



Temporary Wage Subsidy Childcare Scheme: A How-To Guide

This is a guide which sets out information on the practicalities of operating the DCYA Temporary Wage Subsidy Childcare Scheme (TWSCS). It is not intended to substitute the terms and conditions of the scheme, which are set out in the Funding Agreement. This document aims to be informative and useful for providers processing payments for the period of this scheme.

The TWSCS is a supplement to the Revenue-operated Temporary Wage Subsidy Scheme (TWSS). Many of the requirements of that scheme are relevant to the TWSCS. Employers should familiarise themselves with the Revenue scheme, with full information and guidance available at www.revenue.ie. This information is updated regularly.

Information on the TWSCS is available in FAQs on the Department's website, www.dcy.gov.ie. Local City/County Childcare Committees (CCCs) are also available to support providers; contact details are available at www.myccc.ie.

Table of Contents

Temporary Wage Subsidy Childcare Scheme: A How-To Guide	1
1. Next steps	2
2. Calculating top-up payments under the TWSS and TWSCS from 20 April.....	4
3. Worked examples of payroll amounts – 20 April to 4 May	6
4. Worked examples of payroll amounts – After 4 May	7
5. Pay dates before 20 April.....	9

1. Next steps

(a) Step 1: Seek to re-instate staff

If you have had to lay off any employees you should contact them immediately to begin the process of reinstating them. You must follow the re-hire process as outlined by Revenue. You will only receive TWSS and TWSCS payments for topping up staff pay in respect of employees who have been retained or reinstated.¹

One of the conditions to apply for the TWSCS is that you must make an effort to reinstate any employees who were laid off. You must retain evidence of having attempted to reinstate laid-off employees.

A staff member cannot receive the DEASP Pandemic Unemployment Payment and payments under the TWSS/TWSCS at the same time. You should make sure that they know they must sign off from the PUP if they are returning to work with you.

(b) Step 2: Participate in the Revenue-operated TWSS

If you are not already doing so, you must apply for and operate the TWSS in line with the Revenue guidance. In general, participation in the TWSS is necessary to access the TWSCS. The exceptions are

- Self-employed providers with no staff may receive the TWSCS overhead payment
- Employers who sought to re-instate staff but could not do so may receive the TWSCS overhead payment
- Employers who are not eligible for the TWSS may receive the TWSCS overhead payment

Detailed guidance on the TWSS is provided by Revenue, which can be found at <https://www.revenue.ie/en/employing-people/documents/pmod-topics/guidance-on-operation-of-temporary-covid-wage-subsidy-scheme.pdf>.

(c) Step 3: Sign the TWSCS Funding Agreement

If they have not done so already, the PAU for the service must complete and submit the TWSCS Funding Agreement. This is a requirement for participation in the scheme.

(d) Step 4: Pay employees

Start paying staff who have returned or are in employment. Section 2 of this document provides information on calculating staff pay levels and entering payroll information. Sections 3 and 4 provide some worked examples at different pay levels.

(e) Step 5: Receive payments

Where a payroll submission is made to Revenue, they are making reimbursements under TWSS within 2 working days. The payment schedule for the TWSCS is expected to be fortnightly.

Please note, Revenue are providing a flat amount of €410 per eligible employee per week until the 4 May. Revenue will recoup any difference between this figure and the amount due under TWSS at a later date. After 4 May, payments by Revenue will reflect the correct level of subsidy for each employee. .

Similarly, the DCYA is making estimated payments for an initial period, until necessary data to process payments is collected. These payments are based on information already held by Pobal on

¹ The calculation for the overhead payment under TWSCS is based on payroll costs as they were in January and February.

participating services. Where this results in an under- or over-payment, funding will be corrected in future payments on the TWSCS or future subsidy programme payments from the DCYA.

(f) Step 6: Complete Application Form

In due course, an Application Form for the TWSCS will be provided. This form must be completed and returned to Pobal. It will provide Pobal with the necessary information to calculate the correct level of payments for your service under the TWSCS.

(g) Step 7: Cease taking parental fees & contributions

During the period of the TWSCS, you must not seek any fee payments from parents. Any fees paid since 6 April, or paid in advance in respect of the time since 6 April (*i.e.*, when TWSCS payments will be dated from) must be refunded. You also must not seek or accept any voluntary contributions after the date of signature of the Agreement.

(h) Step 8: Engage in Continuous Professional Development

You should encourage your Staff to engage in training and Continuous Professional Development (CPD) during this closure period. You should engage in training and Continuous Professional Development (CPD) and carry out administrative tasks during this closure period. See the FAQs for more information about training opportunities and CPD expectations.

2. Calculating top-up payments under the TWSS and TWSCS from 20 April

This is a guide to calculating payroll amounts. It does not cover employee or employer eligibility requirements, which are set out in other documents provided by Revenue and the DCYA.

Payments under the different schemes will vary during this period. However, in general, the total payment made in respect of an employee will be consistent (subject to exceptions identified below). All dates in the tables in this section are for payroll submission dates.

