

COVID-19: Summary of Business Support

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Government Support – Some Of The Main Areas

The package of measures to support businesses includes:

- Coronavirus Job Retention Scheme
- The Self-Employed Income Support 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
- A new lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans
- HMRC Time To Pay Scheme

The governments guidance on these measures can be found [here](#).

Coronavirus Job Retention Scheme

Summary of the measures

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. This is backdated to 1 March 2020 and will currently run until 30 June 2020.

Who is eligible

This will apply to all UK businesses with staff on PAYE, be they Ltd/sole trader/LLPs/partnerships or charities etc.

The scheme is open to all UK employers that had created and started a PAYE payroll scheme on or before 19 March 2020 and applies to employees reported on an RTI payroll submission before 19 March 2020 that are designated as Furloughed workers for a minimum of 3 weeks.

The scheme also covers employees who were made redundant after 28 February 2020, if they are rehired by their employer.

Employees can be on any type of employment contract, including:

- full-time
- part-time
- agency
- flexible
- zero-hour contracts.

Foreign nationals are eligible to be furloughed. Grants under the scheme are not counted as 'access to public funds', and you can furlough employees on all categories of visa.

Coronavirus Job Retention Scheme

What do I need to do

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 needs to be agreed with the employee in writing.

To claim, you will need:

- your employer PAYE reference number
- the number of employees being furloughed
- National Insurance Numbers for the furloughed employees
- Names of the furloughed employees
- Payroll/employee number for the furloughed employees (optional)
- your Self Assessment Unique Taxpayer Reference or Corporation Tax Unique Taxpayer Reference or Company Registration Number
- the claim period (start and end date)
- amount claimed (per the minimum length of furloughing of 3 consecutive weeks)
- your bank account number and sort code
- your contact name
- your phone number

HMRC will reimburse 80% of a furloughed workers salary, up to a cap of £2,500 per month plus the employers National Insurance and auto-enrolment pension costs.

The portal will be live from 20 April 2020 (more details on the claim are on page 6).

Coronavirus Job Retention Scheme – how can I claim

How can I claim under the Coronavirus Retention Scheme

You will need to calculate the amount you are claiming. HMRC will retain the right to retrospectively audit all aspects of your claim and you should retain all records and calculations in respect of your claims.

If you have fewer than 100 furloughed staff you will be asked to enter details of each employee you are claiming for directly into the system - this will include their name, National Insurance number, claim period and claim amount, and payroll/employee number (optional).

If you have 100 or more furloughed staff you will be asked to upload a file with the information rather than input it directly into the system. HMRC will accept the following file types: .xls .xlsx .csv .ods

When should I make a claim

You should make your claim using the amounts in your payroll - either shortly before or during running payroll. Claims can be backdated until the 1 March where employees have already been furloughed.

What to do after you've claimed

HMRC will check your claim, and if you're eligible, pay it to you by BACS to a UK bank account.

You must pay the employee all the grant you receive for their gross pay in the form of money. Furloughed staff must receive no less than 80% of their reference pay (up to the monthly cap of £2,500).

Employers cannot enter into any transaction with the worker which reduces the wages below this amount. This includes any administration charge, fees or other costs in connection with the employment.

Coronavirus Job Retention Scheme – how much can I claim

The amount that can be claimed per employee is:

- The lower of 80% of their regular salary and £2,500; plus
- Employer's NICs and minimum auto-enrolment employer pension contributions on that sum.

Full time and part time employees

For full time and part time salaried employees, you can claim for the 80% of the employee's salary, as per their last pay period prior to 19 March 2020.

If, based on previous guidance, you have calculated your claim based on the employee's salary as at 28 February 2020 (and this differs from their salary in their last pay period prior to 19 March 2020) you can choose to still use this calculation for your first claim.

Employees whose pay varies

If the employee has been employed (or engaged by an employment business) for a full twelve months prior to the claim, you can claim for the higher of either:

- the same month's earning from the previous year; or
- average monthly earnings from the 2019-20 tax year.

If the employee has been employed for less than a year, you can claim for an average of their monthly earnings since they started work.

If they have been employed for less than a month, work out a pro rata for their earnings so far, and claim for 80%.

Coronavirus Job Retention Scheme – Illustration

Example 1

X Ltd employs Mr A at an annual salary of £24,000, so £2,000 per month. Mr A has opted out of auto enrolment.

Each month, Mr A currently receives net pay of £1,665 which is after deducting PAYE of £191 and employees NIC of £144. On this salary, the employer pays employers' NIC of £174.

The available grant for the employer is the lower of

(a) 80% of (£2,000 + £174), and

(b) £2,500

So a grant of £1,739.

