

Raising Finance

Incentives to start and grow a business

Most businesses that start need external funding. Few of us have the financial capability to fund a good idea and those with experience know that the investment or funding required may be 2-3 times original expectations. So the 'smart start-ups' financially engineer the blend of funding to diversify the call on any one source. The most critical element is to develop a well-tested business plan that identifies how to harness the opportunity and what funding might be required.

To fund a business plan there are a myriad of investment possibilities from tax rebates and exemptions, to grants, loans, equity investments and hiring incentives. Each has an eligibility and access route to finance with a measurable cash benefit. However there are terms and conditions and the devil is in the detail **so take professional advice**. Below is a summary of the many current initiatives which are constantly changing. Remember Ireland is still probably the best place in Europe and the USA to start a business due to the quality and range of supports.

CorkBIC is a leading interdisciplinary venture consultancy operating in the South & Mid-West of Ireland. The company has provided an integrated process for incubating and growing high potential start-ups over the last 24 years with an 85% success rate. CorkBIC manages **The Business Angel Partnership (BAP)** in its region - a joint initiative between Enterprise Ireland, InterTrade Ireland and the Irish Business Innovation Centres (BICs). The BAP operates on a regional basis, providing a matching service for private investors (Business Angels) and pre-screened investment opportunities in start-up, early stage and developing businesses. The BAP recently completed its 100th investment deal resulting in investments of €40 million into a cross section of indigenous Irish companies.

Getting Started			
Initiative	Eligibility	Benefits	Conditions
Seed Capital Scheme	Starting, investing, and working full-time in your own company.	Claim back up to €100,000 in income tax paid (In each of the last 6 years) to invest into equity.	Relief is restricted to the amount of the investment and BES relief.
Three Year Corporate Tax Exemption	New start-ups in a qualifying trade. (Not existing business transfers, property, fishing, agri, and professional services.	Corporation tax relief trading income and certain gains (earn €120,000 tax free for the first 3 years - €40k p/a).	Full relief where total corporation tax in any of the first 3 accounting periods does not exceed €40,000 (marginal relief €40-60,000).
Back to Work Enterprise Allowance (Self-Employed)	Signing on for over 12 months and looking to become self-employed.	Social welfare payment maintained for 2 years (Year 1: 100%, Year 2: 75%).	Business must be approved in writing in advance by Local Integrated Development Company/Facilitator.
Starting/Expanding Your Business			
Initiative	Eligibility	Benefits	Conditions
The Employment and Investment Incentive Scheme (EIS replacing BES)	Certain Corporate Trades.	30/41 relief on €150,000 investment against total income.	Balance of 11/41 will be available, subject to meeting employment levels and R&D expenditure criteria in a 3 year holding period.
R&D Tax Credit	Companies engaged in qualifying R&D.	A 25% tax credit on incremental expenditure against corporation tax.	Qualifying R&D activities and industry sectors are well-defined. Cash refund if not claimed, subject to.....
Innovation Vouchers	Small limited companies.	An innovation voucher worth €5,000 to be used with an Irish public knowledge provider.	Must be to explore a business opportunity or problem.
Accelerated Capital Allowance	Companies buying energy efficient equipment.	Write off the purchase value against profit in the year of purchase.	Must be used on qualifying equipment.

Hiring Staff			
Initiative	Eligibility	Benefits	Conditions
Revenue Job Assist	Companies and sole traders.	Double write-off of the wages, plus employer's PRSI for 3 years. (€2.5k p/a for company, up to €8k p/a for sole trader.	Recruit someone on the live register/disability allowance for 12 months or more.
Employer Job (PRSI) Incentive Scheme	Companies and sole traders. Have to register.	No employer's PRSI contribution for 18 months, subject to certain criteria.	Recruit someone that has been on the live register for 6 months.
JobBridge	Companies and sole traders.	Access to potential employees and newly trained skilled workers.	Limited number of interns based on ratio to full-time staff. Participants get additional €50 per week SW payment.
Succeed in Ireland	Anyone who registers and then introduces a company to Ireland.	Financial reward (Finder's fee) (€1,500 to €3,000 per sustainable job).	Must create sustainable jobs in Ireland.

Finance and Expansion			
Initiative	Eligibility	Benefits	Conditions
Enterprise Ireland	Start-up or growing enterprises across all sectors.	Funding and support. Enterprise Ireland-backed seed and VC funds invested €60million in 2011 (€614 total at the end of 2011).	Varies by funding sought (see www.enterprise-ireland.com).
BICs/Business Angels	Companies with promising technology and capable innovative people.	Practical hand-holding. Focus. Route to many sources of funding. Introduction to National Business Angel Network and VCs. (100 deals, €40m invested)	Must commit to developing an investor grade business plan. Build investor trust, grow and give a return.
Seed Funds/VCS	Must have a growth proposition and viable exit. Preference for teams.	Equity investment. Board member (usually). Professional fund partner.	Pressure to grow and give a return. Governance.
LEOs (City and County Enterprise Boards)	Start up and growing local and micro enterprises (up to 10 employees).	4 in Cork City and County. Provide training and support.	Business or activity must be in the LEO/CEB territory.
Local Development Companies (LEADER)	Up to 10 employees. New start ups or diversification from agri, includes tourism.	5 in County Cork. Up to 75% funding for technical and capital.	Business or activity must be in LEADER territory.
Micro-Finance Fund	Start-up or growing enterprises across all sectors.	Loans of up to €25k are available.	Under 10 employees. Demonstrated credit refusal from a commercial lending institution.
Credit Guarantee Scheme	Viable micro and SMEs that lack adequate security for a normal commercial loan.	€450 million of additional bank lending over 3 years.	Government provides a 75% guarantee and borrower pays a 2% premium.
Bank Loan	Subject to each financial institutions T&Cs.	Cash injection.	Repayments must be made as agreed.
Credit Review Office	Small businesses, sole traders or farm owners.	An independent review. 35% success rate to date.	Demonstrated difficulty getting credit or loan facilities of up to €500,000, or have unfavourable change to existing credit terms.

Sources: Department of Jobs, Enterprise and Innovation, Enterprise Ireland, The Revenue Commissioners, CorkBIC.