

INFORMATION BOOKLET ON:

• WAREHOUSING OF TAX DEBTS ASSOCIATED WITH COVID-19

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

This document is updated as required.

Revision history:

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

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Where Debt Warehousing is now

- 0% interest rate on warehoused debt
- Businesses availing of the Debt Warehousing Scheme have until 1 May 2024 to either:
 - pay their warehoused debt in full,or
 - engage with Revenue on addressing the debt, including arrangements for a Phased Payment Arrangement (PPA).
- Flexibility available for managing the payment of warehoused debt including:
 - the level of down-payment to commence a phased payment arrangement
 - an extended payment duration, where necessaryand
 - the availability of payment breaks and payment deferrals if temporary cash flow difficulties arise during the arrangement term.

Important

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

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

- will become payable immediately
 - may be subjected to debt collection enforcement action
- and
- will be subject to interest charges of 8% or 10% per annum.

1. Introduction

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

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

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

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

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

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

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

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

2. Purpose of document

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

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

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

3. Debt Warehousing

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

In response to these business challenges, the Government legislated to allow for debt associated with the COVID-19 crisis to be deferred or 'warehoused'. The scheme allows for the deferral of unpaid **VAT** and **PAYE (Employer)** debts arising from the COVID-19 crisis for a period of 12 months after a business resumes trading (in accordance with the Reopening Roadmap/Living with COVID-19 Plan) and the application of a lower interest rate of 0% (rate amended on 5/02/2024, previously 3%) per annum on the 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 unable to trade due to any COVID-19 related restrictions until 31 December 2021.

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

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

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

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

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

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

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

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

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

3% interest originally applied to warehoused debt from start of Period 3 to date the debt is discharged, however this was amended to 0% interest on 5 February 2024. Customers were originally obliged to contact Revenue with their 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 1 May 2024.

- All tax returns must be filed, as the benefit of the warehouse scheme is conditional on the business quantifying its tax debt through submission of all outstanding returns.
- Any individual or business that has additional tax liabilities that have not been declared to Revenue in the appropriate tax return, due to error or omission, will not be entitled to

benefit from the debt warehousing scheme unless the issues are regularised immediately. Information in relation to making a self-correction and unprompted qualifying disclosure is set out in Chapter 3 of the [Code of Practice Revenue Audit & Other Compliance Interventions](#).

- Current taxes must be maintained for the duration of the warehouse period and for any subsequent arrangement period to guarantee the reduced interest rates of 0%.
- Tax Clearance will not be affected by businesses availing of the warehoused arrangements.
- Refunds and repayments of tax arising in ‘warehoused’ COVID-19 periods will be repaid notwithstanding that the businesses will have tax debts under the scheme (i.e. the repayment will not be offset against the warehoused debts). However, a business can choose to offset the repayment against the warehoused debts, or other outstanding debts, if it so wishes.

Liabilities available for warehousing

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

3.2 General Terms of Scheme – Income Tax

- Income Tax payments which fell due on 31 October 2020 and those which fell due on 31 October 2021, subject to certain criteria, could avail of the debt warehousing scheme. The Income Tax liabilities affected are the 2019 Income Tax year balancing payment, Preliminary Tax and balancing payment for the 2020 Income Tax year and Preliminary Tax for 2021 Income Tax Year.
- A declaration had to be made to Revenue by the taxpayer that total income for 2020 and 2021, as applicable, was expected to be at least 25% less than total income for 2019.
- **Debt warehousing for Schedule E (PAYE) liability only** – As noted above where
 - a director / employee has a “material interest” in the company that pays their emoluments, and
 - section 997A TCA means the director / employee is not entitled to a credit for the tax deducted due to the company warehousing its PAYE (Employer) liabilities, and

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

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

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

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

- Where a taxpayer did not meet 2019 Preliminary tax requirements, the option to warehouse the 2019 Income Tax balance was not available.
- As with the VAT and PAYE (Employer) debts, the Income Tax Warehousing scheme contains 3 distinct periods, as follows;
 - Period 1** – runs from 31 October 2020 for customers filing paper returns or 10 December 2020 for customers filing on ROS until 31 December 2021.
 - Period 2** – is a period of 1 year from 1 January 2022 until 31 December 2022 (30 April 2023 where the warehouse extension applies).
 - Period 3** – Phase of indefinite duration commencing on 1 January 2023.
3% interest originally applied to warehoused debt from start of Period 3 to date the debt is discharged, however this was amended to 0% interest on 5 February 2024. Customers were originally obliged to contact Revenue with their 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 1 May 2024.
- Where the 2020 and 2021 Income Tax return shows the taxpayer did not meet the requirement of a 25% reduction in income compared to 2019, the debt will be removed from warehousing, the due dates will revert to legislative due dates for Income Tax and full statutory interest will apply.
- If a taxpayer is eligible to warehouse liabilities due on 31 October 2020 (Preliminary Tax for 2020 and the balance of Income Tax for 2019) but not liabilities due on 31 October 2021 (Preliminary Tax for 2021 and the balance of Income Tax for 2020) – that is, because income for 2021 is not likely to be at least 25% lower than income for 2019 – Period 1 still runs until 31 December 2021.
- All tax returns must be filed. The benefit of the warehouse scheme is conditional on the business quantifying its tax debt through submission of all outstanding returns.

