

Overview of the Covid Restrictions Support Scheme

The information below has been provided to Fáilte Ireland by Revenue and the relevant government departments, and serve as an initial FAQ on the CRSS Scheme. Full details and guidelines on the scheme will be issued by Revenue in due course, and Fáilte Ireland will be providing support to guide businesses through the eligibility criteria and application process.

(quick link to FAQs section [here](#))

The Covid Restrictions Support Scheme (CRSS) will apply to business premises where the Government restrictions directly prohibit or restrict access by customers.

It is proposed that the scheme would run from Budget day (October 13th) until 31 March 2021 and first payments to be made to affected businesses by mid-November.

Qualifying businesses can apply to Revenue for an advanced credit against trading expenses for the period of restrictions and the weekly amount equal to 10% of the average weekly value of their (VAT exclusive) turnover up to €1 million for 2019 and 5% thereafter, subject to a maximum weekly payment of €5,000.

Once the system is developed and a county/region is subject to Government restrictions, qualifying businesses can claim in week 1 of the initial restrictive period and valid claims will be repaid for the initial period within 2-3 working days. There will be safeguards built into the system to flag certain risks such as turnover claim higher than expected. Where restrictions are extended the system will provide the flexibility for subsequent claims which will also be repaid within 2-3 working days.

- Refunds will be made on the basis of a weekly payment of:
 - 10% of annual turnover up to €1m (1/52),
 - 5% of annual turnover above €1m (1/52), and
 - to a maximum weekly payment of €5,000 for all businesses;

Outline of Scheme:

The following framework to the CRSS will apply:

- CRSS is designed to support businesses wholly located in regions subject to significant Government restrictions under the Living with Covid-19 Plan

- The scheme will run from Budget day 13 October until 31 March 2021; The scheme will be brought into effect by legislation to be provided for in Finance Bill 2020
- Adaptations to Revenue systems will be required with the first payments being made by Revenue **by mid-November** for affected businesses between Budget Day and the development of the system
- **Once the system is developed and a county/region is subject to Government restrictions, qualifying businesses can claim in week 1 of the initial restrictive period and valid claims will be repaid for the initial period within 2-3 working days.**
- Qualifying businesses are defined as those that due to Covid-19 restrictions based on the Government's 'Living with Covid' framework:
 - are prohibited from operating, and
 - are closed on a temporary, county or regional basis, and
 - are operating at minimum or no turnover because of Government restrictions.
- Qualifying businesses can apply to Revenue for an advance credit on trading expenses for the period of prohibited activity, effective from 13 October. The application will be on a self-assessment basis
- The weekly amount will be calculated by reference to the average weekly value of their qualifying turnover on a VAT exclusive basis in 2019 (i.e. the turnover for the year divided by 52 or pro rata for businesses commenced during 2019)
- Newly established businesses without a 2019 turnover can apply on the basis of actual turnover in 2020;
- Refunds will be made on the basis of a weekly payment of:
 - 10% of annual turnover up to €1m (1/52),
 - 5% of annual turnover above €1m (1/52), and
 - to a maximum weekly payment of €5,000 for all businesses
- **To qualify on the basis of reduced turnover, that turnover cannot exceed 20% of the 2019 turnover (e.g. to cover take-away/outdoor only in restaurants) or in the case of new businesses 20% of 2020 turnover.**
- The cap will be applied per business premises (i.e. a business operates a 'wet bar' in Kildare and Dublin, depending on the restrictions they may apply separately for each premises and the cap will apply to each premises separately)
- Payments will automatically cease at the end of the Covid-19 restriction period

- All applicants must have a current tax clearance certificate – same conditionality as EWSS
- A list of the beneficiaries of the CRSS scheme will be published, in line with the EWSS and TWSS
- Specific anti abuse provisions will be introduced to deter the potential for fraudulent claims.

The guidance and operational details are currently being worked through by the Revenue Commissioners and will be made available in due course.

Frequently Asked Questions

Can those Employers who are signed up for the current EWSS apply for the Covid Restrictions Support Scheme?

Yes, the CRSS is an additional measure for businesses in a region subject to significant Covid-19 restrictions. It is intended as a **further** assistance to the businesses.

Are there any additional conditions associated with the Support Scheme?

Qualifying businesses are defined as those that due to Covid-19 restrictions based on the Government's 'Living with Covid' framework:

- are prohibited from operating, and
- are closed on a temporary, county or regional basis, and
- are operating at minimum or no turnover because of Government restrictions.

To qualify on the basis of reduced turnover, that turnover cannot exceed 20% of the 2019 turnover (e.g. to cover take-away/outdoor only in restaurants) or in the case of new businesses 20% of 2020 turnover;

The main conditions are similar to the EWSS, businesses must continue to make returns and keep up to date and must have a tax clearance certificate.

What is the rationale for the support level?

The support level is intended to provide targeted assistance to the businesses directly impacted by the restrictions and recognises that smaller businesses are most vulnerable. A balance has to be struck between what businesses would like to see and what the State can afford to pay by way of support in addition to other supports which have been made available.

How will an employer demonstrate that they meet the criteria to be eligible for the scheme? How will employer show a decline in turnover to less than 20%?

