date in Para. 4.16.
3	30 September 2020	PPA agreement date extended to 31 October.
4	8 October 2020	Removal of date in Para. 4.16.
5	13 October 2020	Additional Para. inserted at 4.10. Subsequent paragraphs re-numbered. Additional Examples added.
6	22 October 2020	Addition of Income Tax and TWSS warehousing information. Extension date for PPA for Income Tax 2019.
7	02 December 2020	Insertion of 2 new FAQs on Income Tax warehousing. Extension date for PPA for Income Tax 2019.
8	19 January 2021	Re-introduction of Level 5 restrictions and removal of reduced rate PPA.
9	04 June 2021	Extension of Period 1 until 31 December 2021.
10	15 October 2021	Addition of S997A Debt Warehousing change for 2020 IT and 2021 PT.
11	28 January 2022	Extension for those sectors entitled to Government Supports in 2022.
12	07 March 2022	Listing of qualifying Government Supports for 2022 extension.
13	18 October 2022	Deferral to 1 May 2024 of requirement to enter into agreements to repay warehoused debt.
14	24 February 2023	Update to FAQ 5.22 and inclusion of Para. 6 outlining benefits of Debt Warehousing.
15	01 August 2024	Insertion of Para. 7 outlining repayment options for Warehoused Debt.
16	15 February 2024	Insertion of Para. 8 - Interest rate for warehoused debt reduced to 0%.
17	18 April 2024	Removal of previous Paragraph 5 (FAQ). Paragraphs 6-8 moved to 5-7 respectively. Addition to new Para. 6 with FAQ on payment of debt.

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

Contents

Where Debt Warehousing is now

- 0% interest rate on warehoused debt
- Businesses availing of the Debt Warehousing Scheme have until 1 May 2024 to either:

  - pay their warehoused debt in full,

  or

  - engage meaningfully with Revenue on addressing the debt, including arrangements for a Phased Payment Arrangement (PPA) via ROS.

- Flexibility available for managing the payment of warehoused debt including:

  - the level of down-payment to commence a phased payment arrangement

  - an extended payment duration, where necessary

  and

  - the availability of payment breaks and payment deferrals if temporary cash flow difficulties arise during the arrangement term.

Important

You must keep up to date with filing your current tax returns and paying your liabilities as they fall due to keep the benefits of Debt Warehousing.

If you do not continue to meet these conditions, you will be removed from the Debt Warehouse Scheme and periods which had been warehoused:

- will become payable immediately
- may be subjected to debt collection enforcement action

  and

- will be subject to interest charges of 8% or 10% per annum.

1. Introduction

Since the onset of the pandemic, Revenue has outlined some key advice and actions it has taken to assist businesses experiencing cashflow and trading difficulties arising from the impacts of COVID-19, including:

- advising businesses to continue to send in tax returns on time, even where payment is not immediately possible;
- suspending all debt enforcement action until further notice;
- suspending interest on late payment of VAT and PAYE (Employer) for both SMEs (automatically) and larger businesses (on request); and
- warehousing of VAT and PAYE (Employer) debts associated with COVID-19.

Budget 2021 provided for the extension of the debt warehousing scheme to include certain Income Tax (IT) liabilities. It also extended debt warehousing to the recovery of any overpayments arising in respect of the Temporary Wage Subsidy Scheme.

On 1 June 2021, it was announced that the period of time during which tax debts can be warehoused would be extended until the end of December 2021 for all eligible taxpayers, and that the scheme would be extended to cover overpayments of the Employment Wage Subsidy Scheme (EWSS).

Budget 2022 provided for the extension of the debt warehousing scheme to allow self-assessed income taxpayers with employment income who have a material interest in their employer company to warehouse income tax liabilities relating to their Schedule E income in certain circumstances outlined below (this change is subject to the enactment of Finance Bill 2021).

In October 2022, Revenue announced changes to the debt warehousing scheme in light of the challenging economic situation arising from the energy costs crisis. Under the Debt Warehousing Scheme, businesses with warehoused debt were due to enter into an arrangement to pay their warehoused debt by 31 December 2022 (or by 1 May 2023 for those eligible for the extended deadline). Given the economic uncertainty, Revenue extended the deadline to enter into an arrangement to deal with the debt until 1 May 2024. This means that businesses will not now be faced with the challenge of either clearing the debt in the warehouse or entering into a phased payment arrangement to clear that debt until May 2024. Importantly, businesses continued to benefit from the zero-interest rate until 31 December 2022 (or 30 April 2023 for the extended period) and the 3% rate thereafter, as opposed to the general interest rate of 10% for VAT and PAYE (Employer) liabilities.

On 5 February 2024, it was announced that the reduced interest rate of 3% applicable to warehoused debt was to be reduced further to 0%. Where a business had already paid the warehoused debt which was subject to the 3% rate of interest, the interest amount will be refunded.

In order to retain the benefits of the Debt Warehousing Scheme and the 0% interest rate, it is essential that businesses continue to file their current tax returns and pay current liabilities as they fall due.

2. Purpose of document

This document provides businesses, employers and agents with information and guidance on the operational phase of the 'Warehousing` of COVID-19 related tax debts.

