

Coronavirus Support for Businesses as of 5 May 2020

Factsheet of Government Advice

Note: Information is being issued on these topics on a regular basis and we are doing our best to keep up to date with the guidance. This Fact Sheet has been pulled together from different sources and is intended as a guide and help. Do take specialist advice where you need to and make more detailed investigations as required.

Banbury & District Chamber of Commerce, 5 May 2020
bcoc@banburychamber.com

The Chancellor has set out a package of temporary, timely and targeted measures to support public services, people and businesses through this period of disruption caused by COVID-19 as follows:

This includes a package of measures to support businesses. These are set out below and include the following:

1. A Coronavirus Job Retention Scheme
2. Deferring VAT and Income Tax payments and the HMRC Time to Pay Service
3. Self Employment Income Support Scheme
4. Statutory Sick Pay Relief Package
5. Cash Grants (updated)
6. Business Rates Support (updated)
7. Business Interruption Loan Scheme (updated)
8. Other Government Backed Loans

See Government Web Site link:

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

1. 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.

How to access the scheme

You will need to:

- 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, depending on the employment contract, may be subject to negotiation
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (HMRC will set out further details on the information required)

HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers.

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

2. Support for businesses through deferring VAT and Income Tax payments

HMRC will support businesses by deferring Valued Added Tax (VAT) payments for 3 months. If you're 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 will apply from 20 March 2020 until 30 June 2020.

Eligibility

All UK businesses are eligible.

How to access the scheme

This is an automatic offer with no applications required. 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.

However, businesses need to take urgent action to cancel any direct debit mandate that is in place. HMRC has now confirmed that it will not automatically cancel collection of VAT payments by direct debit. Businesses that have a direct debit mandate in place to pay their VAT and wish to defer payment will need to contact their bank to cancel that mandate. This needs to be done before the direct debit is due to be collected.

Businesses will also need to remember to reinstate their direct debit mandate once the deferral period is over and to make arrangements to pay the accumulated VAT by the end of the 2020/21 tax year being 5 April 2021

Income Tax

For Income Tax Self-Assessment, payments due on the 31 July 2020 will be deferred until the 31 January 2021.

Eligibility

If you are self-employed you are eligible.

How to access the scheme

This is an automatic offer with no applications required.

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

HMRC have also scaled up their [Time to Pay offer](#) to all firms and individuals who are in temporary financial distress as a result of Covid-19 and have outstanding tax liabilities or may miss upcoming payments as a result of Covid-19. A business needs to call the HMRC helpline on 0800 0159 559.

3. Self Employment Income Support Scheme

This scheme allows a self-employed worker to claim a taxable grant worth 80% of one's trading profits up to a maximum of £2500 per month for the next three months. For more information and to claim a Grant through this scheme via these links:

<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

<https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme>

4. 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

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 are ones that are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas and live music venue
- for assembly and leisure
- as hotels, guest and boarding premises and self-catering accommodation
- nurseries have also been added to the list

The guidance states that the following are not eligible:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting offices
- Casinos and gambling clubs

How to access the scheme

Your local authority is coordinating this help.

Guidance for local authorities has been issued 24 March.

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

Any enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority. These links were made live on 3 April.

Cherwell District: <https://www.cherwell.gov.uk/info/4/business/675/coronavirus-covid-19-guidance-for-businesses/3>

South Northants: <https://www.southnorthants.gov.uk/info/4/business/445/covid-19-coronavirus-support-for-employers-and-employees/2>

5. Support for businesses that pay little or no business rates

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 (SBBR), 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.

Eligibility

You are eligible if:

- your business is based in England
- you are a small business and already receive SBBR and/or RRR
- you are a business that occupies property

How to access the scheme

Your local authority is coordinating this help.

Guidance for local authorities has been issued 24 March.

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

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6. Update on Business Rates Relief

On 17th March the Chancellor's statement brought further changes to Business Rates which will be beneficial for certain sectors of the market and smaller occupiers:

- A 12 month rate-free period from April 2020 for all businesses in the retail, leisure and hospitality sectors.
- On 25th March the Government announced that estate agents, letting agents and bingo halls that have been required to close will also no longer pay rates for 12 months.
- All funding given is reimbursed to billing authorities by Central Government.
- The property must be "wholly or mainly" used within the stated categories to qualify.
- This is a test on use rather than occupation, and the paper states the following:

For the avoidance of doubt, hereditaments which have closed temporarily due to the government's advice on COVID-19 should be treated as occupied for the purposes of this relief.

The paper gives the billing authorities flexibility to be able to grant the relief where they feel appropriate.

Rates and Vacant Properties

It might be possible to claim relief due to unoccupied property and this apply for the final weeks of March 2020 potentially providing 100% relief during this period if the property has closed due for instance due to the prohibition order or closure as a place of work. Further information on this can be obtained from the local authority.

7. Support for businesses through the Coronavirus Business Interruption Loan Scheme (CBILS)

A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank to support primarily small and medium-sized businesses to access bank lending, working capital and overdrafts.

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 for up to six years.

Businesses can access the first 12 months of that finance interest free, as government will cover the first 12 months of interest payments and cover lender related fees.

Eligibility

You are eligible for the scheme if:

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

How to access the scheme

Follow the link: [Coronavirus Business Interruption Loan](#).

The full rules of the Scheme and the list of accredited lenders is available on the [British Business Bank website](#). All the major banks will offer the Scheme once it has launched. There are 40 accredited providers in all.

You should talk to your bank or finance provider (not the British Business Bank) as soon as possible and discuss your business plan with them. This will help your finance provider to act quickly once the Scheme has launched. If you have an existing loan with monthly repayments you may want to ask for a repayment holiday to help with cash flow.

The scheme will be available from 23 March.

8. Other Government Backed Loans

Bounce Back Loan

- Launched Monday 4th April
- Maximum loan £50k (can't exceed 25% of turnover)
- Same as CBILS: No arrangement fees, year 1 sees government pay the interest & no capital repayments. Repay the loan from year 2.
- Differs from CBILS: 100% government guarantee (although business is primarily liable) No PG or Debenture
- Short standardised on-line application process – much quicker than CBILS.

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/for-businesses-and-advisors/>

Funding Circle

- Now CBILS accredited.
 - 80% government guarantee
 - Loans between £50,001 - £250k over 2 to 5 years
 - Arrangement fees paid for by BBB, year 1 sees government pay the interest & no capital repayments. Repay the loan from year 2. Max term 5 years
 - No personal guarantees
 - No debentures
 - Must have traded for 3 years.
 - Interest rate is quoted on offer, dependent on risk profile of business – will be higher than CBILS
 - Potentially will be more generous in the amounts they lend
 - They will certainly be quicker – answer typically within 24 hours & aim to get cash in bank within 7 to 10 days.
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