

INFORMATION BOOKLET ON:

- **WAREHOUSING OF TAX DEBTS ASSOCIATED WITH COVID-19 and**
- **REDUCED INTEREST RATE ON OTHER TAX DEBTS**

This document provides guidance on the Warehousing of Tax Debts which commenced on 2 May 2020. Guidance is also provided on the 3% interest rate provision announced as part of the Government's Jobs Stimulus Package on 23 July 2020.

This document will be updated as required.

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2	17 September 2020	Change of date in Para. 4.16
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Revenue



Cáin agus Custaim na hÉireann
Irish Tax and Customs

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1. Introduction

Over the last number of months, 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.

As part of the July 2020 Jobs Stimulus Package, the Government announced the application of a lower interest rate of approximately 3% per annum for non-COVID-19 related tax debt.

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. The document also provides details of the introduction in the July Jobs Stimulus Package of a reduced interest rate of circa. 3% per annum on non-COVID-19 related tax debts for businesses who enter a payment arrangement to discharge such debt. Additional amendments to Phased Payment Arrangements (PPAs) are also advised.

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;
- 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; and
- qualify for accelerated loss relief.

3. Debt Warehousing

Revenue would normally work 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, in the current circumstances, 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 (Employers)** debts arising from the COVID-19 crisis for a period of 12 months after a business resumes trading (in accordance with the Reopening Roadmap) 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.

This scheme will be administered by Revenue.

The period covered by the scheme is the time during which the business was and is unable to trade due to the COVID-19 related restrictions and includes two months after the business re-commences trading.

3.1 General Terms of Scheme

- All Personal and Business Division VAT and PAYE (Employer) debts from the COVID-19 restricted trading phase plus 2 months can be warehoused.
- In the case of Large Corporates and Medium Enterprises Divisions, debts from the COVID-19 restricted trading phase, plus 2 months, where the business applies for warehousing due to a reduction in trade, may also be considered for inclusion in the scheme.
- The scheme contains 3 distinct Periods;

Period 1 – Restricted trading phase plus 2 months. There will be 0% interest applied to Period 1

Period 2 – Phase commences from end of period 1 for 1-year duration. Interest rate applied is also 0%

Provision has been made in legislation whereby this period may be further extended by Ministerial order, if required, but cannot be extended beyond December 2022.

Period 3 - Phase of indefinite duration commencing at end of Period 2.

3% interest applied to warehoused debt from start of Period 3 to date the debt is discharged. Customers should contact Revenue with their repayment plan for warehoused debt before end of Period 2.

- The qualifying period for each business is determined by the date they resumed trading as set out by the Government Roadmap for Reopening Society and Business.
- 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 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.

Non-COVID-19 debts cannot be warehoused but can be managed as part of an overall case solution. The July Jobs Stimulus Package has included a facility whereby customers can select to repay any non-COVID-19 debt by way of a Phased Payment Arrangement and, in doing so, avail of a reduced rate of projected interest on such debts subject to certain terms and conditions. If you have any undeclared liability, you can also avail of this facility provided you self-correct or make a disclosure under the terms of the [Code of Practice Revenue Audit & Other Compliance Interventions](#)

Full details of the reduced interest measure for non-warehoused debts are provided in Section 6.

Correspondence will issue in due course to Business and Personal Division customers to inform them of their inclusion in the warehousing scheme. Letters will issue to customers' ROS inbox for E-enabled customers, and general post for all others.

