
Guide to latest financial supports for impacted Irish SMEs

A guide to the Irish Government's latest €6.5bn in liquidity measures and other available supports to help Irish businesses endure beyond Covid-19.

On Saturday (2 May), the Irish Government unveiled its suite of measures worth up to €6.5bn to help businesses impacted by the Covid-19 crisis to keep running. They came on the heels of the Government's [Roadmap for Reopening Society & Business](#), which sets out a five-stage plan to ease the Covid-19 restrictions and reopen Ireland's economy and society.

The liquidity measures include up to €2bn in State-backed loans for SMEs that range from €10,000 to €1m and will be 80pc guaranteed by the State and offered at below market rates.

Revenue will also "warehouse" VAT and payroll tax debt accrued by companies during the lockdown at zero interest rates and for a period of 12 months.

A €2bn Pandemic Stabilisation Recovery Fund and a new Restart Fund worth €250m to assist small businesses directly through grants were also formed.

They follow a [raft of measures](#) revealed in March as Ireland began to lock-down well as €1bn worth of liquidity measures revealed in April. The latter included two [Strategic Banking Corporation of Ireland \(SBCI\)](#) loan schemes worth €450m to provide an extra €250m for working capital and €200m for longer-term loans as well the creation of a [€180m Sustaining Enterprise Fund](#) to be managed by Enterprise Ireland for firms in the manufacturing and international services sectors.

Full list of available supports for Irish SMEs:

Bank of Ireland

For business customers [Bank of Ireland](#) is providing emergency working capital, payment flexibility on loan facilities, the provision of trade finance and foreign currency products, and the prioritisation of loan decisions.

The bank has established new processes for dealing with requests from business customers impacted by Covid-19 in order to respond to their needs as quickly as possible. It is prioritising Covid-19 related inquiries over other business as usual activities. This includes streamlining requests for payment breaks so that these can as far as is possible be delivered before the next payment falls due.

Business Continuity Voucher

The Local Enterprise Office [Business Continuity Voucher](#) is designed for businesses across every sector that employ up to 50 people. The voucher is worth up to €2,500 in third party consultancy costs and can be used by companies and sole traders to develop short-term and long-term strategies to respond to the Covid-19 pandemic.

Bord Bia Navigating Change programme

[Bord Bia's 'Navigating Change' COVID-19 Response programme](#) offers a suite of supports for food, drink and horticulture businesses affected by COVID-19.

€2bn Covid-19 Credit Guarantee Scheme

The €2bn Covid-19 Credit Guarantee Scheme will provide an 80pc guarantee on lending to SMEs until the end of this year, for terms between three months and six years. SMEs will be able to go directly to the banks in the Scheme, and the guarantee can be used for a wide range of lending products between €10,000 and €1m that have a maximum term of six years or less. It will be available to all SME sectors, including primary producers.

Interest rates will be below current market rates.

The Covid-19 Credit Guarantee Scheme is a further development of the existing Credit Guarantee Scheme which is already available from Irish banks, and it will be possible for other lenders to get access to the Scheme. Lenders will be subject to a portfolio cap of 50pc.

Implementing this scheme will require legislation, the drafting of which has been approved by Government. In parallel with the drafting of the legislation and its passage through the Houses of the Oireachtas, the Department of Business, Enterprise and Innovation, the Department of Agriculture, Food and the Marine, the Departments of Finance and Public Expenditure and Reform, and the Strategic Banking Corporation of Ireland will work to put in place arrangements to ensure that the Scheme can be implemented as soon as possible after the enactment of the legislation.

Covid-19 Online Retail Scheme

Applications are now open for the new Enterprise Ireland [Covid-19 Online Retail Scheme](#) to support retail companies to enhance their digital capability. The call is open to indigenous retailers employing 10 or more people to develop a more competitive online offer in response to the Covid-19 crisis. Grants ranging from €10,000 to €40,000 will be awarded under the competitive scheme.

Covid-19 Business Financial Planning Grant

The [Covid-19 Business Financial Planning Grant](#), worth up to €5,000, is designed to help companies to develop a robust financial plan, including the preparation of documentation required to support applications for external finance from banks and/or other finance providers. The grant is a new support for Enterprise Ireland clients and those manufacturing or internationally traded services companies that employ 10 or more full time employees.

Commercial Rates Payment Break/Reductions

The Irish Government prioritised support for those businesses most directly affected by Covid-19 with its decision in March to defer rate payments for a three-month period for the hospitality, retail, leisure and childcare sectors. While a review of options to support enterprises and employment is being commenced, the Government recognises that many businesses are facing immediate difficulties and uncertainty. To provide clarity, commercial rates are being waived for a three-month period beginning on 27 March for businesses that have been forced to close due to public health requirements. This measure will complement the tax, banking and SME measures also announced today.

