

Irish Budget 2021

On Tuesday 13 October 2020, Minister for Finance Paschal Donohue TD and the Minister for Public Expenditure and Reform, Michael McGrath TD, presented Budget 2021.

The Budget has been shaped in the context of the COVID-19 pandemic and in the midst of a potential “No Deal” Brexit taking effect on 1 January 2021.

Some of the measures in the budget were introduced with immediate effect and others will take effect from January 2021 or later in 2021. Further detail in respect of other measures will be contained in the Finance Bill 2020 which will be published on 22 October 2020. This should be signed into law before the formal legislative deadline which falls on Christmas Day (25 December) 2020.

At this stage, the key points of interest for the licensing community include:

VAT rate reductions – a reduction in the VAT rate for the entertainment, tourism and hospitality sectors from 13.5% to 9%.

In line with other jurisdictions and as a response to the impact of the COVID-19 pandemic on the tourism, hospitality and entertainment sectors, the VAT rate for those sectors will be reduced from 13.5% to 9% with effect from 1 November 2020. This reduced rate will remain in place until December 2021.

New scheme for the hospitality industry, food and entertainment industries – introduction of the “COVID Restrictions Support Scheme” to assist businesses whose trade has been significantly impacted due to COVID-19 restrictions.

The *Resilience and Recovery 2020-2021: Plan for Living with COVID-19* is the Irish framework for managing the response to the COVID-19 pandemic. This framework outlines five levels of COVID-19 response, each containing a set of measures. Level one is the least restrictive and Level five amounts to a complete lockdown. The COVID Restrictions Support Scheme will operate when Level three or higher restrictions are in place. It is effective immediately and will remain in place until 31 March 2021. The

accommodation, food and the arts, recreation and entertainment sectors currently impacted by Level three restrictions qualify. In his budget speech, Minister Donohue said that where the government decides to move to a higher level of restriction, other sectors may qualify.

The payment Scheme will be made available to businesses which are forced to close or effectively close because of prohibited or restricted access to customers. Payments to be made under the Scheme will be calculated on the basis of 10% of the first €1 million of turnover and 5% thereafter, based on average VAT-exclusive weekly turnover for 2019. The maximum weekly payment available under the Scheme is €5,000. The payment may not exceed 20% of the turnover for the corresponding period in 2019.

The Scheme will operate on a self-assessment basis and qualification will require a business to demonstrate that its turnover has been severely impacted. A self-assessed 80% disruption in turnover will be required to avail of this Scheme payment. While the Scheme will operate on a self-assessment basis, Tánaiste and Business Minister Leo Varadkar has said that there will be audits of the Scheme.

Payments will automatically cease at the end of the COVID-19 Level three restriction period. If restrictions are extended, a subsequent claim can be made.

No information has yet been provided on how the Scheme will operate for companies which operate a number of eligible businesses.

For further information please contact [Máire Conneely](#) or [Joe Kelly](#) or your usual A&L Goodbody contact.