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.

Revenue
Cáin agus Custaim na hÉireann
Irish Tax and Customs

Contents

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 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 will 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 has 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 continue 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. In order to retain the benefits of the Debt Warehousing Scheme and avail of the extended deadline for entering into repayment arrangements, 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 have had to close or have been significantly negatively impacted by the restrictions may not be able to enter into arrangements in the short term to clear any COVID-19 related tax debt. In addition to this tax debt, businesses face the challenge of paying their ongoing tax liabilities as they arise after they reopen; pay their trade and other non-Revenue creditors; complete 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 has 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 3% per annum on the repayment 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 and is unable to trade due to any COVID-19 related restrictions until 31 December 2021.

Legislation has also been 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 the Budget 2022 publication, the Minister for Finance outlined the debt warehousing scheme will 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 (this is subject to the enactment of Finance Bill 2021). See further details below under 3.2.

The debt warehousing scheme has also been expanded to include the recovery of any overpayment of the Temporary Wage Subsidy which was paid to employers during the Covid-19 crisis. The scheme allows for the deferral of these unpaid liabilities for a 12-month period and reduced interest charge of 3% on those debts thereafter.

The debt warehousing scheme has also been 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. The scheme allows for the deferral of these unpaid liabilities for a 12-month period and reduced interest charge of 3% on those debts thereafter.

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 is also 0%.

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

3% interest applied to warehoused debt from start of Period 3 to date the debt is discharged. Customers were originally obliged to contact Revenue with their repayment 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 30 April 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% (while in warehouse) and 3% (after the warehouse period 2 ends).
- 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 COVID-19 liabilities)	Period 2 (Zero Interest Phase – 0% interest on COVID-19 liabilities)	Period 3 (Reduced Interest Phase – 3% interest on COVID-19 liabilities
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 COVID-19 liabilities 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 may avail of debt warehousing **only** for their Schedule E (PAYE) liability which has been warehoused by the employer company. The non-Schedule E liability **must** 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) must 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 is not available. This debt may be suitable for inclusion in a Phased Payment Arrangement (PPA). Please see PPA Guidelines.
- 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 is applied to warehoused debt from start of Period 3 to date the debt is discharged. Customers were originally obliged to contact Revenue with their repayment plan for warehoused debt before 31 December 2022 – Revenue announced in October 2022 that this date had been moved to 30 April 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% (while in warehouse) and 3% (after the warehouse period 2 ends).
- 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).

- A reduced interest rate of 3% per annum will 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.

- 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% in Periods 1 and 2 and 3% in Period 3. 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 are satisfied.

The extension to the tax debt warehousing scheme applies to those businesses entitled to and who have 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 is in receipt of another Government support scheme which is not listed above, the taxpayer can apply to Revenue for the warehousing extension and give details of the scheme. If Revenue considers the scheme is along the same lines as the above schemes, involving a non-refundable COVID-19-related financial support, Revenue will 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, will not be 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 applies 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 will 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 3% per year (“Period 3”).

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

5. Frequently Asked Questions on Debt Warehousing

5.1 What is warehousing of tax debt?

Revenue has suspended debt collection for VAT and Employer PAYE liabilities incurred by businesses during the period when their trade was restricted – either stopped completely or significantly reduced – by the impact of COVID-19. Interest will not be charged on this debt during the "COVID-19 Restricted Trading Period" or during the following 12 months. After that, interest will be charged at 3% per annum on the "warehoused" tax debt until it is paid. This contrasts with a rate of 10% per annum normally charged on such liabilities. Employers who have debt outstanding as a result of overpayments of the Temporary Wage Subsidy Scheme and Employment Wage Subsidy Scheme can also avail of warehousing of this debt under the same terms and conditions as the VAT and PAYE (Employer) scheme.

