



Paul O'Donovan & Associates

Chartered Accountants and Registered Auditors



STIMULUS PACKAGE OVERVIEW

Launch

On 23rd July, the Government announced the July Jobs Stimulus, a €7.4 billion package of measures in the next stage designed to stimulate a jobs-led recovery and build economic confidence while continuing to manage the impact of COVID-19.

The goals of the stimulus are to:

- 📈 Aid businesses to protect and create new jobs
- 📈 Support those who are unemployed especially young people
- 📈 Build confidence and solidarity in consumers and communities
- 📈 Start preparing for a greener, more sustainable economy for the future

Summary of Measures

Aid businesses to protect and create new jobs

The Stimulus includes over €4 billion of direct expenditure, €1 billion of taxation measures to directly support businesses, as well as €2 billion in credit guarantees.

A new Employment Wage Support Scheme will succeed the Temporary Wage Subsidy Scheme, and run until April 2021. Employers, whose turnover has fallen 30%, will receive a flat-rate subsidy of up to €203 per week per employee, including for seasonal staff and new employees. New firms operating in impacted sectors will also be eligible. The Scheme is expected to support around 350,000 jobs into the beginning of 2021.

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 level is being increased to €25,000. Further payments may be available to firms which have already received them. Some businesses, such as B&Bs, not previously included in the scheme, will now be eligible.

With limited exceptions, all businesses will be granted a waiver of commercial rates for the six months to end-September 2020, at a total cost of €600 million.





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The €2 billion Covid-19 Credit Guarantee Scheme will see Government provide an 80% guarantee for a wide range of credit products from €10,000 to €1 million up to a maximum term of 6 years.

A package of liquidity and enterprise investment measures worth €55 million will be put in place to support small and micro companies through additional resources for MicroFinance Ireland and the Local Enterprise Offices. This will include measures to reduce interest rates on lending for micro and small businesses, including grants equivalent to 0% interest on the first year of SBCI and MFI loans.

The Future Growth Loan Scheme is being expanded from €200 million to €500 million with the European Investment Bank Group, so businesses with up to 499 employees can invest for the longer-term at competitive rates.

Support the unemployed especially young people

The Pandemic Unemployment Payment, due to end in August 2020, is being extended by 7 months until 1 April 2021, giving those on emergency income support greater security as the country recovers and job opportunities return. The Pandemic Unemployment Payment and Temporary Wage Subsidy Scheme have played a huge role in sustaining household incomes through the worst of the crisis.

Between now and April, there will be a gradual reduction in payment level, linked to previous incomes, bringing payments in line with existing social welfare levels over time. The scheme will close to new claimants from 17 September 2020.

A €200 million investment in training and education, skills development, work placement schemes, recruitment subsidies, and job search and assistance measures, will help those who have lost their jobs find a new one, retrain, or develop new skills, in particular for emerging growth sectors. This will include:

- ✂ 10,000 additional places on work placement and experience schemes available for those unemployed for over 6 months.
- ✂ 12,500 additional places funded through the Training Support Grant for short term skills training.
- ✂ 35,000 additional places in further and higher education. These will be delivered through a variety of measures including Skills to Compete Initiative (SOLAS), Skillnet, Springboard+ and the Human Capital Initiative, as well as through additional undergraduate and postgraduate provision in the Higher Educational Institutions.
- ✂ A Retrofit Skills Training Initiative will support future expansion of the National Retrofitting Programme.
- ✂ 8,000 recruitment subsidies under the JobsPlus scheme. Subsidies of up to €7,500 over two years will be available for employers to hire someone under the age of 30 who is on the Live Register or the Pandemic Unemployment Payment.





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Build confidence and solidarity in consumers and communities

The new Employment Wage Support Scheme and the seven-month extension of the Pandemic Unemployment Payment will provide much needed certainty to businesses and individuals in the coming months.

In addition, to support the badly impacted hospitality and tourism sectors a new Stay and Spend Incentive will see any taxpayer spending over €625, on accommodation, food and non-alcoholic drinks, between October 2020 and April 2021, able to claim back up to €125 through a tax credit.

A €10 million Restart Fund for the Tourism sector is also being introduced, along with a €10 million pilot Performance Support Scheme for the culture sector to assist planning for events in the context of Covid-19.

To provide immediate cash-flow support to previously profitable companies, the early carry-back of trading losses will be allowed, leading to an immediate refund of some or all of corporation tax paid.

There will be a new income tax relief for self-employed individuals who were profitable in 2019 but, as a result of the Covid-19 pandemic, incur losses in 2020.

There will be a 6-month reduction in the standard rate of VAT from 23% to 21%, effective from the beginning of September, at a cost of €440 million.

Enhanced levels of support will be made available under Help to Buy scheme until December 2020 at a cost of €18 million.

The Government will also pass legislation to confirm the previously announced warehousing of tax liabilities. This will allow for 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.

To provide support to taxpayers experiencing difficulty with tax liabilities, the interest rate applying to agreed repayments of all tax debt (where agreement has been reached prior to 30 September 2020) will be reduced to 3%.

An increased allowable expenditure under the 'Cycle To Work Scheme' from €1,000 to €1,500 in respect of 'e-bikes' and €1,250 in respect of other bicycles will be introduced.





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A further €500 million will be provided to accelerate capital works across a wide range of areas. This will generate jobs economic activity across all regions of the country. It includes:

- PS €75 million for minor works for primary and secondary schools
- PS €113 million for active travel, public transport and renewal of transport infrastructure
- PS Over €40 million for investments in a range of heritage, arts, tourism and Gaeltacht-related projects
- PS €20 million investment in courts, prisons and Garda projects, and €10 million in fishery and on-farm renewable energy investments
- PS €15 million in peatlands rehabilitation
- PS €100 million investment in the Energy Efficiency National Retrofit Programme
- PS €60 million for returning vacant local authority housing to use and investment in water infrastructure
- PS €10 million for town and village renewal.

The Government is also committing to increasing capital expenditure in 2021 to €9.1 billion. This level of capital expenditure represents an increase of almost €1 billion or 12% on 2020 levels.

We will be consistently updating the July Jobs Stimulus plan over the coming week, please make sure to follow our social media and check out our website for more Covid-19 updates.

