

## Help with the COVID-19 emergency

In response to the growing COVID-19 emergency, the Chancellor has set out a package of temporary and targeted measures of support to get all through this period of disruption.

His support package includes:

- Coronavirus Job Retention Scheme.
- Deferral of VAT and Income Tax payments.
- Statutory Sick Pay (SSP) relief package for small and medium sized businesses (SMEs).
- 12-month business rates holiday for all retail, hospitality, leisure and nursery 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 occupying property with a rateable value between £15,000 and £51,000.
- Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank.
- 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's Time to Pay Scheme.

Below I have attempted to summarise the key features of each support package.

### Support for businesses through the 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.

#### To access the scheme

An employer will need to:

- Designate affected employees as 'furloughed workers'.
- Notify employees of this change.
- Submit information to HMRC through a new online portal.

#### Features

- HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month.

**Note:**

- *Changing the status of employees remains subject to existing employment law.*
- *Amongst other information, HMRC will need to know the employees that have been furloughed and their earnings.*
- *On its website HMRC states, “if your business needs short term cash flow support, you may be eligible for a [Coronavirus Business Interruption Loan](#)”.*

## **Deferring VAT and Income Tax payments**

The Chancellor has promised to support businesses by deferring the requirement to make VAT payments for 3 months.

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

### **VAT**

For VAT, the deferral applies from 20 March 2020 until 30 June 2020.

#### **Eligibility**

- All UK businesses are eligible.

#### **Access to the scheme**

- Automatic, no applications required.

#### **Features**

- Businesses will not need to make a VAT payment during this period.
- Taxpayers will be given until the end of the 2020 to 2021 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.

### **Income Tax**

Self-Assessment, payments payable on the 31 July 2020 will be deferred until the 31 January 2021.

#### **Eligibility**

- Available to all who are self-employed.

#### **Access to the scheme**

- Automatic, no applications required.

#### **Features**

- No penalties or interest for late payment will be charged in the deferral period.

*Note:*

HMRC has scaled up its [Time to Pay offer](#) to all firms and individuals who are in temporary financial distress as a result of COVID-19 and who have outstanding tax liabilities.

## **Businesses paying COVID-19 related sick pay**

Legislation is being passed to allow small and medium-sized businesses and employers to reclaim SSP paid for sickness absence due to COVID-19.

The UK government will work with employers over the coming months to set up the repayment mechanism.

### **Eligibility**

- Available to UK based employers with fewer than 250 employees.
- The number of people employed as of 28 February 2020 will be used as the determining factor.
- Employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the eligibility criteria) as a result of COVID-19.
- The 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.

### **Access to the scheme**

- The scheme is being developed.
- Further details will be published in due course.

### **Features**

- The refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19.
- Employers should maintain records of staff absences and payments of SSP.
- Employees will not need to provide a GP fit note.

*Note:*

Where evidence is required by an employer, those with symptoms of coronavirus should 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](#).

## **Support for retail, hospitality and leisure businesses that pay business rates**

The government is to introduce a business rates holiday for retail, hospitality and leisure businesses in England for the 2020/21 rates year.

### **Eligibility**

A business is eligible for the business rates holiday if:

- Based in England.
- It operates in the retail, hospitality and/or leisure sector.

Properties that will benefit from the relief will be those that are wholly or mainly being used as:

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

#### **Access to the scheme**

- Automatic, no action required.
- The relief will be applied to April 2020 non-domestic rates bill.
- Local authorities may have to reissue bills automatically to exclude the business rate charge.

*Note:*

*Further guidance for local authorities is available in the [GOV.UK expanded retail discount guidance](#).*

## **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**

A business is eligible for the grant if:

- Based in England.
- It is in the retail, hospitality and/or leisure sector.

Properties that will benefit from the relief will be occupied and wholly or mainly being used as:

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

#### **Access to the scheme**

- Automatic, no action required.
- Local authorities will write to those eligible for the grant.

*Note:*

- *Guidance for local authorities on the scheme will be provided soon.*
- *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 nursery businesses that pay business rates**

The UK government is to introduce a business rates holiday for nurseries in England for the 2020 to 2021 tax year.

### **Eligibility**

A nursery business is entitled to a business rates holiday if:

- Based in England.

Properties that will benefit from the relief if occupied by providers on Ofsted's Early Years Register or, wholly or mainly, used for the provision of the Early Years Foundation Stage.

### **Access to the scheme**

- Automatic, no action is required.
- Relief will be applied to a business's next council tax bill in April 2020.

*Note:*

*Further guidance for local authorities is available in the [nursery discount guidance](#).*

## **Support for businesses that pay little or no business rates**

The government is to 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.

The aim is to provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs.

### **Eligibility**

A business is eligible if:

- It is based in England.
- A small business and already receive SBBR and/or RRR.
- A business that occupies property.

### **Access to the scheme**

- Automatic, no action is required.
- Local authorities will write to a business if it is eligible for this grant.

*Note:*

- *Guidance for local authorities on the scheme will be provided soon.*
- *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 through the Coronavirus Business Interruption Loan Scheme**

The new Coronavirus Business Interruption Loan Scheme supports SMEs with access to working capital (including loans, overdrafts, invoice finance and asset finance) of up to £5 million in value and for up to 6 years.

The government is to pay to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will not face any upfront costs and will benefit from lower initial repayments.

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.

This scheme is being delivered through commercial lenders, backed by the British Business Bank.

### **Eligibility**

Businesses are eligible for the scheme if:

- UK based, with turnover of no more than £45 million per year.
- A business meets the other British Business Bank eligibility criteria.

### **Access to the scheme**

- The scheme is open for applications.
- To apply, a business should contact their bank or one of the [40 accredited finance providers](#) (not the British Business Bank).

*Note:*

- *All major banks are offering this scheme.*
- *The full rules of the scheme and the list of accredited lenders are available on the [British Business Bank website](#).*

## **Support for larger firms through 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 support is intended to help companies affected by a short-term funding squeeze by providing finance for short-term liabilities.

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

#### **Eligibility**

- All UK businesses are eligible.

#### **Access to the scheme**

- The scheme is now available.
- More information is available from the [Bank of England](#).

### **HMRC: Time to Pay service**

Time to pay is available to all businesses and self-employed people in financial distress, with outstanding tax liabilities.

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

#### **Eligibility**

A business is eligible:

- If it pays tax to the UK government.
- Has outstanding tax liabilities.

#### **Access to the scheme**

If taxpayers have missed a tax payment or are worried they might miss their next payment due to COVID-19 they should call HMRC's dedicated helpline: 0800 0159 559.

*Note:*

*If worried about a future payment call HMRC nearer the time.*

### **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, therefore, 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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