

## COVID-19 Support for Business

The UK and Scottish Governments have announced various measures to support businesses through these difficult and unprecedented times.

Full details of the support available in Scotland and other practical advice can be found on the following Scottish Govt website:

<https://findbusinesssupport.gov.scot/coronavirus-advice>.

The UK Government measures to support business are set out on the following site:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>

Both websites will be regularly updated so we would recommend that you logon and review from time to time. We have set out below the principal support measures available for businesses:

### Scottish Government – Specific Support Measures

1. From 1 April 2020, **75% rates relief** for businesses in the **retail, hospitality and leisure** sectors where the rateable value is less than £69,000
2. From 1 April 2020, **rates relief of £5,000 for pubs** with a rateable value of up to **£100,000**
3. From 1 April 2020, the **cancellation** of the proposed **rates increases of 1.6%** on all properties in Scotland
4. **£80m fund** to provide **grants to small businesses** in those sectors worst affected by the economic impact of COVID-19

### UK Government – Specific Support Measures

#### 1. Coronavirus Job Retention Scheme

On Friday 20<sup>th</sup> March, the UK Government announced the intention to immediately introduce a “Job Retention Scheme” to ensure that employees jobs and income are protected during these difficult times. There are still some details requiring further clarification however this measure could be vital for businesses and their employees. Key Points:

- The scheme is intended to avoid redundancies and protect jobs.
- All employers in the UK will be eligible to participate in the scheme.
- HMRC will reimburse employers for 80% of wage costs, subject to a cap of £2,500 per employee month.
- The scheme covers employees who have been “furloughed”. Furloughed employees must carry out no work for their employer during this period.
- The scheme is being backdated to 1<sup>st</sup> March 2020 and will run for a period of 3 months until the end of June 2020. The scheme also covers employees who have already been laid off or dismissed.

- Employers will continue to pay the furloughed workers- but at a rate of 80% of their normal rate of pay.
- The employer can reclaim the sums paid from the Government. The scheme will be administered by HMRC via an online portal and we expect this to be operational shortly.
- Employers will require to submit information to HMRC in respect of furloughed workers, together with details of their earnings. A new online portal is being set up for this.
- The Government expects that grants covering these costs will start to be paid to employers within weeks.
- Alternative help will be available to employers who need assistance to continue to pay employees until the scheme is in place.
- We understand that from an employment law perspective, employees must consent to the arrangements and in general we recommend that clients take advice before the introduction of the scheme. We would recommend that employee consent is given in writing even in the format of a consenting email.

## **2. Deferment of VAT and Income Tax Payments / Tax Payments**

- Businesses can defer payment of quarterly VAT payments until 30 June 2020 in respect of sums due from 20 March 2020. VAT returns do still require to be filed on time and clients are advised that they should cancel any direct debit arrangements in place with HMRC if they wish to defer payments of VAT.
- Self-Assessment tax payments due for the self-employed due by 31 July 2020 will be deferred until 31 January 2021.
- All businesses and self-employed people in financial distress who are unable to pay tax bills may receive support from the HMRC's Time to Pay service.

## **3. Other Measures – Self Employed**

- The self-employed will be able to claim Universal Credit subject to meeting the eligibility criteria. Essentially, to allow the self-employed to self-isolate and follow social distancing guidance, the Minimum Income Floor will be temporarily relaxed. You can check eligibility via the Govt website. A step-by-step guide is available on the UK Govt Universal Credit site - <https://www.gov.uk/universal-credit>
- Over 5 million people are self-employed in the UK (approx. 15% of the UK workforce) and as of today's date there is no equivalent to the Job Retention scheme as per above. We hope that the UK Govt will introduce similar measures to help self-employed as soon as possible.

## **4. Grants**

- Cash grants are available under the Retail and Hospitality Grant Scheme of up to £25,000 per property for properties with a rateable value between £15,001 and £51,000.
- Businesses with a rateable value of under £15,000 or those who pay no business rates will be paid a lesser level of grant under the above scheme of £10,000.
- Eligible businesses will be contacted directly via their local council in due course in respect of the grant payments.

## 5. Statutory Sick Pay (SSP)

HMRC will introduce legislation to allow small-and medium-sized businesses and employers to reclaim the full cost of Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. Main points:

- The refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19
- Employers with fewer than 250 employees will be eligible – employer size based upon the number of people they employed as of 28 February 2020
- Employers required to maintain records of staff absences and payments of SSP, however employees will not need to provide a GP fit note. If evidence is required by an employer, those with symptoms of coronavirus can get an isolation note from NHS 111 online and those who live with someone that has symptoms can get a note from the NHS website.

## 6. The Coronavirus Business Interruption Loan Scheme (CBILS)

### Key Features:

- **Up to £5m facility:** The maximum value of a facility provided under the scheme will be £5m, available on repayment terms of up to six years.
- **80% guarantee:** The scheme provides the lender with a government-backed, partial guarantee (80%) against the outstanding facility balance, subject to an overall cap per lender.
- **No guarantee fee for SMEs to access the scheme:** No fee for smaller businesses. Lenders will pay a fee to access the scheme.
- **Interest and fees paid by Government for 12 months:** The Government will 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.
- **Finance terms:** Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years.
- **Security:** At the discretion of the lender, the scheme may be used for unsecured lending for facilities of £250,000 and under. For facilities above £250,000, the lender must establish a lack or absence of security prior to businesses using CBILS. If the lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so.
- **How to apply:** Applications are being made through the normal commercial banks and in the main we expect businesses to apply via their existing banking relationships. Please check that your bank is among the 40 accredited providers registered to operate the scheme.
- Finally, bear in mind that the sums are repayable, and the borrower always remains 100% liable for the debt.

### **Eligibility Criteria**

- Smaller businesses from all sectors can apply for the full amount of the facility. To be eligible for a facility under CBILS, an SME must:
  - Be UK-based in its business activity, with annual turnover of no more than £45m
  - Have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender, and for which the lender believes the provision of finance will enable the business to trade out of any short-to-medium term difficulty
- Please note that certain industries / sectors are excluded from the scheme.

### **7. Measures Specific to Businesses in England**

- Business rates holiday for retail, hospitality and leisure businesses in 2020 and 2021.

### **8. Support for larger firms – the COVID-19 Corporate Finance Facility**

- The Bank of England will buy short term debt from larger companies to assist the financing of short-term funding required as a result of COVID-19.
- The Bank of England are also supporting overall corporate finance markets and will ease the supply of credit to all firms.