

Coronavirus (Covid 19) Government Business Support

Updated 23/03/2020

Grants

Grants which will be administered by local authorities will be available to small business that have business premises registered with their local authority for business rates purposes and have a rateable value of under £51,000.

Information is currently quite sparse, but more should be available within the next week or two, but the current proposals are

Business with a rateable value of up to £15,000 will be entitled to a cash grant of £10,000.

The £10,000 grant will be paid to business that qualify for small business rate relief or rural rate relief and tapered relief.

Businesses within the retail, hospitality and leisure sectors with a rateable value of between £15,000 and £51,000 will instead be eligible for a grant of £25,000.

Both Grant's will be administered by your local authority and they will be writing to the businesses that will be eligible for these grants. No action is needed to claim this relief. It is not yet known when the payments will be made although funding for the scheme is due to be made available to local authorities sometime during April.

Rates relief

Any business within the retail, hospitality and leisure sectors will not have to pay business rates for the year to 31 March 2021. This relief has also now been extended to include Children's Nurseries.

Coronavirus Job Retention Scheme

For many businesses, a large element of their costs is in staff wages. For businesses that are either forced to close or whose work will significantly reduce, often the only option would be to make their staff redundant. The Job retention scheme has been introduced as a temporary measure to allow employers to retain staff but at a significantly reduced cost by an HMRC reimbursement of up to 80% of an employee's wage cost up to a maximum of £2,500 per employee each month.

Full details of the scheme have yet to be released but an employer will be able to designate an employee as a "furloughed worker". **A furloughed worker will not be able to undertake any work for you during the furloughed period.**

During the furloughed period an employer you will continue to pay the employee and then make a claim for partial reimbursement from HMRC. The reimbursement system has yet to be set up and so it is not yet known how long it will take before payments start to be received by employers.

It is unclear whether company directors may be able to benefit under this scheme.

Sadly, under this scheme there is no reimbursement to employers where they choose to reduce a worker's hours.

This scheme is currently in operation from the three months from 1st March 2020 but may be extended.

Little detailed information is currently available, and it is hoped that more details will emerge later this week.

Loans

Government backed loans will be available via the British Business Bank. These loans will be 80% guaranteed by the government and will be interest free for the first 12 months. Full details of the loans can be found at the British Business Bank Website <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>

You should contact your own business bank to apply for these loans.

Statutory Sick Pay (SSP)

Business with less than 250 employees will be able to reclaim the cost of 2 weeks SSP per employee where the absence is due to Coronavirus related SSP. SSP will be Coronavirus related where someone is off work due to suspected Coronavirus or are self-isolating in accordance with government guidance.

There is currently no mechanism in place to reclaim SSP from HMRC and it may be a while before claims may be made. Adequate records must be maintained to support any claim for Coronavirus related SSP Claims

All employers are advised to seek guidance from an HR expert in connection with the contractual obligations in respect of their employees and the payment of SSP or full pay where time off is taken.

VAT & Income Tax Payment Deferral

Those businesses that are registered for VAT will have VAT liabilities deferred and this will relate to the period 20 March 2020 to 30 June 2020. It is not yet entirely clear whether these dates refer to VAT quarters ending within these dates or to payments falling due within those periods.

There will be no need to claim the relief and it is hoped that HMRC will simply suspend the direct debit.

The VAT deferred during this period will need to be paid by March 2021.

The July self-assessment payment that falls due in July 2020 will be deferred until 31 January 2021. This appears to apply only to those individuals that are self-employed, and relief will be automatic.

Both measures are deferrals only and the business will need to pay the liabilities early in 2021 and so could result in future cashflow issues.

Where a business has other tax liabilities then repayment plans should be discussed directly with HMRC. They have set up a new helpline for those businesses and individuals who are struggling to settle tax liabilities as a result of Coronavirus. The number is 0800 0159 559.

Self-employed – other benefits

If you are self employed and are unable to work, then you may be eligible to claim Universal Credit or Employment support

You can make claims for these using the websites attached below:

Universal Credit Website - <https://www.understandinguniversalcredit.gov.uk/coronavirus/>

Employment Support Website - <https://www.gov.uk/guidance/new-style-employment-and-support-allowance>

Existing Business Loan and Overdrafts

Businesses should discuss with the bank any difficulty in making loan repayments to establish whether options exist to defer payments or increase overdraft facilities.