Liabilities available for warehousing

Month Business Resumes Trading	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)
May 2020	VAT: January – August 2020 PAYE: February - August 2020	1 January 2020 (VAT)/1 February 2020 (PAYE) - 31 August 2020	1 September 2020 - 31 August 2021	1 September 2021 until COVID-19 liabilities are paid in full
June 2020	VAT: January – August 2020 PAYE: February-August 2020	1 January 2020 (VAT)/1 February 2020 (PAYE) - 31 August 2020	1 September 2020 - 31 August 2021	1 September 2021 until COVID-19 liabilities are paid in full
July 2020	VAT: January – October 2020 PAYE: February - October 2020	1 January 2020 (VAT)/1 February 2020 (PAYE) - 31 October 2020	1 November 2020 - 31 October 2021	1 November 2021 until COVID-19 liabilities are paid in full
August 2020	VAT: January – October 2020 PAYE: February - October 2020	1 January 2020 (VAT)/1 February 2020 (PAYE) - 31 October 2020	1 November 2020 - 31 October 2021	1 November 2021 until COVID-19 liabilities are paid in full
September 2020	VAT: January – December 2020 PAYE: February - December 2020	1 January 2020 (VAT)/1 February 2020 (PAYE) – 31 December 2020	1 January 2021 – 31 December 2021	1 January 2022 until COVID-19 liabilities are paid in full
October 2020	VAT: January– December 2020 PAYE: February - December 2020	1 January 2020 (VAT)/1 February 2020 (PAYE) – 31 December 2020	1 January 2021 – 31 December 2021	1 January 2022 until COVID-19 liabilities are paid in full
November 2020	VAT: January 2020– February 2021 PAYE: February 2020 – February 2021	1 January 2020 (VAT)/1 February 2020 (PAYE) –28 February 2021	1 March 2021 – 28 February 2022	1 March 2022 until COVID-19 liabilities are paid in full
December 2020	VAT: January 2020– February 2021 PAYE: February 2020 – February 2021	1 January 2020 (VAT)/1 February 2020 (PAYE) –28 February 2021	1 March 2021 – 28 February 2022	1 March 2022 until COVID-19 liabilities are paid in full

4. Frequently Asked Questions on Debt Warehousing

4.1 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 c. 3% per annum on the “warehoused” tax debt until it is paid. This contrasts with a rate of c. 10% per annum normally charged on such liabilities.

4.2 How can tax debt be warehoused?

Access to the warehouse arrangement 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).

4.3 What type of tax debt can be warehoused?

The warehousing scheme applies to **VAT** and **PAYE (Employer)** 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.

4.4 What is the start date for warehoused debt?

The periods currently covered by the warehousing arrangement include:

- VAT for January/February, March/April and May/June 2020 periods
- PAYE (Employer) liabilities for February, March, April, May and June 2020
- and the first two months of a complete VAT period after resumption of trading.

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

Small and Medium Enterprises

Entry to the warehouse 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 €3million.

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 and PAYE (Employer) 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.

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

Small and Medium Enterprises

Revenue has already commenced “warehousing” the debt for customers dealt with in Revenue’s Business Division and Personal Division and will shortly contact 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](#).

4.7 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.

4.8 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.

4.9 How is it decided that trade has resumed?

Trade is deemed to have resumed following the easing of restrictions for the relevant sector as set out in the Government’s *Roadmap for Reopening Society and Business* as provided for in regulations made under sections 5 and 31A of the Health Act 1947, or at a later date on which trade recommences where it is demonstrated that the trade did not recommence before then.

4.10 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).

4.11 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.

4.12 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. This is 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”).

Period 1 ends on the last day of the first full bi-monthly VAT taxable period which commences after the business has resumed trading. This end date applies even if the business is not registered for VAT.

No interest is charged during Period 1 on the “warehoused” VAT and PAYE (Employer) liabilities arising in that Period.

4.13 When does Period 2 begin and end?

Period 2 is the period of 12 months beginning on the first day after the end of Period 1. No interest is charged during Period 2 on the “warehoused” VAT and PAYE (Employer) liabilities from Period 1.

4.14 When does Period 3 begin and end?

Period 3 begins on the first day after the end of Period 2 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.

4.15 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).

4.16 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.

Please note 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 (c. 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 make or have made an agreement with Revenue to pay these liabilities – see Section 6 below.

4.17 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.

4.18 Will interest be charged on warehoused tax debt?

Interest will not be charged on any warehoused tax debt during Period 1 and Period 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.

4.19 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.

4.20 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. Any person seeking tax clearance should continue to apply using ROS or MyAccount.

