

Appendix 10: Financial Assistance to Tourism and Travel Sector businesses adversely affected by the Coronavirus

Introduction

The Department recognises that the Coronavirus pandemic is having a continued and significant negative affect on many businesses but in particular, those within the broader tourism and travel related sectors that derive a significant majority of their revenue from inbound visitors, or leisure and business travellers both to and from the Island.

The impact of the border restrictions has resulted in a direct loss of revenue for these businesses. It is noted that although many parts of the Island's economy are now open and able to trade effectively, the tourism and travel sectors remain subject to restricted market access. These affected businesses continue to see cash outflows in terms of staffing and general overheads whilst having minimal income.

The Department would wish to provide emergency support to such businesses in the short term to protect the sector and in turn, their staff and customers.

It is accepted that in certain instances a business may have to reduce staff. However, the aim of the support is to encourage businesses to carry on trading through the short term difficulties and to retain as many jobs as possible.

This emergency assistance package runs from 1st July 2020 for a period of 9 months, ending 31st March 2021.

Overview of available support

The Scheme offers financial assistance by way of a grant towards the demonstrated short term (i.e. 9 months) forecasted cash flow requirements for eligible costs which includes salaries and overheads on a case by case basis. There are two flat rates of support available, being 25% or 50% (see table).

Grant Support	Qualifying Criteria	Exclusions	Conditions
50% of residual salaries and overheads	<p>Must have suffered a 50% or more reduction in turnover compared to the same month in 2019</p> <p>Must be an eligible business</p>	<p>Salary support capped at £280pw (after taking into account Salary Support Scheme payment)</p> <p>No payments to related entities</p>	<p>Paid monthly in arrears</p> <p>Based on evidence of income and costs through monthly management accounts certified by the Company's accountant</p>
Up to 25% of residual salaries and overheads	As above, but where reduction in turnover is greater than 25%, but less than 50%	No capital or interest repayments	Limited to a period of 9 months ending 31 st March 2021

Treasury concurrence is needed for applications where the support to be offered exceeds £100,000.

Eligibility

Only Isle of Man businesses deemed to be in the broader tourism and travel sector may apply and must declare that their business was financially viable before the pandemic began.

The business must evidence a reduction in turnover as a result of the closure of the borders to access the financial assistance. The reduction in turnover is evidenced by way of a comparison between this year and last year for the same calendar month and the percentage of support available is reviewed on a month-by-month basis.

In certain cases, where evidence cannot be provided that the reduction in turnover is as a result of the closure of the borders i.e. where a business does not take bookings or retain client data, a declaration can be made by the business to validate its claim.

Assistance provided under this appendix excludes the majority of accommodation providers who can access financial support under the Strategic Capacity Scheme. Persons operating in this sector who are self-employed are also ineligible under this scheme but can apply for support through the Coronavirus Business Support Scheme.

Businesses seeking support must meet the Enterprise Act 2008 (Eligible Businesses Regulations) 2020 which includes the requirement to have 1 Isle of Man employee other than the person involved in controlling the business. Only one company in a group of companies may apply and the assistance must be predominantly used on the Island. The business should ensure that any debts owed to local suppliers are being addressed at the time the application is made.

Applications are welcomed from the following businesses:

Travel and Tour Operators

- travel agents
- tour operators
- coach operators
- private car hire operators
- car rental businesses
- airport/seaport based taxi operators
- airport parking/valeting businesses

With income derived wholly or mainly from such an operation.

Taxi and private car hire operators must generate more than 50% of their revenue from serving the Sea Terminal and Ronaldsway Airport in order to be eligible.

Animal Care

"Animal Care" means a business with income wholly or mainly from the keeping of animals in a boarding establishment which is licensed under the Animal Boarding Establishments (Isle of Man) Act 1973 and has, and continues to, suffer at least a 50% reduction in turnover as a direct result of the border restrictions.

This excludes operators who provide animal day care facilities.

General

An application may be considered from a business in a sector not noted above but must demonstrate that it is directly linked to the tourism and travel sector, such that it derives the majority of its revenue from customers travelling to and from the Island, and can prove to the satisfaction of the Department that it has, and will continue to suffer, the required reduction of turnover as a result of border restrictions imposed due to Covid-19. Where a business undertakes multiple activities or routes to market, ring fencing may occur to offer support to only those areas deemed eligible. Applications are reviewed on a case by case basis and support will not be offered where a business has suffered the required reduction in turnover but only part of this can be evidenced as being attributed to the closure of the borders.

Providers of Tourist Accommodation (other than permanent campsites without Glamping facilities) are eligible for the Strategic Capacity Scheme and are therefore ineligible for assistance under this scheme.

The proposed expenditure must be for use in relation to maintaining the effective operation of the business and its operational cash flow to enable as far as possible, retention of staff and continuity of customer service.

The Department reserves the right to require security to cover the assistance on any amount over £100,000.

