

CORONAVIRUS UPDATE III

UPDATED 30 MARCH 2020

Self-employment Income Support Scheme (SEISS)

On 26 March 2020 the Government proposed a scheme to support self-employed people (including members of partnerships) who have lost income due to the coronavirus.

The **scheme is intended to allow eligible people to claim a grant of 80% of their trading profits, upto a maximum of £2,500 a month, for the next three months.**

HMRC has published initial guidance regarding eligibility for and operation of the SEISS scheme at the following link:

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

The notes below summarise key points from the HMRC guidance:

- a **self-employed individual or member of a partnership can apply for a grant if they satisfy the following conditions:**
 - you have submitted your income tax return for the 2018/19 tax year (or else submit an outstanding return by 23 April 2020);
 - you traded in the 2019/20 tax year;
 - you are trading when you apply or would be except for the impact of the coronavirus;
 - you intend to continue to trade in the 2020/21 tax year;
 - you have lost trading or partnership trading profits due to the impact of the coronavirus.
- in addition, **a person can only claim if their self-employed trading profits are less than £50,000 AND more than half of their income comes from self-employment.**

HMRC have noted this can be assessed either using 2018/19 profits and income or using average profits and income for 2016/17 to 2018/19.

- the grant payable will be 80% of average self-employment profits from the 2016/17, 2017/18 and 2018/19 tax years (where applicable) subject to a cap of £2,500 a month.

As an example, if a person's self-employment profits were £35,000 in 2016/17, £40,000 in 2017/18 and £45,000 in 2018/19 then average profits would be £40,000.

80% of this would be £32,000 – giving a monthly grant that would be capped at £2,500.

- **HMRC have noted they will pay the grant directly into bank accounts in a single instalment.**

HMRC have confirmed that self-employed do not need to apply for the scheme yet – HMRC expect to identify people that are eligible from the data they hold and will then invite online applications.



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Extension for Filing Accounts at Companies House

From 25 March 2020 **companies can apply for a three month extension to their normal deadline for filing accounts with Companies House to allow for the impact of the coronavirus pandemic.**

An application has to be made before a company's normal filing deadline with Companies House noting that **any application that mentions COVID-19 as the reason for the extension will generate an automatic and immediate extension** without the usual assessment process.

An application can be submitted online at the following link:

<https://beta.companieshouse.gov.uk/extensions>

Coronavirus Job Retention Scheme

The scheme is designed to part fund the wages of employees that would otherwise be laid off during the crisis. All UK business are eligible for the scheme with no restrictions on industry sector, staff numbers or business turnover.

To access the scheme a business must designate employees as **furloughed workers** – meaning that they should not undertake any work for the business – and notify the employees of the change.

You will then need to submit information to HMRC about employees that have been furloughed via an online portal that is currently being developed by HMRC – it should be noted that the furloughed employees will remain on your payroll.

Under the scheme **HMRC will reimburse 80% of the wage costs of furloughed workers up to a cap of £2,500 per employee per month.**

HMRC has now also confirmed that it will cover employers national insurance costs on the above as well as employer pension contributions (although only at minimum auto enrolment rates).

Note that an employer can choose to fund the difference between the 80% government grant and an employees full wage but **does not have to do so.**

The scheme will run for at least 3 months backdated to 1 March 2020.

HMRC are in the process of creating a system to allow payments to be made to employers although it may be April before this is in place.

We will keep you up-to-date with developments regarding the scheme and the online portal as well providing advice regarding practicalities including:

- **processing payrolls that include furloughed workers; and**
- **calculating the amounts to be claimed for furloughed workers.**

PLEASE ALSO SEE OUR SEPARATE BACKGROUND NOTE REGARDING THE JOB RETENTION SCHEME.

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VAT Payment Deferral

The government has announced that all businesses can **defer any VAT payment that is due between 20 March 2020 and 30 June 2020.**

VAT returns should still be submitted as normal and refunds will continue to be settled by HMRC.

Business will be given until the end of the 2020/21 tax year to settle any liabilities that build-up during the deferral period (which is expected to mean 5 April 2021).

The **relief is automatic, so no application is required.**

Insurance

Businesses that have cover for both pandemics and government-ordered closure should be able to claim on their policy, as the government and insurance industry confirmed on 17 March 2020 that advice issued is sufficient to make a claim as long as all other terms and conditions are met.

Business Rates Waiver (Retail, Hospitality and Leisure Businesses)

All **retail, hospitality and leisure businesses based in England will receive a 100% business rates holiday for the 2020/21 rates year.**

The Ministry of Housing, Communities and Local Government has published details of properties that will qualify (see the link below) – the list of eligible properties can be found at paragraph 10 onward on pages 5 to 7.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873622/Expanded_Retail_Discount_Guidance.pdf

No action is required to access the scheme. The relief will automatically apply to April 2020 council tax bills although some local authorities may have to reissue bills that have already been issued.

Business Rates Waiver (Nursery Businesses)

Nursery businesses based in England will receive a 100% business rates holiday for the 2020 to 2021 rates year.

