

Coronavirus Update - UK Government financial support for business, employees and self-employed

18 December 2020

In the Budget 2020 on Wednesday 11 March, the Chancellor announced significant support for businesses and individuals to financially survive the coronavirus pandemic. This evolved throughout the summer with more support and schemes extended.

On 24 September 2020, Rishi Sunak announced the Government's Winter Economy Plan designed to continue to help businesses and individuals in light of the re-introduced social restrictions and the rising coronavirus cases.

Throughout October 2020, the Government announce further support for areas that were in the highest risk tier of the three-tier system to fight the latest increase in coronavirus cases and deaths.

With much of the UK going into another National Lockdown in November 2020, the Chancellor announced additional economic support for business, employees and self-employed to cover the winter months.

On 17 December 2020, Rishi Sunak announced an extension to many of the current schemes and confirmed the date for the next Budget and said this would set out the next phase of the economic plan to tackle the virus.

The key points of the latest announcement are:

- Extend the Coronavirus Job Retention Scheme further, until the end of April 2021.
- Extend the deadline for new applications for the following four business loan schemes to 31 March 2021:
 - Coronavirus Bounce Back Loan Scheme
 - Coronavirus Business Interruption Loan Scheme
 - Coronavirus Large Business Interruption Loan Scheme
 - Future Fund
- Confirmation that there will be a fourth SEISS grant covering February 2021 to April 2021. The actual details to be confirmed later.
- The Budget will be taking place on 3 March 2021. It was confirmed that this will set out the next phase of the plan to tackle the virus and protect jobs and will be published alongside the latest forecasts from the Office for Budget Responsibility (OBR).

You can find more details of all the economic support below.

Please note this guide is intended to inform you and your clients about the financial support packages available. We know that some businesses may not qualify for some of the support and you should check with the relevant authorities for your own business and your clients individually.

Extended Coronavirus Job Retention Scheme

- It was previously announced that the Coronavirus Job Retention Scheme was being extended until 2 December 2020 and then to the end of March 2021.
- It has now been confirmed that the Scheme will be extended to the end of April 2021 for all parts of the United Kingdom.
- Eligible employees will receive 80% of their usual salary for hours not worked, up to a maximum of £2,500 per month.
- Businesses will have flexibility to use the scheme for employees for any amount of time and shift pattern, including furloughing them full-time.
- There will be no employer contribution to wages for hours not worked.
- Employers will only be asked to cover National Insurance and Employer pension contributions for hours not worked.
- The extended Coronavirus Job Retention Scheme will operate as the previous Scheme did, with businesses being able to claim either shortly before, during or after running payroll.
- Claims made for November 2020 have already been submitted. For claims relating to subsequent months, these should be submitted by day 14 of the following month.
- Neither the employer nor the employee needs to have previously claimed or have been claimed for under the Scheme to make a claim under the extended Coronavirus Job Retention Scheme (if other eligibility criteria are met).
- An employer can claim for employees who were employed and on their PAYE payroll on 30 October 2020. The employer must have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee.
- Employees that were employed and on the payroll on 23 September 2020 (the day before the Job Support Scheme announcement) who were made redundant or stopped working afterwards can be re-employed and claimed for. The employer must have made an RTI submission to HMRC from 20 March 2020 to 23 September 2020, notifying a payment of earnings for those employees.

Job Support Scheme

- The previously announced Job Support Scheme which was intended to replace the Coronavirus Job Retention Scheme has been suspended.

Job Retention Bonus

- The Job Retention Bonus, previously announced, will not be paid in February 2021.
- The purpose of the Job Retention Bonus was to encourage employers to keep people in work until the end of January 2021. However, the extended Coronavirus Job Retention Scheme effectively does this.

SEISS Grant Extension

- The Government announced an extension of the Self-Employment Income Support Scheme from 40% to 80% of trading profits for November 2020, which increased the overall level of the grant to 55% of trading profits.
- This was subsequently increased to 80% of trading profits covering November 2020 to January 2021.
- It is calculated based on 80% of 3 months' average trading profits, paid out in a single instalment and capped at £7,500.
- Claims for this grant can now be made.
- There will also be a fourth SEISS grant covering February 2021 to April 2021. The actual details to be confirmed later.

Business Grants in England

- Businesses required to close in England due to local or national restrictions will be eligible for the following:
 - For properties with a rateable value of £15,000 or under, grants to be £1,334 per month, or £667 per two weeks
 - For properties with a rateable value of between £15,000 and £51,000 grants to be £2,000 per month, or £1,000 per two weeks
 - For properties with a rateable value of £51,000 or over grants to be £3,000 per month, or £1,500 per two weeks.

Extension of loan schemes

- The government is extending new applications for the following four business loan schemes to 31 March 2021:
 - Coronavirus Bounce Back Loan Scheme
 - Coronavirus Business Interruption Loan Scheme
 - Coronavirus Large Business Interruption Loan Scheme
 - Future Fund
- For individuals who already have a Coronavirus Bounce Back Loan but didn't take out the maximum amount available, they can now top that up to the £50,000 limit.

Pay as you Grow

- The government will give all businesses that borrowed under the Coronavirus Bounce Back Loan Scheme the option to repay their loan over a period of up to ten years.
- This will reduce their average monthly repayments on the loan by almost half.
- UK businesses will also have the option to move temporarily to interest-only payments for periods of up to six months (an option which they can use up to three times), or to pause their repayments entirely for up to six months (an option they can use once and only after having made six payments).

Mortgage and Consumer Credit Payment Holidays

- Mortgage payment holidays will no longer end at the end of October 2020 as originally intended.
- Borrowers who have not yet had a payment deferral will be eligible for 2 payment deferrals of up to 6 months in total.
- Borrowers who currently have an initial payment deferral, will be eligible for another payment deferral of up to 3 months.
- Borrowers who have resumed repayments after an initial payment deferral will be eligible for another payment deferral of up to 3 months.
- Borrowers have until 31 January 2021 to request a payment deferral.
- Payment holidays will also continue to be available for consumer credit products such as personal loans and car finance.
- As with mortgages, borrowers impacted by coronavirus who have not yet taken a payment holiday on that product can ask for one of up to 6 months and those that currently have a payment holiday will be eligible to top up to six months without this being recorded on their credit file.

VAT deferral “New Payment Scheme”

- If you're a UK VAT registered business and had a VAT payment due between 20 March 2020 and 30 June 2020, you had the option to:
 - defer the payment until a later date
 - pay the VAT due as normal
- Over half a million businesses deferred VAT payments
- The government will now these give businesses the option to spread their payments over the financial year 2021-2022.
- Rather than paying in full at the end of March 2021, businesses will be able to choose to make 11 equal instalments over 2021-22.

Enhanced Time to Pay for Self-Assessment taxpayers

- If you were due to pay a self-assessment payment on account by 31 July 2020, then you were able to defer payment until January 2021.
- The government will now give the self-employed and other taxpayers more time to pay taxes due in January 2021.
- Taxpayers with up to £30,000 of Self-Assessment liabilities due will be able to use HMRC's self-service Time to Pay facility to secure a plan to pay over an additional 12 months.
- This means that Self-Assessment liabilities due in July 2020 will not need to be paid in full until January 2022.