

Business Community Support - Priority Actions

Chambers Ireland are continuing to conduct a series of nationwide surveys on the impact of COVID-19 on the business community. All corners of the country are represented in the responses and the results will inform the advocacy of Chambers Ireland and affiliated chambers, on behalf of businesses throughout the country, and provide guidance to the Government on next steps required to support business through the crisis.

[The second in a series of Chamber Network surveys](#), published on 9 April with over 1,100 responses, found that:

“99% of respondents believe that there will need to be a post-COVID19 economic stimulus package”

“96% believe that the measures that have already been introduced will need to have their timelines extended”

“95% believe that there is a need for liquidity grants for businesses”

Measures already introduced, while critical in the first response to support business, will need to evolve in scale and scope. Further, there is unanimous agreement that a post-COVID-19 stimulus package will be required, and part of these measures must include the provision of grants for business to help them re-open their doors and restore jobs lost.

Surviving the Crisis – Priority Actions

1. Commercial Rates

Our latest survey results reveal that 76% of businesses owners/operators believe that the existing deferral of Commercial Rates payments to the end of May will not be enough to have any meaningful impact on their business.

The results also show that:

“Rates holiday would need to last for at least 6 months”

“A significant minority (17%) believe that the extension would need to be for 12 months, as was introduced in the UK”¹

“Businesses that are in sectors which have had to close entirely should not be charged rates for the duration of these closures”

Chambers Ireland recommends that in order to support businesses effectively, moratoriums on rates will need to be extended for up to 12 months

- a) A new model for funding local government, through central funding, will need to be agreed by Government to bridge the resulting gap in expected rates returns.
- b) Further action on rates relief must be implemented and communicated consistently and equitably across all local authorities so that there is a clear understanding amongst local officials as to how it will be applied.
- c) There must be a level playing field for all businesses across the country.

2. Extension of Deferrals in VAT / PAYE / PRSI

It is essential that we see an extension from the Revenue Commissioners on deferrals on VAT, PAYE, and PRSI to ease the impact on businesses that will be experienced resulting from the loss in revenues in the coming weeks and months.

“84% of businesses expect revenue to decline by in excess of 25% in the next 3 months”

“Approximately 25% of businesses expect their revenue to decline by more than 90% over the next 3 months”

“Smaller firms are more concerned about loss of revenue and are more likely to expect a 100% reduction in revenue”

Across the EU, there are several member states who have adopted measures in this regard to ease financial pressures on businesses currently. 3-month VAT and tax deferrals have been widely adopted with examples of different systems including:

Greece	<ul style="list-style-type: none"> ➤ VAT deferrals for 4 months ➤ VAT payers who do not lay off staff may withhold 25% of their VAT due in April to assist during the COVID-19 crisis ➤ VAT reduction from 24% to 6% on medical products related to the epidemic which is effective until the end of this year.²
Luxembourg	<ul style="list-style-type: none"> ➤ Refunds of VAT credits for businesses on balances below €10,000, which aims to help to improve cash positions of approximately 20,000 enterprises. No fines will be levied for late filing of VAT returns until further notice ➤ Businesses may now apply for postponement of VAT payments stretching back to the start of the COVID-19 crisis. The applicant must show financial difficulties due to the situation.³

¹ <https://www.gov.uk/guidance/check-if-your-retail-hospitality-or-leisure-business-is-eligible-for-business-rates-relief-due-to-coronavirus-covid-19>

² <https://www.avalara.com/vatlive/en/vat-news/greece-4-month-vat-payment-deferment-for-coronavirus.html>

³ <https://www.avalara.com/vatlive/en/vat-news/luxembourg-vat-credits-in-coronavirus-pandemic.html>

Croatia	VAT payments deferrals in Croatia between 10 of April and 10 of June for companies whose turnover did not exceed €1m according to tax declarations submitted in 2019, or if they have experienced turnover decreases by more than 25% as a result of COVID-19. Arrangements will be made so that the payments will be paid progressively until November 11, 2020. ⁴
Austria	<ul style="list-style-type: none"> ➤ Reduction in income and corporate tax payments on a case-by-case basis for 2020 ➤ Deferral of tax payments and ability to pay tax in installments ➤ Reduction or relief from late tax payment penalties; Suspension of tax audits for 2020.⁵
Germany	<ul style="list-style-type: none"> ➤ Businesses may apply for a delay on Value Added Tax payments until 31 December 2020. ➤ Companies need only provide basic evidence of challenging trading circumstances to gain approval for a postponement. A further delay beyond 2020 may also be requested, although the evidence hurdle is higher.⁶

3. Funding Business Liquidity

A new approach to funding business liquidity that goes beyond wages, both in terms of funding rent and overheads must be introduced. A second wave of financial supports will then be required to aid working capital when business reopens.

“95% of respondents believe that there is a need for liquidity grants to be provided to businesses”

While the existing supports announced by Government will be of use to some companies, the feedback we have received from our members is that, particularly for smaller businesses, the rate of interest and application criteria make these supports unsuitable for many. Long-term, 0% or very low interest, loans or grants will be needed throughout both the crisis and the recovery.