The cash required by X Ltd to furlough based on maintaining the existing salary is £435 per month.

Example 2

X Ltd employs Mr B at an annual salary of £42,000, so £3,500 per month. Mr B has opted out of auto enrolment.

Each month, Mr B currently receives net pay of £2,675 which is after deducting PAYE of £492 and employees NIC of £333. On this salary, the employer pays employers' NIC of £383.

The available grant for the employer is the lower of

(c) 80% of £3,500 = £2,800, and

(d) £2,500

Plus employers NIC, £245, on this amount

So X Ltd claims a grant of £2,500 plus £245 = £2,745.

The net amount of cash required by X Ltd to furlough Mr A based on maintaining the existing salary is £3,500 + £383 - £2,745 = £1,138 per month.

Coronavirus Job Retention Scheme – FAQs

What is a furloughed worker

A Furloughed worker is a worker who is on a temporary leave of absence from work. This can be due to economic conditions affecting a particular company or the country as a whole. Until now, the expression has not applied to UK employment law. Due to the COVID-19 pandemic, Furlough leave has been introduced by the UK government as a means to keep employees on the payroll without them required to work. This is different to being laid off without pay or being made redundant. Employees who get furloughed must not work for their employer during the furlough period, however, usually return to their job after the issue at hand has been solved, unless redundancies follow.

What is the minimum furlough period

Employees must be Furloughed for a minimum of three weeks to qualify for the scheme.

Can employees who are shielding be furloughed

Yes, employees who are 'shielding' in line with public health guidance can be placed on Furlough.

Are payments to the furloughed workers under the Coronavirus Job Retention Scheme a loan or a grant?

The Coronavirus Job Retention Scheme, is a grant which employers do not have to pay back. However, note that payments received by a business under the scheme are made to offset these deductible revenue costs. They must therefore be included as income in the business's calculation of its taxable profits for Income Tax and Corporation Tax purposes, in accordance with normal principles.

Businesses can deduct employment costs as normal when calculating taxable profits for Income Tax and Corporation Tax purposes.

Coronavirus Job Retention Scheme – FAQs

Can Directors be Furloughed?

It is possible for Company directors to be furloughed if they have effectively put the company into a dormant state.

The Job Retention scheme specifically states that a furloughed worker cannot do any work for the business during their furlough period however, directors (as office holders) have certain legal responsibilities outside of any duties that may arise from their contract of employment (a contract may be written, verbal or implied). As such, a director can carry out their Statutory duties including bookkeeping for VAT returns, filing company accounts etc. without jeopardising the claim under the Job Retention Scheme.

Whilst we do not know how claims to the Job Retention Scheme will be regulated, HMRC will have the right to audit any claims made under the Job Retention Scheme so it is important that any furloughed directors only carry out their statutory duties.

Employee transfers under TUPE and on a change in ownership

A new employer is eligible to claim under the CJRS in respect of the employees of a previous business transferred after 19 March 2020 if either the TUPE or PAYE business succession rules apply to the change in ownership.

Read more guidance on [TUPE rules](#).

Read more guidance on [business succession](#).

Coronavirus Job Retention Scheme – FAQs

What is the process of Furloughing employees?

The employer will need to decide who to Furlough. The decision will need to be taken in accordance with employment law. There may be an obligation on the employer to consult with employees where more than 20 employees are affected.

The employer should then agree in writing with employee that they will be Furloughed

Is an employer required to supplement employees' salary over the 80%?

No, however, employers can make up the additional pay, but this is not a requirement. For employees who have been furloughed employers can choose to;

- Only make the salary payment reimbursed by the government; or
- Pay all of the difference between the grant and the employee's normal salary; or
- Pay part of the difference between the grant and the employee's normal salary.

Any extra payment the employer chooses to make will be either the additional 20% of salary, or any amount in excess of £2,500.

Can employees work for the employer when furloughed?

Employees must not undertake any work for the employer while furloughed to qualify for the scheme. The grants do not cover the wages of employees working reduced hours due to the virus, and the employees must not work for the employer at all during the furlough period.

If an employee is working, but on reduced hours, or for reduced pay, they will not be eligible for this scheme and you will have to continue paying the employee through your payroll and pay their salary subject to the terms of the employment contract you agreed.

Coronavirus Job Retention Scheme – FAQs

What about employee's rights whilst they are 'furloughed'?

As the contract of employment will continue, any rights and benefits (save for those in respect of their pay), will continue to accrue as usual and in the same way they would during a period of lay-off. As such, employees would also continue to accrue holiday whilst they are 'furloughed'. That is the general position regarding accrued holiday pay with normal UK lay-offs.

Do I need to place all of my employees on Furlough?

