



An Roinn Post, Fiontar agus Nuálaíochta Department of Jobs, Enterprise and Innovation

Credit Guarantee Scheme- Eligibility Criteria	
Is the proposal viable?	The Business must be viable, that is: <ul style="list-style-type: none"> Will the business be able to make the necessary repayments on the credit (assessed according to normal lending credit criteria)
Is the borrower an SME?	An SME is an enterprise that has: <ul style="list-style-type: none"> Fewer than 250 employees Either an annual turnover not exceeding €50m or an annual Balance Sheet total not exceeding €43m
What is the borrowing requirement?	Loan Values: <ul style="list-style-type: none"> Total Scheme guarantees may be provided for any eligible facility value from €10,000 to €1 million
What type of lending is covered under the scheme?	Covered by the scheme: <ul style="list-style-type: none"> Loans Performance Bonds
Must the SME be based in the ROI?	Foreign Ownership and Registration <ul style="list-style-type: none"> Businesses which are owned by foreign parents are eligible to apply to use the Scheme provided the Applicant is trading in Ireland and the Scheme funding is going towards a business activity in Ireland (as above) <p>Similarly, where a business has Irish ownership but is registered abroad, the business is eligible to apply for the Scheme provided the Applicant is trading in Ireland and the Scheme funding is going towards a business activity in Ireland</p>
Can the Scheme be used to fund an Acquisition?	Acquisitions, Buy-Outs and Share Purchases <p>The Scheme is designed to stimulate economic growth and all Scheme lending is intended to add economic value to the borrowing businesses. Share transfers (including purchases of minority interests, share buy-backs and corporate acquisitions effected via the purchase of a business's trade and assets) do not in themselves introduce new funds into a business and are often motivated by personal gain. It is not within the spirit of the Scheme for it to be used for the benefit of individuals rather than businesses.</p> <p>Share transfers may however impact on corporate control, and if this is of clear benefit to <i>the</i> business, then the Scheme may be used in support of the transaction. It is recommended that lenders prepare a file note justifying the use of the Scheme, where appropriate.</p>
What are the State Aid limits?	<ul style="list-style-type: none"> The Aid attributable to the provision of a Scheme Facility contributes towards the €200,000 rolling three fiscal year (current fiscal year and the preceding fiscal years) De Minimis limit to which SMEs are subject Therefore the Aid arising from any Application must be no more than €200,000, or a lower amount in the event that the Applicant has received other De Minimis State Aid in the preceding three years or is operating in certain business sectors <p><u>What Sectors are the exception to the €200,000 State Aid Limit?</u></p> <ul style="list-style-type: none"> A lower limit of €100,000 applies to Scheme Facilities provided for road transport businesses. <p>A lower limit of €30,000 applies to Scheme Facilities provided to businesses involved in the production, processing and marketing of fisheries products</p>
Can the Scheme be used to support refinance?	<p>Yes. Under Credit Guarantee Scheme 2015, refinancing is permitted in circumstances where the SME bank is either unwilling or unable (as it is exiting the Irish market) to provide the credit sought and there is insufficient collateral to support this refinancing.</p>

