

A stack of Euro banknotes is shown, with denominations of 50, 100, 200, and 500 visible. The notes are slightly out of focus, creating a sense of depth. The background is a mix of orange and white geometric shapes.

Reaction to the July Stimulus Package

Coverage Report 24th July 2020

Mixed reaction from businesses to July Stimulus plan

Updated / Thursday, 23 Jul 2020 20:31



Link: [here](#)

Representative groups and businesses have been reacting to the July Stimulus package, agreed by the Cabinet this afternoon.

The [€5bn package of 50 new measures is aimed at saving businesses and jobs amid the Covid-19 pandemic.](#)

SMEs

SME Recovery Ireland has welcomed some elements of the plan, but described the overall package as "lacking in scale and ambition" and a "missed opportunity" to pump much needed confidence back into Ireland's SME sector.

Chair of SME Recovery Ireland, John Moran said the plan incorporates some of the measures the group has been calling for in recent weeks.

"It has recognised the key role SME's will play in the recovery and the need to protect them in as far as it includes a more robust grant scheme, an extended wage subsidy scheme and additional powers for the SBCI," he said.

However, Mr Moran said the measures do not go far enough to prevent firms from folding.

"A legacy of unpaid bills, liquidation sales and boarded up shop fronts in towns and villages across the country remains a real reality, while people dependent on unemployment payments face little hope of finding a new job," he said.

Mr Moran said he expects to see more businesses being forced to close in the weeks ahead.

"Being too frugal at this critical stage is a mistake – we must not be penny wise and pound foolish. If this plan does not permit the SME sector is to get back on its feet and drive the reboot of Ireland's economy, the stimulus must then act as the platform to ensure that the National Economic Recovery Plan due to be published in a couple of months with Budget 2021, does more to provide compensation to small businesses for the losses incurred while forced to close," he said.

Meanwhile, Chartered Accountants Ireland has said the July stimulus package throws a lifeline to the SME sector.

Dr Brian Keegan, Director of Public Policy, welcomed the extension of the Wage Subsidy Scheme and the Pandemic Unemployment Payment, along with funding for businesses reopening.

"Government has renewed the most effective business relief in the Employment Wage Support Scheme. This approach since March has been the most effective because it leveraged existing structures within the tax system and involved less red tape. Time is key for businesses and the less red tape to navigate, the more time they can spend on salvaging their livelihoods. The approach on commercial rate deferral also reflects this thinking," he said.

23rd July 2020

Mr Keegan added that while it is good to have additional sources of funding for business, grant aid needs to play a strong role.

"We note in particular the increases to the Restart Grants both in terms of amount and scope. We cannot afford to replace a liquidity crisis with a debt crisis," he added.

According to Mr Keegan, the measures announced will yield dividends for the country in the future, if the spending balance is right.

Ibec

Ibec, the group that represents Irish business, has strongly welcomed the July Stimulus package.

CEO Danny McCoy said the package is an important step in rebooting the economy.

"Government has taken on board Ibec's extensive inputs over recent months and unveiled a comprehensive package of economic and business supports. It is imperative that the package is now delivered alongside measures that ensure as safe a return to as much economic activity as possible in the coming months," he said.

Mr McCoy called for the various supports to be delivered more efficiently than had been the case to date.

"The suite of financial supports announced today, including the amendments to the Restart Grant and Covid-19 Credit Guarantee scheme, will bring huge relief to businesses who are continuing to overcome the challenges posed by Covid disruption." he said.

He welcomed the extension and expansion in scope of the Wage Subsidy Scheme and the €200m dedicated to retraining those who have been made unemployed over the course of the pandemic.

"Getting those workers who have lost their jobs because of Covid back into the labour market will be a key determinant of the rate of our economic recovery. Such supports must be targeted at those sectors and regions most adversely impacted by Covid."

Mr McCoy said the commitment of €500m to accelerate capital works projects will enable the advancement of regional development, housing and sustainable transport objectives.

However, he added caution that this stimulus package alone will not reboot the economy and should be part of a wider suite of measures aimed at delivering economic recovery.

Family businesses

The organisation representing Irish family-owned businesses has given a cautious welcome to the list of measures.

John McGrane, Executive Director of Family Business Network Ireland welcomed the expansion of the Restart Grant, the extension of the commercial rates waiver and the new payroll supports through the Employee Wage Support Scheme.

23rd July 2020

"These direct supports provide family owned companies with the cash and breathing space to quickly rebuild their businesses. It is now vital that businesses can quickly access the new cash grants without burdensome administrative barriers being put in place. The new staycation rebate will also provide a much-needed lifeline for hotels and restaurants in the off-peak months," he said.

Mr McGrane said family businesses commend the introduction of the new Stay and Spend tax rebate and the other measures announced for the hospitality and tourism sector, but said the Government must do more.

"The scale of the crisis facing the sector industry requires bold action. To protect the viability of family businesses in the sector, we call on Government to replicate the UK's decision to reduce VAT for the hospitality sector to 5%," he said.

Retail Excellence

Retail Excellence has welcomed a number of measures included in the package, but Managing Director, Duncan Graham said he believes more needs to be done to prevent further store closures and job losses in retail.

"We are pleased to see the reduction in the 23% VAT rate to 21% a further write off of commercial rates to the end of September, the extension of the Wage Subsidy scheme to 2021, and a further €8m being allocated for retailers to develop their online presence. Whilst these measures will go some way to help retailers recover, we fear it may not be enough to prevent further stores closures and job losses in the sector," he said.