Revenue will issue guidance on this but the comparison of current turnover with 2019 turnover will be straightforward for most businesses.

As with other schemes, Revenue will work with businesses and take a practical and pragmatic approach.

Administration of the Scheme

Who will administer the Covid Restrictions Support Scheme?

The scheme will be implemented by the Revenue Commissioners who have shown as an organisation that they are very effective in operating schemes to support businesses in this crisis.

When does the CRSS become operational?

Since the whole country is in Level 3 at present, all businesses which have either been prohibited in operating or only been able to trade at significantly reduced levels as a result of restrictions imposed in response to Covid-19 will be covered. It will run from Budget day and Revenue will accept registrations as soon as technically possible.

How long will the scheme last for? What happens if there is a need for the scheme to continue?

The scheme will lapse on 31 March 2021. However, there is flexibility to extend the scheme beyond this if necessary.

Eligibility

How does a business qualify for support?

To qualify, a business must:

- Be located in a location which is subject to significant Covid-19 restrictions in the '*Living with Covid*' framework plan'
- Be carried on in a building that, due to the significant Covid-19 restrictions, has either closed to customers or is substantially restricted in operating
- As a result of these significant restrictions, is operating at less than 20% of turnover in 2019
- Intend resuming trading when restrictions are lifted

How do Businesses register for the Support Scheme?

Revenue are working on their systems at present and will keep businesses up to date.

How quickly will businesses get their payment under the CRSS and how is it paid?

Adaptations to Revenue systems will be required with the first payments being made by Revenue by mid-November for businesses closed between Budget Day and the development of the system.

Once the system is developed and a county/region is subject to Government restrictions, qualifying businesses can claim in week 1 of the initial restrictive period and valid claims will be repaid for the initial period within 2-3 working days. Where restrictions are extended the system will provide the flexibility for a subsequent claim which will also be repaid within 2-3 working days, and each subsequent period will be treated the same.

Are there any checks and balances in place to ensure that only Businesses adversely affected benefit from the CRSS?

To ensure that applications are processed in a timely manner, businesses will be required to make an application on a self-assessment basis. As with other schemes such as TWSS and EWSS, businesses are required to retain documentary evidence used as the basis for the application, to allow for future compliance checks by Revenue.

In addition, it is proposed to legislate:

- To allow for the withdrawal of CRSS where it is found an overpayment occurred
- To allow for a repayment of CRSS by the taxpayer where they decide to opt out
- Penalties and interest as is the case with other taxes

How will the tax credit work?

The CRSS is paid as a cash payment to business in respect of **an advanced credit against trading expenses**. Recipients of the ACTE will be required to deduct it from trading expenses, when preparing their tax calculations for the year in which they receive it. In other words the credit will reduce the amount of trading expenses that are deductible in computing taxable income.

[Deductible expenses include any expense which are wholly and exclusively laid out or expended for the trade (unless there is a provision disallowing it).

Examples:

- Rent
- Insurance
- Trade stock (i.e. food for restaurants, alcohol for bars etc)
- Light and heat
- Rates (mainly reduced or removed this year)
- Wages (EWSS)].

Who is eligible?

Is the scheme open to self-employed as well as companies?

Yes. The scheme will be open to companies and the self-employed carrying on a trade in a business premises where the Government restrictions directly prohibit or restrict access to the premises by customers.

What if a business operates from multiple locations?

Where a business has multiple geographical trading locations it is proposed that the business will be in a position to claim for each trading premises separately.

What if an individual/company has multiple trades/businesses from one premises?

Where a business has different trades in the one premises it is proposed that the business will make one claim for the ACTE.

How many businesses are expected to benefit from this scheme?

It is uncertain how many businesses will be eligible, the scheme is designed to support business where the Government restrictions directly prohibit or restrict access by customers.

Qualifying businesses are defined as those that due to Covid-19 restrictions based on the Government's 'Living with Covid' framework:

- are prohibited from operating, and
- are closed on a temporary, county or regional basis, and
- are operating at very low or no turnover because of Government restrictions.

To qualify on the basis of reduced turnover, that turnover cannot exceed 20% of the 2019 turnover (e.g. to cover take-away/outdoor only in restaurants) or in the case of new businesses 20% of 2020 turnover.

Cost and Funding:

How much will the Scheme cost?

It is accepted that the cost of the scheme will be significant. With businesses in the Accommodation, Food and Arts/Recreation/Entertainment sectors benefited primarily in the first instance under this scheme, the potential cost of the scheme based on level 3 restrictions on a nationwide basis is c.€40 million per week.

If restrictions are raised to Level 4 or higher, additional business would qualify and the costs would be higher.

How is the CRSS funded?

The actual cost will be determined by reference to Covid-19 restrictions. Any costs arising will be met from the National Recovery Fund.

What is the economic rationale for this measure?

The Government is acting to provide targeted, timely and sector-specific support to affected businesses. The objective is to target the sectors/locations where businesses have either been forced to temporarily close their premises or only been able to trade at significantly reduced levels as a result of restrictions. The intention of the scheme is to recognise the challenges experienced in particular by sectors that have been most affected by restrictions since the onset of the pandemic in March.