

An Analysis of Debt Warehousing in Tourism

May 2024 Update



Background

- Debt Warehousing was introduced to assist businesses experiencing cash-flow and trading difficulties during the COVID-19 pandemic. Under the Scheme, businesses could defer paying the following tax liabilities:
 - ❑ VAT
 - ❑ PAYE/PRSI/USC (“PREM”)
 - ❑ Temporary / Employment Wage Subsidy Scheme (TWSS & EWSS) overpayments
 - ❑ Income Tax liabilities (subject to qualifying criteria)
- At the peak of the Scheme, €3.1bn of debt was warehoused with 105,000 businesses across the entire economy availing of the initiative.



Accommodation & Food Services – Position as of May 2024

- The Accommodation & Food Services sector's outstanding warehoused debt balance from the pandemic stood at €27m as of May 2024.
- **Some 90% of the debt owed in January 2024 has now been addressed either by full payment or entering a payment plan with Revenue.**
- 116 businesses still owe at least €50k (down from 900 in January)
- Almost half (54) of these owe €100k or more (down from 500 at the start of the year).
- Revenue issued demands to those businesses with outstanding liabilities of €500 or more. The notices outline the tax(es) due by the business and requested the business to engage with Revenue by May 15th to formulate a payment plan.
- They also detail the consequences of continued non-engagement, including enforcement action.
- **Businesses that had not engaged by May 15th, 2024, are now subject to standard enforcement proceedings.**
- **This means the 0% interest rate and flexible payment options which applied in respect of warehoused debt will no longer be available.**
- **Instead, 8% or 10% standard interest rates will apply.**



Accommodation & Food Services – Position as of May 2024

€27m in outstanding warehoused
debt across the Accommodation & Food
Services sector as of May 2024

414 businesses owe
€5k - €50k...



.... **116** owe
€50k+
of which....

.... **54** owe
€100k+