

SURVIVING COVID-19

A SUMMARY OF GOVERNMENT SUPPORT SCHEMES AND ACTIONS REQUIRED

The notes that follow were updated at the end of March 2020. They serve as a reminder of the various support packages on offer at that time and how to access them.

1. Coronavirus Job Retention Scheme

This scheme provides financial assistance for employers that lay-off “furlough” employees that they can no longer afford to pay due to the COVID-19 disruption. Abridged details of the scheme are listed below:

- You must have an established PAYE scheme at 28 February 2020.
- You can only claim for employees that are “furloughed” and that do not work for you when laid-off in this way.
- You can claim 80% of monthly wage costs up to a maximum of £2,500, plus the associated Employer NIC and minimum automatic enrolment employer pension costs.
- Qualifying employees/directors must have been on the payroll on 28 February 2020.
- You can also claim for employees who were made redundant since 28 February 2020, if they are rehired.
- Employers will need to write to staff they wish to furlough and agree the new arrangements.
- The position of director/shareholders has been clarified in two respects. Firstly, that entitlement to CJRS will be linked to salaries, not salaries and dividends, and directors will not be barred from furloughing themselves if the only duties they perform are linked to their statutory responsibilities.

Action required: HMRC are presently creating an online facility that will allow employers to make claims under this scheme. This should be available during April 2020.

2. Self-Employed Income Support Scheme

This scheme aims to support the self-employed who are suffering a reduction in their earnings – or a total shut-down in their business – due to COVID-19 lock-down instructions by government. A summary of the criteria that will be considered by HMRC, before making any payments under the scheme, are listed below:

- You will need to have submitted a self-assessment tax return for 2018-19. The deadline was 31 January 2020. If you have still not filed this return, HMRC have extended this deadline to 23 April 2020.
- You must have traded in 2019-20,
- You must be trading when you apply and intend to continue trading in the tax year 2020-21.
- You must have suffered a loss of profits due to the COVID-19 outbreak.
- Your self-employed profits must be less than £50,000, but more than half of your total taxable income.
- Also, your average trading profits in the three years 2016-17, 2017-18 and 2018-19, will need to be less than £50,000 and more than half your total income in the same period.

The grant you receive, if you are eligible, will be 80% of your average annual profits, based on the three years ending 5 April 2019, up to a maximum of £2,500 per month for three months. HMRC will calculate how much you are due under this scheme. You do not need to apply. However, it is unlikely any payments will be made until June 2020.

Action required: If you need additional support before the grant is paid or if you are not eligible to claim, you will need to apply for Universal Credits or other State Benefits.

3. 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 31 January 2021.

- **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 (20 March to 30 June 2020). Taxpayers will be given until the end of the 2020-21 tax year, 31 March 2021, to pay any liabilities that have accumulated during the deferral period. VAT refunds and reclaims will be paid by the government as normal.
- **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.

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

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

4. 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.

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.

Action required: 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.

5. Support for businesses that pay business rates

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

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.

Action required: 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.

REGIONAL VARIATIONS: please contact your local council or rating authority to confirm the extent of support being offered in Scotland, Wales and Northern Ireland.

6. 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.

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.

Action required: Your local authority may need more information in order to process your grant. Many have already requested this information by prompting businesses affected to complete a simple online questionnaire. If you have not received this request take a look at your local council's website. Any other enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority.

REGIONAL VARIATIONS: please contact your local council or rating authority to confirm the extent of support being offered in Scotland, Wales and Northern Ireland.

7. 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.

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.

Action required: Your local authority may need more information in order to process your grant. Many have already requested this information by prompting businesses affected to complete a simple online questionnaire. If you have not received this request take a look at your local council's website. Any other enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority. Other than this, you do not need to do anything. Your local authority will write to you if you are eligible for this grant.

REGIONAL VARIATIONS: please contact your local council or rating authority to confirm the extent of support being offered in Scotland, Wales and Northern Ireland.

8. Coronavirus Business Interruption Loan Scheme

(As amended by government announcement 3 April 2020)

The new temporary Coronavirus Business Interruption Loan Scheme (CBILS), 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.

Changes announced 3 April 2020:

Changes include:

- Lenders banned from requesting personal guarantees from lenders for loans under £250,000.
- For loans over £250,000 personal guarantees will be limited to 20% of any amount outstanding on the CBILS lending after any other amounts have been recovered from business assets.
- The above changes will apply to loans already obtained prior to the 3 April announcement.
- Government to request that applications are dealt with quickly.
- A new Coronavirus Large Business Interruption Loan Scheme (CLBILS) is to be made available to enable banks to make loans under the scheme of up to £25m (the present limit for the smaller scheme is £5m). This will allow firms with an annual turnover of between £45m and £500m access to the 80% government guarantee.
- Government is actively requesting that banks keep interest rates to “a reasonable level”. After all, base rates are at a record low...

Action required: If you have existing overdrafts or loans with your bank they will probably require that you continue with these facilities rather than convert to a Business Interruption Loan. They may offer better terms including interest or repayment holidays to tide you over the current close down. 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. If you are seeking support for the first time, you may also find that banks are keen to offer you their standard support products (without the government guarantee). Please call if you need help negotiating facilities. We can also help you draw together the information required to support an application.

9. Support for larger firms - the COVID-19 Corporate Financing Facility

Under the new COVID-19 Corporate Financing Facility, the Bank of England will buy short term debt from larger companies.

This will support your company if it has been affected by a short-term funding squeeze and allow you to finance your short-term liabilities.

It will also support corporate finance markets overall and ease the supply of credit to all firms.

All UK businesses are eligible. The scheme will be available early in week beginning 23 March 2020. More information is available from the Bank of England.

10. 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.

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

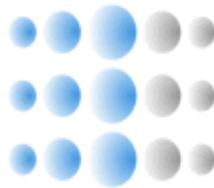
Action required: If you have missed a tax payment or you might miss your next payment due to COVID-19, please call HMRC's dedicated helpline: 0800 0159 559.

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.

11. 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. Since the 17 March, further regulations are now in force requiring numerous businesses to close.

Action required: 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.



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