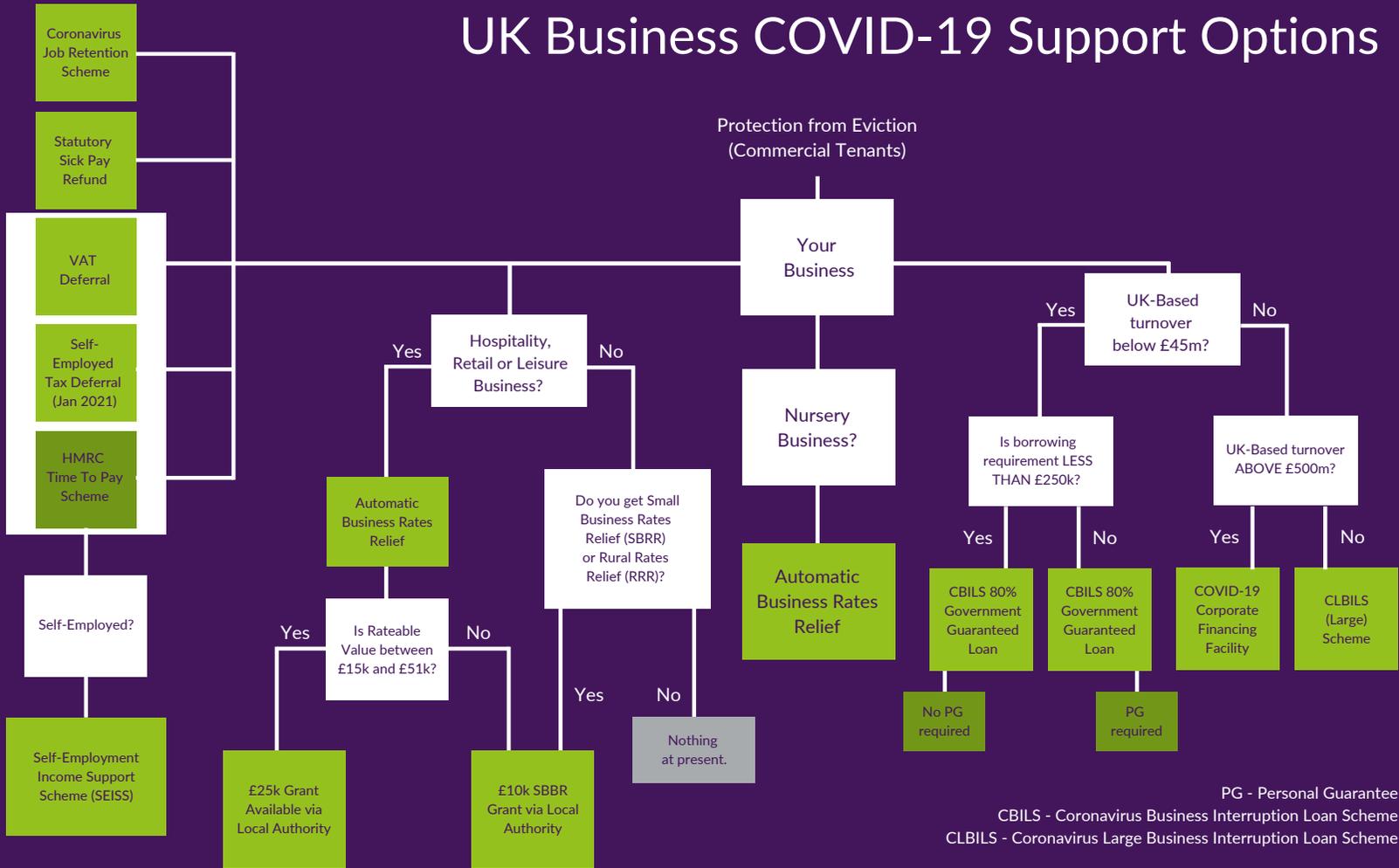


# UK Business COVID-19 Support Options



**30<sup>th</sup> April 2020**

We have put together a list of the current assistance available for businesses during the COVID-19 Pandemic. This information is based at the date above, given the speed things are changing we will make sure we keep you up to date with anything that changes. For further information please go to:

<https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19>.