- The first phase of business grants will need to address ongoing business overheads, such as utilities and rent. The Wage Subsidy Scheme is playing a valuable role in supporting cash-flow for business, while maintaining the link between employer and employee. We need to expand the support by the state on the same principle. A similar form of state subsid or grant to cover overheads will be essential if these businesses have any chance of reopening.
- As we enter the recovery, subsequent phases of grants and low interest loans will be needed to fund working capital for businesses when re-opening.

⁴ <https://home.kpmg/us/en/home/insights/2020/04/tnf-croatia-tax-relief-includes-payment-deferrals-exemptions-and-filing-extensions-covid-19.html>

⁵ <https://home.kpmg/us/en/home/insights/2020/03/tnf-austria-tax-relief-measures-regarding-coronavirus.html>

⁶ <https://www.avalara.com/vatlive/en/vat-news/germany-vat-holidays-for-coronavirus-outbreak-.html>

Denmark	Denmark have agreed to compensate companies for the fixed expenses (rent and contract obligations) depending on their level of income loss. ⁷
UK	The UK are offering Cash Grants to SMEs that range from £10,000 for small firms to £25,000 for medium-sized businesses in the retail, hospitality and leisure sectors with a rateable value of between £15,000 and £51,000. ⁸
Australia	Australia have introduced commercial rent supports whereby rent reductions are based on the tenant's decline in turnover to ensure that the burden is shared between both landlords and tenants. In doing so, benefits that property owners receive (such as reduced charges, land tax, deferred loan payments, etc) are also passed on to the SME and not-for profit tenants (in the appropriate proportion). ⁹

4. Leadership on Prompt Payment

Cash flow has been identified as the number one difficulty for our members since the start of the crisis.¹⁰ Chambers Ireland is calling for engagement with the prompt payment legislation and to send a message to business, both public and private, that if you can pay, you should do so on time.

There are businesses who have not been hit quite so dramatically, so we are calling on these companies to play their part and ensure they pay bills on time and support fellow business owners to stay afloat during the crisis. This of course also goes for Government Departments, Agencies, Local Authorities, State and Semi-State bodies. Keeping cash moving in the economy, where possible, will be essential to supporting businesses through this crisis and averting the prolonged impacts of the recession to come.

- In our [most recent survey](#), businesses were asked if invoices were being paid by state bodies early and on time. While the majority confirmed this was the case, a significant minority (33%) said that payment was taking longer than 15 days.
- We're calling on Government to join Chambers in making a statement on importance of prompt payment for those who can pay.

⁷ <https://www.twobirds.com/en/news/articles/2020/denmark/covid-19-guidance-for-employers-in-denmark>

⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/878807/business_support_grants-local_authorities_guidance.pdf

⁹ <https://www.business.gov.au/Risk-management/Emergency-management/Coronavirus-information-and-support-for-business/Relief-for-commercial-tenancies>

¹⁰ <https://www.chambers.ie/news/chambers-ireland-calls-for-public-and-private-sector-to-play-their-part-and-keep-cash-moving-in-the-economy/>

5. Consultation and Collaboration- The way forward

It is possible that there will be several phases of outbreaks of COVID-19 until there is either a vaccine or a cure. Should this occur, the restrictions we're currently experiencing are likely to be introduced and relaxed several times, with the economy taking a hit on each instance.

As such, it is imperative that the response by Government is co-ordinated in consultation with organisations like our member chambers. Ensuring that supports are flexible and evolve with the crisis must be the priority of this Government and a new Government.

The best way to ensure that state supports evolve in line with business need, is to provide ongoing open lines of communication. For example, as was done in Northern Ireland¹¹, the establishment of an Ad Hoc Oireachtas Committee to look at response to COVID-19 and supports for business and communities would be helpful. A forum or Committee, like this could seek feedback on existing schemes, analyse and respond accordingly so that legislation can be easily amended in response to anomalies and changing economic circumstances.

To assist business through this crisis, supports, like the Wage Subsidy Scheme, will need a lifespan much longer than initially anticipated. Cash flow measures will also be needed to ensure business continuity and the ability to respond and re-open during periods of relaxed curtailment in the economy and society

In line with expanding the Wage Subsidy Scheme in response to changing economic circumstances, a response to staff shortages in essential sectors, particularly for food producers, is likely to be needed, where these sectors will require increased supports so they can attract staff. For examples, consideration should be given to introducing incentives for those who are under-employed to move to these sectors and take up temporary positions.

Further, significant collaboration and consultation will be required between business and decision makers as we review and agree the pathway to lifting restrictions, and how this can be applied to various sectors. For example as was set out in the [recently published Commission Roadmap](#), consultation will be needed on the identification of these sectors, the construction of a hierarchy of sectors based on risk, analysis on whether a regional distinctions are appropriate and the formation of corresponding health and safety regulations which will be needed to ensure that consumers and staff are safe and unlikely to contribute to the additional outbreaks.

¹¹ <http://www.niassembly.gov.uk/news-and-media/press-releases/session-2019--2020/speaker-announces-new-ad-hoc-covid-19-response-committee-meeting/>