

## NEWSLETTER

### **GOVERNMENT ASSISTANCE FOR BUSINESSES DURING THE CORONAVIRUS OUTBREAK AND PERIOD OF DISRUPTION AS AT 25 MARCH 2020**

Due to recent changes as a result of the Coronavirus outbreak, the Government has introduced new schemes to assist clients and business in financial distress during this uncertain time. I have prepared a comprehensive list for you of the new changes as at the 25 March 2020 detailing these schemes which financially assist and support individuals, families and businesses through the Coronavirus outbreak and disruptions caused.

In some cases HM Revenue and Customs are still developing the systems for business to apply for these new schemes and therefore we cannot yet advise you on how to claim, what form the claim will take, the information that will need to be provided to HM Revenue and Customs or the finer details of how the mechanics of making a claim will work. As developments are occurring on a daily basis we will keep you informed as soon as we know more.

#### **The Coronavirus Job Retention Scheme**

All employers in the UK will have access to support to continue paying part of employees' salaries where employees have been asked to stop working (but have not been made redundant) by their employer, mainly due to the employer not being able to cover their wages due to the coronavirus outbreak.

As the employee has not been made redundant the employee would remain on the employer's payroll with the intention that the employee will eventually return to work. To qualify for the scheme, the worker should not be undertaking work for the employer.

The scheme allows the employer to claim a grant of up to 80% of the employees' wages and employment costs from the Government, up to a cap of £2,500 per month. The employer can choose to fund the difference between the payment received from the government and the salary applicable for that employee.

We will assist you with claiming this and guide you through the information which must be submitted to HM Revenue and Customs which will declare the workers affected and provide details about their earnings through a new online portal which HM Revenue and Customs have not yet set up. We will let you know when this becomes available.

The scheme will initially run for at least three months, from 1 March 2020, and will be extended if necessary.

If the employee's salary is reduced as a result of these changes, the employee may be eligible for support through the welfare system, including Universal Credit.

#### **Statutory Sick Pay**

Where employees have been off sick, medical evidence is not required by law for the first 7 days of sickness. If evidence is required to cover self-isolation or household isolation beyond the first 7 days of absence then employees can get an isolation note from NHS 111 online or from the NHS website. Employers must maintain records of staff absences and payments of Statutory Sick Pay.

The government will cover up to 2 weeks Statutory Sick Pay per employee who has been off work due to the coronavirus. HM Revenue and Customs are implementing a rebate scheme which is being developed. We will keep you informed accordingly.

#### **Deferral of VAT payments made to HM Revenue and Customs**

VAT Returns must still be submitted by the due date depending on your VAT period end. In relation to the payment of VAT, for all UK VAT registered businesses a deferral will apply for the period from **20 March 2020 until 30 June 2020**. No applications to HM Revenue and Customs are required. Instead businesses will be given until the end of the tax year 5 April 2021 to pay the VAT liabilities that have accumulated during the deferral period. VAT refunds will be paid by the government as normal.

### **Self Employed - Second payment on account due 31 July 2020 now due 31 January 2021**

The second payment on account in relation to Income Tax payments due on 31 July 2020 under the Self-Assessment system will be deferred to 31 January 2021. No late payment penalties or interest will apply during this period.

### **Support for businesses that pay little or no business rates**

The government will provide Small Business Grant funding scheme through local authorities to support small businesses that already pay business rates or no business rates because of small business rate relief, rural rate relief and tapered relief. This will provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs. In order to be eligible your business must occupy property and already receive small business rate relief, rural rate relief or tapered relief.

You should receive a letter from your local authority if you are eligible for the grant and if you have any queries in relation to your eligibility you should contact your relevant local authority.

### **Support for businesses through the Coronavirus Business Interruption Loan Scheme**

The temporary Coronavirus Business Interruption Loan Scheme supports small businesses with access to loans, overdrafts, invoice finance and asset finance of up to £5 million and for up to 6 years.

The government will also make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will benefit from no upfront costs and lower initial repayments.

The government will provide lenders with a guarantee of 80% on each loan (subject to pre-lender cap on claims) to give lenders further confidence in continuing to provide finance to small businesses. The scheme will be delivered through commercial lenders, backed by the government-owned British Business Bank.

To apply for the loan, you should talk to your bank as soon as possible, to discuss your business requirements. The list of accredited lenders are available on the British Business Bank website. Please note that rather than this being a grant it is a loan scheme and therefore the debt must eventually be repaid.

### **Mortgage payments**

If you have an existing loan with monthly repayments you may wish to consider asking for a repayment holiday to help with cash flow. Asking for a payment holiday may have an impact on your credit rating.

### **HM Revenue and Customs (HMRC) time to pay arrangements**

HMRC's dedicated helpline if you have difficulty in paying a tax liability or will miss a tax payment due to the financial distress as a result of the Coronavirus outbreak is 0800 0159 559.

We as your Accountants and Professional Tax Advisors are here for you to assist your business through this difficult and uncertain time. We will keep you updated with the changes the government are bringing in as a result of this pandemic. Please do not hesitate to contact us on 01202 877771 if you have any specific queries.

With kind regards,

Jonathan Holman  
Chartered Certified Accountant  
R L D Atkins/ Personal Tax Management