<p><i>Is the business in an eligible sector?</i></p>	<p>The ineligible sectors are:</p> <p><i>Aquaculture (Fish Farming)</i></p> <ul style="list-style-type: none"> • Note that the Scheme is not allowed to be used when the facility would be in support of an activity that increases fishing capacity (expressed in terms of tonnage or power) or is for the purchase, construction or modernisation of fishing vessels • <u>The Scheme is allowed, however, where it is directed at improving the safety standards of vessels (please contact the Operator to individually confirm each such case)</u> • Activities related to the <u>production, processing and marketing of fisheries products are eligible for the Scheme but because there is a lower State Aid limit for aquaculture of €30k the maximum permissible Scheme Facility value will be significantly lower than the ERM maximum</u> <p><i>Primary Agriculture</i></p> <ul style="list-style-type: none"> • Primary production in agriculture is excluded from the scope of the scheme in the light of particular restrictions under the De Minimis State Aid rules and because the specific market failures identified do not apply in these sectors • <u>Value-adding downstream processing and marketing activities are regarded as being "industrial" and so are eligible</u> <p><i>Banking, Finance and Associated Services</i></p> <ul style="list-style-type: none"> • Any activity that involves granting of finance or a financial service to clients is ineligible, such as: banking, deposit taking and building societies; companies involved in granting loans, mortgages, hire purchase or credit services; mortgage brokers that are attached to banks; venture capitalists; seed corn finance companies and stockbrokers • <u>Note that accountants, auditors, management service companies such as bookkeeping firms, tax advisers, management consultants, business advisers and companies that provide support to small firms on financial matters without actually supplying funds are eligible</u> <p><i>Coal</i></p> <ul style="list-style-type: none"> • All activities in the coal sector are ineligible. <p><i>Formal Education</i></p> <ul style="list-style-type: none"> • Formal education is ineligible. • <u>Businesses offering courses that lead to vocational qualifications and skills (i.e. those skills and qualifications directly usable in a job) are eligible, as are nursery schools, day schools and playgroups for young children and sports coaching</u> <p><i>Insurance and Associated Services</i></p> <ul style="list-style-type: none"> • Companies and societies primarily engaged in transacting all types of insurance business are not eligible • <u>Insurance agents and brokers that do not provide insurance themselves and that are independent of insurance companies are eligible for Scheme</u> <p><i>Owning and Dealing in Property</i></p> <ul style="list-style-type: none"> • Land and estate owners, property investment companies and those that derive their income from owning and letting property are not eligible, nor is dealing in land or property for speculative gain • <u>Building firms that buy land or property to develop or refurbish and who employ the building workers themselves or sub-contract the work are eligible</u> <p><i>Public administration, national defence, and compulsory social security</i></p> <ul style="list-style-type: none"> • All publicly owned bodies and companies, including their 100% subsidiaries, are ineligible. In any event, applications would be expected to be rejected on the group turnover test, as the ultimate parent is likely to be either Central or Local Government • <u>Where a company is partially owned by the state the group turnover test should be</u>
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	<p>considered: i.e. if the state has controlling influence on the company then, according to the group turnover test, the company will fail to qualify for Scheme</p> <ul style="list-style-type: none"> • An exception to this is where the state has a controlling interest (but not 100% interest) in a company in which it holds share capital as result of investment by a venture capital fund, whereby public funds are invested alongside private funds <p>Road Freight Vehicles</p> <ul style="list-style-type: none"> • There is a prohibition on scheme use for the purchase of road freight vehicles to be used for hire and reward
<p>What are the restrictions on Exporting?</p>	<p>A facility to provide working capital specifically in support of export sales will be ineligible because working capital requirements are usually driven by sales.</p> <p>Lenders need to consider whether the funding is in support of dedicated export activities and that the decisive factor is the presence of an intention to promote exports. Activities which would be ineligible in this context include, for example, <i>the</i> financing of:</p> <ul style="list-style-type: none"> • an advertising campaign outside Ireland • an individual export order or series of orders • the manufacture of a product which is only available to customers in an overseas market • the establishment of a representative office outside Ireland or the appointment of an overseas agent • the setting up of a distribution network overseas <p>Activities not directly related to specific exports are eligible, including:</p> <ul style="list-style-type: none"> • participation in trade fairs • feasibility studies or consultancy support to facilitate the launch of a new or existing product into a new market • specific activities (e.g. generic product development, equipment purchase or facilities enhancement activities) within <i>the</i> Irish operations of a business, irrespective of the current composition of market(s) into which the business sells <p>Note that this spending does not necessarily have to take place in Ireland</p> <p>Foreign Ownership and Registration</p> <ul style="list-style-type: none"> • Businesses which are owned by foreign parents are eligible to apply to use the Scheme provided the Applicant is trading in Ireland and the Scheme funding is going towards a business activity in Ireland (as above) • Similarly, where a business has Irish ownership but is registered abroad, the business is eligible to apply for the Scheme provided the Applicant is trading in Ireland and the Scheme funding is going towards a business activity in Ireland <p>Protectionism</p> <ul style="list-style-type: none"> • The De Minimis rules are also designed to prevent protectionism. The Scheme therefore cannot be used if provision of the finance is being made conditional on the use of domestically produced goods or services in preference to imports.