

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

With the UK in the middle of the coronavirus outbreak, many small and medium-sized businesses are already feeling its effects. This is unlikely to be any different for your own businesses and your business clients.

In the Budget 2020 on Wednesday 11 March, the Chancellor announced support for small businesses. This has now been extended and brought forward.

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.

Coronavirus Bounce Back Loan Scheme

- Launched Monday 4 May 2020
- Eligible for UK based SMEs established by 1 March 2020 and been impacted by the coronavirus pandemic
- It will be interest free for 12 months
- Thereafter the interest rate is 2.5% a year
- The Scheme is 100% underwritten by the Government and so the application process is expected to be streamlined
- Further details included in the separate Coronavirus Bounce Back Loan Scheme document

Coronavirus Business Interruption Loan Scheme

- Launched Monday 23 March 2020
- Eligible for UK based SMEs with turnover of no more than £45 million per annum (although all lending decisions delegated to the lending partners)
- The business must have a borrowing proposal which the lender:
 - would consider viable, were it not for the COVID-19 pandemic
 - believes will enable you to trade out of any short-term to medium-term difficulty
- It will be interest free for 12 months
- All business owners looking to borrow less than £250,000 will no longer have to offer up personal guarantees.
- The requirement for businesses to have first tried to get a normal commercial loan elsewhere has been dropped.
- Further details included in the separate Coronavirus Business Interruption Loan Scheme document

Coronavirus Job Retention Scheme

- Employers will be able to contact HMRC for a grant to cover most of the wages of their workforce who remain on payroll but are temporarily not working during the coronavirus outbreak.
- Grants will cover 80% of the usual monthly wage costs of furloughed employees (employees on a leave of absence), up to £2,500 a month, plus the associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on that wage.
- The scheme, which was originally set up for three months, has been extended to end of October 2020. However, the Chancellor has announced improved flexibility to bring furloughed employees back part time in July, and a new taper requiring employers to contribute modestly to furloughed salaries from August.
- Further details included in the separate Coronavirus Job Retention Scheme document.

Self-employed Income Support Scheme

- It will support self-employed individuals (including members of partnerships) whose income has been negatively impacted by COVID-19.
- The first scheme provided a grant to self-employed individuals or partnerships, worth 80% of their profits up to a cap of £2,500 per month for an initial three months (March, April and May)
- HMRC will use the average profits from tax returns in 2016-17, 2017-18 and 2018-19 to calculate the size of the grant.
- The scheme is open to those where the majority of their income comes from self-employment and who have profits of less than £50,000.
- The grant is paid in one lump sum in June for the months of March, April and May. So, the maximum you can get is £7,500.
- The Chancellor has now announced a second scheme providing a further three months extension.
- Those eligible are able to claim a second and final grant capped at £6,570 (based on 70% of profits).
- Applications for the second grant will open in August.
- Further details included in the separate Self-employed Income Support Scheme document.

Newly Self-Employed Hardship Fund

- This applies in Scotland only
- If you became self-employed on or after 6 April 2019, you are not eligible for the UK Government scheme. So, you can apply for this scheme but there are still eligibility requirements.
- To be eligible you must:
 - have become self-employed on or after 6 April 2019
 - have lost revenue due to the coronavirus pandemic
 - have not been able to access support through other COVID-19 business support schemes
- You need to apply in your Local Authority area
- Successful applicants will receive a one-off payment of £2,000

VAT payments

- If you're a UK VAT registered business and have a VAT payment due between 20 March 2020 and 30 June 2020, you have the option to:
 - defer the payment until a later date
 - pay the VAT due as normal
- HMRC will not charge interest or penalties on any amount deferred as a result of this change.
- You will still need to submit your VAT returns to HMRC on time.
- HMRC will continue to process VAT reclaims and refunds as normal during this time.
- If you choose to defer your VAT payment, you must pay the VAT due on or before 31 March 2021.
- You do not need to tell HMRC that you are deferring your VAT payment.
- If you normally pay by Direct Debit you should contact your bank to cancel your Direct Debit as soon as you can, or you can cancel online if you're registered for online banking.
- VAT payments due following the end of the deferral period will have to be paid as normal.
- Further information about how to repay the VAT you've deferred will be available soon.

Income tax payments

- If you're due to pay a self-assessment payment on account by 31 July 2020, then you may defer payment until January 2021.
- You are eligible if you are due to pay your second self-assessment payment on account on 31 July. You do not need to be self-employed to be eligible for the deferment.
- The deferment is optional. If you are still able to pay your second payment on account on 31 July, you should do so.
- This is an automatic offer with no applications required. No penalties or interest for late payment will be charged if you defer payment until 31 January 2021.
- During the deferral period you can set up a budget payment plan to help you pay the deferred payment on account when it comes due.

