



Rialtas na hÉireann  
Government of Ireland

# July Jobs Stimulus 2020



Prepared by the Department of the Taoiseach  
gov.ie



## **July Jobs Stimulus Overview Document**

### **1. Purpose**

The July Jobs Stimulus will help get Ireland's businesses back on their feet and get as many people as possible back to work quickly. It is the next stage in Ireland's response to the Covid-19 crisis, building on the extensive business and employment supports already deployed.

The Stimulus will:

- help businesses to protect jobs and create new jobs
- support people without jobs, especially young people
- build confidence and solidarity in consumers and communities
- start preparing for a greener, more sustainable economy in the future

### **2. Response to Covid-19**

Covid-19 has had an enormous impact on communities, businesses, families and individuals across the country. The absolute priority of the Government is the wellbeing of our people and communities.

Covid-19 remains a major challenge for us all. We must continue to be guided by public health advice. This advice will remain to the fore as we reopen our economy and continue our recovery path.

Unprecedented levels of support have already been deployed to help businesses and our people, including the Pandemic Unemployment Payment, the Temporary Wage Subsidy Scheme, the Restart Grant, Rates Waivers, and credit schemes for businesses of all sizes.

In total, before the July Stimulus the Government has provided business and employment support measures with a value of €14.6 billion (see Appendix for breakdown).

Thanks to the efforts of the Irish people, large parts of the economy are now safely re-opened. However, some parts remain closed, while many open businesses are severely impacted by reduced demand, as well as social distancing and public health requirements.

Now is the right time to start on the path to a jobs-led sustainable recovery. The July Stimulus of over €7 billion will build economic confidence, within public health constraints, and deliver immediate effective supports to get people back to work.

### **3. Economic Framework**

Like all countries, Ireland's economy has been badly affected by the Covid-19 pandemic.

At its peak, unemployment, including those on the Pandemic Unemployment Payment, reached over 28%. Thankfully, this level is now falling again. GDP is forecast to decline by 10.5% this year.

The pandemic and the lockdown saw a massive increase in savings (a record €3 billion in May and further €1.5 billion in June), but consumer spending levels have recovered in recent weeks.

The Government has responded to the pandemic by borrowing heavily to support Irish people and businesses affected – under current plans we will borrow around €30 billion to stimulate the economy this year.

The July Jobs Stimulus is the next phase in the Government's response, building on the steps taken to date, with the central aim of keeping people in, and getting them back to work. In total, the stimulus package is worth approximately €7.4 billion, including tax, expenditure and credit supports.

As part of today's announcement, the Government is also reconfirming our plans to grow infrastructure expenditure next year by €1 billion, or 12%, to over €9bn. This will allow for an acceleration of the investment priorities set out in the Programme for Government, allowing much needed improvements in housing, broadband, schools, transport and healthcare.

While this is a major stimulus initiative by any standards – it is not the last action the Government will take if needed. Further steps will be taken with Budget 2021 in October. It will be accompanied by a National Economic Plan, charting our long-term jobs recovery.

As we look to the future, we must also take into account other challenges, such as Brexit. The UK's departure from the Single Market and the Customs Union at the end of this year will bring change, in particular for businesses trading with or through the UK.

Change is also taking place in other ways. The move to remote working, online trading, and digital services, have accelerated during the pandemic. This will be a permanent feature of the economy which we must prepare for now.

Most important of all, businesses and workers will also need to continue to transition successfully to the green economy of the future, which will have profound implications for all sectors of our society and economy.

#### **4. Summary of Measures**

##### ***(i) Help businesses to retain existing jobs and create new ones***

The Stimulus includes over €4 billion of direct expenditure, €1 billion of taxation measures to directly support businesses, as well as €2 billion in credit guarantees.

A new Employment Wage Support Scheme will succeed the Temporary Wage Subsidy Scheme, and run until April 2021. Employers, whose turnover has fallen 30%, will receive a flat-rate subsidy of up to €203 per week per employee, including for seasonal staff and new

employees. New firms operating in impacted sectors will also be eligible. The Scheme is expected to support around 350,000 jobs into the beginning of 2021.

The Restart Grant for Enterprises is being extended to a broader base of SMEs and expanded by €300 million, bringing the total funding of the Restart Grant to €550 million. The payment level is being increased to €25,000. Further payments may be available to firms which have already received them. Some businesses, such as B&Bs, not previously included in the scheme, will now be eligible.