It is important to note that businesses with COVID-19 related tax debts which are warehoused, or non-COVID liabilities which are included in a Phased Payment Arrangement, qualify for tax clearance, despite having these outstanding debts. Accordingly, businesses with warehoused debts or debts covered by a PPA can obtain a Tax Clearance Certificate and may then:

- participate in the Employment Wage Subsidy Scheme (EWSS);
- participate in the Covid Restrictions Support Scheme (CRSS);
- participate in the Stay and Spend scheme as a service provider whose customers can avail of tax credits in relation to their expenditure on accommodation, food and non-alcoholic drink;
- qualify for accelerated loss relief; and
- benefit from other Government supports and grants.

3. Debt Warehousing

Revenue works closely with businesses to put in place arrangements appropriate to the circumstances and viability of each business in order to secure payment of any debt over a reasonable timeframe. However, Revenue recognises that, due to the COVID-19 pandemic, businesses that had to close or were significantly negatively impacted by the restrictions may not have been able to enter into arrangements in the short term to clear any COVID-19 related tax debt. In addition to this tax debt, businesses faced the challenge of paying their ongoing tax liabilities as they arose after they reopened; paying their trade and other non-Revenue creditors; completing any necessary restructuring to deal with new trading arrangements in the context of social distancing; build up stock, etc.

In response to these business challenges, the Government legislated to allow for debt associated with the COVID-19 crisis to be deferred or 'warehoused'. The scheme allows for the deferral of unpaid **VAT** and **PAYE (Employer)** debts arising from the COVID-19 crisis for a period of 12 months after a business resumes trading (in accordance with the Reopening Roadmap/Living with COVID-19 Plan) and the application of a lower interest rate of 0% (rate amended on 5/02/2024, previously 3%) per annum on the payment of such warehoused tax debts after that date. 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.

The period covered by the scheme is the time during which the business was unable to trade due to any COVID-19 related restrictions until 31 December 2021.

Legislation was introduced to provide for the inclusion in the debt warehousing scheme of the Income Tax liability falling due on 31 October 2020 and 31 October 2021 which comprised of the balancing payment for the 2019 Income Tax year, any Preliminary Tax and balancing payment due for the 2020 Income Tax year and Preliminary Tax due for 2021 Income Tax year.

In Finance Act 2021, legislation was introduced to allow self-assessed income taxpayers with employment income who have a material interest in their employer company to warehouse income tax liabilities relating to their Schedule E income where the taxpayer is not entitled to credit for the PAYE tax deducted as a result of restrictions under Section 997A TCA. See further details below under 3.2.

The debt warehousing scheme was expanded to include the recovery of any overpayment of the Temporary Wage Subsidy which was paid to employers during the Covid-19 crisis.

The debt warehousing scheme was also further expanded to include the recovery of any overpayment of the Employment Wage Subsidy Scheme (EWSS) which was paid to employers during the Covid-19 crisis.

3.1 General Terms of Scheme – VAT and PAYE (Employer)

- All Personal and Business Division VAT and PAYE (Employer) debts from the COVID-19 restricted trading phase until 31 December 2021 could be warehoused.
- In the case of Large Corporates and Medium Enterprises Divisions, debts from the COVID-19 restricted trading phase, until 31 December 2021, where the business applies for warehousing due to a reduction in trade, were also considered for inclusion in the scheme.
- The scheme contains 3 distinct Periods;

Period 1 – This period ended on 31 December 2021. Relevant tax debts incurred during this period could be warehoused. 0% interest applied to Period 1.

Period 2 – Phase from 1 January 2022 to 31 December 2022 (30 April 2023 where eligible for the warehouse extension). Interest rate applied was also 0%.

Period 3 - Phase of indefinite duration commencing 1 January 2023 (1 May 2023 where eligible for the warehouse extension).

3% interest originally applied to warehoused debt from start of Period 3 to date the debt is discharged, however this was amended to 0% interest on 5 February 2024. Customers were originally obliged to contact Revenue with their payment plan for warehoused debt before 31 December 2022 (or 30 April 2023 in the case of the extended cohort). Revenue announced in October 2022 that this date has been moved to 1 May 2024.

- All tax returns must be filed, as the benefit of the warehouse scheme is conditional on the business quantifying its tax debt through submission of all outstanding returns.
- Any individual or business that has 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. Information in relation to making a self-correction and unprompted qualifying disclosure is set out in Chapter 3 of the Code of Practice Revenue Audit & Other Compliance Interventions.

- Current taxes must be maintained for the duration of the warehouse period and for any subsequent arrangement period to guarantee the reduced interest rates of 0%.
- Tax Clearance will not be affected by businesses availing of the warehoused arrangements.
- 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 (i.e. the repayment will not be offset against the warehoused debts). However, a business can choose to offset the repayment against the warehoused debts, or other outstanding debts, if it so wishes.