In addition, Income Tax liabilities normally due on 31 October 2020 or the extended date of 10 December (i.e. Preliminary Tax 2020 and the Income Tax balance 2019) and those due on 31 October 2021 (i.e., Preliminary Tax 2021 and the Income Tax balance for 2020) can also be warehoused subject to meeting the reduced income criteria. Interest will not be charged on this debt during this period, and a reduced interest rate of 3% per annum will be applied thereafter until the debt is discharged.

5.2 How can tax debt be warehoused?

Access to the warehouse arrangement for VAT, PAYE (Employer) and TWSS/EWSS repayments is automatic for all businesses managed by Revenue's Business Division (turnover <€3m) and Personal Division. Access is available on request for businesses managed by Revenue's Large Corporates Division (LCD) and Medium Enterprise Division (MED).

Income Tax is warehoused by the making of a declaration that income for 2020 and/or 2021, as applicable, is expected to be 25% less than income for 2019.

5.3 What type of tax debt can be warehoused?

The warehousing scheme applies to **VAT** and **PAYE (Employer), Income Tax and TWSS/EWSS repayment** debts only. PAYE (Employer) liabilities include Income Tax, Universal Social Charge, employees' and employer's PRSI and Local Property Tax due to be remitted by employers under the PAYE system.

5.4 What is the start date for warehoused debt?

Warehoused debt for VAT and PAYE (Employer) commences for periods ending in February 2020. The end of the warehouse period and consequently the returns covered in the warehousing arrangement is 31 December 2021.

TWSS warehousing applies to overpayments arising on or after 26 March 2020 and EWSS applies to overpayments arising after 1 September 2020. The arrangements mirror the arrangements for the VAT and PAYE (Employer) warehouse.

The start date for warehousing of Income Tax 2019 and Preliminary Tax 2020 was 31 October 2020 with an extended date of 10 December 2020 where the taxpayer filed on ROS.

5.5 How do I demonstrate that I qualify for debt warehousing?

Small and Medium Enterprises

Entry to the warehouse for VAT, PAYE (Employer), TWSS and EWSS is automatic for Small and Medium Enterprises (SMEs), which includes all cases dealt with in Revenue's Business Division and Personal Division. An SME in this context is a business where annual turnover is less than €3 million.

Other businesses (turnover above €3m) managed by Revenue's Large Corporates Division and Medium Enterprises Division

The business must have been unable to pay VAT, PAYE (Employer) and TWSS or EWSS liabilities. This may have been because turnover or the volume of customer orders was reduced or that it had another reasonable basis for being unable to pay those liabilities. Revenue will be entitled to make enquiries to satisfy itself that a business is unable to pay or repay any such liabilities.

Income Tax

Taxpayers are required to make a declaration on filing their Form 11 that they had experienced a loss in income of 25% or more on their 2019 Income Tax liability. The 2020 and 2021 Income Tax returns will be assessed to ensure those availing of warehousing are entitled to do so (that is, that their income for 2020 or 2021, as appropriate, is at least 25% lower than their income for 2019).

5.6 How do I contact Revenue to arrange for tax debt to be warehoused?

Small and Medium Enterprises

Revenue has already "warehoused" the debt for customers dealt with in Revenue's Business Division and Personal Division and has contacted these customers to confirm they are covered by the scheme.

Other businesses (turnover above €3m)

For other cases, entry to the scheme is by application either to:

- the Revenue Branch normally dealing with the business's tax affairs (in Revenue's Medium Enterprise Division or Large Corporates Division as appropriate) or
- the Collector General's Division.

If your business has not been contacted by Revenue but wishes to avail of the warehousing scheme, or you wish to confirm that your business is covered by the warehousing scheme, please contact Revenue through myEnquiries or telephone 01 7383663. Please also see COVID-19 Filing and Paying Information.

5.7 Can Revenue refuse to warehouse debt?

It is anticipated that all qualifying businesses who wish to participate in the warehousing scheme and who have filed all up to date tax returns will be facilitated.