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

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

4.22 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 outlined when they were put in place. However, the amount of interest on any tax that is still outstanding will be reduced – see Section 6 below.

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

Yes, you can make payments any time during the zero-interest rate period. Please see [COVID-19 Filing and Paying Information](#). In addition, it is intended to provide a direct debit facility should you wish to make payments on a regular basis.

4.24 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.

4.25 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](#).

4.26 **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 Examples of Debt Warehousing

Example 1

Mary runs a Hotel which was closed between March 15th and June 29th. The hotel is registered for PAYE (Employer) which should be filed and returned monthly and Bi-monthly VAT. The last return submitted and paid was January 2020 PAYE (Employer) and Nov/Dec 2019 VAT. What should she do now? Her business is dealt with by Revenue's Business Division.

In order to avail of debt warehousing, she must file all returns which are outstanding, i.e.

- Feb, Mar, April, May, June and July PAYE (Employer) returns and
- Jan/Feb, Mar/Apr, May/June VAT returns.

As a Business Division case, she is pre-approved for warehousing and no action will be taken on the non-payment of the returns once filed.

Mary returned to trade on June 29th and so all PAYE (Employer) debts from February 2020 to June 2020 plus 2 months and all VAT debts from Jan 2020 to June 2020 plus 2 months will be warehoused i.e.

- All Feb to Aug PAYE (Employer) returns inclusive and
- Jan/Feb, Mar/Apr, May/June, July/Aug VAT returns.

Mary's next payment is due Oct 20 for Sept PAYE (Employer)

Warehouse Periods and Rates:

Period 1: Feb 2020 to 31/08/2020: 0%

Period 2: 01/09/2020 to 31/08/2021: 0%

Period 3: 01/09/2021 until the warehoused debt is fully paid: 3%

Example 2

John is a self-employed small retailer with no staff. He was unable to meet his VAT liabilities for 2020 to date. He has filed all his bi-monthly returns. His business is dealt with by Business Division. Like most businesses, he ceased trading due to COVID-19 in March and returned in Phase 2 on the 8th June. What happens now?

As a Business Division case, John's COVID-19 related debt has been automatically warehoused. As he returned to trade in June 2020, his VAT returns from Jan - Jun (end of bi-monthly period) plus 2 months can be warehoused i.e. Jan/Feb VAT, Mar/Apr VAT, May/June VAT, Jul/Aug VAT.

John's next payment is due in Nov 2020 for Sept/Oct VAT.

Warehouse Periods and Rates:

Period 1: Feb 2020 to 31/08/2020: 0%

Period 2: 01/09/2020 to 31/08/2021: 0%

Period 3: 01/09/2021 until the warehoused debt is fully paid: 3%

Example 3

Paul's construction business is dealt with in Medium Enterprises Division. The business was seriously impacted by the COVID-19 closures in April and May. /he contacted the Division and provided evidence of a downturn in business as a result of the closure. He has both monthly PAYE (Employer) and Bi-monthly VAT. The business re-opened on May 18th.

As Paul provided satisfactory evidence to Medium Enterprises Division of a reduction in turnover, the business has been approved for Warehousing.

Business re-opened on May 18th so PAYE (Employer) returns from Feb to June (end of VAT bi-monthly period) plus 2 months have been warehoused, along with VAT returns from Jan to June (end of VAT bi-monthly period) plus an additional 2 months i.e.

- February, March, April, May, June, July and August PAYE (Employer) and
- Jan/Feb VAT, Mar/Apr VAT, May/June VAT, and Jul/Aug VAT.

Next payment is due October 2020 for September PAYE (Employer)

Warehouse Periods and Rates:

Period 1: Feb 2020 to 31/08/2020: 0%

Period 2: 01/09/2020 to 31/08/2021: 0%

Period 3: 01/09/2021 until the warehoused debt is fully paid: 3%

Example 4

A business in Dublin, which is a "standard filer" for both VAT and PAYE (Employer) liabilities closed because of Covid-19 restrictions in March 2020. When restrictions for this business were eased in June 2020 the business re-opened. When Dublin was put into "Level 3" restrictions in September 2020, the business closed again.