Liabilities available for warehousing

Liabilities to be warehoused ("COVID-19 liabilities")	Period 1 (COVID-19 restricted trading phase – 0% interest on warehoused debts)	Period 2 (Zero Interest Phase – 0% interest on warehoused debts)	Period 3 (Payment phase - 0% interest on warehoused debts)
VAT: January 2020 – December 2021 PAYE: February 2020 – December 2021	1 January 2020 (VAT)/1 February 2020 (PAYE) - 31 December 2021	1 January 2022 - 31 December 2022 (extended to 30 April 2023 where the warehouse extension applies)	1 January 2023 (1 May 2023 where the warehouse extension applies) until the warehoused debts are paid in full

3.2 General Terms of Scheme – Income Tax

- Income Tax payments which fell due on 31 October 2020 and those which fell due on 31 October 2021, subject to certain criteria, could avail of the debt warehousing scheme. The Income Tax liabilities affected are the 2019 Income Tax year balancing payment, Preliminary Tax and balancing payment for the 2020 Income Tax year and Preliminary Tax for 2021 Income Tax Year.
- A declaration had to be made to Revenue by the taxpayer that total income for 2020 and 2021, as applicable, was expected to be at least 25% less than total income for 2019.
- **Debt warehousing for Schedule E (PAYE) liability only –** As noted above where

  (i) a director / employee has a "material interest" in the company that pays their emoluments, and

(ii) section 997A TCA means the director / employee is not entitled to a credit for the tax deducted due to the company warehousing its PAYE (Employer) liabilities, and

(iii) the director/employee does not satisfy the 25% reduction of income threshold to avail of income tax debt warehousing,

the director / employee could avail of debt warehousing **only** for their Schedule E (PAYE) liability which has been warehoused by the employer company. The non-Schedule E liability had to be paid when filing the income tax return.

To avail of debt warehousing for the Schedule E liability in these circumstances a declaration (available on the "Statement of Net Liabilities" page when filing an Income Tax return through ROS) had to be made to Revenue by the taxpayer as outlined in the screenshot below.

> ☐ Although my income has not reduced by 25% when compared to 2019, I wish to warehouse my Schedule E (PAYE) liability in respect of the tax deducted from director emoluments as set out in this return on the basis that I am restricted by Section 997A TCA 1997 from claiming credit for tax deducted from those emoluments as a result of my employer company warehousing their PAYE (Employer) liabilities.

- Where a taxpayer did not meet 2019 Preliminary tax requirements, the option to warehouse the 2019 Income Tax balance was not available.

- As with the VAT and PAYE (Employer) debts, the Income Tax Warehousing scheme contains 3 distinct periods, as follows;

  Period 1 – runs from 31 October 2020 for customers filing paper returns or 10 December 2020 for customers filing on ROS until 31 December 2021.

  Period 2 – is a period of 1 year from 1 January 2022 until 31 December 2022 (30 April 2023 where the warehouse extension applies).

  Period 3 – Phase of indefinite duration commencing on 1 January 2023.
  3% interest originally applied to warehoused debt from start of Period 3 to date the debt is discharged, however this was amended to 0% interest on 5 February 2024. Customers were originally obliged to contact Revenue with their payment plan for warehoused debt before 31 December 2022 (or 30 April 2023 in the case of the extended cohort). Revenue announced in October 2022 that this date has been moved to 1 May 2024.

- Where the 2020 and 2021 Income Tax return shows the taxpayer did not meet the requirement of a 25% reduction in income compared to 2019, the debt will be removed from warehousing, the due dates will revert to legislative due dates for Income Tax and full statutory interest will apply.

- If a taxpayer is eligible to warehouse liabilities due on 31 October 2020 (Preliminary Tax for 2020 and the balance of Income Tax for 2019) but not liabilities due on 31 October 2021 (Preliminary Tax for 2021 and the balance of Income Tax for 2020) – that is, because income for 2021 is not likely to be at least 25% lower than income for 2019 – Period 1 still runs until 31 December 2021.

- All tax returns must be filed. The benefit of the warehouse scheme is conditional on the business quantifying its tax debt through submission of all outstanding returns.
- Any individual or business that has 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. Information in relation to making a self-correction and unprompted qualifying disclosure is set out in Chapter 3 of the Code of Practice Revenue Audit & Other Compliance Interventions.
- Current taxes must be maintained for the duration of the warehouse period and for any subsequent arrangement period to guarantee the reduced interest rates of 0%.
- Tax Clearance will not be affected by individuals availing of the warehoused arrangements.
- Refunds and repayments of tax arising in 'warehoused' COVID-19 periods will be made notwithstanding that individuals will have tax debts under the scheme (i.e. the repayment will not be offset against the warehoused debts). However, a taxpayer can choose to offset the repayment against the warehoused debts, or other outstanding debts.

3.3 General Terms of Scheme – TWSS and EWSS

- Where Revenue has paid an employer a temporary wage subsidy or a wage subsidy (with effect from 1 September 2020) in relation to a specified employee, and the employer did not pay that employee an additional equivalent amount, or the employer was not entitled to receive a subsidy in respect of an employee, the employer is obliged to refund the subsidy.
- The TWSS/EWSS warehouse scheme is available to employers who are obliged to refund amounts which are deemed to be overpayments of TWSS/EWSS following a reconciliation process undertaken by Revenue, and who are unable to refund these amounts because of the impact of COVID-19.
- Businesses will be notified of any outstanding TWSS/EWSS liability due to overpayments by way of a Statement of Account for PAYE (Employer) which will be sent to their ROS inbox.
- Warehousing of the TWSS/EWSS liabilities will mirror the VAT and PAYE (Employer) warehousing periods. Liabilities to TWSS/EWSS can be warehoused with Period 1 ending on 31 December 2021.
- Interest is not payable during Period 2 of the warehouse period (which runs from 1 January 2022 to 31 December 2022 (extended to 30 April 2023 where the warehouse extension applies).