Universal Credit

- You may be able to get Universal Credit if:
 - you're on a low income or out of work
 - you're 18 or over (there are some exceptions if you're 16 to 17)
 - you're under State Pension age (or your partner is)
 - you and your partner have £16,000 or less in savings between you
 - you live in the UK
- You can apply for Universal Credit online. If you are eligible you will need to make an appointment for your new claim interview. This interview will take place by telephone with a work coach. You will be given the number to call to book this appointment when you have submitted your claim.
- The Universal Credit standard allowance and Working Tax Credit basic element will be increased for the next 12 months by £1,000 a year.
- This means that for a single Universal Credit claimant (aged 25 or over), the standard allowance will increase from £323.22 to about £406 per month.

Statutory Sick Pay (SSP)

- Employers with fewer than 250 employees are now able to reclaim up to 2 weeks Statutory Sick Pay (SSP) per employee for sickness absence due to COVID-19.
- Please note the number of employees will be determined by the number of people the business employed as of 28 February 2020.
- Employers should maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note.

Small business rates grant

- 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 (SBRR), 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.
- You are eligible if:
 - your business is based in England
 - you are a business that occupies property
 - you are receiving small business rate relief or rural rate relief as of 11 March
- You do not need to do anything. Your local authority will write to you if you are eligible for this grant. Any enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority.

Scottish Government support for business

- £10,000 grants for small businesses in receipt of the Small Business Bonus Scheme or Rural Relief.
- 1.6% relief for all properties, effectively freezing the poundage rate next year.

Northern Ireland Executive support for business

- COVID Small Business Grant - small business grant of £10,000 to be issued immediately. This is for all businesses with a NAV up to £15,000.

Top-up to local business grant funds scheme

- A discretionary fund has been set up to accommodate certain small businesses previously outside the scope of the business grant funds scheme
- This additional fund is aimed at small businesses with ongoing fixed property-related costs
- Local authorities are being asked to prioritise businesses in shared spaces, regular market traders, small charity properties that would meet the criteria for Small Business Rates Relief, and bed and breakfasts that pay council tax rather than business rates
- However, local authorities may choose to make payments to other businesses based on local economic need. The allocation of funding will be at the discretion of local authorities.
- Businesses must be small, under 50 employees, and they must also be able to demonstrate that they have seen a significant drop of income due to Coronavirus restriction measures.
- There will be three levels of grant payments. The maximum will be £25,000. There will also be grants of £10,000. Local authorities will have discretion to make payments of any amount under £10,000. It will be for councils to adapt this approach to local circumstances.

Landlords and renters

- From 26 March 2020, landlords will have to give all renters 3 months' notice if they intend to seek possession (i.e. serve notice that they want to end the tenancy) – this means the landlord can't apply to start the court process until after this period.
- This extended buffer period will apply in law until 30 September 2020 and both the end point, and the 3-month notice period can be extended if needed.
- This protection covers most tenants in the private and social rented sectors in England and Wales, and all grounds of evictions. This includes possession of tenancies in the Rent Act 1977, the Housing Act 1985, the Housing Act 1996 and the Housing Act 1988. After 3 months if the tenant has not moved a landlord needs to apply to court in order to proceed.
- Tenants are still liable for their rent and should pay this as usual.
- Landlords will be protected by a 3-month mortgage payment holiday where they have a Buy to Let mortgage.
- Landlords remain legally obligated to ensure properties meet the required standard – urgent, essential health and safety repairs should be made.

Personal credit

- The Financial Conduct Authority (FCA) has confirmed a range of targeted temporary measures designed as a stop-gap to quickly support users of certain consumer credit products who are facing a financial impact because of the exceptional circumstances arising from coronavirus.
- Consumers who need additional financial support because of coronavirus with an existing arranged overdraft will be able to request from their provider that up to £500, on their main personal current account, is provided at 0% for up to three months initially.
- Customers facing financial challenges due to coronavirus would be able to ask for a three-month payment freeze or to pay a nominal payment on credit cards, store cards and catalogue credit.
- Customers with personal loans who face difficulties with their finances as a result of coronavirus would also be able to ask for a three-month freeze if needed.
- *On Friday 22 May, the FCA confirmed that it has proposed for these time periods to be extended for a further 3 months. Comments on this proposal have been requested by close of play on Tuesday 26 May.*
- Further details included in the separate Regulatory support for individuals with consumer credit document.