



## COVID-19 EMPLOYER REFUND SCHEME

### Key points for Employers

Revenue has worked closely with DEASP to provide an option for employers to make this payment to their employees through the normal payroll process, and Employers should note the following:

- amounts paid to employees under the scheme are not subject to tax, USC or PRSI.
- amounts paid to employees and notified to Revenue will then be transferred into the employer's bank account by Revenue.
- reimbursement will, in general, be made on a '**next day**' basis. It will ensure a speedy payment process for employees and minimise the hardship for employees who are temporarily laid off.
- refunds of income tax or USC that an employee may be entitled to because of being laid off will also be administered by the employer, **and will be repaid (to the employer) through the scheme.**
- the scheme can be operated for all employees for whom a payroll submission was made by the employer in the period from 1 February 2020 to 15 March 2020.
- where employees have already been laid off and their employer has ceased their employment, they can apply directly to DEASP for the payment.

### What Employers does the scheme apply to?

1. Employers who have temporarily laid off staff as a result of the impact on their business of the COVID-19 (Coronavirus) pandemic
2. Employers that keep their staff on payroll and have not ceased the employee(s) with Revenue
3. Employees for whom a payroll submission was made by the employer in the period from 1 February 2020 to 15 March 2020
4. Employers that are unable to make top-up payments over and above the emergency payment of €203 per week.

*(See above N.B. comments)*

### Making an application for the Refund Scheme

Employers, or their agents, apply to Revenue to operate the scheme by carrying out the following steps:

1. Log on to **ROS myEnquiries** and select the category '**Employer COVID -19 Refund Scheme**'.
  2. Read the declaration and press the '**Submit**' button.
  3. Log on to ROS and in '**Manage bank accounts**', '**Manage EFT**', ensure that the bank account details provided are correct.
- The employer will make the payroll submission to Revenue on or before each pay date.
  - Employers should contact their payroll software providers for assistance in respect of payroll to be processed under this scheme.
  - The employer runs the payroll as normal, entering the following details for each relevant employee:



- PRSI Class set to J9
  - A pay amount of €0.01 (there must be some pay entered for the payroll to run)
  - A non-taxable amount of €203. No other payment amounts are made by the employer to the employee and all temporarily laid off employees are granted the €203
  - The payroll submission must include pay frequency and period number.
4. No other payments are made by the employer to the employee for the applicable week(s) and all temporarily laid off employees receive the €203 per week.
  5. Income tax, USC and PRSI are not deducted from the €203 payment.
  6. Any Income Tax and USC refunds that arise as a result of the application of tax credits and rate bands can be repaid by the employer and this amount will also be refunded to the employer.
  7. The employee must confirm to the employer that they have not, and will not, claim a payment from DEASP whilst the employer makes this payment through the payroll.

Employers will be asked to advise employees to make a Jobseeker's Benefit claim via the MyWelfare.ie online portal (so that the employee(s) can access qualified dependant payments if appropriate).

#### **Employer Refund Process**

Based on the information provided in payroll submissions,

- Revenue will credit €203 per employee per week to the employer's bank account recorded in ROS.
- The credit will include the reference COVID Employer Refund. (The main identifiers include Employer Number Gross Pay of €0.01, J9 PRSI class, Pay Frequency and Employee PPSN, Employment ID).
- Revenue will credit the employer bank account for payroll submissions received before 2:00 PM each day. Depending on the individual bank, the refund should be with the employer on the next banking day.
- If the employee(s) resume employment with the employer, or obtains other supports from DEASP, or secures employment elsewhere, the employer will not include the employee(s) concerned in future submissions.

#### **MICROFINANCE IRELAND COVID-19 BUSINESS LOAN**

Government has provided businesses with access to loan finance as one of a variety of support measures during the COVID-19 crisis, with an additional avenue available to most SMEs in this situation being the Microfinance Ireland COVID-19 Business loan.



Through this loan initiative 'Microenterprises' can access up to a **maximum in funding €50,000** from MicroFinance Ireland.

#### **Who can apply?**

- Any **microenterprise (Sole Trader, Partnership or Limited Company)** who is currently trading
- **not in a position to avail of Bank finance** and
- is experiencing a COVID-19 negative impact on their business i.e. a negative impact of a minimum of 15% of actual or projected in turnover or profit

What is a microenterprise?

