

COVID 19 - A GUIDE ON SUPPORT FOR BUSINESSES AND INDIVIDUALS

The government has provided a full range of financial business support measures to UK businesses during Coronavirus (Covid-19).

We have summarised the measures below but should you have any specific queries please call your normal point of contact at RSP or the office on 01905 611666.

Coronavirus Job Retention Scheme

- Under this scheme employers will be able to access support to continue paying most of the wages of their workforce who remain on the payroll but are temporarily not working during the coronavirus outbreak.
- All UK businesses-small or large and charitable or non-profit are eligible for the scheme.
- If a worker is placed on the scheme the government will pay 80% of their wages, up to £2,500. Employers can choose, whether or not, to fund the difference between this amount and an employee's salary but they are not required to do so.
- Designated affected workers will become classified as 'furloughed workers'. They must be notified of the change in status by their employers and will be kept on the company payroll but are not able to carry out any duties.
- Employers will be required to submit information to HMRC about employees who have been furloughed through an online portal.
- The scheme was initially open for 3 months and could be backdated to 1 March. It has now been extended to the end of October.
- From 1 July, employers can bring furloughed workers back on a part-time basis and make a claim for the hours not worked.
- From 1 August, the grant level will be reduced each month culminating in an end to the scheme on 31 October.

For August the government will still pay 80% of wages **but** employers will have to pay ER NICs and pension contributions. From September the government will pay 70% of wages, dropping to 60% in October at which point it will end.

We have already assisted a number of our clients with furlough claims and are well equipped to deal with any queries you may have.

Job Retention Bonus

- Employers who retain staff for three months after the furlough scheme ends will receive a £1,000 government 'bonus' for each employee that was furloughed.
- The bonus will be a one-off payment of £1,000 to UK employers for every furloughed employee who remains continuously employed through to 31 January 2021.

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- Employers will be able to claim for employees who were furloughed and had a Coronavirus Job Retention Scheme (CJRS) claim submitted for them, and:
 - a. have been continuously employed by the employer from the time of the employer's most recent CJRS claim for that employee until at least 31 January 2021;
 - b. have been paid an average of at least £520 a month between 1 November 2020 and 31 January 2021 (a total of at least £1,560 across the 3 months).
- The employee does not have to be paid £520 in each month, but must have received some earnings in each of the three calendar months that have been paid and reported to HMRC via RTI, and:
 - a. have up-to-date RTI records for the period to the end of January;
 - b. are not serving a contractual or statutory notice period, that started before 1 February 2021, for the employer making a claim.
- Employers can claim the Job Retention Bonus for all employees who meet the above criteria, including office holders, company directors and agency workers, including those employed by umbrella companies. The above criteria must be met regardless of the frequency of the employee's pay periods, their hours worked and rate of pay.
- The bonus payments will be made from February 2021.

Further detail about the bonus scheme is to be announced shortly.

Coronavirus Self-employed Income Support Scheme

- The scheme allows you to claim a taxable grant worth 80% of your trading profits up to £2,500 per month.
- The first grant covering March to May was payable in June.
- The second and final grant covering July to August is open from 17 August. The second grant will cover 70% of trading profits.
- The scheme is open for self-employed individuals or members of partnerships with a trading profit or partnership profit share of less than £50,000 in 2018-19 or an average profit of less than £50,000 over the last 3 years.
- To be eligible more than half of your income has to come from self-employment.
- Only those already registered as self-employed, will be eligible for the scheme. For those who have registered as self-employed in the 2019-20 tax year and therefore not yet submitted a return, you will not be eligible for this support scheme and can apply for universal credit.
- Grants will be paid in a single lump sum covering the 3 month periods. **It is important to note that the income is taxable.**

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- HMRC will identify taxpayers and contact them directly on how to apply.
- Those paying themselves a dividend through their company will not qualify for the scheme but should note that they may be eligible for the job retention scheme.

Coronavirus Business Interruption Loan Scheme (CBILS)

- A new temporary Coronavirus 'Business Interruption Loan Scheme' was launched on 23 March. Delivered by the British Business Bank the scheme supports businesses to access bank lending.
- 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 or if unsecured up to £250,000.
- The Loans will be interest free for the first **12 months**.
- Full conditions can be found here: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>
- Applications will need to be made through your business bank and they will consider the loans on a normal commercial basis. (i.e. you will have to make a viable business case and demonstrate that you can repay the loan.)

We can assist with loan applications and cash flow forecasts to support your applications.

Coronavirus Bounce Back Loan (BBLs)

- The scheme allows smaller businesses to access finance more quickly during the coronavirus outbreak.
- Small and medium-sized businesses can borrow between £2,000 and up to 25% of turnover, capped at £50,000.
- The government guarantees 100% of the loan and there will not be any fees or interest to pay for the first 12 months. After 12 months the interest rate will be 2.5%.
- The loan is for 6 years but you can repay early without paying a fee.
- To be eligible for a loan your business has to have been adversely affected by the coronavirus, be based in the UK and be established before 1 March 2020. Full details can be found here: <https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>.

