

An Analysis of Debt Warehousing in Tourism

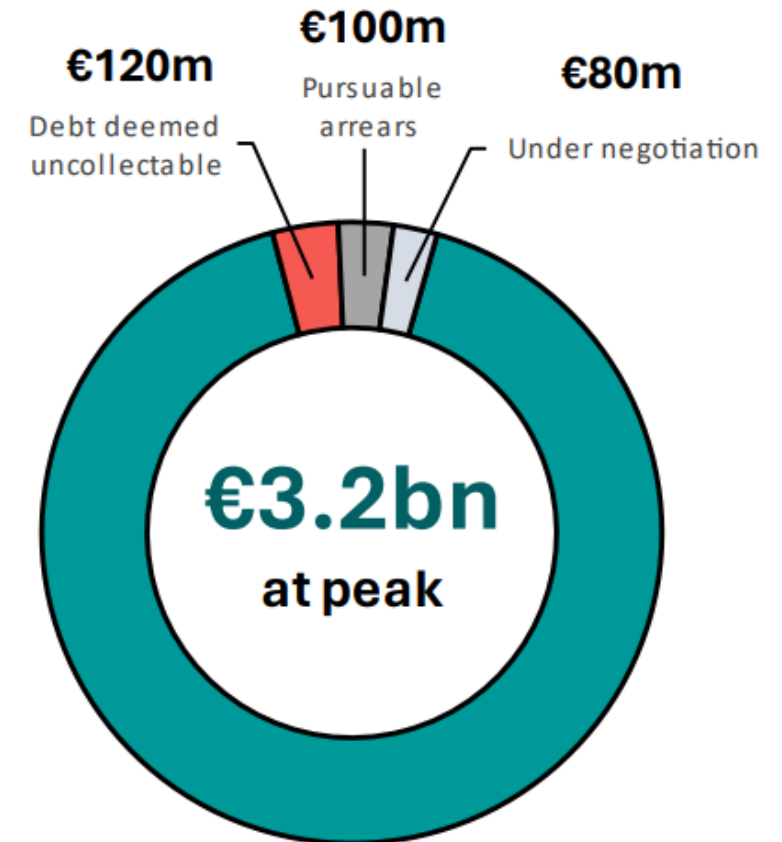
June 2024 Update



Overview

- 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”)
 - ❑ Wage Subsidy Scheme (TWSS & EWSS) overpayments
 - ❑ Income Tax (subject to qualifying criteria)
- €3.2bn was warehoused at the peak of the Scheme in 2022.
- As of June 2024, 93% of this debt was either:
 - ❑ paid in full
 - ❑ secured under phased payment arrangements (PPAs)
 - ❑ in a PPA negotiation or awaiting approval of a refund/credit offset
- €120m of debt has been deemed ‘uncollectable’ for reasons such as liquidation, examinership, bankruptcy, cessation etc..
- A further €100m had not been addressed when the Scheme ended in May 2024. This debt is now categorised as ‘pursuable arrears’ and subject to standard collection and enforcement at the full interest rates of 8-10%.

Summary at scheme end



Source: Revenue, June 2024

Accommodation & Food Services Sector – Position as of June 2024

- More than 90% of warehoused debt owed by businesses operating in the Accommodation & Food Services sector in January 2024 has now been addressed either by full payment or entering a payment plan with Revenue.
- 1,820 businesses from the sector with a total outstanding balance of €180m are in a phased payment arrangement (PPA).
 - ❑ 15% of these businesses owe less than €5,000
 - ❑ Approximately half (49%) owe between €5,000 - €50,000
 - ❑ 14% owe between €50,000 - €100,000
 - ❑ The remaining 22% owe more than €100,000
- A total of 762 businesses in the Accommodation & Food Services sector with a combined outstanding debt of just under €13.5m did not engage with Revenue by the May 2024 closing date.
- This debt has now been escalated to collection / enforcement procedures and is subject to full interest rates of 8-10%.
- For more, see [COVID-19 Debt Warehousing Statistics - June 2024 \(revenue.ie\)](https://www.revenue.ie/en/press-releases/2024/06/17/covid-19-debt-warehousing-statistics-june-2024)



Accommodation & Food Services Sector – Position as of June 2024

90% of debt owed
in January 2024
now addressed by
full payment or
through a payment
plan with Revenue

1,820 businesses
from the sector in
phased payment
arrangements
(PPAs)

762 businesses
with combined
debt of c.€13.5m
did not engage
with Revenue by
closing date

This debt has now
been escalated to
enforcement
procedures and is
subject to full
interest rates of
8-10%