

# COVID-19 UPDATES FOR BUSINESSES


Correct as of 30.03.2020



**MELANIE CURTIS**  
CHARTERED CERTIFIED ACCOUNTANTS

**What's included?**





Brief overview of the current levels of support that the Government is offering businesses in the UK



# COVID-19 Updates

## Get emails when pages are added or updated

How often do you want to get updates?

- As soon as they happen
- Once a day
- Once a week

Continue

Subscribe to receive government email updates regarding COVID-19:

<https://www.gov.uk/email-signup?link=/government/topical-events/coronavirus-covid-19-uk-government-response>



Disclaimer: \*This guidance was created as of the 30th March and is incomplete as the government still needs to issue further briefing notes on the detail. Therefore, this is based on the government guidance so far and is subject to change. Please visit the Government web page [here](#) for the latest, up-to-date information.



# Key Support for Businesses

**Section 1:** Coronavirus Job Retention Scheme (helps employers continue to pay part of employees' salaries for those that would have been otherwise laid off during the pandemic)

**Section 2:** Deferring VAT payments

**Section 3:** Deferring Income Tax payments

**Section 4:** Self-employment Income Support Scheme

**Section 5:** Statutory Sick Pay relief for SMEs

**Section 6:** 12-month business rates holiday & cash grants for all retail, hospitality, leisure and nursery businesses



# Key Support for Businesses

**Section 7:** Grant funding of £10,000 for small businesses in receipt of small business rate or rural rate relief

**Section 8:** Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs

**Section 9:** New lending facility from the Bank of England to help support liquidity among larger firms

**Section 10:** HMRC Time to Pay Scheme



# Section 1: Coronavirus Job Retention Scheme

## Who is eligible?

All UK businesses with a PAYE scheme.

## Details:

Helps businesses to pay part of their employees' salaries for those that would have been laid off during this crisis. This applies to employees who have been asked to stop working, but who are being kept on the payroll, described as "furloughed workers". HMRC will reimburse 80% of these employees' wages, with a cap of £2500 per month to safeguard them from being made redundant. The scheme will cover the cost of wages backdated to 1st March 2020 and is open for 3 months but will be extended if necessary.





# Section 1: Coronavirus Job Retention Scheme

## What we know so far:

If your business has been severely affected by the Pandemic and you were about to make employees redundant, this scheme offers the alternative of “Furlough”. These workers will be on ‘furlough leave’ whereby they will still be employed by the employer, but they will not be required to work for a temporary period of time. This scheme will reimburse employers of up to 80% of the wages for each ‘furloughed worker’ of up to £2500 per month - this will be updated once the government confirms whether this will be before or after tax.

The current guidance talks about “reimbursing” employers for wage costs and so our expectation is that employers will need to pay their employees at least 80% of their normal wages during any lay off period and then they apply for a grant which will reimburse them. This means that employers are likely to have to deal with cash flow issues in the interim. For March you will need to pay the payroll and then wait to be reimbursed once the new system is live.



# Section 1: Coronavirus Job Retention Scheme

If you would like more guidance about the **mechanics** of the **scheme** and **order of actions** that an **employer** should likely take please contact **Mel**.



# Section 2: Deferring VAT Payments

## Who is eligible?

All UK businesses for VAT that has VAT payment due between 20th March 2020 and 30th June 2020.

## Details:

Delaying VAT **payments but not submissions** for this period if you cannot pay them to a later date. You must pay this VAT payable on or before 31st March 2021. For more information please visit: <https://bit.ly/2UvAciW>



# Section 2: Common Questions re Deferring VAT Payments

**Q1. Do I need to apply to HMRC to defer the payment?**

**A.** No you don't, this will happen automatically according to the HMRC website.

**Q2. Do I still need to prepare and submit my VAT return?**

**A.** Definitely yes, your VAT return still needs to be submitted on time otherwise you may possibly get a penalty.

**Q3. Which returns does this relate to?**

**A.** The deferment period is 20 March to 30 June 2020. This means that if you are due to pay VAT between these dates you can defer that payment. As it currently stands you can defer this payment until 31 March 2021.



## Section 2: Common Questions re Deferring VAT Payments

**Q4. If I am due a refund of VAT will this be affected?**

**A. No, HMRC will pay out as normal.**

**Q5. If I pay by direct debit will my payment automatically cease?**

**A. No, you will need to cancel your direct debit yourself and will need to remember to set it up again for the next return.**



# Section 3: Deferring Income Tax Payments

## Who is eligible?

If you're due to pay your second self-assessment payment on account on 31st July.

## Details:

This deferment is optional, if you can pay this please do so. If you can't, this deferment means that payments due on 31st July 2020 can be deferred until 31st January 2021.



# Section 4: Self-employment Income Support Scheme

## Who is eligible?

Self-employed individuals or members of a partnership who have lost income due to COVID-19. You need to apply for this grant but can only do so if you:

- 1) have submitted your Income Tax Self-assessment tax return for the 2018-19 tax year,
- 2) have traded in the 2019-20 tax year,
- 3) are trading when you apply (or would be except for COVID-19)
- 4) intend to trade during 2020-21 tax year
- 5) have lost trading/partnership trading profits due to COVID-19



# Section 4: Self-employment Income Support Scheme

## Who is eligible?

Your self-employed trading profits must be less than £50k and more than half of your income should come from self-employment. This is determined by at least ONE of the following criteria:

1. Having trading profits/partnership trading profits in 2018-19 of less than £50k and these profits make up more than half of your total taxable income
2. Having average trading profits in 2016-17, 2017-18 and 2018-19 of less than £50k and these profits make up more than half of your average taxable income in the same period

\*If you began trading between 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return.





