

The following is a summary of the financial support measures to counter the disruption due to the COVID-19 outbreak

The range of measures for UK businesses is significant and now includes the following:

- a Coronavirus Job Retention Scheme
- deferring VAT and Income Tax payments
- a Statutory Sick Pay relief package for SMEs
- a 12-month business rates holiday for all retail, hospitality and leisure businesses in England
- small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief
- grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000
- the Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank
- the HMRC Time To Pay Scheme
- insurance coverage

Each of these items is now explained in more detail below.

Coronavirus Job Retention Scheme

Under the Coronavirus Job Retention Scheme all UK employers will be able to access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during this crisis.

Eligibility: All UK businesses are eligible.

How to access the scheme - You will need to:

- designate affected employees as 'furloughed workers,' and notify your employees of this change - changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation,

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- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (HMRC will set out further details on the information required).

HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month per employee. HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers.

PLANNING NOTES:

1. This scheme does not mean that the government is offering to pay 80% of all your employees' wages. It is intended to save you laying off staff who cannot work normally due to the outbreak.
2. In his announcement, Rishi Sunak made it clear that it will take time for HMRC to create a dedicated online portal that will allow employers to register their "furloughed" employees. It is unlikely that employers will receive any payments from HMRC until the end of April 2020.
3. As you would expect, the announcement made last week is light on detail. As new information comes to light you will be advised.
4. In the interim, we suggest that all clients who need to consider laying-off staff due to business interruption during the coronavirus outbreak, call us as a matter of urgency to consider their options in the light of this new support package. There now seems to be a real opportunity to retain staff who can resume their normal duties as soon as the current restrictions are lifted.
5. It is likely that when the small print on this Job Retention Scheme is published it will include anti-avoidance restraints to stop employers registering employees on the scheme whilst they are still working – say from home.

Deferring VAT and Income Tax payments

Government has announced that HMRC will allow you to defer Value Added Tax (VAT) payments for 3 months. The deferral period will apply from 20 March 2020 until 30 June 2020.

Additionally, if you are self-employed, Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021.

1. **VAT Deferral.** All UK businesses registered for VAT are eligible. This is an automatic offer with no applications required. Businesses will not need to make a VAT payment during this period. Taxpayers will be given until the end of the 2020-21 tax year to pay any liabilities that have accumulated during the deferral period. VAT refunds and reclaims will be paid by the government as normal.
2. **Income Tax.** For Income Tax Self-Assessment, payments due on the 31 July 2020 will be deferred until the 31 January 2021. If you are self-employed you are eligible. This is an automatic offer with no applications required.

PLANNING NOTES:

Both support measures are welcomed as they offer the self-employed and VAT registered businesses a fairly immediate cash-flow relief in the next few months.

PLEASE NOTE: HMRC are not cancelling your VAT and self-assessment tax payments, both are being deferred to a later date and filing of your VAT return is still required. Please ensure that you make allowance for this so that you can meet the payments when they fall due.

Support for businesses who are paying sick pay to employees

HMRC are bringing forward legislation to allow small-and medium-sized businesses and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19.

Eligibility: The eligibility criteria for the scheme will be as follows:

- this refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19
- employers with fewer than 250 employees will be eligible - the size of an employer will be determined by the number of people they employed as of 28 February 2020
- employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19
- employers should maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note. If evidence is required by an employer, those with symptoms of coronavirus can get an isolation note from NHS 111 online and those who live with someone that has symptoms can get a note from the NHS website
- eligible period for the scheme will commence the day after the regulations on the extension of SSP to those staying at home comes into force
- the government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible

You are eligible for the scheme if your business is UK based, small or medium-sized and employs fewer than 250 employees as of 28 February 2020.

How to access the scheme - A rebate scheme is being developed. Further details will be provided in due course once the legalisation has passed.

PLANNING NOTES:

A rebate scheme is being developed. Further details will be provided in due course once the relevant legislation has passed. As with other measures, it may be some time before employers can access the rebates to which they are entitled.