If the Covid-19 restrictions are eased such that the business re-opens in October 2020, it can warehouse its VAT liabilities from January to December 2020 and its PAYE (Employer) liabilities from February to December 2020 (i.e. restricted trading time plus two months).

If the business does not re-open until November or December 2020, it can warehouse its VAT liabilities from January 2020 to February 2021 and its PAYE liabilities from February 2020 to February 2021 (i.e. restricted trading time plus two months).

Example 5

A business in Cavan which is a “standard filer” for both VAT and PAYE (employer) liabilities closed because of Covid-19 restrictions in March 2020. When restrictions for the business were eased in June 2020, it re-opened.

On the basis of the first re-opening in June 2020, the business was entitled to warehouse its VAT liabilities from January to August 2020 and its PAYE (Employer) liabilities from February to August 2020.

When the country was put into “Level 3” restrictions in October 2020, the business closed again and it can resume warehousing liabilities.

If the Covid-19 restrictions are eased such that the business re-opens in late October 2020, it can warehouse its unpaid VAT liabilities from January to December 2020 and its unpaid PAYE (Employer) liabilities from February to December 2020 (i.e. restricted trading time plus two months).

If the business does not re-open until November or December 2020, it can warehouse its unpaid VAT liabilities from January 2020 to February 2021 and its unpaid PAYE liabilities from February 2020 to February 2021 (i.e. restricted trading time plus two months).

6 Reduced Interest Rate – Non-COVID-19 Debt

As part of the July 2020 Jobs Stimulus Package, the Government announced a reduced interest rate of 3% per annum to apply to tax debts that cannot be warehoused, i.e. older liabilities and debts not associated with COVID-19. The 3% rate represents a significant reduction from standard interest rates on late payment of taxes of 8% and 10% per annum.

The reduced rate is available across all tax types and to agreements that are already in place as well as new agreements made on or before the end of October.

This reduced interest rate measure is available to taxpayers with undeclared liability from tax periods that pre-date the COVID-19 phase, provided this liability is declared by 31 October 2020 under a self-correction or voluntary disclosure as provided for in Chapter 3 of the [Code of Practice Revenue Audit & Other Compliance Interventions](#).

To avail of this measure, taxpayers must agree a phased payment arrangement with Revenue **before 31 October 2020**. The reduced rate is applicable from 1 August 2020 or from the date of the agreement, whichever is later.

6.1 General Terms of Scheme

- The scheme is applicable to a Phased Payment Arrangement for any debt which cannot be warehoused under the terms of the Debt Warehousing Scheme.

- The scheme encompasses all tax-heads and customers from all Divisions. The online phased payment facility available through ROS caters for the six main business taxheads i.e. VAT, PAYE (Employer) taxes, IT, CT, CGT and RCT.
- Phased payment arrangements must be agreed before 31 October 2020 to avail of the reduced interest.
- The 3% rate is to be applied to projected interest for the lifetime of the payment arrangement.
- Full accrued interest will be applied to 1 August 2020 for existing arrangements or up to the date of PPA agreement for new arrangements.
- Debts currently at enforcement may be included in the scheme, however, this will be dependent on the status of the current enforcement. Further contact with Revenue caseworkers will be required to determine eligibility of any such debt for the scheme.
- Amendments have been made to simplify the on-line application and PPA process allowing for:
 - Application without requirement to supply a full suite of supporting documentation
 - Increased repayment term of up to 60 months
 - Ability to defer payments for up to 12 months
- An individual or business with non-Covid tax debts will not qualify for a tax clearance certificate unless they have agreed a phased payment arrangement to pay those liabilities. Absence of tax clearance will preclude a business from availing of the Employment Wage Subsidy Scheme, the Stay and Spend Scheme, accelerated loss relief and other measures.

6.2 Why is this provision being introduced?

This provision is being introduced to provide vital liquidity support to struggling businesses and sole traders that have historic unpaid tax debts. By applying a lower interest rate of approximately 3% per annum, the cost of paying their unpaid tax debts is significantly reduced.

