
Financial Support for Irish Business

ACTION PLAN FOR JOBS --- 2012

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STARTING YOUR OWN BUSINESS

SEED CAPITAL SCHEME

Claim back up to €100,000 in income tax paid and invest

If you start up and work full-time in your own company, you can claim back the income tax you paid in the previous 6 years to invest equity into a company (subscribed as shares) engaged in a qualifying trade. The amount of relief is restricted to the amount of the investment. Since November 2011, the scheme is open to a much wider range of sectors. The ceiling on recoverable tax can now be up to €100,000 in each of the 6 look back years.

THREE YEAR CORPORATE TAX EXEMPTION

Tax relief for new start ups

The scheme provides relief from corporation tax on the trading income and certain gains of new start-up companies in the first 3 years of trading. There will be full relief on income and gains relating to the trade where total corporation tax liability in any of the first 3 accounting periods does not exceed €40,000. There will be marginal relief where the tax liability falls between €40,000 and €60,000. You can earn €120,000 tax free per year for the first 3 years.

BACK TO WORK ENTERPRISE ALLOWANCE (SELF-EMPLOYED)

Keep your social welfare and start a business

If you have been signing on for over 12 months and you would like to become self-employed, the Back to Work Enterprise Allowance (BTWEA) allows you to keep your social welfare payment for 2 years (Year 1: 100%, Year 2: 75%). To qualify, you must be setting up a business that a Local Integrated Development Company or a Facilitator has approved in writing in advance. A short-term Enterprise Allowance can be claimed by anyone who has lost their job and who is eligible for Jobseekers' benefit. It runs until your Benefit payment would have expired.

GROWING YOUR BUSINESS

THE EMPLOYMENT AND INVESTMENT INCENTIVE SCHEME

Get 30% relief on €150,000 investment

The Employment Investment Incentive (EII) has replaced the Business Expansion Scheme and provides tax relief for investment in certain corporate trades. The maximum investment by all investors in any one company or group of companies is €10m subject to a maximum

of €2.5m in any one 12 month period. It allows individual investors to obtain income tax relief on investments up to a maximum of €150,000 per annum in each tax year up to 2013. Subject to certain restrictions for high income earners, relief is initially available to an individual at 30%. A further 11% tax relief will be available where it has been proven that employment levels have increased at the company at the end of the holding period (3 years) or where evidence is provided that the company used the capital raised for expenditure on research and development.

R&D TAX CREDIT

Set 25% tax credit against corporation tax liability

The R&D Tax Credit is a valuable tax-based incentive designed to encourage investment in R&D by companies in Ireland. A 25% tax credit for qualifying R&D expenditure exists for companies engaged in qualifying R&D. This credit may be set against a company's Corporation Tax liability. The first €100,000 of all qualifying R&D expenditure will

benefit from the full 25% R&D tax credit from 2012. It is particularly of benefit to SMEs. For larger R&D expenditure, the tax credit will continue to apply only to the amount by which expenditure in 2012 exceeds that incurred in the base year 2003.

- The total tax benefit of qualifying R&D expenditure is 37.5% when in addition to the tax credit you take into account the normal 12.5% corporation tax deduction for the expenditure.

INNOVATION VOUCHERS

Get €5,000 voucher to innovate

If you own or manage a small limited company and you have a business opportunity or problem that you want

to explore, you can apply for an Innovation Voucher worth €5,000. The objective is to build links between Ireland's public knowledge providers and small businesses to create a cultural shift in the small business community's approach to innovation.

ACCELERATED CAPITAL ALLOWANCE

Tax relief for energy efficient equipment

The Accelerated Capital Allowance (ACA) allows companies to write off 100% of the purchase value of qualifying energy efficient equipment against their profit in the year of purchase.

RECRUITING

REVENUE JOB ASSIST

Take on people unemployed for 12 months or more and get up to €8,000

Revenue Job Assist offers both employers and workers an incentive where people who have been 12 months or more on the live register (or disability allowance) are recruited:

- The employer gets double write-off of the wages plus employers' PRSI for 3 years – even at the minimum wage, it is worth €2,500 per year to a company and up to €8,000 per year to a sole trader.
- The worker gets an extra tax allowance of €3,810 plus €1,270 for each child in year 1 and two-thirds of these allowances in year 2, one-third in year 3. For a worker on the 20% rate it is worth at least €762 in the first year, or €1,524 over the three years.

