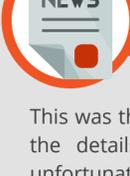




There are new announcements regarding financial support being made almost daily, but as it stands (on 25 March 2020) there are a number of measures which have been announced that we wanted to make you aware of:



**Coronavirus Job Retention Scheme**

This was the big announcement on Friday evening. Whilst it is helpful news, many of the details behind it are still being worked on by the government and so unfortunately we can't yet provide all of the answers to the multitude of questions I am sure you will have.

In summary what we do know so far is:

-  The scheme will provide funding to employers in order for them to continue paying employees who would otherwise need to be made redundant.
-  The government have said that up to 80% of wage costs, up to a cap of £2,500 per employee per month, will be covered for at least 3 months (backdated to 1 March).
-  It is expected that the scheme will be open by the end of April (leaving a challenge for employers to cover payroll cash outflows in the meantime)
-  Employers will need to designate affected employees as "furloughed workers" and notify them that they cannot continue to work.
-  Presently it appears that an employee can only be "furloughed" and so qualify for the scheme if they are carrying out no duties of employment at all (i.e. those whose hours have simply been reduced will not currently qualify).
-  A new online portal will be launched for employers to give details of these employees and their earnings to HMRC, but both this portal and the system for making the payments are still to be set up.
-  Once the portal is set up employers will pay their employees in the usual way and then reclaim the amounts they are eligible for through this portal.
-  The guidance states that the payments will represent up to 80% of "all employment costs", but it is not yet clear exactly what this means. If the 80% / £2,500 cap includes employer pension and NI costs for example, then the gross salary covered for the employee will be a figure lower than £2,500.
-  Employers can "top-up" employees' wages to pay them their usual salaries (i.e. to cover the 20% not funded by the scheme and / or amounts in excess of the monthly cap) but this is not a requirement of the scheme.

We are expecting further information from the government so keep an eye on our social media for updates in the coming days.



**Deferring VAT**

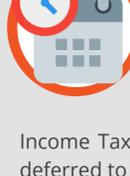
In addition to the headline job retention scheme, the government also announced that any VAT payments normally due between 20 March 2020 and 30 June 2020 won't have to be paid until 5 April 2021.

Assuming quarterly VAT returns this will cover:

-  Q/E 29/02/20 usually due 07/04/20 now due 05/04/21 – so effectively a 12-month interest free loan of your quarterly VAT liability
-  Q/E 31/03/20 usually due 07/05/20 now due 05/04/21 – so effectively an 11-month interest free loan of your quarterly VAT liability
-  Q/E 30/04/20 usually due 07/06/20 now due 05/04/21 – so effectively a 10-month interest free loan of your quarterly VAT liability

No application needs to be made to defer the payment, this will happen automatically.

Please note that VAT returns still need to be filed as normal by the usual deadlines. Also, if your business' VAT return shows a VAT repayment then this will still be paid following the normal timescales.



**Deferring Income Tax Payments**

Income Tax payments on account due on 31 July 2020 are also being automatically deferred to 31 January 2021.

At present, it is our understanding that this only applies to self-employed individuals (i.e. not taxpayers who have payments on account to pay as a result of other sources of income such as dividends, property rental income etc.).

No interest will be charged during the deferral period, nor late payment penalties.



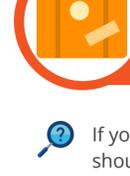
**HMRC Time To Pay**

For other taxes, such as Corporation Tax, the government has announced they will be relaxing their fiscal policy, however currently this is being agreed on a case by case basis. There is a dedicated helpline for those experiencing financial difficulties due to COVID-19 and all businesses are advised to call the helpline if they fear they are unable to meet their tax bills: **0800 0159 559**.



**Statutory Sick Pay**

-  As part of the emergency measures, the government have mandated that anyone off sick due to COVID-19 should receive Statutory Sick Pay from day 1 instead of day 4. the current rate of sick pay is £94.25 per week, £95.85 for 2020/21. If your company policy is to pay full pay (e.g. from day 4) then you are still entitled to do so. However, small employers (businesses with <250 employees) will be entitled to reclaim Statutory Sick Pay for 14 days (2 weeks including weekends) for each employee who has taken sick leave due to COVID-19.
-  The government has outlined that these sick pay measures are available for those who are:
  - Infected with COVID-19
  - Self-isolating in line with government advice
-  Usually employers can require a sick note from a doctor in order to continue sick pay past 7 days' sickness. However, the government is asking that you relax these requirements as it is not necessarily possible to get a sick note for COVID-19 given the majority of those suffering will not attend surgeries or hospitals.
-  A system for reclaiming sick pay is currently being developed, so in the meantime it is important to retain detailed records of staff absences and sick pay paid to evidence a future claim.



**Business rates holiday for retail, hospitality and leisure businesses**

-  If your business is operating in the retail, hospitality or leisure sector then you should pay no business rates for the 2020/21 tax year regardless of the rateable value of the property. This will now also apply to nurseries.
-  Including:
  - Shops
  - Restaurants
  - Cafés
  - Drinking establishments
  - Cinemas
  - Live music venues
  - Leisure facilities
  - Hotels
  - Guest & boarding premises
  - Self-catering accommodation
-  There is no need to apply for this holiday and your local authority should automatically reissue your business rates bill.



**Grant Funding**

-  For businesses with physical premises, there will be cash grants available. Small businesses who qualify for small business rates relief (premises with a rateable value up to £15,000) are eligible for one-off grants of £10,000.
-  For businesses with premises with a rateable value between £15,000 and £51,000 AND who are in the retail, hospitality and leisure sector (per definition above), grants of £25,000 will be available to help meet ongoing running costs.
-  To check the rateable value of your business please visit <https://www.gov.uk/correct-your-business-rates>
-  Unfortunately, there is currently no mechanism to apply for such grants yet, but the government have said that most eligible businesses will be contacted by their local authority with details.



**Coronavirus Business Interruption Loan Scheme**

The government has created a new Coronavirus Business Interruption Loan Scheme for loans of up to £5m - they will guarantee up to 80% on each loan so that lenders can provide more financing to struggling firms, plus the government will pay the first 12 months of interest and any lender fees on those loans. Businesses with turnover of up to £45m per year may be eligible.

The full rules of the Scheme and the list of 40+ accredited lenders is available [here](#).

All of the major banks will offer the Scheme and businesses are advised to contact their usual bank in the first instance.

Applicants will need to demonstrate that their business is viable in the longer term. We recommend that you talk to your bank or finance provider as soon as possible and discuss your business plan with them. We would be happy to help with this so please let us know if you would like to discuss financing options, or other ways to help your cash flow.



**Other Points To Note**

-  The government has highlighted that some of the banks e.g. **Lloyds** and **Natwest** also have funds available for small businesses in financial insecurity due to COVID-19.
-  We would recommend reviewing the terms of your business insurance policies to check whether they cover pandemics (although most "standard" policies do not).
-  Train season tickets will be refunded for those who are no longer travelling due to Covid-19, with no administration fees.
-  Finally, mortgage lenders will offer a 3-month mortgage holiday to those affected by Covid-19. Online application forms are starting to appear on lender websites. It was announced by the government that these holidays will also apply to Buy-to-Let mortgages, for example where the tenants are struggling to pay their rent, but not all lenders are currently offering this.