

Dear Client & Contacts,

Though you may be self-isolating, there's no reason for you to feel isolated. As your accountants we have been busy understanding the implications for your business daily. While we are in difficult times for our business community, there seems to be a great sense of community spirit and collective goodwill that we have seen throughout the community in recent weeks. ***When things are at their worst it is time for us to be at our best.*** We hope that you and your families are keeping well at this extremely difficult time. We are conscious of the challenges we are facing during this crisis and as your accountants we are keen to provide you with the supports you need.

In order for us to better service you during this time, it maybe useful for your records to be kept updated and shared with us on an ongoing basis. And for us to be able to share with you updates on how these changes may affect your business. With that in mind, we have selected some cloud based accounting packages that can be done online and easy to use to use technology to make your accounts function more efficient. Perhaps now is a good time to implement.

We attach our COVID-19 SME toolkit for your perusal and our team have had a busy week dealing with payroll queries. Our payroll outsourcing service is still operating as normal helping SMEs to navigate the new landscape. Now might be a good time to get your tax return done while you have down time from your business. If you want to complete the Income Tax checklist and scan your information to us, we can turn it around and process it for you. You don't need to file it until October but it is something that you could have out of the way in your down time.

In terms of your books and records, if you would like to scan them to us, please do so. If they are too big to scan, you can drop them to our drop off point in our porch without having to meet anybody. We have a collection point for books and records just inside our front door as our office is closed to the public.

Our most common asked questions this week put in basic format :

Refreshingly simple explanation of the Covid-19 supports

€350: Anybody laid off due to Covid-19 gets €350 per week

€410: Any employer suffering a 25% decrease in income can get a subsidy of up to €410 per employee, paid by Revenue to the employer to pay to the employee (some exclusions apply)

The €350 scheme:

- The employee is laid off and not paid – but they can remain on the payroll records as employees but not paid anything
- This cannot be topped up by the employer
- The employee gets €350 per week and there is an online application process
- The self-employed can make a claim for this scheme

The €410 scheme:

- Only open to employers with a 25% reduction in sales (other conditions apply as well)
- The employee does not need to be working, but they need to be on the payroll
- Employee must have been on payroll at 29/2/2020
- The scheme pays 70% of average wages paid in the previous 9 weeks to a maximum of €410
- Weekly pay of €586 will generate the maximum subsidy of €410 ($€586 \times 70\% = €410$)
- The subsidy reduces to €350 as pay increases – high paid get less of a subsidy. The subsidy is the higher of €350 or 70% of net pay where pay is between €586 and €960. There is no refund for employees earning over €960 per week
- Some employees would be on less than €586 a week but the Government will initially refund a flat €410 so a refund may be due to Revenue for the excess
- The €410 is not taxable through payroll – but will be taxed at the year end and the additional tax due will be taken by way of a reduced tax credit for the employee over the next 2 years.
- Because the €410 is not taxable, the employee may end up with a higher net pay compared to normal. They may also end up getting a refund of the tax they paid in the first few months of the year as well - all this will be effectively repaid to Revenue over two years in 2021 and 2022 by a reduction in tax credits.
- There is an average wage test – you can't pay more net wages than the average for the last 9 weeks but be careful as net wages are likely to be higher due to the reduced tax. An employer may need to reduce any top up to keep the net pay with the subsidy at or less than normal net pay – but this is still not wholly clear from the Revenue guidance. If net pay with the subsidy is greater than normal net pay, then the subsidy will be reduced. Consider using week 1 basis for calculating pay if paying the subsidy to minimise the tax issues.
- The combined payment is to be processed under PRSI Class J9
- Employers should tell employees that they will have to pay additional tax next year and employers need to be aware that they may not get the full refund if employees are in receipt of certain other social welfare payments or employment income
- Clarification is being issued almost daily on this scheme, so keep an eye on <https://www.revenue.ie/en/news/articles/guidance-on-the-temporary-covid-19-wage-subsidy-scheme.aspx> for all the details.

On working capital please note :

The SBCI **Covid-19 Working Capital loan launched** recently. This loan is suitable for business impacted by Covid-19 virus and SMEs must meet eligibility criteria. The Eligibility criteria initially appeared restrictive, however the SBCI have advised the **Innovation criteria have a much broader application**, and therefore may **suit a wide range SMEs seeking finance**.

According to SBCI, businesses should also consider innovations in the **context of adaptations, changes and developments** they have made/plan to make across their products (goods and services) and also their **business processes to mitigate the impact of Covid-19**. Business processes could include:

- distribution & logistics;
- marketing sales & after-sales services
- information & communication technology (ICT) services to the business
- administrative & management functions

Key features of the Covid-19 Loan

- Loan amounts of between €25,000 to €1.5m per eligible enterprise.
- Maximum interest rate of 4%.
- Loan terms ranging from 1 year to 3 years.
- **Loans unsecured up to €500,000.**

In addition to this loan, SBCI have repurposed the **Credit Guarantee Scheme (CGS)** to help Businesses impacted by Covid-19.

Key features of the Credit Guarantee Scheme

- Loan amounts of between €10K - €1M
- Interest rate circa 5%
- Loan term up to 7 years
- **Funders may require Personal Guarantees, Debentures etc as deemed necessary**