# **Section 4:** Self-employment Income Support Scheme

**\*\*\*IMPORTANT\*\*\***

**If you have not submitted your Income Tax Self-Assessment tax return for the 2018-19 tax year, you must do this by 23 April 2020. If you need us to do this for you please contact us urgently.**

HMRC will use data on 2018-19 returns already submitted to identify those eligible & will risk assess any late returns filed before the 23rd April 2020 deadline in the usual way.



# Section 4: Self-employment Income Support Scheme

## How much support will you get?

You'll get a taxable grant which will be 80% of the average profits from the tax years (where applicable): 2016 - 2017, 2017 - 2018, 2018-2019. To calculate the average, HMRC will sum together the total trading profit for the 3 tax years (where applicable) then divide by 3 (where applicable), and use this to calculate a monthly amount.

It will be capped up to £2500 per month for 3 months which will be paid in one instalment & will start to be paid from the beginning of June.

\*HMRC will contact you if you are eligible & will ask you to apply online. more info on this please visit: <https://bit.ly/3bzYk9v>



# Section 5: Reclaiming SSP for Absence Due to COVID-19

## Who is eligible?

UK based businesses that are an SME and employ less than 250 employees as of 28th Feb 2020.

## Details:

Will allow SMEs to reclaim Statutory Sick Pay (SSP) for sickness absence due to COVID-19. There is detailed criteria for this, please visit: <https://bit.ly/3dkF6Xc>



# Section 6: Business Rates Holiday Support For Retail, Hospitality & Leisure Businesses

## Who is eligible?

Detailed criteria including being in the retail, hospitality &/or leisure sector. Full details here: <https://bit.ly/3dkF6Xc>

## Details:

There will be a business rates holiday for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year. Local authorities may reissue businesses' bills automatically to remove the business rates charge. You can go to the Gov website to estimate the business rates you are no longer required to pay: <https://bit.ly/3dkF6Xc>



# Section 6: Cash Grants for Retail, Hospitality & Leisure Businesses

## Who is eligible?

There is specific criteria for retail, hospitality & leisure sector businesses, please see here: <https://bit.ly/3dkF6Xc>

## Details:

Those that have a property with a rateable value of £15k and less may receive a grant of £10k. Those with a property of a rateable value of £15k - £51k may receive a £25k grant. Your local authority will contact you if you're eligible for this.



# Section 6: Business Rates Support for Nurseries

## Who is eligible?

There is specific criteria for nursery businesses, please see here: <https://bit.ly/3dkF6Xc>

## Details:

There will be a business rates holiday for nurseries in England for the 2020 - 2021 tax year. Local authorities may need to reissue your bill to provide the support.



# Section 7: Business Rates Support: Small Business Grant Scheme

## Who is eligible?

Businesses based in England that receive SBBR (Small Business Rates Relief) and/or RRR (Rural Rate Relief) as of the 11th March and are a business that occupies property.

## Details:

Businesses will be provided with £10k to meet ongoing business costs. Your local authority will contact you if you're eligible.



# Section 8: Coronavirus Business Interruption Loan Scheme

## Who is eligible?

UK businesses with a turnover that doesn't exceed £45 million per annum and meets the British Business Bank eligibility criteria (<https://bit.ly/3dkF6Xc>).

## Details:

You **have to apply** to this scheme. It supports businesses with access to loans, overdrafts, invoice and asset finance of up to £5 million and for a maximum of 6 years. Further details of Business Interruption Payments and other key details of this scheme can be found here: <https://bit.ly/3dkF6Xc> To apply you need to speak to your bank or one of the 40 accredited financial providers as listed on the Government's website in the link above.





# Section 9: COVID-19 Corporate Financing Facility

## Who is eligible?

Non-financial businesses that meet the Bank of England's eligibility criteria.

## Details:

The Bank of England will purchase short-term debt from larger businesses. They will offer support to those that have suffered with a short-term funding squeeze. Full details of this are available here: <https://bit.ly/3dkF6Xc>



# Section 10: Time to Pay Service

## Who is eligible?

If your business pays tax to the UK government & has tax liabilities that are outstanding (also applies to self-employed).

## Details:

Those eligible may be able to receive support with their taxes BUT this is determined on a case-by-case basis based on individual situation. Contact details can be found on this section on the Gov website: <https://bit.ly/3dkF6Xc>



We have only covered brief snippets for each element of Government support. For full details on all of the above please visit:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19>



Disclaimer: \*This guidance was created as of the 30th March and in good faith. This situation is ever-changing so please visit the Government website for the most up to date advice. For more tailored and specific help please contact your accountant directly who should be able to help you.



If you would like help on **any** of the  
above, please contact Mel

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# Key Websites

## NHS:

<https://www.nhs.uk/conditions/coronavirus-covid-19/>

## Government:

<https://www.gov.uk/coronavirus>

## For Businesses:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19>

## For Mental Health:

<https://www.mind.org.uk/>