You do not need to place all your employees on furlough. However, those employees who you do place on furlough cannot undertake work for you.

If the employee has more than one job can they be Furloughed?

If the employee has more than one employer they can be furloughed for each job. Each job is separate, and the cap applies to each employer individually.

If your employee does volunteer work or training

A furloughed employee can take part in volunteer work or training, as long as it does not provide services to or generate revenue for, or on behalf of your organisation.

However, if employees are required to complete training courses whilst they are Furloughed, then they must be paid at least the National Living Wage/National Minimum Wage for the time spent training even if this is more than the 80% of their wage subsidised.

The Self-employment Income Support Scheme

Summary of the measures

The Self-employment Income Support Scheme (SEISS) will support self-employed individuals (including members of partnerships) who have lost income due to COVID-19.

Individuals can claim a taxable grant worth 80% of their trading profits up to a maximum of £2,500 per month for the next 3 months. This may be extended if needed.

Who is eligible

You can apply for the scheme if you are self-employed or a member of a partnership and you:

- have submitted your Income Tax Return for the tax year 2018-19 (if this has not been done this can be filed by 23 April 2020)
- traded in the tax year 2019-20
- are trading when you apply, or would be except for COVID-19
- intend to continue to trade in the tax year 2020-21
- have lost trading/partnership trading profits due to COVID-19

Your trading profits must also be less than £50,000 with more than half of your income from self-employment, this is determined by meeting one of the below tests:

- having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income
- having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period

If you have not traded for the past three tax years HMRC will only use those years for which you filed a Self-Assessment Tax Return.

The Self-employment Income Support Scheme – continued

How much will I receive?

You will receive a taxable grant which will be 80% of the average profits from the tax years (where applicable):

- 2016 to 2017
- 2017 to 2018
- 2018 to 2019

To work out the average HMRC will add together the total trading profit for the 3 tax years then divide by 3 and use this to calculate a monthly amount.

This amount will be capped at £2,500 per month for 3 months.

The grant will be paid directly into your bank account, in one instalment.

What do I need to do

You cannot yet apply for this scheme. HMRC will contact you by mid May 2020 if you are eligible for the scheme and invite you to apply online.

The Chancellor indicated that he would expect payments under this scheme to be made in early June 2020.

Deferring VAT Payments

Summary of the measures

VAT due for payment between 20 March 2020 and 30 June 2020 can be deferred until 31 March 2021. No interest will be charged during this period.

The VAT returns for quarters ending 31st March, 30th April, 31st May and 30th June do still have their usual filing deadlines.

Who is eligible

All UK businesses are eligible.

What do I need to do

This is automatic with no applications required. If you have a direct debit setup to pay your VAT you should cancel this to make sure it is not collected.

VAT refunds and reclaims will be paid by the government as normal. We can help with the preparation of VAT repayment returns as a priority.

Deferring Income Tax Payments

Summary of the measures

Income Tax Self-Assessment, payments due on the 31 July 2020 will be deferred until the 31 January 2021 for all taxpayers. No penalties or interest for late payment will be charged in the deferral period.

Who is eligible

You are eligible if you are due to pay your second self-assessment payment on account on 31 July 2020. You do not need to be self-employed to be eligible for the deferment.

What do I need to do

This is an automatic offer with no applications required.

Support For Businesses Who Are Paying Sick Pay (SSP) To Employees

Summary of the measures

The government will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19. The repayment of SSP will commence the day after the regulations on the extension of SSP to those staying at home comes into force.

Who is eligible

Employers with fewer than 250 employees as of 28 February 2020 will be eligible.

What do I need to do

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

You 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.

The government currently working on the repayment mechanism and we will provide details as soon as we have them.

Support For Businesses That Pay Business Rates (England)

Summary of the measures

The Government is introducing a business rates holiday for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year.

Who is eligible

You are eligible for the business rates holiday if:

- your business is based in England
- your business is in the retail, hospitality and/or leisure sector
- Properties that will benefit from the relief will be occupied hereditaments 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

What do I need to do

Businesses that received the retail discount in the 2019 to 2020 tax year will be rebilled by their local authority as soon as possible. You do not need to take any action this will be done by your Local Authority.

Cash Grants For Retail, Hospitality And Leisure Businesses (England)

Summary of the measures

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.

Who is eligible

You are eligible for the grant if:

- your business is based in England
- your business is in the retail, hospitality and/or leisure sector

Properties that will benefit from the relief will be occupied hereditaments 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

What do I need to do

You do not need to do anything. Your local authority will write to you if you are eligible for this grant.

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

[Find your local authority.](#)

Support For Businesses That Pay Little Or No Business Rates (England)

Summary of the measures

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 (SBRR), rural rate relief (RRR) and tapered relief. This will provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs.