Tourism

The Irish Tourism Industry Confederation, the representative body of tourism businesses across Ireland, has welcomed the extension of the Wage Subsidy Scheme and the staycation voucher initiative, but said more needs to be done to protect the sector.

Eoghan O'Mara Walsh, CEO of the ITIC, said Covid-19 has "decimated" the Irish tourism and hospitality industry.

"Although the domestic market is important it can never cover the lost earnings from overseas visitors. As many as 20,000 tourism and hospitality businesses are clinging on by their fingertips and they need wide-scale financial support to prevent significant job losses and business closures particularly in regional Ireland. We are particularly disappointed that the tourism Vat rate was not cut to stimulate demand and put Ireland on a competitive footing with the UK and rest of Europe," he said.

With over three quarters of Ireland's tourism economy made up of international visitation, Mr O'Mara remained critical of the Government's policy on international arrivals.

"In our view, it needs to be completely overhauled. The quarantine rule and green list simply do not work and are wholly inadequate. We urge the government to urgently replace them and implement a comprehensive testing policy so that international tourism can recommence whilst ensuring public health is maintained," he said.

Restaurants

The Restaurants Association of Ireland has said the July Stimulus is "cold comfort" to thousands of restaurants and businesses in the hospitality sector.

The RAI had been calling for the immediate reduction of the tourism and hospitality VAT to 5%.

CEO Adrian Cummins said that businesses in the border region will be forced to compete with the 5% rate in Northern Ireland.

"By not decreasing the Tourism and Hospitality VAT rate today in line with our EU counterparts and closest neighbour today's July Stimulus has put a nail in the coffin for border Restaurant & Hospitality businesses competing with 5% rate in Northern Ireland," he said.

Mr Cummins appealed to the Government to further support businesses in the sector to reopen and to retain employees.

"To ignore immediate legislative issues such as; insurance reform and commercial leases until October's Budget would result in the demise of a significant number of businesses and immediate job losses. I am appealing to the Government to rethink this decision and to support independent tourism and hospitality businesses around the country with a targeted grants package," he said.

The RAI welcomed the extension of the Temporary Wage Subsidy Scheme and the inclusion of seasonal and new businesses.

It also welcomed the additional restart grant, and the decrease in alcohol VAT rate to 21%.

However, Mr Cummins said that without further supports, many local businesses will close permanently.

"If the government fails to act, this lack of support for Irish restaurants could cost the state €2.8 billion over the next 24-month post-COVID19 period," he added.

Chambers Ireland

Chambers Ireland has said the July Stimulus gives "breathing room" for business, but said a long-term strategy for recovery will be needed.

23rd July 2020

Chief Executive Ian Talbot, said the schemes and funds announced today need to be made immediately available to businesses.

"Ongoing commitments to a Wage Support Scheme, expanded grant aid and liquidity supports are welcome and have formed part of our own priority recommendation to Government in the past several weeks. The tax rebate for tourism will be also provide a welcome stimulus to the sector as it approaches the winter season," he said.

However, Mr Talbot said some of the announcements today may fall short of what is needed.

"Our own data has shown us how deeply impacted businesses in local economies have been because of Covid-19. Many will struggle to pay commercial rates and other bills this year, which will leave local authorities in a very vulnerable position at a time when we need them to be supporting and investing in local economies more than ever," he said.

Conference organisers

The association that represents conference organisers has said the Government stimulus plan is "a step forward but not enough."

The Association of Irish Professional Conference Organisers, represents ten companies which organise international conferences in Ireland, and which between them employ 230 event professionals.

The AIPCO said the aim of the July stimulus is to save jobs and get people back to work however it falls short in many areas in its aim to do this.

Ronan Flood, Chairman of AIPCO, said while they welcome the extension of the TWSS and changes to the restart grant, overall they are disappointed with the plan.

"We are disappointed there has been no VAT exemption scheme for our sector. This would offer Ireland the possibility of competing effectively with competitor destinations and would lead to increased employment in the wider tourism sector. We were hoping for the application of a VAT exemption when a local professional conference organiser is used. This would allow Ireland to compete with other countries who are offering this incentive," he said.

€5.2bn economic package, with VAT cut from 23pc to 21pc and help-to-buy scheme expanded

- VAT will be cut from 23pc to 21pc
- Stay and Spend initiative to see holidaymakers and diners spend up to €625 to claim back maximum €125 tax rebate
- Help to Buy scheme for first time buyers to be increased from €20,000 to €30,000
- Employment Wage Support Scheme will succeed the Temporary Wage Subsidy Scheme and run until April 2021

Link: [here](#)



A group representing family businesses has given a cautious welcome to July Stimulus Package.

Executive Director, Family Business Network Ireland John McGrane, said that more must be done to reduce the VAT rate even further.

“Although family businesses commend the introduction of the new Stay and Spend tax rebate and the other new measures aimed at protecting the hospitality and tourism sector, Government can and must do more. The scale of the crisis facing the sector industry requires bold action.

“To protect the viability of family businesses in the sector, we call on Government to replicate the UK’s decision to reduce VAT for the hospitality sector to 5%,” he added.

Business Post

23rd July 2020

FBN Executive Director, John McGrane, undertook an interview with the Business Post and his reaction to Thursday's announcement will feature in this Sunday's paper