The Government will continue to actively engage with business owners and representative bodies. Local Authorities, who have longstanding experience in dealing with ratepayers and showing an understanding of their financial situations, are assessing the impact of Covid 19 by engaging directly with individual ratepayers, recognising that there may be impacts on sectors outside of those initially identified as being most under threat. It is estimated that this waiver will reduce Local Authority income by €260 million and the Exchequer will meet these costs.

Credit Guarantee Scheme

The Credit Guarantee Scheme will be available to Covid-19 impacted firms through the pillar banks. Loans of up to €1m will be available at terms of up to seven years.

Culture sector

The Department of Culture, Heritage and the Gaeltacht has provided details of the [COVID-19 supports for artists and those working in the arts sector](#).

Enterprise Ireland

A €200m Package for Enterprise Supports including a Rescue and Restructuring Scheme available through [Enterprise Ireland](#) for vulnerable but viable firms that need to restructure or transform their business.

Future Growth Loan Scheme

The Future Growth Loan Scheme through the Government of Ireland and supported by the [European Investment Bank](#), will provide up to €300m of loans with a term of 8-10 years. The loans range from €100,000 (€50,000 for farmers) to a maximum of €3 million, with unsecured loans up to €500,000 per applicant.

Grant supports

The full range of [Enterprise Ireland](#), [IDA Ireland](#), [Local Enterprise Office](#) and [Údarás na Gaeltachta](#) grant supports will be available to firms to help with strategies to innovate, diversify markets and supply chains and to improve competitiveness. A Finance in Focus grant of €7,200 will be available to Enterprise Ireland and Údarás na Gaeltachta clients that want to access consultancy support to undertake immediate finance reviews.

Ireland Strategic Investment Fund – Pandemic Stabilisation and Recovery Fund

The [Ireland Strategic Investment Fund](#) (ISIF) is revising its investment strategy to establish a sub-portfolio within ISIF called the Pandemic Stabilisation and Recovery Fund. This sub-portfolio will invest up to €2bn of ISIF's readily available capital in medium and large enterprises (more than €50m in annual revenue or more than 250 employees) to assist them meet the challenge of Covid-19. It will complement ISIF's extensive work to date within its existing portfolio of over 100 investments of €2.7 billion invested capital to mitigate the impact of Covid-19.

The fund will act as an accelerator, investing on a commercial basis in businesses that can meet the investment requirements and can use ISIF investment to return to long-term viability.

Investments can be across the range of instruments from senior debt, hybrid instruments to equity, and can be tailored to take account of the particular circumstances of each investee. This will enable businesses to access the capital they need in the most appropriate form that best suits their individual circumstances.

Joint First Responder Support Service

The Department of Employment Affairs and Social Protection and the Department of Business, Enterprise and Innovation will provide a joint First Responder support service through the [Intreo Offices](#) and development agencies, Enterprise Ireland and IDA Ireland in each region to provide tailored supports for impacted firms, with objective of avoiding mass lay-offs and buying time for firms to work through the short-term disruptions.

Lean Business Improvement Voucher

The [Lean Business Continuity Voucher](#) is available to eligible companies to access up to €2,500 in training or advisory services support related to the continued operation of their businesses during the current pandemic. It is open to small, medium or large client companies of Enterprise Ireland or Údarás na Gaeltachta (including High Potential Start-ups). The voucher may be used to obtain services from approved providers.

Local Enterprise Offices

[Local Enterprise Offices](#) in every county will be providing vouchers from €2,500 up to €10,000 (with 50:50 match funding) to support business continuity preparedness, innovation and productivity.

Microfinance Ireland

The maximum loan available from MicroFinance Ireland will be increased from €25,000 to €50,000 as an immediate measure to specifically deal with exceptional circumstances that micro-enterprises (sole traders and firms with up to nine employees) are facing. Applications can be made through the [MFI website](#) or through your [local LEO](#).

Restart Fund for micro and small businesses

The purpose of this €250m fund will be to assist these businesses in reconnecting with the market, their employees and their customers. Details of the scheme will be worked on by the Department of Public Expenditure and Reform in consultation with the Departments of Business, Enterprise and Innovation and Housing, Planning and Local Government and finalised in the coming weeks but it is intended that the fund will operate through a system of rebates/waivers of commercial rates payments from 2019. It is intended that companies will receive a total amount equivalent to no more than their 2019 rates bill and that there will be a cap per business of €10,000. This fund can act as a further targeted support to small and micro enterprises that have been impacted by Covid-19.

Revenue Commissioners

Ireland's Revenue Commissioner has outlined actions to assist SME businesses who will be experiencing cashflow and trading problems because of the Covid-19/Coronavirus pandemic.

For SMEs:

Tax Returns: Businesses experiencing temporary cash flow difficulties should continue to send in tax returns on time.

Application of Interest: The application of interest on late payments is suspended for January/February VAT and both February and March PAYE (Employers) liabilities.

Debt Enforcement: All debt enforcement activity is suspended until further notice.

Tax Clearance: Current tax clearance status will remain in place for all businesses over the coming months.