To be eligible for the warehousing scheme and to ensure your business remains eligible, you should ensure you file returns for all taxes, including the returns for the VAT and PAYE (Employer) liabilities that you are currently unable to pay.

Income Tax customers who failed to meet Preliminary Tax requirements for 2019 (insufficient payment on 31 October 2019) cannot avail of Debt Warehousing in respect of the 2019 Income Tax balance. However, those customers were eligible for warehousing of their 2020 Preliminary Tax and could have availed of the reduced rate phased payment arrangement on 2019 Income Tax where they applied before the 10th December 2020.

5.8 What recourse do I have to review?

A business that has been refused access to the warehousing scheme due to non-compliance with tax return filing obligations, may contact Revenue through myEnquiries when all returns have been filed.

5.9 What if a business has re-opened but has had to close again due to the re-imposition of restrictions?

In these circumstances the trade is deemed to be still subject to the restrictions provided for in the regulations under sections 5 and 31A Health Act 1947 until it has re-opened again. This means that VAT and PAYE (Employer) debts for such businesses can continue to be warehoused in respect of the extended restricted period(s). As announced by the Government on 1 June 2021, VAT and PAYE (Employer) debts for eligible businesses up to 31 December 2021 can be warehoused.

5.10 What are the Phases of the scheme?

The scheme has three phases or Periods:

- Period 1, the “COVID-19 Restricted Trading Period”;
- Period 2, the “Zero Interest Period”; and
- Period 3, the “Reduced Interest Period”.

These periods are explained in more detail below.

5.11 When does Period 1 begin and end?

Period 1, the “COVID-19 restricted trading phase”, covers the period when the business first experienced cash flow trading difficulties arising from the impact of COVID-19. Period 1 begins 1 January 2020 for VAT (that is, beginning with the January/February 2020 bi-monthly VAT period) and 1 February 2020 for PAYE (Employer) liabilities (that is, beginning with the February PAYE "income tax month"). It begins on 26 March 2020 for TWSS and 1 September 2020 for EWSS – the commencement date for those schemes. It begins on 31 October 2020 or 10 December 2020 for Income Tax.

Period 1 ends on 31 December 2021.

No interest is charged during Period 1 on the warehoused liabilities arising in that Period.

5.12 When does Period 2 begin and end?

Period 2 begins on 1 January 2022 and ends on 31 December 2022 (30 April 2023 where the warehouse extension applies). No interest is charged during Period 2 on the warehoused liabilities from Period 1.

5.13 When does Period 3 begin and end?

Period 3 begins on 1 January 2023 (1 May 2023 where the warehouse extension applies) and continues until the date on which the COVID-19 deferred liabilities are discharged in full. This is the phase where a reduced interest rate of 3% per annum applies until the warehoused debt has been fully discharged.

5.14 What are the taxpayer obligations once tax debt has been warehoused?

Eligibility for warehousing of tax debts is conditional on the filing of all tax returns and payment of all tax liabilities that fall due while the warehousing scheme is in effect.

Taxes that fall due for current periods during the warehousing agreement must be maintained for the duration of the warehouse period and for any subsequent arrangement period to guarantee the reduced interest rates of 0% (while in warehouse) and 3% (after the warehouse period ends).

5.15 What happens to the warehoused debt if I fall behind on current tax payments and / or filing returns during the period where the warehousing agreement is in place?

Tax payments and filing of returns should be addressed as they fall due during the period where the warehousing agreement is in place.

Where a business is unable to file complete returns due to, for example, the absence of key employees or an agent due to COVID-19 related illness or restrictions, the business should submit returns based on the best estimate of the liability.

If you encounter any payment difficulties during this time, you should contact Revenue at the earliest opportunity. Failure to meet current taxes and returns can result in Revenue removing you from the warehousing scheme.

