

SFA members believe that cashflow and liquidity measures, debt forgiveness and reduced labour and consumer taxes will be most important in contributing to the economy going forward. These measures will ensure that the reboot is felt across the country, throughout the economy and that its impact is sustainable and job rich.

Support for small firms now

Cash grants and business rates

The SFA acknowledges that the Government announced COVID-19 business supports are helping small firms through the crisis. Unfortunately, many of these supports are based on eligibility criteria, meaning smaller businesses are being excluded from accessing these much needed supports.

- The SFA would like to see the Government provide cash grants of €15,000 to eligible businesses to help meet their ongoing business costs. Grant recipients would have 50 or less employees. This would be a straightforward application process with no eligibility criteria distributed through Revenue.
- 100% relief on business rates for the remainder of 2020. Central Government to reimburse councils for this holiday, so that no debt is built up by small businesses at this time.

Cashflow

Supporting liquidity amongst small firms, so they can pay their suppliers, salaries and other business costs is essential at this time.

- Deferral of any VAT or PAYE payments due for the next two quarters.
- Financial Services and Pension Ombudsman to be given the authority and resources to independently adjudicate complaints regarding to whether insurance claims are covered or not in the context of COVID-19.
- Accelerate payment of VAT bad debt relief, Section 481, the R&D tax credit and other payments which impact on liquidity.

Lending

- SFA calls for the introduction of a COVID-19 SME Credit Guarantee Scheme to provide short-term credit to solvent small and medium-sized firms affected by the Covid-19 crisis. Under this scheme the Government would provide an 80% guarantee on new small business loans up to €1m at terms of up to 7 years. Loans would be available through the main pillar banks immediately

for 9 months. SMEs will not have to provide security and the State should cover the interest rate for an initial period of 12 months.

- The SFA recommends increasing the COVID-19 Business Loan from Microfinance Ireland to €100,000 and eligibility changed to any business with less than 50 employees and an annual turnover of 5 million euro that are impacted by COVID-19 resulting in a reduction of 15% or more in actual or projected turnover or profit. To ensure the swift processing of Microfinance loan applications additional resources will need to be allocated.
- The €200m Strategic Banking Corporation of Ireland Working Capital scheme for eligible businesses Covid-19 Loan Scheme should be increased to €2 billion for low interest rate investment and working capital loans to impacted businesses of all sizes. These loans should be available at zero interest for the first twelve months, with the interest portion being covered by the State. New lenders and non-bank lenders need to be approved as partners of SBCI to provide small firms with this additional liquidity.

Reboot measures

Business costs

- It is essential that debts built up by businesses due to COVID-19 measures in the area of tax and rates should be written off by Government to ensure that small firms reopen and do not go into liquidation.
- 100% relief on business rates for the remainder of 2020 for all businesses. Review to consider the retention of the 100% relief on business rates for 2021.

Reboot taskforce

- Establish a new SME Reboot Taskforce of key stakeholders to consider areas of action to reboot the small business community across the country.
- Next Government to commit to the implementation of the OECD SME and Entrepreneurship roadmap to bring about a reboot and growth within the SME sector.
- Continued investment in Skillnet Ireland to help small firms invest in training and ensure all employees have the necessary skills to adapt to changes in the economy.

Cost of Employment

- Reduce the lower rate of employer PRSI.
- No change to the National Minimum Wage in 2021 and 2022.
- To encourage job creation, we would propose that no employer PRSI is paid for staff recruited between September and December 2020.

Tax system

- Decrease the VAT rate to 21%.
- To discourage small firms from going into receivership all tax deferrals should be written off by Government.
- Reintroduction of the 9% VAT rate for hospitality and related sectors for the remainder of 2020 and all of 2021.

Procurement

SFA is seeking guidance and information to support small firms who have been awarded a public procurement contract where work stopped or is suspended due to COVID-19.

Insolvency

Review and reform of insolvency and restructuring laws in order to reduce the cost and impact of business insolvency on small firms.

Infrastructure

- The reboot must address the need for access to broadband availability for small businesses in regional areas.
- Maintain competitiveness through the delivery of housing and Project Ireland 2040 initiatives.

Ultimately, these asks will give small business the support they need until circumstances return to normal and will play a critical role in their survival and the ability for our economy to bounce back.

The SFA proudly represents a diverse membership of businesses with less than 50 employees, homegrown and spanning every sector of our economy. Our members can be found in every town and every city in Ireland.

More information about the SFA is available at www.sfa.ie or on Twitter @SFA_Irl