The main support lines are as follows with more detailed guidance below:

- **Coronavirus Job Retention Scheme ('CJRS')**
- **Self-Employment Income Support Scheme ('SEISS')**
- **Business Grants**
- **Business Rates Relief**
- **Statutory Sick Pay**
- **Coronavirus Business Interruption Loan Scheme**
- **Coronavirus Bounce Back Loan Scheme**
- **Time to Pay Arrangements**

## **Paying my team's wages – Coronavirus Job Retention Scheme ('CJRS'):**

### **IN BRIEF**

Where the employer and employees qualify you can claim:

- 80% of your employees' wages (even for employee's on National Minimum Wage) - up to a maximum of £2,500 per month. Do not claim for the worker's previous salary.
- Employer National Insurance contributions that are paid on the subsidised furlough pay.
- Employer pension contributions that are paid on the subsidised furlough pay, up to the level of the minimum automatic enrolment employer contribution.
- You can choose to top up your employee's salary, but you do not have to. Employees must not work or provide any services for the business while furloughed, even if they receive a top-up salary.
- Grants will be prorated if your employee is only furloughed for part of a pay period.
- Claims should be started from the date that the employee finishes work and starts furlough, not when the decision is made, or when they written to confirming their furloughed status.
- The way you work out your employees' wages is different depending on what type of contract they're on, and when they started work.

### **IN MORE DETAIL**

Detailed guidance can be found here:

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

## **What Support can I get?**

The Government have released unprecedented changes which will help employers who can't afford to pay their team's wages (**the important note here is that this employee is officially recognised as furloughed and although still employed by you they are not in work. If an employee is working, but on reduced hours, or for reduced pay, they will not be eligible for this scheme.**), backdated to the 1<sup>st</sup> March 2020 if applicable and for a minimum of three months the Government will pay up to 80% of their regular salary or wage (up to a cap of £2,500) per employee per month. Employers can choose to top this payment up to the employee's full salary if they wish to, but they are not obliged to. The grant will also cover the Employer's National Insurance cost and automatic enrolment pension contribution on the furloughed salary element only.

This is a temporary scheme in place for 3 months from 1<sup>st</sup> March 2020, but may be extended if necessary. Employers can use this scheme at any point during this time, they do not, for example, need to furlough staff from the date 1<sup>st</sup> March 2020 in order to qualify. The employee must be furloughed for a minimum of 3 weeks.

## **What can I claim?**

For an employee's wages to qualify for a furlough grant they must have been on your payroll on or before 19<sup>th</sup> March 2020. If, since the 19<sup>th</sup> March 2020, you have taken on new employees you will not be able to claim any furlough grant to cover their wages. However, HMRC have given the green light for the previous employer to re-employ them, put them on furlough and claim for their wages through the scheme. They can continue their employment with you as the scheme allows for an individual to have more than 1 employment.

Employees can be on any type of employment contract.

### ***Full & Part time employees***

For full time and part time salaried employees, the employee's actual salary before tax, as of 19 March 2020 should be used to calculate the 80%. Fees, commission and bonuses should not be included.

### ***Variable wages***

Where the wages vary and the employee has been employed (or engaged by an employment business) for a full twelve months prior to the claim then you can claim the higher of either:

- The same month's earnings from the previous year
- The 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, use a pro-rata for their earnings so far to claim and claim for 80%.

### ***Company Directors***

Salaried Directors are eligible to be furloughed, including directors or personal service companies. Correct procedures should still be followed. These furloughed Directors should not do any work for the company but can still undertake their statutory duties laid out by the Companies Act.

### ***Employee transfers under TUPE***

Where you have taken on new employees after 19<sup>th</sup> March 2020 either under the TUPE regulations or PAYE business succession rules then you can claim under the CJRS.

## **How do I get it?**

For a business to qualify you must satisfy the following three conditions:

- have created and started a PAYE payroll scheme on or before 19<sup>th</sup> March 2020.
- Enrolled for PAYE online – this can take up to 10 days to set up
- a UK Bank account

Furloughing an employee is likely to be a change in their contractual position and therefore human resources legal advice should be sought at the outset. This payment will be provided in the form of a grant from the Government and the portal through which the grants will be claimed is expected to be in place by the end of April, this does mean that employers will have to cashflow the March payroll run for staff but should effectively have up to 80% of it reimbursed by the end of April.