6.3 What is the current rate of interest of late payment of taxes?

Currently, statutory interest is charged at a rate of 0.0274% per day (approximately 10% per annum) on late payment of PAYE (Employer) taxes, VAT and other indirect taxes while late payment of income tax, corporation tax and capital gains tax attracts interest at a rate of 0.0219% per day (approximately 8% per annum). There is a rate of 11.75% per annum on late payments of Relevant Tax on Share Options; debts for that tax are also eligible for the scheme.

6.4 Who can avail of this reduced interest rate?

All taxpayers that have declared but unpaid tax debts can avail of this reduced interest rate provided they enter into an agreement with Revenue to pay these debts on or before 31 October 2020.

Declared tax debts under any tax head are eligible and the tax debts can relate to any period.

6.5 What steps must be taken to enter into an agreement with Revenue / how do you apply for this reduced interest rate?

Taxpayers should apply online via ROS for a Phased Payment Arrangement (PPA).

6.6 I already have an existing Phased Payment Arrangement with Revenue. Can I avail of this reduced 3% per annum interest rate?

Yes. If you have an existing Phased Payment Arrangement with Revenue, your Arrangement will be reviewed automatically, and you will be able to avail of the reduced interest rate of approximately 3% per annum on the balance of tax that remains outstanding from 1st August 2020. Revenue will be in contact with you shortly in this regard.

6.7 Are there any declared debts that are not eligible for the reduced 3% interest rate?

Yes. In certain circumstances where payment of the debt has been pursued by way of enforcement proceedings taken by or on behalf of Revenue, it will not be possible to enter into an agreement with Revenue and avail of the reduced interest rate. These circumstances include where:

- There is a court mandated payment plan in place;
- Enforcement of a Court Order is ongoing / being pursued;
- Court proceedings are ongoing.

For further information, contact the Collector-General's Division through myEnquiries or telephone 01 7383663.

6.8 What happens if I have undeclared liabilities?

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 3% reduced interest rate in relation to those additional liabilities unless the issues are regularised by 31 October 2020. 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](#)

6.9 From what date will the reduced 3% interest rate apply?

The reduced interest rate will apply from 1st August 2020 where an agreement for payment of the declared tax debts has already been reached or the date of an agreement in the case of new phased payment arrangements.

6.10 How will interest be applied to my PPA?

For Current PPAs

- From 1 August 2020, projected interest will be recalculated at a rate of 3% on the remainder of the debt over the remaining repayment term
- Accrued interest remains charged at full rate of 8% or 10% as applicable up to 1 August 2020.

This change will be made retrospectively in September 2020

New PPAs

- For PPAs agreed before 31 October 2020 in respect of debt that does not qualify for warehousing
- Accrued interest will be calculated from due date to the date of agreement at full rate (10% or 8% as applicable)
- 3% on projected interest over the remainder of the repayment term.

Examples

- 1. ABCD Limited has outstanding Revenue debt and cannot obtain tax clearance. The company wishes to address the outstanding tax liability and avail of the interest rate reduction announced in the July Jobs Stimulus package. The company requires a Phased Payment Arrangement (PPA) to discharge outstanding PAYE (Employer) debt for the annual period ended 31st December 2019 as well as VAT Sept/Oct 2019 and VAT Nov/Dec 2019. Due to expected reduced trading, the company is seeking to repay the debt over a prolonged period.**

The company can avail of a PPA to discharge their existing non-COVID-19 debt. However, they must agree the PPA before 31 October 2020 to avail of the reduced interest rate charges. The PPA can be repaid over a 5-year period. The annual PAYE (Employer) return was due on the 14th January 2020. The Sept/Oct 2019 VAT was due on 19th November and the Nov/Dec 2019 VAT was due on the 19th January 2020. Final Payment under the terms of the PPA agreement is due on 25th September 2025.

