

# SFA Priorities for Budget 2024



# SFA Priorities for Budget 2024



**Tackling the increasing costs of doing business**



**Sustain investment and reward and retain talent through the tax system**



**Support small businesses to stay ahead in a rapidly evolving business environment**



**Create an inclusive and diverse small business community**



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Priorities for Budget 2024

# Overview

In Budget 2024, Ireland must continue to invest in the competitiveness of our smallest employers by focusing on supports for capital investment, innovation, digital and green transition, and skills development. All of which will allow micro and small enterprises to stay ahead in a rapidly changing business environment. The tax environment for small indigenous businesses owners should also be improved to encourage them to scale and grow their businesses and to help staff retention and attraction. The costs government impose on small firms must be reviewed for their potential impacts on the economy.

Domestically owned businesses want to create employment, innovate, grow, find solutions for common challenges like the green and digital transition and build diverse and inclusive work environments. To do this Budget 2024 must focus on ensuring Ireland remains an attractive and competitive place to create and scale a business, through measures that reduce regulatory burden and boost competitiveness.



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# Tackling the increasing costs of doing business

# Provide certainty on costs and maintaining competitiveness by:

- + **Access to finance** – improve access to bank and non-bank finance for small businesses.
- + **Living Wage** – Consideration to how employers with a significant number of low wage employees can be supported in the transition to a Living Wage, given that significant increases are likely to have larger effect on certain sectors and regions, should be considered in the context of Budget 2024.
- + **Apply the SME Test across all Government Departments without exception** – to reduce the regulatory burden on small business. Amendments introduced during the legislative process should also be assessed.
- + **Coordinate the introduction of new legislation and regulations** – small companies have had to deal with the introduction of an unprecedented number of new policy initiatives in recent months with more to come around employment law and sustainable obligations. All of which has and will add cost pressures and administrative burden onto small businesses. Government must seek to coordinate the individual pieces of legislation and regulations and introduce them in a phased manner.



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# Provide certainty on costs and maintaining competitiveness by:

- + **Reform commercial rates** – Reform of our commercial rates system is needed to ensure the prosperity of our town and village centres.
- + **Automatic Enrolment Pensions** – Support the recommendation in the Joint Committee on Social Protection, Community and Rural Development and the Islands pre-legislative scrutiny report on the Automatic Enrolment Retirement Savings System Bill, that there be a two-year lead-in period following the Bill being passed and signed, to allow business to be ready for the cost and implementation.
- + **Housing** – Continued supports and funding for the Housing for All plan must be prioritised in Budget 2024 to increase housing supply across the country.



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# Sustain investment and reward and retain talent through the tax system



# Introduce new investment polices to encourage small firms and entrepreneurship such as:

- + **Reduce the general CGT rate to 20%.**
- + **Index the entry point to the higher rate of tax by approximately €5,000 in 2024 to bring the entry point to the top rate of tax to €45,000.**
- + **Action the R&D tax credit recommendations of the Commission on Taxation and Welfare that would see more guidance and supports introduced to facilitate greater uptake by small firms more generally and consideration be given to a limited acceleration of the refundable element of the R&D tax credit from three years to one to support early-stage and research and development intensive businesses.**
- + **Increase the lifetime limit for CGT Entrepreneur Relief to €15 million immediately and remove the 50% working time test to help incentivise investment in small firms and benefit from expertise and experience.**



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# Introduce new investment policies to encourage small firms and entrepreneurship such as:

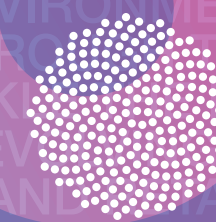
- + **Increase EIS relief from €250,000 to at least €300,000 per annum.** Allow the EIS tax relief to be claimed in its entirety in year 1 at 40% and apply the relief to PRSI and USC also. Allow capital losses, net of tax relief already received, incurred on EIS investments. EIS is currently set to end at the end of 2024. SFA recommends the further extension of EIS beyond 2024.
- + **To encourage angel investors, working time should be reduced to 5% and Entrepreneur Relief should be extended to angel investors.**
- + **The Tax Debt Warehousing Scheme must be kept under review generally.** To support repayment of covid-19 warehoused debt small firms must be able to avail of advice and financial support on how to develop a repayment plan. SFA propose creating a programme through the Local Enterprise Offices that would provide information on managing debt and cashflow and access to a financial expert who will prepare a repayment plan with the business that can be presented and approved by Revenue. Such a programme would be open to all enterprises with up to 50 employees.



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# Reward and retain talent through the tax system by:

- + **Allowing the Small Benefit Exemption to be paid in four, tax-free payments each year and increase the combined value of the four benefits to €2,000.**
- + **Introducing a workable share scheme for small businesses taking into account the reasons the company awards shares to employee (e.g., employee retention, employee development within the business etc). The tax cost of awarding shares to employees can be prohibitive. e.g., Increase the APSS annual tax-free limit of €12,700 to €50,000 to encourage employee retention at management level.**



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# Support small business to stay ahead in a rapidly evolving business environment



# Introduce small business friendly incentives – to achieve the green transition such as:

- + **Continued commitment to funding for programmes such as Green for Micro, Green Start, SEAI business grants and supports and MentorsWork.** Introduce a new LEO voucher to reduce the cost of accessing sustainability certification and standards for small firms.
- + **Simplify sustainability reporting standards** – both EU and national sustainability reporting standards should be simplified to facilitate small firms.
- + **Introduce a low-carbon super deduction** – the accelerated capital allowance for energy-efficient equipment which is due to end in 2023 should be maintained to ensure the uptake of low-carbon technologies. The capital allowances should be increased to a super deduction of 130% of capital outlay including other costs such as retrofitting –to bring forward investment in our low carbon future.