- Originally, a reduced interest rate of 3% per annum was to apply for Period 3 (which commences on 1 January 2023 (1 May 2023 where the warehouse extension applies) on warehoused balances outstanding until the debt is discharged – this rate was reduced further to 0% for Period 3 on 5 February 2024.

- Employers whose tax affairs are dealt with in Revenue's Personal Division or Business Division can have their excess TWSS/EWSS debts warehoused automatically. LCD and MED cases can apply to have their TWSS/EWSS overpayments warehoused.

- Revenue will be entitled to make enquiries to satisfy itself that a business is unable to repay its excess TWSS/EWSS payments.

- Current taxes must be maintained for the duration of the warehouse period and for any subsequent arrangement period to guarantee the reduced interest rates of 0%. Failure to meet current taxes will result in the warehouse facility being withdrawn. Full statutory interest will be applied to the outstanding balance from the date of removal from the warehouse.

- Tax Clearance will not be affected by individuals availing of the warehouse arrangements.

- Refunds and repayments of tax arising in 'warehoused' COVID-19 periods will be made notwithstanding that individuals will have TWSS/EWSS liabilities under the scheme (i.e. the repayment will not be offset against the warehoused debts). However, a taxpayer can choose to offset the repayment against the warehoused debts, or other outstanding debts, where he/she so wishes.

4. Debt Warehouse Extension 2022

On 21 December 2021, the Government announced changes to COVID-19 supports to assist businesses impacted by re-imposed COVID restrictions. This included an extension to the Debt Warehousing Scheme where certain criteria were satisfied.

The extension to the tax debt warehousing scheme applies to those businesses entitled to and who had made a valid claim for a relevant Government COVID-19 support scheme, including the Employment Wage Subsidy Scheme (EWSS) and Covid Restrictions Support Scheme (CRSS), during the period from 1 January 2022 to 30 April 2022.

In addition, the relevant Government COVID-19 support schemes listed below also qualify (please note businesses only need to qualify for one of the following COVID-19 supports):

The following schemes announced by the Minister for Tourism, Culture, Arts, Gaeltacht, Sport and Media on 8 December 2021—

- Live Performance Support Scheme Strand II,
- Live Performance Support Scheme Phase 3,
- Live Performance Support Scheme Phase 4,
- Live Local Performance Support Scheme,
- Commercial Entertainment Capital Grant Scheme, or
- Music and Entertainment Business Assistance Scheme.

The following schemes operated by Tourism Ireland—

- Attractions and Activity Tourism Operators Business Continuity Scheme 2022,
- Strategic Tourism Transport Business Continuity Scheme 2022,
- Strategic Ireland Based Inbound Agents Tourism Business Continuity Scheme 2022,
- Tourism Accommodation Providers Business Continuity Scheme 2022.

The following schemes operated by Enterprise Ireland—

- Sustaining Enterprise Fund,
- Accelerated Recovery Fund.

The following scheme operated by the Department of Transport--

- Support for Licensed Outbound Travel Agents and Tour Operators
- Temporary Covid-19 Supports for Commercial Bus Operators.

If a taxpayer was in receipt of another Government support scheme which is not listed above, the taxpayer could apply to Revenue for the warehousing extension and give details of the scheme. If Revenue considered the scheme was along the same lines as the above schemes, involving a non-refundable COVID-19-related financial support, Revenue would grant the extension and add the scheme by order to the list of COVID-19 support schemes for the purposes of eligibility for extended tax debt warehousing.

The commercial rates waiver or supports which are mainly structured as loans, such as the Credit Guarantee Scheme, were not treated as COVID-19 support schemes which would allow the taxpayer to extend the warehousing period.

To avail of the extension, the business must already be eligible for warehousing. The extension applied to the Period 1 end date for all taxes that the customer has warehoused, so if a customer has all the eligible taxes warehoused (VAT, PAYE (Employer), IT, TWSS, and EWSS) then all these taxes would get the extension for periods up to the end of April 2022.

Under the terms of the extension, businesses concerned could continue to warehouse tax liabilities up to 30 April 2022, including the April PAYE Submission (due 14 May 2022) and the March/April VAT Return (due 19 May 2022). The warehoused liabilities can remain 'parked' on an interest free basis for a 12-month period until 30 April 2023 (this is "Period 2 – the zero-interest phase"). At that point, the debt can be paid in full, interest free, or alternatively be paid on a phased basis over a suitable timeframe at a reduced interest rate of 0% per year ("Period 3")(the 0% interest rate was announced on 5 February 2024, previously 3%).

The extension did not apply to businesses which were not in receipt of one of the relevant COVID-19 support schemes up to April 2022. This meant that the warehousing periods were unchanged for those businesses: Period 1 ended on 31 December 2021; Period 2 began on 1 January 2022 and ended on 31 December 2022; and Period 3 commenced on 1 January 2023.