It should be noted that the reduced rates of interest (0% in Periods 1 and 2 and 3% per annum in Period 3) only apply to the "warehoused" tax debt. The normal rates of interest (8% per annum for direct taxes such as income tax and corporation tax and 10% per annum for taxes such as VAT and PAYE (Employer) will apply to other unpaid liabilities unless you have made an agreement with Revenue to pay these liabilities.

5.16 How will I know that my tax debt has been warehoused?

If you have filed returns and have liabilities outstanding, a notification will be sent to your ROS or MyAccount inbox confirming the details of tax debts that have been warehoused.

5.17 Will interest be charged on warehoused tax debt?

Interest will not be charged on any warehoused tax debt during Periods 1 and 2. A rate of 3% per annum interest on this debt applies after this date once you comply with the payment and filing conditions set out at 4.14 above.

5.18 How long do I have to pay any debt that has been warehoused?

The duration of the agreement will be determined based on the individual circumstances involved.

5.19 Will tax clearance be affected by having debts in the warehouse?

Warehousing of tax debt will not impact on tax clearance. If you hold tax clearance prior to entering a warehousing arrangement, then tax clearance will continue while the arrangement remains in place provided you keep your tax returns up to date . Any person seeking tax clearance should continue to apply using ROS or MyAccount.

5.20 I am a licenced trader. Will my ability to renew my licence by affected by having debts in the warehouse?

Warehousing of tax debt will not affect your ability to renew your licence.

5.21 What happens if I already have a Phased Payment Arrangement (PPA) with Revenue?

Any PPA that has been in place prior to the introduction of tax debt warehousing is not affected by these measures. These arrangements remain subject to the conditions agreed with Revenue.

5.22 Can I set up a PPA to discharge the warehoused debt at the zero-interest rate?

Yes, a PPA may be set up for warehoused debt. The PPA will apply the applicable 0% and 3% interest rates in the calculation. Please see COVID-19 Filing and Paying Information.

5.23 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.

5.24 I am on monthly Direct Debit for VAT and PAYE (Employer) liabilities and I had stopped making Direct Debit Payments, can I avail of debt warehousing?

Yes. As stated at 4.5 and 4.6 above, you are automatically eligible for warehousing if your tax affairs are dealt with by Revenue's Business Division or Personal Division, and you can apply for warehousing if your tax affairs are dealt with in Medium Enterprises Division or Large Corporates Division. You should remain on the monthly direct debit scheme and resume making monthly payments at the start of Period 2. You should continue to submit your monthly returns for PAYE (Employer) liabilities as normal. For further detail on the monthly direct debit scheme, please refer to the information on www.revenue.ie which can be accessed here.

5.25 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.

5.26 Can a couple who are jointly assessed for income tax purposes avail of warehousing where one spouse or civil partner is self-employed and the other has PAYE income?

Under joint assessment, the assessable spouse or civil partner is charged to tax on the combined total income of the assessable and non-assessable spouse/civil partner. To be eligible for warehousing of preliminary tax for 2020 and the balance of income tax for 2019, the couple's combined total income for 2020, returned by the assessable spouse/civil partner, should be estimated to be less than 75% of the couple's combined total income for 2019. However, for a couple subject to joint assessment, where one spouse/civil partner is self-employed and the other is a PAYE employee, Revenue will treat the assessable spouse/civil partner as eligible to avail of debt warehousing if the income of the self-employed spouse/civil partner for 2020 is estimated to be less than 75% of that spouse's/civil partner's income for 2019.

5.27 Can a landlord warehouse income tax liability if a tenant is unable to pay rent due to COVID-19?

If a landlord's tenant/s is/are unable to pay all or part of the rent due under a tenancy, as a result of the impact on their income of Covid-19 restrictions, and, as a consequence, the landlord estimates her/his total income for 2020 or 2021 will be less than 75% of her/his total income for 2019, the landlord can avail of debt warehousing for income tax.