The Government are working hard to get this up and running but it may end up falling into May before you receive any grant income. This means that you may need to find the cashflow to fund two pay dates. If this is likely to cause you financial difficulties, then we would suggest looking at alternative finance options now so that any required funds are in place by the end of May.

The business will have to report the furloughed wage payments as normal through an RTI submission and pay the wages across to their staff members.

The grant to cover the furloughed payments, as described above, will be claimed through an online portal, which HMRC are aiming to have up and running by 20<sup>th</sup> April. The claim will then be subject to security and fraud checks, which should be completed within 72 hours After this the grant payment will be processed.

You can only make a claim at least every 3 weeks, which is the minimum length an employee can be furloughed for. Once HMRC have received the claim and approved the grant they will make the payment by BACS to a UK bank account.

## **To claim**

You will need to make any furlough claim through the HMRC portal, which you can find by logging into your Government Gateway account and going into your PAYE account. You will need:

- your ePAYE reference number
- the number of employees being furloughed
- 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

You will need to calculate the amount you are claiming. HMRC will retain the right to retrospectively audit all aspects of your claim.

It is important to note that furloughed employees have the same rights as they did previously.

The furloughed wages will be subject to Income Tax and National Insurance as usual.

## **Self-Employment Income Support Scheme**

### **What support can I get?**

The Self-employment Income Support Scheme (SEISS) will support self-employed individuals (including members of partnerships) who have lost income due to coronavirus (COVID-19). This scheme will allow you to claim a taxable grant worth 80% of your average trading profits for the previous 3 tax years up to a maximum of £2,500 per month for the next 3 months. This scheme may be extended in due course.

This grant will be paid directly into your bank account and will be paid in one instalment by 30<sup>th</sup> June 2020.

### **How do I get it?**

To be eligible self-employment income and/or partnership income must average less than £50,000 per year and must make up more than 50% of your total income in each tax year. If you have less than 3 years Self Assessments HMRC will only use the eligible Returns to calculate the average profits for the grant claim.

You must have submitted a 2018-19 Tax Return, traded in the 2019-20 current tax year and are still trading, or would be trading except for COVID-19, it is your intention to continue to trade in the tax year 2020-21 and you have lost trade or partnership profits due to COVID-19.

You cannot apply for this scheme yet. HMRC will contact you if you are eligible and invite you to apply online. HMRC aim to contact you in mid-May 2020 and will make the payments by early June.

It is our understanding that where you have commenced trading since 6<sup>th</sup> April 2019 that HMRC will consider an application based on the 2019-20 profits but this is yet to be confirmed.

## **Business Grants:**

### **What support can I get?**

If a business has premises which currently attract rates but they receive Small Business Rates Relief (SBRR) then they will receive a cash grant of £10,000 from their local authority. For reference, if your rateable value is £15,000 or less you will receive some form of SBRR, it doesn't matter if you receive 100% relief and pay no rates, the grant still applies to you.

### **How do I get it?**

For businesses in the Telford & Wrekin Council area the claim form can be found using the following link:

<https://webforms.telford.gov.uk/form/348>

For businesses in the Shropshire Council area the claim form can be found using the following link:

<https://shropshire.gov.uk/covid-19-grants>

You will need your Business Rates Account number amongst other standard business information to complete the form.

If you're business is based outside of these two Council areas you should be able to make the claim on your own local Authority's website.

## **Business rates for Retail, Hospitality and Leisure Businesses:**

### **What support can I get?**

You will receive the same grant as above if you qualify, however, there is potentially more available to you. If your rateable value is in between £15k and £51k you will receive a cash grant of £25,000. You will also receive a rates holiday for the whole of the 20/21 rates year (this is the same year as the tax year).

### **How do I get it?**

As above, the grant can be claimed using the claim forms on the Local Authorities' websites.

We understand that Rates invoices may have already been issued by the Local Authorities and it is again our understanding that new rates invoices will be sent out to those relevant businesses showing nil rates for the 2020-21 year. There is no need to claim this.

## **Business rates for nursery businesses**

### **What support can I get?**

The Government will introduce a business rates holiday for nurseries in England for the 2020 to 2021 Tax Year. Your business must be on the Ofsted's Early Years Register and the business wholly or mainly provide the Early Years Foundation Stage.

