Budget 2021 - Preparing Businesses and Protecting Jobs

From Department of Business, Enterprise and Innovation

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Budget 2021 prioritises investment in helping businesses respond to the twin crises of Brexit and COVID-19.

The funding provided for comes on top of the measures announced earlier this year in the July Stimulus – a €7 billion package, aimed at protecting jobs and creating new opportunities.

The Tánaiste said:

"This is a pro-business and pro-jobs Budget aimed at building on what we put in place in the July Stimulus, to help business owners and employees through this exceptionally difficult time.

"Our efforts are focused on helping businesses prepare. Prepare for the unpredictability wrought on them by COVID-19 and Brexit. This Budget contains some targeted actions to help business where they are hurting most. The 9% VAT rate will help hotels, pubs, restaurants and other businesses in the entertainment, tourism and hospitality sectors. The extension of the commercial rates holiday will help reduce the fixed cost of doing business. The new CRSS programme will provide closed or effectively closed business a payment based on their turnover up to €5,000 per week. This will make a really big difference and will be paid in addition to the Employment Wage Subsidy Scheme (EWSS).

"The €3.4 billion Recovery Fund will give us the firepower we need to protect jobs. Increasing spending on infrastructure to €10 billion in 2021 will ensure there is work for the construction sector.

"No one could have predicted the year that we have just had, and I want businesses and workers to know that as we face into more uncertain times, the government is here for you and on your side."

Budget 2021 – Key Highlights

- VAT rate reduction from 13.5% to 9% from 1 November 2020, in recognition of the unprecedented challenges facing the Hospitality and Tourism sector
- extension of the commercial rates holiday, which will reduce costs for businesses
- new COVID-19 Restrictions Support Scheme (CRSS), will offer a targeted, timely and temporary sector-specific support to businesses forced to close or trade at
significantly reduced levels as a result of restrictions imposed on them in response to COVID-19

- extension of the Employment Wage Subsidy Scheme through 2021, should it be required
- illness benefit will be available on Day 3 of illness, rather than Day 6
- the €3.4 billion Recovery Fund will give us the firepower we need to protect jobs
- €10.1 billion infrastructure spending in 2021, the largest ever, ensuring there is work for the construction sector and we continue to deliver homes, schools and public transport
- for the self-employed, increasing Earned Income Credit up to €1,650 – the same as the employee tax credit for PAYE workers – from this year, as well as fact that self-employed taxpayers will be able to warehouse their 2020 preliminary tax liability, will bring immediate relief

**€100 million to help businesses adapt to Brexit**

- €8 million to undertake new market surveillance and certification, required even if a Free Trade Agreement is in place
- €15 million to support businesses to respond to changes to customs and tariffs
- €7 million to help the food processing industry adapt
- €11 million for Local Enterprise Offices working with local businesses across the country
- €675,000 for InterTrade Ireland to provide practical help to businesses trading cross-border

**COVID-19 Response**

- €39 million in continued access to low cost loans for business
- €30 million for applied research in the pharmaceutical and healthcare industry
- €10 million to help businesses move online with the Online Retail Scheme

**Recovery focused investments**

- €10 million for the IDA to develop advanced factories and industrial estates for companies seeking to invest in Ireland especially outside of Dublin
- €30 million ringfenced for a Call to regional enterprise centres for initiatives to create jobs in every region in the country
- €6.6 million for an Advanced Manufacturing centre in Limerick. This centre will provide a state-of-the-art facility for companies across the country to develop new technologies
- €3 million for network of Digital Hubs to help SMEs modernise and stay connected

Minister of State for Business, Employment and Retail, Damien English TD said:

"I welcome the additional current funding secured for the department’s regulatory agencies, in particular the Health & Safety Authority, which has been and continues to be to the forefront of the COVID-19 response and will clearly continue to play a critical role for the rest of the year and into 2021 in helping businesses to manage their response to COVID-19. The additional €4 million secured for it in the Budget will ensure that it has the resources it needs to enable it to continue its work in supporting business to comply with workplace
health and safety obligations. The additional funding will also help our agencies to assist businesses to plan for a changed regulatory landscape post-Brexit."

Minister for Trade Promotion, Digital and Company Regulation, Robert Troy TD said:

"I very much welcome the creation in the Budget of a dedicated Recovery Fund to deal with the effects of COVID-19 and Brexit. As Minister of State for Trade Promotion, I fully recognise the challenge that the global pandemic and a No Deal Brexit pose for us as a trading nation. 2021 is the year where we can get back to promoting Ireland and drive and diversify our export footprint into more international markets. The €100 million earmarked for our department in the Fund will ensure that our enterprise agencies can continue to deliver the supports that have been so successful in driving the growth in our export sales in recent years."

Overall, the Department of Enterprise, Trade and Employment’s budget has increased by €154 million or 15.9% on Budget 2020 with an additional €100 million earmarked from the Recovery Fund. This is a record allocation for the department and will significantly bolster the department’s supports and efforts as they ramp up their COVID-19 and Brexit response.

ENDS

Notes

July Stimulus

There is an existing package in place to help businesses nationally reopen and stay open, through the July Jobs Stimulus.

The government is:

- extending the wage subsidy scheme to the end of March 2021, supporting viable businesses and jobs, including new hires
- giving companies extra assistance to reopen and stay open through an enhanced Restart Grant available to more firms
- providing more and cheaper loan finance through Microfinance Ireland, Enterprise Ireland and the Credit Guarantee Scheme
- providing funding to help businesses get ready for Brexit
- exploiting opportunities in areas like Life Sciences and investing in decarbonisation and digitalisation
- putting in place a six-month reduction in the VAT rate, going from 23% to 21%
- providing more funding for the IDA to promote Ireland as a place for foreign direct investment
- supporting small businesses (under 10 employees), who are ineligible for other grants through the Micro-Enterprise Assistance Fund