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# Introduce small business friendly incentives – to achieve the green transition such as:

- + **Introduce a sustainability employee programme for micro and small firms** – this programme would give financial assistance to micro and small firms to cover the cost of taking on an employee for up to 24 months, whose responsibility would be to reduce the environmental and energy impacts of their buildings, heating, transport, and supply chains.
- + **Rethink the step-down of the BEV vehicle BIK exemption** – the step-down of the BIK incentive, allied to Ireland's early step-in of very steep marginal tax rates will mean material reductions in take-home pay for middle-income workers driving electric vehicles of even modest OMV.



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# Boost productivity within micro and small firms by:

- + **Strengthening small business owners' leadership, management capabilities and skills** – through productivity-boosting training and supports provided by MentorsWork, Local Enterprise Offices (LEO) and Enterprise Ireland.
- + **Introducing targeted supports to enable indigenous business to invest in innovation and productivity** – this will help Irish small firms by expanding the Enterprise Ireland Innovation Voucher Scheme value to €10,000: to encourage higher levels of research, development, and innovation activity within business, particularly to support initial SME engagement with the national innovation ecosystem.
- + **Increasing exports from indigenous small firms** – by providing companies with less than 50 employees with adequate training, grants and advisory services through the LEOs and Enterprise Ireland.
- + **Unlocking the €1.5bn surplus of the National Training Fund** – to launch an industry-led investment campaign that will deliver the key skills for the 21st century, including skills for a digital society, climate action, Industry 5.0, for leadership capability and skills to support SMEs.



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# Boost productivity within micro and small firms by:

- + **Leveraging the National Training Fund (NTF) to implement a Lifelong Learning Strategy for Ireland.**
- + **Introducing a National Training Voucher Scheme** – the introduction of a National Training Voucher scheme has the potential to boost in-company training and widen participation in upskilling and reskilling to include all businesses and employers. Based on the principle of cost reimbursement, businesses should be able to claim back expenses for training costs during the year undertaken with an accredited education and training provider. Alternatively, the voucher can be used to draw down funding to finance training leave to support businesses to engage with available skills development opportunities across further and higher education.
- + **Delivering a sustainable funding model to support an integrated apprenticeship system** – to encourage more businesses and in particular small firms to participate in apprenticeships, the new funding model for apprenticeships should cover the cost of off-the-job training for all employers.



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# Raise the digital skills of micro and small business owners and their employees by:

- + **Including everyone in further digital opportunities** - promote digital literacy, digital inclusion, cyber security, and digital skills. Invest, promote, and provide access to the necessary digital skills that enable organisations, educators, and individuals to engage and succeed in a more digitalised Ireland.
- + **Offering 100% capital allowances for small firms** – to invest in IT equipment and other home office expenditure to facilitate remote working.



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# Raise the digital skills of micro and small business owners and their employees by:

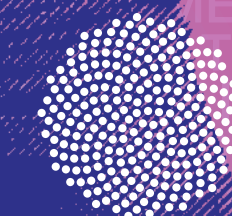
- + **Ensuring national cybersecurity capacities, institutions and infrastructure are adequately co-ordinated, resourced, focused and implemented** – Engage, co-ordinate and strengthen our cyber security ecosystem. Encourage a pipeline of the relevant knowledge, skills, and talent in the State. Provide the National Cyber Security Centre (NCSC) with further resources so that it can implement the recommendations of the NCSC Capacity Review, the additional activities proposed for the NCSC in the mid-term review of the National Cyber Security Strategy and the additional responsibilities allocated to the NCSC in response to new EU legislation (e.g., NIS2 Directive); and the Commission on the Defence Forces’ recommendations accepted by Government. Provide the capacity to investigate and prosecute cybercrime, including fraudulent calls and texts, by filling vacancies in the Garda National Economic Crime Bureau and publish the overdue resourcing plan for the Bureau.



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# Create an inclusive and diverse small business community



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# Drive diversity and inclusion across micro and small firms by:

- + **Providing long-term, multi-annual funding for Employers for Change** – the dedicated information and advice service for employers. Such funding would enable greater planning and strategic approaches to strengthen employer engagement activities through the provision of more support, guidance, and information.
- + **Offering supports and training to small businesses** – to allow them to make their premises and services more accessible.
- + **Providing funding to support businesses in becoming Web Content Accessibility Guideline (WCAG 2.1) compliant** – this would enable small firms to upgrade their websites to make them more accessible to people with all manner of disability.
- + **Ensuring better regulation** – so that all grant schemes and funding sources for assisting business in workplace adaption and equipment do not result in undue administrative and cost burden on employers.

# Drive diversity and inclusion across micro and small firms by:

- + **Offering supports and training for employers on cultural awareness and inclusion in the workforce** – untapping potential employees from alternative pools of talent and marginalised groups will assist small firms to become a more resilient and diverse workforce.
- + **Introducing an Access Employment Programme for people with disabilities** – this programme, modelled on JobsPlus, will subsidise a paid work placement with an employer for up to six months. It will be applicable to long-term unemployed members of the disabled community who need work experience and to upskill to start or restart their employment journey. This will encourage employers to create opportunities for people with disabilities. The model will be similar to the Work Experience Placement Programme, allowing the jobseeker to retain their full benefits for the duration of the fixed term placement.
- + **Identifying best practices** – to promote and support entrepreneurship amongst women, youth, older people, disabled, migrants and the unemployed.



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Visit [www.sfa.ie](http://www.sfa.ie) to read the full  
SFA pre-Budget 2024 submission.

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