5. Benefits of Debt Warehousing

Availing of the Debt Warehouse Scheme means you can:

- defer payment of the warehoused debt until 1 May 2024 (or later through a PPA)
- reduce the warehoused debt at any stage by making payments using any of the Ways to make an online payment.
- avail of the 0% interest rate on warehoused debt, including on a PPA to repay the debt over an extended period of time.

6. Payment of Warehoused Debt

In October 2022, Revenue announced an important extension to the Debt Warehousing scheme when the date for making arrangements to repay the warehoused debt extended from 1 January 2023 to 1 May 2024.

On 1 May 2024, taxpayers are expected to repay their warehoused debt in full or enter into a payment arrangement to repay the debt over an agreed period of time.

Depending on individual financial circumstances, Revenue may offer the possibility to extend the duration of a PPA beyond the typical three to five-year duration and will be flexible on the amount of an initial down-payment.

A number of additional flexibilities are available to address any payment difficulties that may arise during the term of the payment arrangement. These include options to take a payment break, defer the next payment due, amend the payment date and amend the monthly payment amounts.

It should be noted, however, that a key qualifying condition for the taxpayer retaining the benefits of the warehouse status, and the additional flexibilities, is that **all current tax returns are filed and liabilities paid on time.**

Payment options:

1. Pay now in full, or in part, through online payment channels

→ This option may be suitable where there are lower value debts outstanding under the debt warehouse scheme.

2. Commence payments now via a Phased Payment Arrangement (PPA)

→ This option may be suitable as there is a minimal down-payment required to activate a PPA at present. Warehoused amounts entering into a PPA attract a 0% interest rate for the duration of the arrangement. Details on how to apply for a PPA are available on the Revenue website under How to Apply for a PPA.

3. Agree a payment arrangement now with monthly payments to commence from 1 May 2024

→ There is a minimal down-payment required to activate a PPA at present, and Revenue recognise that there is no requirement to repay warehoused debt until 1 May 2024. Customers with warehoused debt can now apply for a PPA and then apply for a payment break until 1 May 2024 for the warehoused debt. This satisfies the requirement under the scheme to enter into a payment arrangement by 1 May 2024. A notification of first payment will issue 14 days in advance of May 2024.

4. Where a customer has an existing PPA for other taxes, apply for a PPA Consolidation now

→ Where a customer has an existing PPA currently covering other "non-warehoused" tax liabilities, Revenue can consolidate the warehoused taxes into the existing PPA. The other "non-warehoused" amounts will continue to be paid under the standard interest rates as outlined as the beginning of the arrangement, however the warehoused amounts will remain subject to the 0% interest rate. This option may ease administration for the customer and provides for single monthly payments across all tax liabilities included in the arrangement.

5. Customers may also request to offset repayable claims such as Value-Added Tax (VAT) against warehoused debt on an ongoing basis

→ Where a customer is due a refund of tax (such as VAT), the customer may request that the refund be offset against any warehoused debt. This option may be particularly suitable for customers to clear small warehoused debts in a convenient way.

6.1 Payment of Warehoused Debt – FAQs

1. How do I begin to address my warehoused debt?

In March 2024, Revenue wrote to all customers with warehoused debt above €100 which included an up-to-date schedule of your warehoused debt, outlining the payment options available and the actions needed now in advance of 1 May. If you use an agent to manage your tax affairs, you should bring this letter to their attention. In advance of contacting Revenue, you need to consider your overall tax compliance position with regard to both your warehoused debt in addition to your current taxes i.e. are all returns and payment up to date.

You should decide on a payment option to suit your circumstances. If you require a Phased Payment Arrangement (PPA), submit your payment proposal on ROS before 1 May 2024. This proposal should include downpayment amount, proposed duration, or monthly payment amount. If debt is greater than €50,000 - upload supporting documentation where requested to do so. Each PPA application will be reviewed by one of our caseworkers, if all in order and proposal is reasonable, with no further requirement for supporting documentation then the approval process can be very quick. All PPA correspondence will be sent by Revenue to the customer ROS inbox which is prioritised (yellow starred). All queries sent by Revenue to the customer has a 5-day turnaround on query response.

2. What payment period is available to me for the payment of my warehoused debt?

Revenue’s PPA facility provides considerable flexibility to agree a payment plan tailored to the business’ circumstances. As the financial circumstances of each business are unique to that business, the scale of flexibilities applied to agree a payment plan will vary in terms of the duration agreed and the level of downpayment required. Revenue’s approach is to agree tailored payment plans to suit the individual business’ circumstances, a ‘one size fits all’ approach is not possible.

Where the individual circumstances require an extended duration beyond 5 years and/or a reduced downpayment amount, these terms will require negotiation and are dependent on the viability of the business. Evidence will be sought on how the business can sustain and support the PPA for its duration in terms of solid cash flows/income streams. Where that evidence is available then longer durations can be agreed.
Each application will be assessed on its own merits. All PPAs must be realistic and sustainable for its duration, otherwise the PPA will fail and the business will be worse off as they risk losing the warehoused benefits altogether.