With limited exceptions, all businesses will be granted a waiver of commercial rates for the six months to end-September 2020, at a total cost of €600 million.

The €2 billion Covid-19 Credit Guarantee Scheme, will see Government provide an 80% guarantee for a wide range of credit products from €10,000 to €1 million up to a maximum term of 6 years.

A package of liquidity and enterprise investment measures worth €55 million will be put in place to support small and micro companies through additional resources for MicroFinance Ireland and the Local Enterprise Offices. This will include measures to reduce interest rates on lending for micro and small businesses, including grants equivalent to 0% interest on the first year of SBCI and MFI loans.

The Future Growth Loan Scheme is being expanded from €200 million to €500 million with the European Investment Bank Group, so businesses with up to 499 employees can invest for the longer-term at competitive rates.

***(ii) Support People without jobs, especially young people***

The Pandemic Unemployment Payment, due to end in August 2020, is being extended by 7 months until 1 April 2021, giving those on emergency income support greater security as the country recovers and job opportunities return. The Pandemic Unemployment Payment and Temporary Wage Subsidy Scheme have played a huge role in sustaining household incomes through the worst of the crisis.

Between now and April, there will be a gradual reduction in payment level, linked to previous incomes, bringing payments in line with existing social welfare levels over time. The scheme will close to new claimants from 17 September 2020.

A €200 million investment in training and education, skills development, work placement schemes, recruitment subsidies, and job search and assistance measures, will help those who have lost their jobs find a new one, retrain, or develop new skills, in particular for emerging growth sectors. This will include:

- 10,000 additional places on work placement and experience schemes available for those unemployed for over 6 months.
- 12,500 additional places funded through the Training Support Grant for short term skills training.

- 35,000 additional places in further and higher education. These will be delivered through a variety of measures including Skills to Compete Initiative (SOLAS), Skillnet, Springboard+ and the Human Capital Initiative, as well as through additional undergraduate and postgraduate provision in the Higher Educational Institutions.
- The Apprenticeship Incentivisation Scheme will provide a €2,000 payment to support employers to take on new apprenticeships in 2020.
- A Retrofit Skills Training Initiative will support future expansion of the National Retrofitting Programme.
- 8,000 recruitment subsidies under the JobsPlus scheme. Subsidies of up to €7,500 over two years will be available for employers to hire someone under the age of 30 who is on the Live Register or the Pandemic Unemployment Payment.
- The capacity of the Public Employment Service will be increased to support jobseekers through job search advice and assistance, including through contracted services such as JobClubs, JobPath and Local Employment Services.
- The Back to Work Enterprise Allowance and Back to Education Allowance will be extended to people currently in receipt of the Pandemic Unemployment Payment.
- 3,000 additional places will be funded on State Employment schemes such as Community Employment and Tús.

**(iii) *Build Confidence in Consumers and Communities***

The new Employment Wage Support Scheme and the seven-month extension of the Pandemic Unemployment Payment will provide much needed certainty to businesses and individuals in the coming months.

In addition, to support the badly impacted hospitality and tourism sectors a new Stay and Spend Incentive will see any taxpayer spending over €625, on accommodation, food and non-alcoholic drinks, between October 2020 and April 2021, able to claim back up to €125 through a tax credit.

A €10 million Restart Fund for the Tourism sector is also being introduced, along with a €10 million pilot Performance Support Scheme for the culture sector to assist planning for events in the context of Covid-19.

To provide immediate cash-flow support to previously profitable companies, the early carry-back of trading losses will be allowed, leading to an immediate refund of some or all of corporation tax paid.

There will be a new income tax relief for self-employed individuals who were profitable in 2019 but, as a result of the Covid-19 pandemic, incur losses in 2020.

There will be a 6-month reduction in the standard rate of VAT from 23% to 21%, effective from the beginning of September, at a cost of €440 million.

Enhanced levels of support will be made available under Help to Buy scheme until December 2020 at a cost of €18 million.

The Government will also pass legislation to confirm the previously announced warehousing of tax liabilities. This will allow for businesses affected by Covid-19 to delay payment of their PAYE and VAT debts in part or in full for a set period with no interest or penalties.

In order to provide support to taxpayers experiencing difficulty with tax liabilities, the interest rate applying to agreed repayments of all tax debt (where agreement has been reached prior to 30 September 2020) will be reduced to 3%.

An increased allowable expenditure under the 'Cycle To Work Scheme' from €1,000 to €1,500 in respect of 'ebikes' and €1,250 in respect of other bicycles will be introduced.