5.28 At what point must I enter into an agreement with Revenue to deal with the debt I have warehoused?

In October 2022, Revenue announced important changes to the Debt Warehousing Scheme in light of the challenging economic situation arising from the energy costs crisis and extended the deadline to enter into an arrangement to deal with the warehoused 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 1 May 2024. Businesses will continue 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. Of course, businesses may repay any or all of the debt warehoused at any time prior to 1 May 2024 or enter into a phased payment arrangement to do so while still availing of the 0% and 3% interest rates as appropriate. In order to avail of the extended deadline for entering into repayment arrangements, it is essential that businesses continue to file their current tax returns and pay current liabilities as they fall due. Should any difficulties arise in meeting their current tax obligations, taxpayers are advised to contact the Collector General's Division, as soon as possible to discuss payment options. Early engagement will allow Revenue to work proactively with the business concerned towards finding an agreed solution to any temporary difficulties encountered by viable businesses. That agreed solution will, in turn, ensure that the business is able to continue to avail of the Debt Warehousing Scheme.

Period 2 (0% interest rate) will begin on 1 January 2022 and end on 31 December 2022.

Period 3 (3% interest rate) will commence on 1 January 2023.

6. Benefits of Debt Warehousing

If you are in the debt warehouse scheme, you can:

- defer payment of the warehoused debt until 1 May 2024,
- reduce the warehoused debt at any stage by making payments using any of the Ways to make an online payment, and
- avail of a reduced interest warehouse Phased Payment Arrangement (PPA).

The following examples roughly outline the interest savings you could make with a reduced interest warehouse PPA:

Example 1:
A small nail bar in Co. Cork has tax debt of €10,000 (€5,000 VAT + €5,000 PAYE (Employer)). This debt covers periods in 2020 and has been warehoused. The warehouse period 2 ended on 31st December 2022. In line with Government policy, the payment collection date for all warehoused debt has now been extended to 1st May 2024. However, in January 2023 the business decided to apply for a Phased Payment Arrangement on their warehoused debt.

→ Where the business benefits from the Debt Warehousing reduced interest rates, the total interest payable on a 24-month PPA (last instalment date 31/12/24) is: **€274.80**.
→ Where the business is not entitled to benefit from the Debt Warehousing reduced interest rates, the total interest payable on a 24-month PPA (last instalment date 31/12/24) is: **€3,327.60.**

Interest Savings with a warehouse PPA: €3,052.80

→ Where the business benefits from the Debt Warehousing reduced interest rates, the total interest payable on a 36-month PPA (last instalment date 31/12/25) is: **€400.32.**
→ Where the business is not entitled to benefit from the Debt Warehousing reduced interest rates, the total interest payable on a 36-month PPA (last instalment date 31/12/25) is: **€3,633.12**.

Interest Savings with a warehouse PPA: €3,232.80

Example 2:
A popular takeaway restaurant in Co. Clare has tax debt of €50,000 (€30,000 VAT + €20,000 PAYE (Employer)). This debt covers periods in 2021 and has been warehoused. The warehouse period 2 ended on 31st December 2022. In line with Government policy, the payment collection date for all warehoused debt has now been extended to 1st May 2024. However, in January 2023 the business decided to apply for a Phased Payment Arrangement on their warehoused debt.

→ Where the business benefits from the Debt Warehousing reduced interest rates, the total interest payable on a 24-month PPA (last instalment date 31/12/24) is: **€1,374.00.**
→ Where the business is not entitled to benefit from the Debt Warehousing reduced interest rates, the total interest payable on a 24-month PPA (last instalment date 31/12/24) is: **€10,471.44**.