### **How do I get it?**

You don't need to take any action. Local Authorities will re-issue your bill to provide this support.

## **Support for staff off ill**

### **What support can I get?**

If any of your team are off ill because of COVID-19, they are entitled to Statutory Sick Pay (SSP) from their first day of absence rather than the usual fourth. HMRC will refund up to two weeks of SSP to employers for SSP paid because of COVID-19 illness. This is available to any staff members who are advised to self-isolate regardless for symptoms.

### **How do I get it?**

The current understanding (and this may change) is that this will be reclaimed in the same way that SMP is reclaimed, it will reduce your PAYE liability to HMRC and will be submitted as part of your monthly payroll reporting. There will be no need to obtain GP fit notes in order to reclaim this. Two items to note, if you employ more than 250 people or if your business is not UK based this won't be available to you.

## **Coronavirus Business Interruption Loan Scheme**

### **What support can I get?**

There is a temporary Coronavirus Business Interruption Loan Scheme which will be delivered by the British Business Bank (BBB). The government will guarantee 80% of the loan to providers allowing a lower proof of capital for the business borrowing, the government will not charge the lender or the business for the 80% guarantee and the loans are up to the value of £5m and for up to 6 years. As an additional support the Government are also covering the first twelve months of interest on these loans and no lender-levied fees will apply (so effectively no arrangement fees).

### **How do I get it?**

The loans are true loans and therefore require a proper lending proposal showing insufficient cash resources due to COVID-19 issues will need to be drawn up. These loans are not a simple press the button and receive the cash. The scheme is now open and to apply you should talk to your bank or one of the accredited finance providers (list available on the BBB website) as soon as possible.

## **Coronavirus Bounce Back Loan Scheme**

### **What support can I get?**

There is a temporary Coronavirus Bounce Back Loan Scheme which will be 100% guaranteed by the government and there won't be any repayments or interest for the first twelve months and the government will be working with lenders to agree a low rate of interest for the remaining term of the loan (up to 5 years after the initial 12 months).

You will be eligible for the loan if your business:

- Is based in the UK
- Has been negatively affected by coronavirus
- Was not an 'undertaking in difficulty' on 31<sup>st</sup> December 2019

A small number of business are not eligible and these are banks, insurers and reinsurers, public-sector bodies and state funded primary and secondary schools.

If you're already claiming a loan under the Coronavirus Business Interruption Loan Scheme then you cannot apply for this scheme. However, if your loan is up to £50,000 then you can arrange for your loan to be transferred to this scheme. You will have until 4 November 2020 to arrange this with your lender.

### **How do I get it?**

This new scheme launches on 4<sup>th</sup> May 2020.

The loans are true loans and therefore and will require being repaid in full over the term of the agreement. These loans are not a simple press the button and receive the cash. You should talk to your bank or one of the accredited finance providers (list available on the BBB website) as soon as possible.

## **Time to pay:**

### **What support can I get?**

If you have bills to pay to HMRC, they are putting a lot of support and flexibility into Time to Pay arrangements to help businesses with much needed cashflow. If you have missed a tax payment or you might miss your next tax payment due to the impact of COVID-19, you should call HMRC's dedicated helpline on 0800 024 1222.

If you have a VAT payment due between 20 March 2020 and 30<sup>th</sup> June 2020 you now have two options, you can either:

- Defer the payment until a later date (if you wish to do this and pay by Direct Debit you will need to cancel your Direct Debit); or
- Pay it as normal

Self-Assessment second payments on account, the amount that would have been due at 31<sup>st</sup> July 2020 will now not be payable until 31<sup>st</sup> January 2021, this gives people six months longer to pay. Please note that this applies to all people in the Payments on Account regime, not just self-employed people.

**How do I get it?**

Time to pay arrangements are agreed on a case-by-case basis, you need to contact HMRC on their dedicated COVID-19 helpline which is 0800 024 1222. We are awaiting further information regarding the VAT and Self-Assessment payment changes but it would appear it's something that you don't have to apply for, it's just a given. Watch this space.

If you require any further information, please do not hesitate to give us a shout, we are here to help and support people through these truly unusual times.

Thanks, and be safe,

A handwritten signature in black ink, appearing to read 'Chad Stone', written in a cursive style.

**ChadStone Accountancy & Tax Limited**