***(iv) Investment in Communities and Jobs***

A further €500 million will be provided to accelerate capital works across a wide range of areas. This will generate jobs economic activity across all regions of the country. It includes:

- €75 million for minor works for primary and secondary schools
- €113 million for active travel, public transport and renewal of transport infrastructure
- Over €40 million for investments in a range of heritage, arts, tourism and Gaeltacht-related projects
- €20 million investment in courts, prisons and Garda projects, and €10 million in fishery and on-farm renewable energy investments
- €15 million in peatlands rehabilitation
- €100 million investment in the Energy Efficiency National Retrofit Programme
- €60 million for returning vacant local authority housing to use and investment in water infrastructure
- €10 million for town and village renewal

In line with the Governments' commitments in the New Decade New Approach agreement, support will be provided to progress work on the harbour at Clones on the Ulster Canal, and for planning of the Sligo-Enniskillen Greenway.

The Government is also committing to increasing capital expenditure in 2021 to €9.1 billion. This level of capital expenditure represents an increase of almost €1 billion or 12% on 2020 levels.

***(v) Preparing for Different Type of Economy \ Future Jobs***

The Government is also taking steps today to prepare the economy for the challenges and opportunities of that the future will bring, including through:

- A €25 million investment in the Covid Life Sciences Products Scheme to aid the research, development and production of medicinal products in Ireland that are used in the fight against Covid -19.
- As part of the substantial investment in training and skills development, 19,000 places on the Government's Skills to Compete programme will be provided which supports people develop skills and attain qualifications for emerging growth sectors and occupations.
- To help businesses adapt to the green economy, €10 million will be provided to support businesses engaging in green research, development and innovation, capital investment, and capacity building, through the first phase of a new Green Enterprise Fund.
- An increase of €10 million in funding for the Seed and Venture Capital sector through Enterprise Ireland as a top-up to existing funds and leveraging a combined additional pool of investment of €55 million, as part of our commitment to innovation driven enterprises.
- €10 million to support IDA promotional and marketing initiatives targeting job-rich FDI projects that will be an essential part of our economic recovery.
- Businesses will also be supported to develop their online presence through a further funding call of the Online Retail Scheme of €5.5 million through Enterprise Ireland and an expansion of the Online Trading Voucher Scheme from the Local Enterprise Offices of €20 million.
- A €20 million Brexit fund to help SMEs involved in exporting and importing with the UK and further afield to put in place the staff, software and IT systems to be ready for new customs arrangements from 1 January 2021.
- The expansion of the Enterprise Ireland €180 million Sustaining Enterprise Fund scheme to include direct grant support to viable businesses, in addition to equity and repayable advances.

## **5. National Economic Plan**

The July Jobs Stimulus is the next step in the Governments response to the Covid-19 pandemic. It is focused on the steps we will take between now to the end of the year in order to retain and create jobs.

Later this year, to coincide with the Budget in October, the Government will set out a National Economic Plan, to chart a long term, jobs-led recovery. It will set out how we secure our public finances in a world where we must live with Covid-19, while driving efforts to decarbonise our economy and prepare for the next phase of technological transformation.

The Plan will focus on preparing Ireland to adapt to a very different type of economy, where some sectors will remain severely challenged as long as Covid-19 remains a threat. New ways of thinking and types of support will be required.



It will also look to seize the opportunities that the green and digital transition will bring. We will also need to take a transformative approach to skills, training, and lifelong learning. At the centre of the plan will be our longer-term economic, social and environmental sustainability.

**Further Information on how to avail of all these support measures can be found at [www.gov.ie/jobsstimulus](http://www.gov.ie/jobsstimulus)**

**Annex**

**Value of Covid-19 Related Enterprise and Labour Measures**

**Pre-July Stimulus**

<b>Measure</b>	<b>Estimate of Assistance Available</b>
Income Support Package <ul style="list-style-type: none"> <li>• Temporary Wage Subsidy Scheme</li> <li>• Pandemic Unemployment Payment</li> <li>• Covid-19 Illness Payment</li> <li>• Self-Employed eligible for PUP</li> <li>• Extension of Fuel Allowance</li> <li>• Other jobseeker related spend</li> </ul>	€8.64bn
Restart Grant	€250m
Enterprise Support Grant (DEASP)	€12m
MicroFinance Ireland Covid-19 Loans	€20m
EI/IDA Sustaining Enterprise Scheme	€180m
EI Online Retail Scheme	€8m
Trading Online Vouchers LEOs	€19.8m
Rapid Innovation SFI Coordinated Covid-19 Research	€5m
PSO for Ferry Companies	€15m
Sports Sector Grants Package	€70m
Arts Sector Fund	€26m
Gaeltacht Stabilisation Fund	€5m
Community and Voluntary Organisations and Charities	€43m
Beef Support Package	€50m
TWSS Childcare Scheme	€77.3m
Childcare Services Reopening Grants	€32.2m
Credit Guarantee Scheme	€150m