- A micro-enterprise is a business with:
- fewer than 10 full-time employees
- less than €2m annual turnover and
- a Balance Sheet with Net Worth/Capital Account/Equity that does not exceed €2m.

#### **What are the eligibility criteria?**

In order to apply for finance up to €50,000, the business must provide a declaration to Microfinance Ireland that they meet the following eligibility criteria:

1. A minimum of 15% of actual or projected turnover or profit in the business is negatively impacted by COVID-19
2. The business is a micro-enterprise i.e. complies with the terms listed above
3. The business is having difficulty in accessing finance from Banks and/or other commercial lending providers.

#### **Other information or features ?**

- Loans may be used for working capital and required business changes as a result of COVID 19
- Loan terms up to a maximum of 3 years
- Interest only payments up to 6 months
- Interest rate of 6.8% if submitted through Local Enterprise Office or referred by your Bank and 7.8% if you apply directly
- No fees and/or hidden costs with fixed repayments with no penalty for early repayment

#### **Information Requirements ?**

Documents required to apply include the following:

- Application Form
- COVID 19 Business Plan
- Cashflow Forecast
- 6 Months Bank Statements
- Central Credit Register Report (CCR) **[For limited companies we require a personal credit report from CCR for all shareholders and / or Directors with a 25% or shareholding the Company]**
- for loans > €25,000 there will also be 'Aged list of Trade Debtors and Trade Creditors and Preferential Creditors'



## **STRATEGIC BANKING CORPORATION OF IRELAND (SBCI) COVID-19 WORKING CAPITAL SCHEME**

This is another Government backed loan financing initiative available to businesses of all sizes, however the **€200m SBCI COVID-19 Working Capital Scheme** will offer a maximum funding (**for working capital purposes**) to businesses of €1.5 million, with the initial €500,000 being unsecured.

Business loans from the SBCI COVID-19 Working Capital Scheme will be available (currently) at an interest rate not in excess of 4% and applications by businesses need to be made via the SBCI website **sbc.gov.ie**.

### **When will the scheme be available for applications?**

As above, the scheme should be available for applications within circa 1 week.

However, in the interim businesses should consider if one of the existing supports already in place via SBCI may be suitable e.g. **Credit Guarantee Scheme** and the **Brexit Loan Scheme**.

### **What is working capital?**



Working capital is a measure of the short-term liquidity of a business, finances the day to day running of a business. This includes cashflow for operational purposes.

### **Who can apply to the scheme?**

Viable micro, small and medium sized enterprises (SMEs) and Small MidCap enterprises (not an SME but has fewer than 500 employees) that meet the eligibility criteria, which includes the following:

- have fewer than 250 employees
- have a turnover of €50 million or less (or €43 million or less on their balance sheet)
- are independent and autonomous i.e. not part of a wider group of enterprises
- have less than 25% of their capital held by public bodies
- are established and operating in the Republic of Ireland

### **Who cannot apply to the scheme?**

Businesses that cannot apply to the scheme include the following:

- that are involved in the primary agriculture and/or aquaculture sector
- that are already in financial difficulty (before the additional financial/cashflow pressures caused by the COVID19 situation)
- are bankrupt or being wound up or having its affairs administered by courts
- in the last 5 years has entered in to an arrangement with creditors, in the context of being bankrupt or wound-up or having its affairs administered by the courts
- are convicted of an offense concerning professional misconduct by judgement, fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity where such illegal activity is detrimental to the European Union's financial interests.

### **How much can my business borrow under the scheme?**

Loans from €25,000 up to €1.5 million can be applied for under the scheme.

### **Will I need to provide security for a loan?**

No security will be provided for loan amounts of up to €500k.

### **What is the loan period under the scheme?**

Loans will be up for periods of up to 3 years in duration.

### **What will I have to do to apply for a loan under the scheme?**

There will be a two-step process to apply for a loan:

- **confirm your eligibility** by completing the Eligibility Application form which will be available at [sbci.gov.ie](http://sbci.gov.ie). You will receive an eligibility letter if your application is successful. This eligibility letter is not a guarantee of loan approval.
- **engage with the Bank(s)** (once you receive confirmation that you are eligible) to begin their standard loan application process. It is only at this stage that a decision will be made on credit approval.