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Please get in touch if you would like assistance with your application.

Statutory Sick Pay Refunds

- The Government have announced additional support for businesses paying extended Statutory Sick Pay (SSP) as a result of COVID-19.
- 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 as of 28 February 2020 will be eligible.
- 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.
- Claims may be made from day 1 instead of the usual day 4 of illness. The government will work with employers over the coming months to set up the repayment mechanism as soon as possible.

Deferral of Tax liabilities

- VAT payments due between now and the end of June will be deferred until the end of the tax year. There remains the requirement to complete and submit VAT returns as under normal circumstances and adhere to relevant filing deadlines. This may not apply automatically so if you intend to defer payment and have a Direct Debit set up please make arrangements to cancel.
- Income tax payments due under the Self-Assessment Scheme will be deferred until January 2021. As with the VAT returns, Self-Assessment returns are still due for completion and submission.

Dedicated HMRC helpline

- 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.
- If you are concerned about being able to pay your tax due to COVID-19, call HMRC's dedicated helpline on 0800 0159 559.

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Businesses in retail, hospitality and leisure

- A business rates holiday for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year.
- Estate agents, letting agencies, bingo halls and nurseries will also be exempted from business rates in 2020/21.
- Businesses that received the retail discount in the 2019 to 2020 tax year will be rebilled by their local authority as soon as possible.
- A grant up to £25,000 will be provided to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value between £15,000 and £51,000.
- Any enquiries on eligibility for, or provision of, the reliefs should be directed to the relevant local authority. Guidance for local authorities on the business rates holiday will be published by 20 March.
- If you are have any questions please call 0300 4560560 or email businessrates@southworcestershirerevenues.gov.uk

Support for businesses that pay little or no business rates

- The government will provide additional funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBBR). This will provide a one-off grant of up to £10,000 to businesses currently eligible for SBRR or rural rate relief, to help meet their ongoing business costs.
- Although the government previously stated that local authorities would be contacting companies and grant relief would be automatically applied some are now requesting that you register on your local website.
- Funding for the scheme will be provided to local authorities by government in early April.

Insurance

- The Government has announced that businesses that are protected for pandemics and government-ordered closure may be covered following the announcement on 17 March that the public to avoid pubs, theatres etc.
- We are told that very few businesses will in fact be covered however some will be. We therefore encourage all businesses to check the terms of their specific policy and contact their insurance providers.

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PRIVATE SECTOR SUPPORT

- In addition to the above a number of financial institutions are making funds available to small businesses impacted by COVID-19, including £2 billion from Lloyds and £5 billion from NatWest.

SUPPORT FOR INDIVIDUALS

- Mortgage lenders have also agreed to support customers that are experiencing financial difficulties as a result of COVID-19 through payment holidays of up to 3 months.
- The standard rate in Universal credit and Tax Credits will be increased by £20 per week for one year from 6 April (£1,040 for the year).
- Nearly £1 billion of additional support for renters, through increases in housing benefit and Universal credit. From April, Local Housing Allowance rates will pay for at least 30% of market rents in each area.

Some Useful Links

GOV.UK:

<https://www.gov.uk/coronavirus/business-support>

CBI:

<https://www.cbi.org.uk/articles/supporting-businesses-impacted-by-the-coronavirus/>

ACAS:

<https://www.acas.org.uk/coronavirus>

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SOME PRACTICAL SUGGESTIONS ON HOW TO DEAL WITH THE COVID-19

- As well as making sure that you are tapping into the Government and Private sectors assistance on the previous sheets what else can you do?
 - Can you diversify your business at all to help keep your sales up?
 - Have you assessed the impact on your supply chains?
 - Are you keeping your staff informed of developments?
 - Avoid your staff being off sick all at the same time by setting up home working where possible thereby allowing them to maximise social distancing. We can provide advice on how to implement this. The majority of our team are now working from home while still being able to support our clients.
 - Use technology to allow business meetings to still take place such as Microsoft Teams.
 - Review your business costs and strip out unnecessary expenditure. We can do this with you if you are not sure where to start.
 - Do you need to review your payroll costs? Are you aware of the new scheme to furlough employees and get a grant to cover 80% of their wages for up to three months? You could consider redundancy but there are other softer alternatives such as asking your whole team to take a pay cut. Take advice from an HR expert before changing employee rights. If you don't have an HR adviser, we can provide you with some details.
 - Keep on top of your accounts and cashflow. This will allow you to react quicker as the situation changes. Consider moving your accounts to cloud accounts software so that more of the processes can be automated. We have various cloud accounting solutions that we are experienced in supplying and supporting. We can demonstrate these to you if you are interested. We can also help to prepare cash flow forecasts and budgets.
 - Talk to your bank or other finance providers if you see a problem ahead. We can support you in these conversations and can attend joint meetings with you. We can also help with loan applications and business budgeting to support those applications.

If you need any support then please call our office on 01905 611666