

July Stimulus Package

A wide range of supports were announced for SMEs in the July Stimulus Plan. These represent a combination of expansion and extension of existing measures as well as some new schemes. In addition, there are some targeted supports for SMEs seeking to break into the digital space.

Recovery grants and loans for business

The Restart Grant for Enterprises is being extended to a broader base of SMEs and expanded by €300 million, bringing the total funding of the Restart Grant to €550 million. The payment businesses are eligible to receive is being raised to €25,000. Additional payments may be available to firms that have already received support in the past with some non-rated businesses previously excluded from the scheme, now eligible.

Micro and small enterprises will be able to avail of €55 million in enterprise investment measures through additional resources for MicroFinance Ireland and Local Enterprise Offices. In cooperation with European Investment Bank Group, the Future Growth Loan Scheme is being expanded from €200 million to €500 million and will be made available to businesses with up to 499 employees. Meanwhile, as part of the previously announced Covid-19 Credit Guarantee Scheme worth €2 billion, the Government will guarantee 80% on a wide range of credit products from €10,000 to €1 million for up to 6 years.

Support for maintaining and expanding staff

As part of its focus on safeguarding and generating jobs, the Government is providing incentives to businesses to keep staff and take on new employees. From September, a new Employment Wage Support Scheme will gradually replace the Temporary Wage Subsidy Scheme and run until April 2021. Employers whose turnover has fallen 30%, will receive a flat-rate subsidy of €203 per employee including seasonal workers and new employees. New businesses operating in affected sectors will also be eligible. The Scheme is expected to support around 350,000 jobs into the beginning of 2021. Employers will be paid €2,000 for every apprentice they hire in 2020 and 8,000 jobs are to be created through the JobsPlus scheme under which €7,500 will be available over two years for employers to hire someone under the age of 30 who is on the Live Register or the Pandemic Unemployment Payment.

Taxation

In the realm of taxation, the Government is taking several steps to support businesses. To relieve cash-flow pressures on previously profitable companies, an immediate refund of some or all corporation tax paid will be made available through permitting the early carry-back of trading losses. Self-employed persons who will also make a loss this year after making a profit last year will be able to reclaim a portion of their 2019 tax. Many businesses will also benefit from the reduction of the standard rate of VAT from 23% to 21% starting from the beginning of September for a six-month period. Furthermore, the commercial rates waiver for almost all companies has been extended by three months until the end of September 2020. The Government will also pass legislation to allow businesses affected by Covid-19 to delay payment of their PAYE and VAT debts in part or in full for a set period with no interest or penalties, as part of the previously announced warehousing of tax

liabilities. In addition, the interest rate on agreed repayments of tax debt will be reduced to 3% for agreements reached before 30 September 2020.

Future-facing investments

Looking towards the future, the Government is to launch a Green Enterprise Fund worth €10 million for businesses engaged in green research as well as development and innovation, capital investment and capacity building that are part of companies' adaptation to a green economy. In the short term, €20 million will be provided to SMEs to acquire staff, software and IT systems to adapt to the new relationship with the UK from January 2021. More broadly, the Government will expand the Enterprise Ireland Sustaining Enterprise Fund worth €180 million, which will now include direct grants to viable businesses. Enterprise Ireland's funds for investment in the Seed and Venture Capital Sector will also be topped-up by €10 million.