



LEWIS BROWNLEE

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**FOR THE LATEST
GOVERNMENT GUIDANCE
PLEASE SEE OUR
BUDGET 2021 GUIDE**

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INTRODUCTION

The UK Government has laid out many initiatives for businesses of all sizes to help them through the period of disruption caused by the Coronavirus (COVID-19). Throughout this document we have done our best to decipher what we know.

This document will be continually updated as we find out more and the date of last update can be seen on the front cover. To check for the latest version simply use the same link you used to download this document, or visit www.LBLink.uk/COVID19

Hopefully this book will not only assist you with your queries, but also open up further options that you may not have been aware of. Should you require any further assistance or guidance, please do not hesitate to contact us on 01243 782 423.

To make it easier to establish whether something will apply to you we have used the following symbols to signify Small, Medium & Large businesses:

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We will keep you informed about the details of each of these packages and how to apply. Be safe and stay strong!

CORONAVIRUS JOB RETENTION SCHEME

The government introduced the Coronavirus Job Retentions Scheme (CJRS) to support employers through the COVID-19 period, this has commonly been referred to as the furlough scheme. **The scheme has been extended until 30 April 2021.**

Who can claim -

You must have:

- created and started a PAYE payroll scheme on or before 30 October 2020
- enrolled for PAYE online
- a UK, Isle of Man or Channel Island bank account

Any entity with a UK payroll can apply, including businesses, charities, recruitment agencies and public utilities.

You can only place employees on furlough if coronavirus (COVID-19) is affecting your organisation.

You can only claim for furloughed employees that were employed and on your payroll on 30 October 2020.

This means you must have made a PAYE RTI submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee.

This now allows you to make a claim for employees that have been furloughed since 1 April 2020 and 30 October 2020 and 30 April 2021.

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Agreeing to furlough employees

Employers should discuss with their staff and make any changes to the employment contract by agreement. When employers are making decisions in relation to the process, including deciding who to offer furlough to, equality and discrimination laws will apply in the usual way.

To be eligible for the grant, employers must have confirmed to their employee (or reached collective agreement with a trade union) in writing that they have been furloughed. You must:

- make sure that the agreement is consistent with employment, equality and discrimination laws
- keep a written record of the agreement for five years
- keep records of how many hours your employees work and the number of hours they are furloughed (i.e. not working)

The employee does not have to provide a written response and you do not need to place all your employees on furlough.



CORONAVIRUS JOB RETENTION SCHEME

Full or flexible furlough?

Fully furloughed employees cannot undertake any work for you while they are furloughed **full time**.

Flexibly furloughed employees can work for any amount of time, and any work pattern but they cannot do any work for you during hours that you record them as being on furlough. If you flexibly furlough employees, you will also need to agree this with the employee and keep a new written agreement that confirms the new furlough arrangement.

You do not need to place all your employees on furlough and you can continue to fully furlough employees if you wish. Employees cannot undertake any work for you during time that you record them as being on furlough.

Employer Costs

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- For the period 1 November 2020 to 30 April 2021, the government will grant you the full 80% of wages. Employers will not be required to contribute or top-up for the hours not worked. You will still need to pay employer National Insurance contributions and employer pension contributions, you can not claim for these.
- You can choose to top up your employees' wages above the minimum 80% furlough pay amount but you do not have to. Employees must not work or provide services for the business during the time which they are furloughed. If they do, you must not receive any of the relevant furlough wage.

How to claim and submission deadlines

- You can claim before, during or after you process your payroll as long as your claim is submitted by the relevant claim deadline. **You cannot submit your claim more than 14 days before your claim period end date.**
- You can claim via <http://LBLink.uk/Claim-Furlough>

Claim for furlough days in	Claim must be submitted by
January 2021	15 February 2021
February 2021	15 March 2021
March 2021	14 April 2021
April 2021	14 May 2021

If you have missed the claim deadline for claim periods from 1 November, HMRC may accept late claims if you have (all of the following): A reasonable excuse; taken reasonable care to try and claim on time; and claimed without delay as soon as you were able to. You must contact HMRC to ask to submit a late claim.



CORONAVIRUS JOB RETENTION SCHEME

Calculating your claim

- You will need to work out 80% of your employee's usual wages to determine how much you have to pay your employees for the time they are furloughed and what you can claim under the scheme
 - HMRC's furlough calculator: <http://LBLink.uk/Furlough-Calculator>
- You will need to identify the reference period that you will use to work out your employee's usual wages.
- The reference period is the last pay period ending on or before 19 March 2020 for employees who either:

- were on your payroll on 19 March 2020, that is you made a payment of earnings to them in the tax year 2019/2020 which was reported to HMRC on a Real Time Information (RTI) Full Payment Submission (FPS) on or before 19 March 2020

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- For all other employees, the reference period is the last pay period ending on or before 30 December 2020, which will only apply to periods starting after 1 November 2020.