Interest savings with a warehouse PPA: €9,097.44

→ Where the business <u>benefits from the Debt Warehousing</u> reduced interest rates, the total interest payable on a 36-month PPA (last instalment date 31/12/25) is: **€2,001.60.**

→ Where the business is <u>not entitled to benefit from the Debt Warehousing</u> reduced interest rates, the total interest payable on a 36-month PPA (last instalment date 31/12/25) is: **€12,139.20.**

Interest savings with a warehouse PPA: €10,137.60

Example 3:
A HR consultancy company in Co. Galway has tax debt of €75,000 (PAYE (Employer)). This debt covers periods in 2020 and 2021 and has been warehoused. The company qualifies for an extended warehouse and so the warehouse period 2 will end on 30th April 2023. In line with Government policy, the payment collection date for all warehoused debt has now been extended to 1st May 2024. However, in January 2023 the business decided to apply for a Phased Payment Arrangement on their warehoused debt.

→ Where the business <u>benefits from the Debt Warehousing</u> reduced interest rates, the total interest payable on a 24-month PPA (last instalment date 31/12/24) is: **€1,492.40.**

→ Where the business is <u>not entitled to benefit from the Debt Warehousing</u> reduced interest rates, the total interest payable on a 24-month PPA (last instalment date 31/12/24) is: **€19,487.84.**

Interest savings with a warehouse PPA: €17,995.44

→ Where the business <u>benefits from the Debt Warehousing</u> reduced interest rates, the total interest payable on a 36-month PPA (last instalment date 31/12/25) is: **€2,463.32**

→ Where the business is <u>not entitled to benefit from the Debt Warehousing</u> reduced interest rates, the total interest payable on a 36-month PPA (last instalment date 31/12/25) is: **€22,006.64.**

Interest savings with a warehouse PPA: €19,543.32

Example 4:
A small manufacturing company in Co. Kildare has tax debt of €100,000 (VAT). This debt covers periods in 2020 and 2021 and has been warehoused. The company qualifies for an extended warehouse and so the warehouse period 2 will end on 30th April 2023. In line with Government policy, the payment collection date for all warehoused debt has now been extended to 1st May 2024. However, in January 2023 the business decided to apply for a Phased Payment Arrangement on their warehoused debt.

→ Where the business <u>benefits from the Debt Warehousing</u> reduced interest rates, the total interest payable on a 24-month PPA (last instalment date 31/12/24) is: **€1,919.04**.

→ Where the business is <u>not entitled to benefit from the Debt Warehousing</u> reduced interest rates, the total interest payable on a 24-month PPA (last instalment date 31/12/24) is: **€25,006.32.**

Interest savings with a warehouse PPA: €23,087.28

→ Where the business <u>benefits from the Debt Warehousing</u> reduced interest rates, the total interest payable on a 36-month PPA (last instalment date 31/12/25) is: **€3,166.92.**

→ Where the business is not entitled to benefit from the Debt Warehousing reduced interest rates, the total interest payable on a 36-month PPA (last instalment date 31/12/25) is: **€28,246.32**.

Interest savings with a warehouse PPA: €25,079.40

Example 5:

A large local supermarket in Dublin has tax debt of €250,000 (€150,000 VAT + €100,000 PAYE (Employer)). This debt covers periods in 2020 and 2021 and has been warehoused. The warehouse period 2 ended on 31st December 2022. In line with Government policy, the payment collection date for all warehoused debt has now been extended to 1st May 2024. However, in January 2023 the business decided to apply for a Phased Payment Arrangement on their warehoused debt.

→ Where the business benefits from the Debt Warehousing reduced interest rates the total interest payable on a 24-month PPA (last instalment date 31/12/24) is: **€7,010.08**.

→ Where the business is not entitled to benefit from the Debt Warehousing reduced interest rates, the total interest payable on a 24-month PPA (last instalment date 31/12/24) is: **€58,964.80**.

Interest savings with a warehouse PPA: €51,954.72

→ Where the business benefits from the Debt Warehousing reduced interest rates, the total interest payable on a 36-month PPA (last instalment date 31/12/25) is: **€ 10,219.00**

→ Where the business is not entitled to benefit from the Debt Warehousing reduced interest rates, the total interest payable on a 36-month PPA (last instalment date 31/12/25) is: **€67,361.80**.

Interest savings with a warehouse PPA: €57,142.80