SBCI Working Capital Loan Scheme	€450m
SBCI Future Growth Loan Scheme	€500m
Support travel trade and repatriation of Irish travellers abroad	€15m
Warehousing of Tax Liabilities	€2bn
ISIF Pandemic Stabilisation Fund	€2bn
<b>Summary Total</b>	<b>c. €14.6bn</b>

**Value of Covid-19 Related Enterprise and Labour Measures**

**July Stimulus**

<b>Measure</b>	<b>Estimate of Assistance Available</b>
Income Support Package • PUP Extension • Employment Wage Support Scheme	PUP €700m EWSS €1.9bn
Expansion of the Restart Grant	€300m
Commercial Rates Waiver (6 months)	€600m
Active Labour Market Policies	€100m
Liquidity and Enterprise Investment Measures	€150m
Further Education and Higher Education	€100m
Accelerated Capital Works	€500m
Covid-19 Credit Guarantee Scheme	€2bn
Other Expenditure	€27m
Taxation Measures	€1bn
<b>Summary Total</b>	<b>c. €7.4bn</b>

**Covid-19 Data Update**  
**22 July 2020**

<p><b>SME Bank Loan Breaks</b></p> <p><b>27,264</b> Irish SME loans received breaks</p> <p>€6bn/28% of value of Irish SME loans have breaks</p>	<p><b>Temporary Wage Subsidy Scheme</b></p> <p><b>415,000</b> recipients most recent pay period</p> <p>618k employees paid at least once</p> <p>€2.14bn paid to date</p>	<p><b>Pandemic Unemployment Payment (PUP)</b></p> <p><b>313,800</b> claimants</p> <p>€97m paid last week</p> <p><b>Live Register</b> 221k</p>	<p><b>Covid-19 Illness Benefit</b></p> <p><b>52,600</b> claimants of which 3,925 (7%) medically certified with Covid-19)</p>
<p><b>€250m Restart Grant</b></p> <p><b>42,766</b> applicants</p> <p>€148m applied for</p> <p>€128m paid</p>	<p><b>LEOs Business Continuity Vouchers</b></p> <p><b>14,861</b> applied</p> <p>11,431 approved</p> <p>€24.6m paid</p>	<p><b>LEOs Trading On-Line Vouchers</b></p> <p><b>7,687</b> applicants</p> <p>4,847 approved</p> <p>€11.4m paid</p>	<p><b>LEOs Online Training</b></p> <p>28,074 participants</p> <p><b>LEO COVID Mentoring</b></p> <p>6,370 participants</p>
<p><b>EI Financial Planning</b></p> <p><b>688</b> Applicants</p> <p>631 approvals</p> <p>€3.1m paid</p> <p>4,500 client engagements</p>	<p><b>EI Lean Business Continuity Voucher</b></p> <p><b>308</b> applicants</p> <p>266 paid</p> <p>€665k</p>	<p><b>EI Sustaining Enterprise Fund €800k</b></p> <p><b>148</b> applications being developed</p> <p>51 received.</p> <p>19 approved. €7.9m</p>	<p><b>EI Sustaining Enterprise Fund Small/HPSUs</b></p> <p><b>40</b> applicants,</p> <p>30 approved,</p> <p>€1.4m paid</p>
<p><b>MicroFinance Ireland</b></p> <p>1,015 applicants</p> <p>655 approved</p> <p>€17.7m sanctioned</p>	<p><b>SBCI Working Capital</b></p> <p>3,361 applications</p> <p>3,044 eligible</p> <p>705 loans approved</p> <p>€86.2m sanctioned</p>	<p><b>InterTrade Ireland Emergency Business Voucher</b></p> <p>246 applicants</p> <p>171 approved</p> <p>€385k paid</p>	<p><b>Intertrade Ireland E-merge Voucher</b></p> <p>312 applicants</p> <p>159 approved</p> <p>€445k paid</p>





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