Support for businesses that pay business rates

Business rates holiday for retail, hospitality and leisure businesses

The government is introducing a business rates holiday for retail, hospitality and leisure businesses in England for the 2020-21 tax year.

Businesses that received the retail discount in the 2019-20 tax year will be rebilled by their local authority as soon as possible.

Eligibility: You are eligible for the business rates holiday if: your business is based in England and your business is in the retail, hospitality and/or leisure sector.

Properties that will benefit from the relief will be occupied premises that are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas and live music venues;
- for assembly and leisure;
- as hotels, guest & boarding premises and self-catering accommodation.

How to access the scheme - There is no action that you need to take. The relief will apply to your next council tax bill in April 2020. However, local authorities may have to reissue your bill automatically to exclude the business rate charge. They will do this as soon as possible.

Cash grants for retail, hospitality and leisure businesses

The Retail and Hospitality Grant Scheme provides businesses in the retail, hospitality and leisure sectors with a cash grant of up to £25,000 per property.

For businesses in these sectors with a rateable value of under £15,000, they will receive a grant of £10,000.

For businesses in these sectors with a rateable value of between £15,001 and £51,000, they will receive a grant of £25,000.

Eligibility: You are eligible for the grant if: your business is based in England and your business is in the retail, hospitality and/or leisure sector

Properties that will benefit from the relief will be occupied premises that are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas and live music venues;
- for assembly and leisure;
- as hotels, guest and boarding premises and self-catering accommodation.

How to access the scheme - Your local authority will write to you if you are eligible for this grant.

PLANNING NOTE:

Any enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority.

Support for businesses that pay little or no business rates

The government will provide additional Small Business Grant Scheme funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBBR), rural rate relief (RRR) and tapered relief. This will provide a one-off grant of up to £10,000 to eligible businesses to help meet their ongoing business costs.

Eligibility: You are eligible if: your business is based in England; you are a small business and already receive SBBR and/or RRR and you are a business that occupies property.

How to access the scheme - You do not need to do anything. Your local authority will write to you if you are eligible for this grant.

PLANNING NOTE:

Any enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority.

Coronavirus Business Interruption Loan Scheme

The new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will launch early week beginning 23 March 2020, to support primarily small and medium-sized businesses to access bank lending and overdrafts.

The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £5 million in value. Businesses can access the first 12 months of that finance interest free, as government will cover the first 12 months of interest payments.

Eligibility: You are eligible for the scheme if: your business is UK based, with turnover of no more than £45 million per year and your business meets the other British Business Bank eligibility criteria.

How to access the scheme - The full rules of the Scheme and the list of accredited lenders is available on the British Business Bank website (<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/accredited-lenders/>). All the major banks will offer the Scheme once it has launched. There are 40 accredited providers in all.

PLANNING NOTES:

You should talk to your bank or finance provider (not the British Business Bank) as soon as possible and discuss your business plan with them. This will help your finance provider to act quickly once the Scheme has launched. If you have an existing loan with monthly repayments, you may want to ask for a repayment holiday to help with cash flow.

The scheme will be available from week commencing 23 March 2020. Please call if you feel that this is something that you will need to consider. We can help you draw together the information required to support an application.

Support for businesses paying tax: Time to Pay service

All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time To Pay service.

These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

Eligibility: You are eligible if your business pays tax to the UK government and has outstanding tax liabilities.

PLANNING NOTES:

If you have missed a tax payment or you might miss your next payment due to COVID-19, please call HMRC's dedicated helpline: 0800 0159 559. If you are worried about a future payment, please call us if you need to confirm the amount of taxes due or need advice on how to approach HMRC for assistance.

Insurance

Businesses that have cover for both pandemics and government-ordered closure should be covered, as the government and insurance industry confirmed on 17 March 2020 that advice to avoid pubs, theatres etc is sufficient to make a claim as long as all other terms and conditions are met.

Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers. Most businesses are unlikely to be covered, as standard business interruption insurance policies are dependent on damage to property and will exclude pandemics.