The online PPA facility on ROS allows for a duration of up to 5 years (60 months) with a low downpayment amount, required to activate the PPA. The final payment plan will consider a number of factors such as the debt value including all other debt that needs to be addressed, compliance history and previous PPA record, current tax compliance, evidence of ability to support monthly payment schedule. Revenue will consider payment plans longer than 5-year arrangements where the business warrants it and where this will help the business survive. In these cases, we will review the arrangement at the 5 year stage in the light of the prevailing business and economy circumstances at that stage as obviously it is impossible to forecast now what the prevailing economic situation will be like in 2029. Circumstances could have improved so that the business may be able to speed up the remaining payments.

3. What downpayment amount will I have to pay to agree a payment arrangement with Revenue?

Pre the pandemic this amount was 25% /40% if tax clearance was required. During the pandemic, Revenue made a number of changes to its online PPA facility to provide ongoing support to businesses experiencing cash flow difficulties. These changes include a reduced downpayment to commence the arrangement, availability of an extended payment duration and, where necessary, the availability of payment breaks and payment deferrals if temporary cash flow difficulties arise during the arrangement term. More recently, Revenue further streamlined the PPA application process for business by increasing the threshold to upload supporting documentation from €5,000 to €50,000, further reducing the administrative burden on businesses.

A cleared downpayment is required to activate the PPA, and the downpayment percentage will vary and depend on the circumstances and the payment proposal. The online system allows for a minimal downpayment to activate the PPA. However the customer needs to be mindful that a low downpayment can result in higher monthly payments and longer duration.

Where there is evidence to us from supporting documentation that there is an ability to pay a higher amount, this will be discussed during the PPA negotiations.

4. What are the common issues arising for businesses when engaging with Revenue regarding their warehoused debt and payment arrangements?

Some common issues arising that delay the PPA approval process include:

- Incomplete application form (ePPA1), for amounts greater than €50k need to submit supporting documentation (>€50k needs 6 months bank statements and >€100k complete cash flows and management accounts). Where management accounts are not readily available, similar business records to provide assurance to Revenue that payment terms are realistic, can be accepted.
- When amending an existing PPA, need to complete Sign and Submit again,
- All returns must be filed before you can start the PPA process online and a PPA is only available for amounts >€500

- Payment break requests are reviewed case by case and will be considered carefully, particularly if requested on an ongoing basis, extended payment breaks may not be realistic in many cases.
- PPA correspondence in ROS Inbox is prioritised as a 5 day timelines applies to the application process where queries need to be addressed by the customer. If this timeline is not met, the application process ceases and the customer has to resubmit the application.
- Once a PPA is agreed, if current taxes are not maintained this can result in cancellation of the PPA as the Terms and Conditions are not honoured, also if consecutive missed payments, PPA will automatically cancel.
- Important that we have up to date contact details for customer contacts and correspondence.
- Where other non-warehoused debt is included in the PPA along with warehoused debt, it is important to note that the non-warehoused debt will have the standard interest rate of 8% or 10% applied.
- Customers can only have one PPA, and monthly payments will be applied to the oldest debt first. Warehoused debt applied mainly to the 2020 and 2021 years. So any taxes after these years in a PPA, will have an interest cost with interest rates of 8%/10% applied to the PPA for that debt.

5. How do I know what warehoused debt I currently have?

This will be available on ROS, as a general rule of thumb any debt arising in years 2020 and 2021 for VAT and Employers PAYE will be warehoused, including overpayment received from the TWSS and EWSS schemes, also if you elected for IT warehousing for years 2020 and 2021. In March 2024, Revenue wrote directly to businesses providing an up to date schedule of their debt with payment options and actions required before 1 May 2024.

Please note the letters were sent directly to the customer, if a tax agent is used to manage tax affairs, the letter needs to be brought to their attention if assistance is needed on this matter.

6. Once a payment arrangement is agreed with Revenue, and if my financial circumstances worsen, can I adjust my payment arrangement?

Once PPA is up and running, if payment difficulties arise then options are available for a payment deferral, payment break, change in payment dates. Also, it is very important that you maintain all current taxes for the duration of the PPA, if not you risk cancellation of the PPA, and all the debt in the PPA will be subject to immediate collection at full interest rates, loss of tax clearance if outstanding debts. Also, you need to be mindful of missed payments – if you miss a payment, the system will try collection again 21 days later, if the payment is missed again, then the PPA is cancelled automatically, you cannot reinstate the PPA, and must start the application again. A history of failed PPAs will impact the terms of future PPAs. So it is very important to take action and proactively engage if you are not able to meet the scheduled payments.

7. What happens after 1 May 2024 if I haven't agreed a payment arrangement with Revenue?

If after 1 May 2024 your debt is not paid in full or in a PPA, this debt will lose the warehousing benefits of 0% and flexible payment terms for your warehoused debt. The debt becomes standard debt and subject to immediate collection and possible enforcement, any interest on that debt will be at full standard interest rates of 10% for VAT and PREM and 8% for IT and TWSS/EWSS, you risk losing/refusal of tax clearance if debts remain outstanding.