- Any individual or business that has additional tax liabilities that have not been declared to Revenue in the appropriate tax return, due to error or omission, will not be entitled to benefit from the debt warehousing scheme unless the issues are regularised immediately. Information in relation to making a self-correction and unprompted qualifying disclosure is set out in Chapter 3 of the Code of Practice Revenue Audit & Other Compliance Interventions.
- Current taxes must be maintained for the duration of the warehouse period and for any subsequent arrangement period to guarantee the reduced interest rates of 0%.
- Tax Clearance will not be affected by individuals availing of the warehoused arrangements.
- Refunds and repayments of tax arising in 'warehoused' COVID-19 periods will be made notwithstanding that individuals will have tax debts under the scheme (i.e. the repayment will not be offset against the warehoused debts). However, a taxpayer can choose to offset the repayment against the warehoused debts, or other outstanding debts.

3.3 General Terms of Scheme – TWSS and EWSS

- Where Revenue has paid an employer a temporary wage subsidy or a wage subsidy (with effect from 1 September 2020) in relation to a specified employee, and the employer did not pay that employee an additional equivalent amount, or the employer was not entitled to receive a subsidy in respect of an employee, the employer is obliged to refund the subsidy.
- The TWSS/EWSS warehouse scheme is available to employers who are obliged to refund amounts which are deemed to be overpayments of TWSS/EWSS following a reconciliation process undertaken by Revenue, and who are unable to refund these amounts because of the impact of COVID-19.
- Businesses will be notified of any outstanding TWSS/EWSS liability due to overpayments by way of a Statement of Account for PAYE (Employer) which will be sent to their ROS inbox.
- Warehousing of the TWSS/EWSS liabilities will mirror the VAT and PAYE (Employer) warehousing periods. Liabilities to TWSS/EWSS can be warehoused with Period 1 ending on 31 December 2021.
- Interest is not payable during Period 2 of the warehouse period (which runs from 1 January 2022 to 31 December 2022 (extended to 30 April 2023 where the warehouse extension applies).
- Originally, a reduced interest rate of 3% per annum was to apply for Period 3 (which commences on 1 January 2023 (1 May 2023 where the warehouse extension applies) on warehoused balances outstanding until the debt is discharged – this rate was reduced further to 0% for Period 3 on 5 February 2024.

- Employers whose tax affairs are dealt with in Revenue’s Personal Division or Business Division can have their excess TWSS/EWSS debts warehoused automatically. LCD and MED cases can apply to have their TWSS/EWSS overpayments warehoused.
- Revenue will be entitled to make enquiries to satisfy itself that a business is unable to repay its excess TWSS/EWSS payments.
- Current taxes must be maintained for the duration of the warehouse period and for any subsequent arrangement period to guarantee the reduced interest rates of 0%. Failure to meet current taxes will result in the warehouse facility being withdrawn. Full statutory interest will be applied to the outstanding balance from the date of removal from the warehouse.
- Tax Clearance will not be affected by individuals availing of the warehouse arrangements.
- Refunds and repayments of tax arising in ‘warehoused’ COVID-19 periods will be made notwithstanding that individuals will have TWSS/EWSS liabilities under the scheme (i.e. the repayment will not be offset against the warehoused debts). However, a taxpayer can choose to offset the repayment against the warehoused debts, or other outstanding debts, where he/she so wishes.

4. Debt Warehouse Extension 2022

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

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

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

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

- Live Performance Support Scheme Strand II,
- Live Performance Support Scheme Phase 3,
- Live Performance Support Scheme Phase 4,
- Live Local Performance Support Scheme,
- Commercial Entertainment Capital Grant Scheme, or

- Music and Entertainment Business Assistance Scheme.

The following schemes operated by Tourism Ireland—

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

The following schemes operated by Enterprise Ireland—

- Sustaining Enterprise Fund,
- Accelerated Recovery Fund.