The TWSS cannot be applied retrospectively. A participating ELC and SAC provider must not amend a payroll submission already reported to Revenue. However, where ELC and SAC providers have been topping up the TWSS for their employees on payrolls submitted since 6 April, the DCYA will reimburse the providers for these additional payments, subject to the conditions of the TWSCS.

Where an employee is receiving pay under the TWSS, PRSI class should be set to J9 (Employee PRSI = 0%; Employer PRSI = 0.5% of taxable pay).

Sections 3 and 4 of this document provides worked examples on sample pay amounts. Section 5 provides information on pay dates that occurred prior to 20 April.

(a) Calculate the employee's Average Revenue Net Weekly Pay (ARNWP)

See question 4.3 of the [Revenue FAQs](#) for how to calculate this figure. This figure is the basis for all pay calculations. Information on ARNWP for each employer will also be provided by Revenue by 4 May.

(b) Calculate weekly pay before tax during the period of operation of the TWSCS

The below table provides the employee's gross pay under the combined schemes. The dates in this table are the pay dates for the employee.²

The maximum gross amount available per employee between the two schemes is €586. After 20 April, each employee can receive €350 gross to include TWSS subsidy amount and TWSCS top up.

Pre-COVID ARNWP	Pay Post-20 April
ARNWP ≤ €350	€350
€350 < ARNWP ≤ €586	ARNWP
€586 < ARNWP	€586

(c) Calculate Revenue contribution under the TWSS

This will change during the period of the operation of the schemes, depending on the pay date. Each table below sets out the maximum Revenue contribution in the different periods of the scheme. These amounts must be entered as non-taxable pay. However, the employee will be liable to Income Tax and USC by way of review at the end of the year.

Pre-COVID ARNWP	Maximum Revenue contribution 16 April – 4 May
ARNWP ≤ €586	70% of ARNWP
€586 < ARNWP ≤ €960	€350
€960 < ARNWP	Generally up to €350 (see Note 1 below)

² "Gross pay" means total remuneration which includes emoluments and notional emoluments but without reference to any deduction for pension contributions payable by the employee or any salary sacrifice deduction.

Pre-COVID ARNWP	Maximum Revenue contribution post- 4 May
ARNWP ≤ €412	85% of ARNWP
€412 < ARNWP ≤ €500	€350
€500 < ARNWP ≤ €586	70% of ARNWP
€586 < ARNWP	Generally up to €350 (see Note 1 below)

(d) Calculate the DCYA contribution under the TWSCS

To calculate the DCYA contribution under the TWSCS for each employee, subtract the results you get at Step 3 from the results you get at Step 2. This amount must be entered as Gross Pay. DCYA will reimburse this amount to the employer, which must be passed on in full (as gross pay) to the employee.

Note 1: Explanation of 'tiered approach'

This note only applies if an employer wishes to contribute to their staff's pay in addition to the Revenue and DCYA schemes, where a staff member has an ARNWP of more than €586 per week. If not, then the figures in the tables above apply.

Where an employer wishes to top up an employer's wage beyond the €586 provided for under the combined schemes, higher earners may see the Revenue contribution fall to €205. See the table below for the parameters of this change.

Gross Amount paid by combination of Employer's contribution and DCYA TWSCS	Revenue TWSS Subsidy
Up to 60% of employee's ARNWP	Up to €350 per week
Between 60% and 80% of employee's ARNWP	Up to €205 per week
Over 80% of employee's ARNWP	No subsidy payable

However, as stated above, this will not apply to the majority of staff. If an employer is relying only on the combination of the TWSS and the TWSCS to pay staff (and not making additional payments of their own), then the Revenue contribution for this group of employees will remain at €350, and the DCYA contribution will be €236.

For payroll submission made on or after 16 April 2020, with a pay date on or after 16 April 2020 the wage subsidy is available to support employees whose ARNWP was greater than €960, and their current gross pay is below €960 per week, subject to the tiered arrangements and tapering. Where the current gross pay, as reported in the payroll submission, represents a reduction from the ARNWP by:

- less than 20%, no subsidy is payable
- between 20% and 39%, a subsidy of up to €205 is payable
- 40% or more, a subsidy of up to €350 is payable.

3. Worked examples of payroll amounts – 20 April to 4 May

This section provides examples for entering amounts when making payroll. The subsidy from Revenue under the TWSS must not be entered as gross pay (though it will be liable to income tax and USC by way of review at the end of the year. The DCYA contribution under the TWSCS must be entered as gross pay. PRSI class must be set to J9.

(a) Employee 1: ARNWP is not more than €350

Employees in this category will receive a subsidy of 70% of their ARNWP under the Revenue-operated TWSS. The DCYA will facilitate additional payment which, when combined with the TWSS payment, does not exceed €350.

Employee 1 has an ARNWP of €280.