Tax-Head	Due Date	PPA agreed date	Accrued Interest (10%) charge dates	Projected Interest (3%) charge dates
Annual PAYE (Employer)	14 January 2020	25 Sept 2020	15 January – 25 Sept 2020	26 Sept 2020 – 25 Sept 2025
Sept/Oct 2019 VAT	19 November 2019	25 Sept 2020	20 November 2019 – 25 Sept 2020	26 Sept 2020 – 25 Sept 2025
Nov/Dec 2019 VAT	19 January 2020	25 Sept 2020	20 January 2020 – 25 Sept 2020	26 Sept 2020 – 25 Sept 2025

- 2. DCBA Enterprises Ltd entered into a PPA on 10 December 2019 for July/August 2019 VAT which fell due for payment on 19 September 2019 and Sept/Oct 2019 VAT which fell due for payment on 19 November 2019. The company were to make repayments over a 2-year term with final payment due on 10 December 2021. How will the entity be affected by the July Jobs Stimulus Package?**

Under the initial Phased Payment Arrangement agreed in December 2019, the interest charges applied were as follows:

- Accrued interest 20 Sept 2019 to 10 Dec 2019 on Jul/Aug 2019 VAT @ 10% rate
- Accrued Interest 20 Nov 2019 to 10 Dec 2019 on Sept/Oct VAT 2019 @ 10% rate
- Projected interest from 11 Dec 2019 to 10 Dec 2021 @ 10% rate

The interest charges associated with the PPA as a result of changes in the July Jobs Stimulus Package would be calculated as follows:

- Accrued Interest 20 Sept 2019 to 1 Aug 2020 on Jul/Aug VAT @ 10% rate
- Accrued Interest 20 Nov 2019 to 1 Aug 2020 on Sept/Oct VAT @ 10% rate
- Projected interest from 1 August 2020 to 10 December 2021 on remaining balance outstanding @3% rate.

This would result in significant savings in interest charges to DCBA Enterprises Ltd.

3. ABC and XYZ Partnership ceased to trade between March and June 29th due to COVID-19 restrictions. The Partnership have the following debts outstanding: IT 2018, PAYE (Employer) November 2019, January 2020, February 2020, March 2020, April 2020, May 2020, June 2020 and VAT Nov/Dec 2019, Jan/Feb 20, Mar/April 20. Return for May/June VAT was Nil. The Partnership now wish to address their compliance record by availing of the various schemes announced by Government.

The Partnership has debt which must be addressed under separate schemes. Debt which is COVID-19 related can be warehoused under the Debt Warehousing Scheme announced by Government. Non-COVID-19 debt encapsulates all the other tax debt which the company has accumulated that does not qualify under the warehousing scheme.

As the Partnership resumed trading at the end of June 2020, COVID-19 debt includes all VAT returns between January and August 2020 and all PAYE (Employer) returns between February and August 2020. All such liabilities can be warehoused, and no formal repayment scheme is required until the end of Period 2 in August 2021.

Non-COVID-19 debt can be included in a Phased Payment Arrangement. By entering an arrangement before 31 October 2020, the Partnership will be able to avail of reduced interest rate on balances outstanding over the lifetime of the arrangement.

Debt	Tax-head	Period	Warehouse (0% Periods 1 & 2 3% Period 3)	Status	Available for 3% Interest PPA before 30 Sept 2020?
COVID-19 related	VAT	Jan/Feb 20	Yes	On-File	No
		Mar/Apr 20	Yes	On-File	No
		May/Jun 20	Yes – but n/a	On-File – Nil return	No
		Jul/Aug 20	Yes	Not yet due	No
	PAYE (Employer)	Feb 20	Yes	On-File	No
		Mar 20	Yes	On-File	No
		Apr 20	Yes	On-File	No
		May 20	Yes	On-File	No
		Jun 20	Yes	Awaiting return	No
		Jul 20	Yes	Not yet due	No
		Aug 20	Yes	Not yet due	No
Non- COVID-19 related	VAT	Nov/Dec 19	No	On-file	Yes
	PAYE (Employer)	Nov 19	No	With Sheriff	Refer to CG to query
		Jan 20	No	On-file	Yes
	IT	2018	No	With Sheriff	Refer to CG to query