

## COVID19 CURRENT BUSINESS SUPPORT

We outline below the current business support measures issued by the governments, both Scotland and United Kingdom, including who is expected to be eligible for the reliefs. The guidance is being updated by the government on a regular basis, and we will make all further detail available as it is received.

### ***1. The Chancellor announced support for businesses through the Coronavirus Job Retention Scheme. How will this work?***

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

Under the Coronavirus Job Retention Scheme, all UK employers will be able to access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during this crisis. All UK businesses are eligible.

#### **How to access the scheme**

You will need to:

- designate affected employees as 'furloughed workers,' and notify your employees of this change - changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (HMRC will set out further details on the information required)

Furloughed workers cannot undertake any work during their time on furlough – the scheme is set up to allow for retention of workers that would otherwise be laid off.

HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. We understand HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers. Further details on exactly how this scheme will be accessed and operate in practice are awaited. We do know that the scheme will apply from 1 March 2020, so is effectively backdated. This means that if you have already laid off staff after 1 March 2020, but before this scheme was announced, you may be able to claim for them, if both you and they agree to have the dismissal withdrawn (with any redundancy paid being refunded) and on condition that they are treated as being on furlough from the original date of dismissal.

### ***2. I had read that VAT and Income Tax payments are being postponed – is this correct?***

VAT payment deferral will apply from 20 March 2020 until 30 June 2020. All UK businesses are eligible. This is an automatic offer with no applications required, with no business needing to make a VAT payment during this period. However, you should ensure your VAT return is submitted by the usual due dates to HMRC. You may also want to cancel your direct debit for VAT for this period and restart it later to avoid payment being taken automatically.

For Income Tax Self-Assessment, payments due on the 31 July 2020 will be deferred until the 31 January 2021. Again, this is an automatic offer and no penalties or interest for late payment will be charged in the deferral period.

### **3. I'm struggling to find the funds to pay my PAYE – is any help available?**

All businesses with outstanding tax liabilities may be eligible to enter into a Time to Pay Agreement with HMRC. HMRC have now scaled up their Time to Pay offer assistance to all firms and individuals who are in temporary financial distress as a result of Covid-19 and have outstanding tax liabilities.

If you are concerned about being able to pay your tax due to COVID-19, call HMRC's dedicated helpline on 0800 0159 559. You should have your PAYE number and HMRC Accounts Office Reference number to hand to ease the process when you call.

### **4. What Statutory Sick Pay ("SSP") relief is available for Small and Medium Sized Entities?**

Legislation is being brought forward to allow small-and medium-sized businesses and employers to reclaim SSP paid for sickness absence due to COVID-19. The refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19.

Eligibility criteria are:-

- employers with fewer than 250 employees will be eligible – the size of an employer will be determined by the number of people they employed as of 28 February 2020
- employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19
- employers should maintain records of staff absences and payments of SSP, but 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
- the eligible period for the scheme will commence the day after the regulations on the extension of SSP to those staying at home come into force
- The application process and repayment method have not yet been confirmed

In order to be eligible to apply:

- Your business must be UK based.
- Your business is a small or medium-sized and employs fewer than 250 employees as of 28 February 2020.

A rebate scheme is being developed to allow access to the scheme. Further details will be provided in due course once the legalisation (**The Coronavirus Bill**) has passed.

### **5. My business operates in the retail, hospitality and leisure sector. What reliefs are available?**

a) Retail, hospitality and leisure businesses will get 100% rates relief for 2020-21, so these businesses will not pay any business rates in the 2020-21 tax year. To be eligible for this relief, a property must be occupied. If you are unsure of your own position, we would suggest that you contact your local council, who will be administering this relief.

b) you are eligible to apply for a one-off non-repayable government grant of £25,000 if the normal rateable value of the business is between £18,000 and up to and including £51,000.

c)

<https://www.mygov.scot/non-domesticrates-coronavirus/>

**6. My business operates outside the retail, hospitality and leisure sector. Will I be entitled to any rates relief?**

All non-domestic properties in Scotland will get a 1.6% rates relief. This relief effectively reverses the change in poundage for 2020-21. You do not need to apply for this relief, it will be applied to your bill by your local council.

In addition if your business is eligible for Small Business Rate Relief (SBRR) or Rural Rate Relief (RRR) whereby you pay a reduced level / no rates, a one-off non-repayable government grant of £10,000 will be available.

It will be possible to apply for the grants from 1 April 2020 and they will be available to 31 March 2021. However, you can only apply for one grant, even if you own multiple properties.

The Scottish Government is currently working with Scotland's 32 Councils and other stakeholders to agree a common approach to the application process, to help ensure there is an effective and timely processing of grants as soon as possible.

**7. What is the Coronavirus Business Interruption Loan Scheme?**

A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will launch this week to support primarily small and medium-sized businesses to access bank lending and overdrafts.

The loans can be for up to £5 million and will be available for repayment terms of up to six years. For overdrafts and invoice finance facilities, terms will be up to three years.

The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £5 million in value.

Businesses can access the first 12 months of that finance interest free, as government will cover the first 6 months of interest payments.

**Eligibility**

- Your business is UK based, with turnover of no more than £45 million per annum.
- You 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.

If the lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so.

The full rules of the Scheme and the list of accredited lenders is available on the British Business Bank website. All the major banks will offer the Scheme once it has launched. There are 40 accredited providers in all.

We strongly recommend that you discuss the options for your business with your own bank or finance provider (not the British Business Bank) as soon as possible and discuss your business plan with them. This will help your finance provider to act quickly once the Scheme has launched. Please note that branches may currently be shut down to enable social distancing.

If you have an existing loan with monthly repayments, you may want to ask for a repayment holiday to help with cash flow.

#### ***8. Should I contact my insurance company?***

We would recommend that you discuss the current position for your business with your insurance company or insurance broker as appropriate as a matter of urgency.

If insured against both pandemics and government-ordered closures, then it is likely you will be covered. If not, then it is likely that your insurance won't cover any claims due to COVID-1.

#### ***9. Other helpful links***

The Scottish Government has set up a dedicated mailbox to answer any queries on support for businesses in relation to Covid-19: [BESTCovidHub@gov.scot](mailto:BESTCovidHub@gov.scot)

Website link: <https://findbusinesssupport.gov.scot/>

For more information on how we can help, please speak to your usual James Hair & Co contact.

***INFORMATION CORRECT AS AT 23 MARCH 2020***