EMPLOYER JOB (PRSI) INCENTIVE SCHEME

Take on people unemployed for six months or more and pay no PRSI for 18 months

The Employer Job (PRSI) Incentive Scheme is open to employers who create new and additional jobs. Under this scheme, employers do not have to pay the employers' portion of the PRSI contribution for 18 months subject to certain criteria.

JOBBRIDGE

98% of companies would recommend the scheme to other companies

JobBridge offers an internship of 6-9 months to a person who has been signing on as available for work and

getting a payment or credits for at least three months. Time completed on programmes in FÁS training, back to education or on a community scheme will count towards eligibility. Participants receive €50 per week on top of their welfare payment.

SUCCEED IN IRELAND

Introduce a company to Ireland and claim a finder's fee

Succeed in Ireland rewards people who introduce potential foreign investors to Ireland. Through an online referral network, introductions can be made that will lead to new jobs in Ireland. The person that makes the introduction will be financially rewarded after a period of time of the jobs coming to fruition. The reward runs from €1,500 to €3,000 per sustainable job.

ACCESSING CREDIT

MICRO-FINANCE FUND

€90m in new lending
to micro enterprises

The Government has developed a Micro-finance fund aimed at start-up, new or growing enterprises across all sectors, with no more than 10 employees. Loans of up to €25k are available for commercially viable proposals that do

not meet the conventional risk criteria applied by commercial banks. Applicants will have to demonstrate that they have been refused credit by a commercial lending institution before their application is considered. The new fund will generate €90m in new lending to 5,500 micro enterprises which will support 7,700 new jobs. Borrowers will pay a commercial interest rate.

CREDIT GUARANTEE SCHEME

€450m in new lending for viable SMEs

The Credit Guarantee Scheme facilitates €450m of additional bank lending over 3 years to viable micro, small and medium enterprises to help

them obtain the working capital and investment that they need. The Government provides the lender with a 75% guarantee for which the borrower pays a 2% premium. Target companies are those lacking adequate security for a normal commercial loan, or where bank understanding of the specialised aspects of the business environment in which they operate is limited.

CREDIT REVIEW OFFICE

Bank Decision Overturned in
35% of cases

If you're a small business, sole trader or farm owner who has had difficulty getting credit or loan facilities of up to the new €500,000 limit or you

have had an unfavourable change to your existing credit terms, get in touch with the Credit Review Office for an independent review. The banks are required to comply with the recommendation or to give their reasons for not doing so to the Credit Review Office. The Office has overturned the Banks' decision in 35% of cases to date.

CODE OF CONDUCT FOR BUSINESS LENDING TO SMEs

Rules to help SMEs

Since 2012 financial institutions are now required to meet a number

of provisions outlining the lender's procedures for dealing with SMEs in financial trouble: details of fees or changes that may apply to firms as a result of financial difficulties; details of the type of information the lender may require from the SMEs and information on firms' rights to appeal a decision on a lending arrangement.

MESSAGE FROM MINISTER FOR JOBS, ENTERPRISE & INNOVATION



I know from my travels around the country that all levels of Irish business are fighting hard to retain customers, retain staff and to find new markets in an uncertain economic environment. Access to credit, business costs and consumer confidence are constant concerns for the business owners I meet. The Government is systematically trying to address as many of those issues as it can through our annual Action Plan for Jobs.

While progress is being made with the Action Plan, it has become clear to me that there is a serious gap in business awareness of the actual supports that already exist. That is what this leaflet is about - setting out in short order what is available to help you to start or run your business successfully.

I have said it many times before, Governments don't create jobs, successful businesses do. But Government can help, and this leaflet explains some of the more immediate and direct sources of support which I hope you can take advantage of in the coming months and years.

A handwritten signature in black ink that reads "Richard Bruton". The signature is written in a cursive, slightly stylized font.

Richard Bruton, T.D.
Minister for Jobs, Enterprise and Innovation