8. How will my tax clearance be impacted if I have warehoused debt?

The Debt Warehouse Scheme allows you to have outstanding debt in the warehouse and still be able to maintain your tax clearance, however, if you lose the benefit of the warehouse, all debt becomes collectible immediately, and if not paid immediately, tax clearance will be lost or refused on application. In the same way if you are not maintaining current taxes, you risk losing tax clearance. The PPA facility is available to address your debt issues and the previous 40% downpayment requirement for tax clearance is now flexible. Once a PPA is agreed it must be maintained for its duration to maintain tax clearance.

New tax clearance applications will require returns to be up to date and payment compliance addressed i.e. either fully paid or included in a PPA.

9. I am a small business, already struggling to pay current taxes when due, it will be very difficult for me to repay warehoused debt, what are my options?

Firstly, it is very important to keep up to date with your current taxes as this is a key condition to remain in the scheme and maintain benefit of the warehouse, and avoid immediate collection of this debt, retain tax clearance and 0% DW interest rates.

If you are struggling with current taxes, you most likely received demands for payment from us so you need to engage with us. We appreciate that businesses continue to experience cashflow difficulties impacting their ability to pay other non-warehoused debt, or their ability to meet ongoing tax obligations on a timely basis – where a business is finding it difficult to meet current tax payment obligations - the advice remains, as always, to engage with Revenue as soon as such difficulties start to arise so that an agreed solution can be found. We have a proven track record in supporting business through cash flow difficulties through flexible payment arrangements.

When you engage, we will discuss how you can address all of your debt including non/warehoused debt. Our PPA facility allow for consolidation of all debt into a realistic payment arrangement suitable to your circumstances, to give you certainty regarding the management of all your tax debt.

We will consider PPA durations longer than 5 years where the business circumstances warrants it and where this will help the business survive. In these cases, we will review the arrangement at the 5 year stage in the light of the prevailing business and economic circumstances at that stage as obviously it is impossible to forecast now what the prevailing economic situation will be like in 2029. Circumstances could have improved so that the business may be able to speed up the remaining payments.

10. If a PPA is agreed with Revenue prior to May 24, can the beginning of the monthly payments begin later than May 24 or must they start immediately?

The first monthly payments of the payment arrangement can begin later than May 2024 and do not need to start immediately. Agreement on the commencement date of payments will be part of the discussions with the Revenue caseworker. However one payment (known as a Downpayment) is required at the start to activate the payment agreement on our system and establish the monthly payment schedule.

Downpayment amounts are negotiable on a case by case basis and can be a % of the total debt included in the arrangement or can be much lower amounts depending on the circumstances of each case. Important to note that like any payment arrangement, the lower the downpayment amount, the longer the payment duration and/or higher monthly payments.

Once the terms of the arrangement have been agreed, the downpayment amount will be collected by Revenue within 5 working days of the agreement. Once this payment has cleared and is on record, then the PPA is live on our system and the payment schedule established. At this stage the customer can login into the PPA online portal and amend the first monthly payment date to a future date after 1 May 2024 (future date must be within 12 months of the first scheduled payment), using the ‘Apply for a Payment Break’ option on the online portal. The payment break application will be subject to caseworker review and should be approved very quickly if part of the initial PPA discussions.

11. What if a business has already repaid warehoused debt at 3%, will the business still get the benefit of the reduced 0% interest rate?

The revised interest rate applies to Period 3 of the scheme, i.e. from 1 January 2023, or from 1 May 2023 for those in the extended scheme. Those customers who have incurred the 3% interest charge and have now fully paid their warehoused debt will be refunded the amount of interest paid at 3%. The customers concerned do not have to take any action. Revenue has contacted these customers directly to arrange for the refunds to issue. Revenue is currently refunding this interest and customers will be contacted directly regarding their refund.

12. If a business has already entered a PPA (at the 3% rate), will 0% interest apply?

For those customers who are currently in an ongoing PPA in respect of warehoused debt which is subject to the 3% interest charge, the schedule of future monthly payments for each arrangement will be recalculated and adjusted downwards to reflect the interest rate reduction. Therefore, these customers will benefit from the interest rate reduction by receiving credit for the interest paid through adjustment of their ongoing payment arrangements. Each customer has been contacted via their ROS inbox in March and requested to login to their existing PPA online through ROS. Customers have been advised to follow the steps online to accept the updated payment schedule at the new 0% interest rate in their future payment schedule.

All new PPA applications after the Minister's announcement on 5 February 2024 had the new rate of 0% applied to their payment schedule from the commencement of their PPA.

13. Will warehoused debt be enforced at the end of Period 2 – in what circumstances can it be enforced?

The debt will not be considered for enforcement activity while there is engagement between Revenue and the business concerned. Where a business continues to file its returns and pay its current tax liabilities and abides by the terms of a PPA, enforcement action will be avoided. It is very important that businesses engage with Revenue to agree a payment plan before the 1 May 2024 deadline.

14. Will any overpayments or claims be offset against warehoused debt?

Refunds and repayments of tax which arise, in relation to the COVID-19 periods as outlined above, will be paid notwithstanding that the businesses will have tax debts covered by the scheme (i.e. Revenue will not automatically offset the repayment against the warehoused debts). However, a business can choose to offset the repayment against the warehoused debts if it wishes.

