

Dear Clients & Contacts,

We attach some slides from an excellent webinar from economist Jim Power this week with some useful data. We hope you are enjoying the sunshine and that you have a lovely bank holiday weekend. We are available as always for any support as needed. We have a variety of topics in this Ezine which maybe of interest to you from our most commonly asked queries from our clients.

There has been a great multi- agency approach to solving this crisis demonstrating resilience and leadership . Now that the health crisis is subsiding and in retreat we have an economic one now to face. According to data from leading Economist Jim Power in numerical terms, Ireland has a preponderance of Small and Medium Enterprises (SMEs) spread across Industry, Services & Distribution, and Building & Construction. SMEs are firms that employ less than 250 people. Such firms dominate the Irish economic landscape. In overall terms they account for 99.8% of the total number of business enterprises in the private business economy; they employ 1.06 million people, accounting for 68.4% of the total employment in the private business economy. In recognition of concentration risks in the Irish economy, where a small number of large companies make an inordinate contribution to the economy, it is vital that a strong indigenous sector is developed and nurtured and that SMEs in particular can play an increasingly important role in firstly rebuilding the Irish economy post-Covid-19, and secondly in helping to ensure the longer-terms sustainability of the Irish economic model.

The SME sector played a very important role in pulling the economy out of the labour market crisis in 2012, and with proper support and policy recognition, it will play a very important role in pulling the economy out of the Covid-19 employment crisis. A range of measures are now necessary to ensure that all of these businesses survive the shock posed by Covid-19 as they will play an essential role in re-building the Irish economy once the virus passes and the economy is re-opened. Specific ongoing measures are required to keep those businesses solvent during the crisis, but once the crisis ends, economic recovery will not be possible without those businesses. Longer-term support will be required once Covid-19 passes, because it will take some time for business levels to return to normality and most entrepreneurs predict it could take at least twelve months. We need a stimulus package now that can be delivered quickly to save the sector.

Tax Debt Warehousing: Parking of unpaid VAT & PAYE arrears

In early May the Government announced that it will legislate to allow Revenue to *warehouse* deferred tax debts associated with the COVID-19 crisis.

This means that for the moment, and for 12 months after a business resumes trading, there will be no interest charged on unpaid VAT and PAYE tax bills that arose from the COVID-19 crisis. After this time there will be a lower interest rate of 3% per annum on the repayment of these outstanding warehoused tax debts.

Tax clearance will not be affected by a business availing of tax debt 'warehousing' under this arrangement.

Any tax refunds that may be due during this period will be repaid in full and not offset against the warehoused debts albeit businesses can choose to use these refunds to reduce the amounts owed should they so wish.

There will be three periods in the scheme:

Period 1

COVID-19 restricted trading phase - where the business is unable to trade or was subject to restricted trading, and debts for an additional two months after the business re-commences 'normal' trading.

There will be no collection of any of the debt in question during this period and no interest will apply, but the liabilities must be declared on time by filing the appropriate tax returns.

Period 1 may vary from sector to sector and business to business, depending on when Government restrictions are relaxed in line with the roadmap for re-opening society and business as announced on May 1st

Period 2

Zero interest phase - This will last for 12 months after the end of Period 1.

During this period no interest will be charged on the debt built up in Period 1. Businesses must pay current tax liabilities as they arise.

Period 3

Reduced interest phase - This will last from the end of Period 2 until the COVID-19 related debts built up in Period 1 are paid.

A reduced interest rate of 3% per annum will be charged on the debt from Period 1. This compares to a rate of 10% per annum normally or otherwise due on overdue VAT and PAYE.

Restart Grant & Rates Waiver for Businesses affected by Covid-19

Restart Grant

A Restart Fund of €250 million has been created for micro and small enterprises.

The fund will operate through a system of rebates/waivers of commercial rates payments from 2019. Companies will receive a total amount equivalent to no more than their 2019 rates bill and there will be a cap per business of €10,000. The minimum grant available will be € 2,000.

The grant can be used to pay ongoing fixed costs, for replenishing stock and for measures needed to ensure employee and customer safety.

To get the grant a business must:

Be in the Local Authorities Commercial Rates Payment System

Have an annual turnover of less than €5 million and employ between 1 to 50 people

Have closed or suffered a projected 25% or more loss in turnover to the end June 2020

Commit to remain open or to reopen if it was closed

Declare the intention to retaining employees that are on the Temporary Wage Subsidy Scheme and to reemploy staff on the COVID-19 Pandemic Unemployment Payment where applicable

You can apply online for the grant through your local authority from 22 May 2020.

Processing of applications and payment of the Restart Grant will depend on the initial surge of applications but, as far as is feasible, will be prioritised according to scheduled re-opening dates in the national Roadmap.

Waiving of 2020 commercial rates

Rates due to local authorities from the most immediately impacted businesses – primarily in the retail, hospitality, leisure and childcare sectors, are waived (previously deferred) for a 3 month period beginning on 27 March 2020 for businesses that have been forced to close due to public health requirements. There will also be an application process for the waiver of rates for this 3 month period.

If you have any queries or if you require any assistance on the above please contact us.

Some SME lessons from Forbes to watch out for in the next phase :

<https://www.forbes.com/sites/michaelcwenderoth/2020/05/24/re-opening-your-business-look-to-lessons-from-smes-in-post-lockdown-china/#940cf346b26b>

As we are coming to the recovery phase of this crisis, we are helping businesses to re-open and I would like to thank my team who have been excellent through this crisis, really stepping up to the plate. It has also been very useful to be part of the CPA Ireland network. I chair the SMP/SME committee and we do regular Zoom meetings so that we can chat and interact with other CPA's around the Country to see how they are finding supports and navigating the business world.

I would like to thank you, our clients, for your support in trusting us with your business and we are available to work with you to steer you in your business. Our contactless tax return service is working well for us. A way that you can get your tax return done but with the peace of mind that all necessary points of contact have been removed.

Finally we have invested in technology and upgraded our hardware and software in the office to make us more efficient in terms of our business process and remote team working. Our office and **Kinsale Digital Hub** will shortly re-open to the public. However, our services remained uninterrupted by us utilising the best software and technology available. This is working well for us, helping us to provide a good support service to our clients.

Have a nice weekend.

Kind regards,



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Please check out our SME Support- resources and toolkits on our website updated regularly re COVID 19 on www.fitzgeraldandpartners.com