Who is eligible

You are eligible if:

- your business is based in England
- you are receiving small business rate relief or rural rate relief as of 11 March
- you are a business that occupies property

What do I need to do

You do not need to do anything. Your local authority will write to you if you are eligible for this grant.

Support For Businesses Through The Coronavirus Business Interruption Loan Scheme

Summary of the measures

The Coronavirus Business Interruption Loan Scheme (CBILS) supports small and medium-sized businesses, with an annual turnover of up to £45 million, to access loans, overdrafts, invoice finance and asset finance of up to £5 million for up to 6 years.

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 and any lender-levied fees so there are no upfront costs.

Who is eligible

You are eligible for the scheme if:

- your business is UK based, with turnover of no more than £45 million per year
- your business has a borrowing proposal which the lender would consider viable, if not for the coronavirus pandemic
- you can self-certify that your business has been adversely impacted by coronavirus

What do I need to do

You should contact your bank. Details of how to apply can be found on the British Business Bank website [here](#).

Support For Businesses Through The Coronavirus Business Interruption Loan Scheme – further details

How much can I borrow

The maximum loan available will be £5million.

What are the loan terms

The loan repayment terms will be between 1 and 6 years.

What information will I need to supply

The 'usual' 3 years accounts and accountants' statement will be needed and we will be more than happy to assist you in this process.

Will I need to provide a personal guarantee

Some lenders have indicated that in some circumstances they will require a personal guarantee but you should check with your lender.

Frequently Asked Questions

There is an FAQs produced by the [British Business Bank](#).

Support For Businesses Paying Tax: Time To Pay Service

Summary of the measures

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.

Who is eligible

All UK taxpayers who have missed or might miss their next tax payment due to COVID-19

What do I need to do

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're worried about a future payment, please call them nearer the time.

What Actions Should You Take Now?

- See the Business Emergency Action Plan
- You must have some figures of where you are and what effect the Pandemic will have on your cash flow
- Then you can make decisions

BUSINESS EMERGENCY ACTION PLAN

The next three months are going to be difficult for all businesses. If your customers are in isolation and cannot get to you or you cannot deliver or they cannot pay you, there is the reality of reduced or no sales for the next three or so months and even beyond if the virus remains.

The situation we face is one we cannot change we must accept that and it's the same for everyone - we know because our business depends on your success.

What you can do is stay healthy and ensure your loved ones are too.

We will support you to help and we will be letting you know how to get help when the mechanisms are available. We believe in planning for the worst and hoping for the best so work through the following action points. Call us immediately you see a problem in remaining viable.

So, here's what you need to do if your sales are going to be affected:

1. Stay healthy, follow the Government guidelines for you, your family, co-workers, employees and community. Work from home where you can manage administration.
2. Work out your expenses (including salaries) for the next six months.
3. If you are in retail – work out your breakeven point by dividing your costs by the Gross Profit margin. That's the sales figure you must achieve to cover expenses.
4. If you are in the service sector add your expenses to how much do you need to live on and that's the breakeven point in terms of billings or fees you need to charge over the next six months. For manufacturers work out product sales and do the same calculation.
5. If it looks like you are not going to be able to operate at break-even look at your cash or bank balances – have you got enough money saved to survive after paying anyone you owe money?
6. Estimate your cash flow over the next six months.

If you need help in doing these calculations talk to us – we can talk you through these for you. Without the figures you cannot make clear decisions.

Immediate Actions

- Stay healthy, follow the Government guidelines for you, your family, co-workers, employees and community.
 - Work out your estimated sales and costs over the next 6 months and Break even point and do a Cash Flow Forecast - You need these to make decisions:
 - Talk to your bank if you have loans or an overdraft
 - Apply (if necessary) for Government and Bank support
 - **Talk to us if you need help.**
- Get your team involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues.
 - Review your list of products and services and eliminate those that are unprofitable or not core products/services
 - Get rid of won't pay customers.
 - Review your debtors list and chase up overdue invoices (if appropriate).
 - Offer existing debtors extended payment terms and/or discounts.
 - Agree extended payment terms with all suppliers in advance.
 - Put extra effort into making sure your relationships with your better customers are solid.



What's Next?

- The situation is changing daily
- Get your Action Plan in place
- Know your figures and make projections for the next 3 months
- Apply for Government or bank support (if applicable)
- Be strong and above all look after you and your family's health.

The information contained within this document is our understanding of the measures introduced by the Chancellor in response to the Coronavirus pandemic, as of 30 March 2020. The information is general in nature and individual circumstances differ and it is essential to seek professional advice before acting upon the contents of this publication. No responsibility can be taken for any loss arising from the use of this publication.