15. Section 997A (Schedule E) Warehoused Debt

Finance Act 2021 introduced a provision to allow directors/employees with a "material interest" in a company, to warehouse their Schedule E liabilities which were due to be paid by 31 October 2021 (17 November 2021 where the ROS extension applied), where the section 997A TCA provision prevented them from being entitled to a credit for the PAYE tax deducted by their employer company as a result of the employer company availing of the Debt Warehousing Scheme.

Where a director/employee has availed of warehousing for their Schedule E liability, 0% interest will apply on these amounts following the Minister for Finance's announcement of 5 February 2024, providing the director continues to comply with the obligations of the warehouse scheme.

Both the company and the director/employee will need to enter into a formal PPA for their warehoused liabilities via ROS.

The director may apply for a PPA for their Schedule E Tax liability with a minimal down-payment, and then apply for a payment break for the PPA until such time as the company has paid its liability in full. Taxpayers should engage with Revenue to discuss what options are available depending on the specific circumstances of the individual and company.

To note, per the provisions of S997A Taxes Consolidation Act, 1997, the director's/employee PAYE liability is not considered paid until the full Employer PAYE liability is paid (i.e. the directors liability is considered to be paid last). Therefore, the director will not be entitled to a PAYE credit until the employer has paid their full Employer PAYE liability.

Revenue is aware that some companies need an extended period of time to pay off the warehoused debt. Revenue Legislation Services (RLS) is currently considering the position. It is not intended that the director/employee will be negatively impacted where a company pays its full Employer PAYE liability (i.e. credit for PAYE paid will be available to the director/employee where the Employer PAYE liability is paid in full, even outside of the usual 4 year time limit).

<u>Directors/employees with liabilities other than S997A liabilities warehoused.</u>

Where a Director/employee has other liabilities warehoused in addition to the Schedule E liabilities, it will not be possible to allow a payment break on the PPA for the full duration of the employer company's PPA, as the director / employee will need to commence payments for the non-Schedule E liabilities. This will need to be considered as part of the negotiations for the director's/employee's PPA to ensure that the additional liabilities (i.e. non Schedule E liabilities) will be paid over an appropriate period. The PPA facility will include "all" debt outstanding when creating a PPA, so all of the liabilities will have to be addressed in the PPA.

7. Amendments to the Debt Warehousing Scheme 5 February 2024

On 5 February, 2024, the Minister for Finance, Michael McGrath T.D., announced that the interest rate applicable to warehoused debt will be reduced to 0%, and that the necessary legislation to implement the reduction will be introduced at the next available opportunity. Revenue has confirmed that it will operate the reduced interest rate on an administrative basis pending the legislative change. Revenue has also confirmed that, where a business has already paid warehoused debt which was subject to interest at 3%, it will get a refund of that interest.

Businesses availing of the Debt Warehousing Scheme have until 1 May 2024 to either pay their warehoused debt in full, if they can, or engage with Revenue on addressing the debt, including establishing a Phased Payment Arrangement (PPA).

Businesses will be provided with flexibility in managing the payment of their warehoused debt, including the level of down-payment, if any, to commence the payment arrangement, an extended payment duration, and the availability of payment breaks and payment deferral if temporary cash flow difficulties arise during the arrangement term.

The essential conditions for success are that current returns and payments are kept up to date and that there is engagement about plans to deal with the warehoused debt. Revenue has a proven track record in successfully agreeing flexible payment arrangements with businesses.

It remains a key condition of the Debt Warehousing Scheme that businesses continue to file their current tax returns and pay current liabilities as they fall due. By remaining in the debt warehouse scheme, businesses will benefit from the 0% interest rate and flexible payment options available in respect of warehoused debt. The consequence of not meeting these conditions is that the warehouse facility is revoked, which will result in the standard interest rate of 10% applying and the immediate enforcement of all outstanding debt, including interest.

8. Action required

In summary, all taxpayers with warehoused debt must now take the following action:

- Log onto ROS, the Revenue Online Service, and initiate an application for a Phased Payment Arrangement to address their warehoused debt. This should be done immediately and certainly before 1 May 2024.
- If they do not wish to commence payments of warehoused debt immediately, they can apply for a payment break until after 1 May 2024.
- If a taxpayer needs support or assistance, they should contact Revenue through MyEnquiries or by telephone to 01 7383663. Remember that this engagement must take place before May 2024.

Any debt warehouse customer who has not applied for a Phased Payment Arrangement or otherwise engaged with Revenue by 1 May 2024 will have their Debt Warehouse status revoked. This means that all their outstanding debt will be subject to immediate collection and enforcement action and interest at the standard rate of 10% will apply.

By engaging with Revenue to address their warehoused debt and by continuing to pay their current tax liabilities and file their returns, businesses will benefit from the 0% interest rate and the flexible payment options available for repaying the warehoused debt.

Revenue wants viable businesses to survive and thrive. We recognise that most businesses continue to be timely compliant, and many have paid some or all of their warehoused debt. We are determined that, as we work through the warehoused debt, we will continue to support viable business.

Businesses are therefore strongly advised to get ready now and engage with Revenue before 1 May 2024 to discuss and address their warehoused debt. Revenue is ready to work with them and assist them in every way towards resolving this debt.