Eligible Expenditure

Eligible expenditure includes the following:

- Salary costs*
- Rent on essential premises (to be paid to independent third parties only)
- Premises operating costs including rates, utilities, insurance, cleaning
- Audit & accountancy fees**
- IT operating costs including licenses
- Leasing costs (to be paid to independent third parties only)
- Routine bank charges
- Other reasonable costs as agreed by the Department on a case by case basis***

* 50% of residual salaries (i.e. 50% of the remaining salary costs after taking into account the Salary Support Scheme payment) and capped at £280 per employee, per week.

** In cases where the total grant assistance requested is less than £10,000, an additional grant of up to £500 is available to cover the cost of certification by an external accountant.

The accountant must operate in accordance with generally accepted accounting principles or practice which means accounting standards and practices recommend by:-

- The International Accounting Standards Board (International Financial Reporting Standards);
- The Accounting Standards Board (United Kingdom Accounting Standards), (UK GAAP); or
- The Financial Accounting Standards Board, the Government Accounting Standards Board or the Federal Accounting Standards Advisory Board (US GAAP).

*** The following costs are specifically excluded: payments to related entities (with the exception of payments in respect of shared costs within a group structure and subject to the Department's discretion), capital or interest repayments (or lease purchase arrangements), Directors fees and capital expenditure of any kind (vehicles, IT, premises etc.)

Application Process

Information about the application process is available on the Department's web site www.iomdfenterprise.im

All applicants are encouraged to carefully review their eligibility status before submitting the application form.

Potential applicants who are unsure of their eligibility, may contact the Department by telephone on 687333 or by completing the brief online enquiry form which can be found at www.gov.im/businessenquiries

Once the application has been received, provided that all requisite information has been provided, the Department will aim to make a decision and notify you by e-mail as soon as possible. If the application requires Treasury concurrence then the decision will take longer.

Information to be supplied

All applicants must provide: -

- A fully completed and signed application form including:
 - Details of the business
 - Answers to all eligibility questions
 - Details of assistance sought
 - A declaration that the business is not in immediate danger of closing
 - Acknowledgement of the Department's standard declarations

- Along with the application form the following should be supplied:
 - A short summary of the business
 - Evidence that the business has or will suffer a reduction in turnover, this can be certified financial statements for either:
 - the period July 2020 - March 2021, or;
 - the year to datewith comparative figures for a previous year to confirm usual turnover
 - Evidence or a declaration to confirm that the reduction in turnover is due to the closure of the borders
 - A declaration as to the previous level and intended staffing level retention for the business
 - A statement of any overdue debts to local suppliers and confirmation of how this is being addressed
 - A copy of the latest available accounts and management information

The Department reserves the right to ask for any additional information.

Assessment criteria

The Department will assess each application based on the following criteria: -

- Full completion of the application form and information provided
- Any additional information subsequently provided
- Eligibility and financial needs in line with the criteria
- The staffing levels in the business
- Other financial and cash flow support received from Government
- The exchequer benefit per annum from the jobs maintained which must forecast to return any assistance offered within a period of 5 years in order to be eligible for any assistance

Approval process

Once the Department has determined eligibility, the Department reserves the right to confirm the applicant's standing as regards to Income Tax, National Insurance and VAT with Treasury.

All applications for financial assistance must be approved by a person designated by the Department.

If approved, the applicant will be informed and provided with a payment claim form.

Claims and Payment

The applicant should respond to any offer e-mail indicating whether they wish to take up the offer or not. If no response is received within 21 days then the offer will be deemed withdrawn.

The payment will be made monthly, in arrears, and on receipt of the following information:

- A payment claim form
- Management accounts certified from your accountant for the month subject to the payment claim and the comparable month in 2019 i.e. July 2019 & July 2020. In the case of a new business which has been operating for less than 12 months, please contact the team for advice on the information required.

Invoices and evidence of the payment of such should be maintained and available for the Department's inspection whilst the business remains within the terms and conditions of the assistance.

The Department will authorise the payment to be made. All payments will usually be made into the applicant's business bank account approximately 5 days later.

Declined applications

The Department will notify ineligible or rejected applicants via email stating the reasons for the refusal and where appropriate, provide information as to the manner in which a defective application may be rectified.

A request for a review of a decision must be made in writing within one month of the date of notification of that decision.

An application may only be reviewed once.

The applicant must clearly and concisely state the reasons for the review and provide any additional supporting information.

The Department must appoint a review officer of the Department (other than an officer involved in the original decision) to adjudicate on the review. The review officer's adjudication will be final.

Application form

The application form is available at <https://www.iomdfenterprise.im/financial-support/funding/fas/>

Applicants should read the guidelines before submitting an application to the Department.

Completed application forms and supporting documentation should be either emailed to enterprisesupport@gov.im or sent to:

**The Financial Assistance Scheme,
Enterprise Support,
Department for Enterprise,
St Georges Court,
Upper Church Street,
Douglas,
Isle of Man.
IM1 1EX**