Revenue Warehousing of tax forbearance

The Revenue tax deferrals have been a vital liquidity support that is easily accessed by those businesses severely impacted by Covid-19. This allowed these businesses to retain cash, which proved to be a key liquidity support and also gave an assurance that the State will support these businesses through the pandemic. It is important that companies availing of this forbearance must continue to file tax returns and keep in contact with Revenue, which ensures tax compliance and assistance is targeted at those most in need.

Arrangements will be put in place to allow debt that cannot be paid during the Covid-related period, to be warehoused interest-free for a year from recommencement of trading, during which time there will be no debt enforcement action taken by Revenue in respect of the debt. Moreover, there will be no interest charge accruing in respect of the warehoused debt (no capital or interest payments). Prior to the expiry of the warehousing period, the business will be expected to engage with Revenue to reach an agreement on an exit strategy more suited to the specific business needs and the need for continued viability.

Businesses will qualify for a significantly reduced rate of interest of 3pc on outstanding debts on agreement of such arrangements, to be set out in legislation. For continued qualification by businesses for these arrangements, it will be a prerequisite that the businesses remain compliant with all their return filing and tax payment obligations in respect of tax periods that postdate the periods covered by the warehoused debt. The operational details are being finalised and the necessary legislative amendments will be brought forward in Finance Bill 2020.

For subcontractors:

RCT (Relevant Contract Tax): The RCT rate review scheduled to take place in March 2020 is suspended. This process assesses the current compliance position of each subcontractor in the eRCT system and determines their correct RCT deduction rate, i.e. 0pc, 20pc or 35pc. As this process may result in a subcontractor's RCT rate increasing due to changes in their compliance position, the review is suspended.

Subcontractors and agents are reminded that RCT rate reviews can be self-managed in ROS. Subcontractors can check if their rate should be lower and can then 'self-review' to get that lower

deduction rate.

For importers:

Customs: Critical pharmaceutical products and medicines will be given a Customs 'green routing' to facilitate uninterrupted importation and supply.

Revenue said that businesses, other than SMEs, who are experiencing temporary cash flow or trading difficulties should contact the Collector-General's office on (01) 7383663. Alternatively, these businesses can engage directly with their branch contacts in Revenue's Large Corporates Division or Medium Enterprises Division.

SBCI Working Capital Scheme

A €200m Strategic Banking Corporation of Ireland (SBCI) Working Capital Scheme for eligible businesses impacted by COVID-19. Loans ranging from €25,000 up to €1.5m will be available at reduced rates, with up to the first €500,000 unsecured. Applications can be made through the [SBCI website](#). The SBCI Covid-19 Working Capital Loan can help businesses avoid layoffs and offset other costs that keep business afloat. This loan can be used for future working capital or to support necessary business changes as a result of COVID-19. The scheme is open until March 2021 or until it is maxed out.

SME Credit Guarantee Scheme

The [SME Credit Guarantee Scheme](#) supports loans of between €10,000 and €1m with terms up to seven years provided by commercial banks, backed by a partial Government guarantee of 80pc. With the SME Credit Guarantee Scheme, SMEs won't be required to provide collateral or risk mitigating their credit when attempting to receive support.

Sustaining Enterprise Fund

The new [Sustaining Enterprise Fund](#) of up to €180 million is specifically aimed at firms with 10 or more employees impacted by Covid-19 that are vulnerable but viable. The fund is operated by Enterprise Ireland, providing repayable advances of up to €800,000 as agreed with the EU under new State Aid rules.

Short Term Work Support

Firms that need to reduce hours or days worked can avail of the Department of Employment Affairs and Social Protection Short Term Work Support by contacting their local Intreo Office, see gov.ie/en/service/c20e1b-short-time-work-support.

Strategic Consultancy Grant

The [Strategic Consultancy Grant](#) is meant to help offset the expense of hiring strategic business consultants who help SMEs sustain business growth. This grant will cover up to 50pc of the costs associated with hiring a consultant to a maximum grant amount of €35,000.

Trading Online Voucher

The Local Enterprise Office [Trading Online Voucher](#) is a government grant scheme, designed to assist small businesses with up to 10 employees. It offers financial assistance of up to €2,500 along with training and advice to help your business trade online. Businesses that have already received a Trading Online Voucher can now apply for a second voucher, where upgrades are required.

Training and Mentoring

Enterprise Ireland's [eiLearn](#) is an online learning resource where you can access over 400 pieces of customised content designed for Irish SMEs. The Local Enterprise Offices have moved training programmes, workshops and networking meet-ups online, covering areas such as cash management in a crisis, leading your business through COVID-19 and advice for employers impacted by the crisis. To find out more telephone or email [your Local Enterprise Office](#).

Tourism sector

In response to the COVID-19 crisis and the impact on the tourism sector, the [Fáilte Ireland Covid-19 Business Support Hub](#) is targeting its supports to respond to the most urgent challenges and threats tourism businesses are now facing.

Written by [John Kennedy](#) (john.kennedy3@boi.com)

Published: 5 May 2020