The following scheme operated by the Department of Transport--

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

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

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

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

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

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

5. Frequently Asked Questions on Debt Warehousing

5.1 What is warehousing of tax debt?

Revenue 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 was not charged on this debt during the “COVID-19 Restricted Trading Period”. This contrasts with a rate of 10% per annum normally charged on such liabilities. Employers who had debt outstanding as a result of overpayments of the Temporary Wage Subsidy Scheme and Employment Wage Subsidy Scheme could 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) could also be warehoused subject to meeting the reduced income criteria. Again, interest will not be charged on this debt while availing of the Debt Warehouse terms 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 was automatic for all businesses managed by Revenue’s Business Division (turnover <€3m) and Personal Division. Access was available on request for businesses managed by Revenue’s Large Corporates Division (LCD) and Medium Enterprise Division (MED).

Income Tax was 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 applied 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?

The warehousing of VAT and PAYE (Employer) debts commenced for periods ending in February 2020. The end of the warehouse period and consequently the returns covered in the warehousing arrangement was 31 December 2021.

TWSS warehousing applied to overpayments arising on or after 26 March 2020 and EWSS applied 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 debt warehousing scheme for VAT, PAYE (Employer), TWSS and EWSS was 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 was entitled to make enquiries to satisfy itself that a business was 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 arrange for tax debt to be warehoused?

Small and Medium Enterprises

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

Other businesses (turnover above €3m)

For other cases, entry to the scheme was 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.

5.7 Could Revenue refuse to warehouse debt?

All qualifying businesses who wished to participate in the debt warehousing scheme and who have filed all up to date tax returns were 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 re-opened but had to close again due to the re-imposition of restrictions?

In these circumstances, the trade was deemed to be still subject to the restrictions provided for in the regulations under sections 5 and 31A Health Act 1947 until it re-opened again. This meant that VAT and PAYE (Employer) debts for such businesses continued 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 could 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 “Repayment phase”.

These periods are explained in more detail below.

5.11 When did Period 1 begin and end?

Period 1, the “COVID-19 restricted trading phase”, covered the period when the business first experienced cash flow trading difficulties arising from the impact of COVID-19.

Period 1 began on 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 began on 26 March 2020 for TWSS and 1 September 2020 for EWSS – the commencement date for those schemes. It began on 31 October 2020 or 10 December 2020 for Income Tax.

Period 1 ended on 31 December 2021.

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

5.12 When did Period 2 begin and end?

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

5.13 When did Period 3 begin and end?

Period 3 began 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. Originally, interest was to be charged on relevant deferred liabilities at a reduced rate of 3% during this Period, however this rate was reduced further to 0% on 5 February 2024.

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 rate of 0%.

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.

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

It should be noted that the reduced 0% rate of interest only applies 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 was 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 provided the conditions of the warehouse scheme are adhered to.

5.18 What if a business has already repaid warehoused debt at 3%?

The revised interest rate applies to Period 3 of the scheme, i.e. from 1 January 2023, or from 1 May 2023 for those in the extended scheme. Those customers who have incurred the 3% interest charge and have now fully paid their warehoused debt will be refunded the amount of interest paid at 3%. The customers concerned do not have to take any action – Revenue will contact them directly and arrange the refunds as soon as possible.

5.19 If a business has already entered a PPA, will 0% interest apply?

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

5.20 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. Revenue’s online Phased Payment Arrangement (PPA) facility allows for a duration of up to 5 years, however there is no absolute limit to the duration. Instead, the terms of each arrangement will be tailored to each business’ individual circumstances, and other factors, such as the debt amount, ability to pay, compliance history, whether there is other non-warehoused debt which needs to be included in the arrangement and that debt mix.

5.21 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.

5.22 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.

5.23 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.

5.24 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% interest rate in the calculation. Please see [COVID-19 Filing and Paying Information](#).

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

The debt will not be considered for enforcement activity while there is engagement between Revenue and the business concerned. Where a business continues to file its returns and pay its current tax liabilities and abides by the terms of a PPA, enforcement action will be avoided.

5.26 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](#).

5.27 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.

5.28 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.

5.29 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.

5.30 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 are not now 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, 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% interest rate. 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.

6. Benefits of Debt Warehousing

Availing of the Debt Warehouse Scheme means you can:

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

7. Repayment of Warehoused Debt

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

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

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

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

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

Payment options:

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

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

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

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

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

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

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

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

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

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

Benefits of engaging early

There are several benefits to engaging with Revenue early in relation to the repayment of warehoused debt, such as:

- Providing certainty for businesses on their financial position and allowing future cashflow to be planned
- Allowing time to agree the best repayment solutions appropriate to the business
- Payment arrangements that can be activated now with a minimal down-payment and monthly repayments commencing later, i.e. May 2024
- Payment schedules can be adjusted should circumstances change in the interim

8. Amendments to the Debt Warehousing Scheme 5 February 2024

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

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

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

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

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

Action required

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

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

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

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

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

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