Properties are eligible if:

- they are occupied by providers on the OFSTED Early Years Register; or
- wholly or mainly used for the provision of the Early Years Foundation Stage.

No action is required to access the scheme. The relief will automatically apply to April 2020 council tax bills although some local authorities may have to reissue bills that have already been issued.

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Cash Grants (Retail, Hospitality and Leisure Businesses)

A cash grant of £25,000 will be paid to businesses in the retail, hospitality and leisure sectors if:

- they are based in England; and
- they operate from premises with a rateable value of between £15,001 and £51,000.

Retail, hospitality and leisure businesses operating from premises with a rateable value of £15,000 or less will receive a lower cash grant of £10,000.

No action is required to access the scheme – your local authority will write to you if you are eligible for this grant and will deal with any queries.

Cash Grants (Small Businesses)

A cash grant of £10,000 will be paid to small businesses that:

- are based in England;
- already receive Small Business Rate Relief or Rural Rate Relief; and
- occupy a property for their business.

No action is required to access the scheme – your local authority will write to you if you are eligible for this grant and will deal with any queries.

Sick Pay

Employees following Coronavirus advice to stay at home will be eligible for Statutory Sick Pay from the first day of absence.

Sick Pay Recovery

Small and medium sized business will be able to reclaim Statutory Sick Pay paid to employees who are away from work due to Coronavirus for 2 weeks per employee.

Employers with less than 250 employees are eligible with the number of people being measured as of 28 February 2020.

HM Government advises that records of staff absences and SSP payments should be maintained but employees will not need to provide a GP fit note. If evidence is required people with symptoms can obtain an isolation note from NHS 111 Online (<https://111.nhs.uk/covid-19>) and those living with people with symptoms can get a note from the NHS website.

The government is in the process of developing the rebate scheme – we will keep you up to date once further details are announced.

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Cashflow Assistance

The **Coronavirus Business Interruption Loan Scheme (CBILS)** was extended by the Chancellor on 20 March 2020 as follows:

- **businesses with turnover of up to £45m per annum are eligible** (previously £41m);
- **HM Government will cover interest and any lender-levied fees for the first 12 months of each loan facility** (previously 6 months);
- the **maximum value of a loan under the scheme is £5m**.

The CBILS scheme is managed by the British Business Bank and went live on 23 March 2020.

The British Business Bank has published guidance regarding the operation of the scheme at the following link: <https://www.british-business-bank.co.uk/wp-content/uploads/2020/03/British-Business-Bank-CBILS-FAQs-for-SMEs-FINAL.pdf>.

To highlight some key points:

- the CBILS scheme can apply to various products including:
 - term loans and asset finance (up to six years);
 - overdrafts and invoice finance (up to three years).
- CBILS funding will be provided by commercial lenders and works by the government providing an 80% guarantee to the lender – note that the borrower remains liable for 100% of the amount borrowed under a CBILS facility.
- to be eligible for a CBILS loan your business must:
 - be based in the UK with turnover under the £45m limit;
 - have a **borrowing proposal that would be viable were it not for the impact of the coronavirus pandemic**;
 - have a **borrowing proposal where the provision of short- to medium-term finance under CBILS should allow the business to trade out of Coronavirus difficulties**.
- lenders have discretion to issue unsecured facilities of up to £250,000.
- for facilities of more than £250,000 the lender is required to establish a lack or absence of security to confirm that a CBILS facility is required.

The commercial lenders have now begun to provide information regarding the application processes for CBILS loans, which often mention a requirement for **financial projections or similar to show that the debt is manageable once the Coronavirus restrictions are eased**.

We will keep you up to date regarding developments re the Coronavirus Business Interruption Loan Scheme and of course if you need advice or assistance regarding eligibility for the scheme or preparation of financial projections then just get in touch.



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Support for Self-Employed People

The government has announced that, for all self-employed people, the **income tax self-assessment payments that would be due on 31 July 2020 will be deferred until 31 January 2020.**

The **relief is automatic, so no application is required.**

In addition, the government has indicated that no interest or penalties will be charged during the deferral period.

Support for Businesses and People Paying Tax

All businesses and self-employed people may be eligible to receive support with their tax payments through the HM Revenue and Customs Time to Pay service.

Arrangements are agreed on a case-by-case basis but given the current circumstances it may be worth speaking to HMRC before paying any tax liabilities going forward.

The HMRC helpline number is 0800 0159 559 – normal hours are 0800 to 2000 between Monday and Friday and 0800 to 1600 on Saturday.

Working Tax Credits

The government has today announced that **Working Tax Credit payments will be increased by £1,045 to £3,040 for the tax year from 6 April 2020 to 5 April 2021.**

The exact amount that each claimant or household will benefit by will depend on their household income and other circumstances.

The **uplift is automatic hence no application is required** – HMRC will increase payments effective from 6 April 2020.

As before further announcements are expected over the coming days and weeks so we will obviously keep you up to date regarding developments during this unprecedented time.