Employee 1 payroll details	
ARNWP	€280
Non-taxable pay – Revenue TWSS Subsidy 70% of ARNWP	€196
Taxable pay – Provided by DCYA under the TWSCS	€154
Total pay before tax	€350

(b) Employee 2: ARNWP is more than €350 and not more than €586

Employees in this category will receive a subsidy of 70% of their ARNWP under the Revenue-operated TWSS. The DCYA will facilitate additional payment of the difference between ARNWP and the TWSS subsidy.

Employee 2 has an ARNWP of €555.

Employee 2 payroll details	
ARNWP	€555
Non-taxable pay – Revenue TWSS Subsidy 70% of ARNWP	€388.50
Taxable pay – Provided by DCYA under the TWSCS	€166.50
Total pay before tax	€555

(c) Employee 3: ARNWP is more than €586 and not more than €960

Employees in this category are eligible for a total subsidy of €586 under the combined schemes. The DCYA will provide €236 under the TWSCS and Revenue will provide €350 under the TWSS.

Employee 3 has an ARNWP of €650.

Employee 3 payroll details	
ARNWP	€650
Non-taxable pay – Flat rate Revenue TWSS subsidy	€350
Taxable pay – Provided by DCYA under the TWSCS	€236
Total pay before tax	€586

4. Worked examples of payroll amounts – After 4 May

This section provides examples for entering amounts when making payroll. The subsidy from Revenue under the TWSS must not be entered as gross pay (though it will be liable to income tax and USC by way of review at the end of the year. The DCYA contribution under the TWSCS must be entered as gross pay. PRSI class must be set to J9.

(a) Employee 1: ARNWP is not more than €350

Employees in this category will receive a subsidy of 85% of their ARNWP under the Revenue-operated TWSS. The DCYA will facilitate additional payment which, when combined with the TWSS payment, does not exceed €350.

Employee 1 has an ARNWP of €280.

Employee 1 payroll details	
ARNWP	€280
Non-taxable pay – Revenue TWSS Subsidy 85% of ARNWP	€238
Taxable pay – Provided by DCYA under the TWSCS	€112
Total pay before tax	€350

(b) Employee 2: ARNWP is more than €350 and not more than €412

Employees in this category are eligible to a subsidy of up to 85% of their ARNWP under the Revenue-operated TWSS. DCYA will facilitate additional payment of the difference between ARNWP and the TWSS subsidy.

Employee 2 payroll details	
ARNWP	€400
Non-taxable pay – Revenue TWSS Subsidy 85% of ARNWP	€340
Taxable pay – Provided by DCYA under the TWSCS	€60
Total pay before tax	€400

(c) Employee 3: ARNWP is more than €412 and not more than €500

Employees in this category are eligible for a flat-rate subsidy of the Revenue-operated TWSS up to a maximum of €350. DCYA will facilitate additional payment of the difference between ARNWP and the TWSS subsidy.

Employee 3 has an ARNWP of €480.

Employee 3 payroll details	
ARNWP	€480
Non-taxable pay – Flat Rate Revenue TWSS Subsidy	€350
Taxable pay – Provided by DCYA under the TWSCS	€130
Total pay before tax	€480

(d) Employee 4: ARNWP is more than €500 and not more than €586

Employees in this category are eligible for a subsidy of up to 70% of ARNWP under the Revenue-operated TWSS, subject to a maximum of €410 per week. DCYA will facilitate a further payment of the difference between ARNWP and the TWSS subsidy.

Employee 4 has an ARNWP of €555.

Employee 4 payroll details	
ARNWP	€555
Non-taxable pay – Revenue TWSS Subsidy 70% of ARNWP	€388.50
Taxable pay – Provided by DCYA under the TWSCS	€166.50
Total pay before tax	€555

(e) Employee 5: ARNWP is greater than €586.

Employees in this category are eligible for a total subsidy of €586 under the combined schemes. The DCYA will provide €236 under the TWSCS and Revenue will provide €350 under the TWSS. This assumes that employer is not providing a further top-up.

Employee 5 has an ARNWP of €650.

Employee 5 payroll details	
ARNWP	€650
Non-taxable pay – Revenue TWSS subsidy	€350
Taxable pay – Provided by DCYA under the TWSCS	€236
Total pay before tax	€586

5. Pay dates before 20 April

The TWSS cannot be applied retrospectively. A participating ELC and SAC provider must not amend a payroll submission already reported to Revenue. However, where ELC and SAC providers topped up the TWSS for their employees on payrolls submitted since 6 April, the DCYA will reimburse the providers for these additional payments, subject to the conditions of the TWSSCS.

The table below provides information on total pay before tax under these combined schemes prior to 20 April, as well as Revenue's contribution. If a provider made further payments to employees in this period, the DCYA will reimburse them for these payments up to the limits of the TWSSCS.

Pre-COVID ARNWP	Pay Pre-20 April	Revenue contribution pre-20 April
$\text{ARNWP} \leq \text{€}586$	ARNWP	70% of ARNWP
$\text{€}586 < \text{ARNWP} \leq \text{€}960$	€586	€350

The maximum DCYA contribution under the TWSSCS is the difference between Columns 2 and 3 above.