Further guidance

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- HMRC has introduced a new tool to help you check how much you can claim for through the Coronavirus Job Retention Scheme. This is available on the HMRC website to check that the amount you are claiming for is correct. SSP and SMP (inc SPP) takes precedence so employees can only be furloughed when the period of sick or maternity leave ends. SMP will not be impacted unless you furlough someone before it is due to start, in which case they may receive less SMP.
- During hours which you record your employee as being on furlough, you cannot ask them to undertake any work (provide service or generate a revenue). They can still undertake training though.
- Employees still have the same rights at work, including Statutory Sick Pay, maternity and other parental rights, rights against unfair dismissal, and redundancy payments.
- Grants cannot be used to substitute redundancy payments. HMRC will continue to monitor businesses after the scheme has closed.
- If contractually allowed, your employees are permitted to work for another employer whilst you have placed them on furlough. If the employee is furloughed from another employment, they should complete Statement C.

ANNUAL LEAVE 'CARRY-OVER'

Employees and workers can carry over up to 4 weeks' paid holiday over a 2-year period, if they cannot take holiday due to coronavirus.

For example, this could be because:

- they're self-isolating or are too sick to take holiday before the end of their leave year
- they've been temporarily sent home as there's no work ('laid off' or 'put on furlough')
- they've had to continue working and could not take paid holiday

Some employers will already have an agreement to carry over paid holiday. This law does not affect any agreements already in place. If an employee or worker leaves their job or is dismissed during the 2-year period, any untaken paid holiday must be added to their final pay ('paid in lieu').

If someone is temporarily sent home because there's no work

If someone is temporarily sent home because there's no work, they can continue to build up ('carry over') holiday in the following year.

Agreeing how extra holiday is carried over

If employers do not already have an agreement in place, they will need to decide whether they'll allow extra holiday (more than the 4 weeks' paid holiday) to be carried over.

Bank holiday

If employees do not book a day that is a bank holiday and do not take it, they should use the holiday at a later date in their leave year. If this is not possible, bank holidays can be included in the 4 weeks' paid holiday that can be carried over. This holiday can be taken at any time over a 2-year period.

Previously booked holidays

If an employee no longer wants to take time off they'd previously booked, for example because their holiday's been cancelled, their employer may still tell them to take the time off. If the employee wants to change when they take this time off, they'll need to get agreement from their employer.



STATUTORY SICK PAY (SSP) RELIEF PACKAGE

The Government will make legislation to allow small and medium sized businesses and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19.

The eligibility criteria for the scheme will be as follows:

- this 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 - 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 GP fit notes. If evidence is required by an employer, those with symptoms should get a note from the NHS app, 11 or the NHS website, and those who live with someone that has symptoms can get a note from the NHS website.
- eligible period for the scheme will commence the day after the regulations on the extension of SSP to those staying at home comes into force.
- the government will work with employers over the coming months to set up the refund mechanism, and employers should claim as soon as possible.

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You are eligible for the scheme if your business is UK based and your business is a small or medium-sized and employs fewer than 250 employees as of 28 February 2020.

Connected companies and charities

Connected companies and charities can also use the scheme if their total combined number of PAYE employees are fewer than 250 on or before 28 February 2020.

Records you must keep

You must keep records, for a minimum of 3 years, of all the statutory sick payments that you want to claim from HMRC, including:

- the reason why an employee could not work
- details of each period when an employee could not work, including start and end dates
- details of the SSP qualifying days when an employee could not work
- National Insurance numbers of all employees who you have paid SSP to

STATUTORY SICK PAY (SSP) RELIEF PACKAGE

Making a claim

Before you start you'll need to:

- [check that you can use the Coronavirus Statutory Sick Pay Rebate Scheme](#)
- be registered for PAYE Online
- work out your claim period
- make sure you've already paid your employees' sick pay before you claim.

Work out your claim period:

You can claim for multiple pay periods and employees at the same time. If you make multiple claims, the claim periods can overlap.

To complete your claim you'll need the start and end dates of the claim period which is the period for which you are claiming for.

- start date of the earliest pay period you're claiming for (if no pay period started before 13 March you'll need to use 13 March as the start date)
- end date of the latest pay period you're claiming for (this must be on or before the date you make your claim - because you can only claim for SSP paid in arrears)

You'll need the following to make the claim:

- the number of employees you're claiming for
- start and end dates of your claim period
- the total amount of coronavirus-related Statutory Sick Pay you have paid to your employees for the claim period - this should not exceed the weekly rate of SSP that is set
- your Government Gateway user ID and password that you got when you registered for PAYE Online - if you do not have this find out how to get your lost user ID
- your employer PAYE reference number
- the contact name and phone number of someone we can contact if we have queries
- your UK bank or building society account details (only provide account details where a Bacs payment can be accepted) including:
 - bank or building society account number (and roll number if it has one)
 - sort code
 - name on the account
 - your address linked to your bank or building society account

Make your claim here: <https://www.tax.service.gov.uk/coronavirus-statutory-sick-pay>

DEFERRING VAT PAYMENTS

The Government will support businesses by deferring Valued Added Tax (VAT) payments for 3 months. If you're self-employed, Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021.

VAT

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

All UK businesses are eligible.

VAT payments you can defer

You can only defer:

- quarterly and annual VAT returns payments for the periods ending in February, March and April
- payments by account due between 20 March 2020 and 30 June 2020
- annual accounting advance payments due between 20 March 2020 and 30 June 2020

The deferred VAT will continue to count as VAT for VAT 100% input VAT.

VAT of deferred payments will be paid to HMRC by 30 June 2020 as long as you are in the deferral scheme

VAT repayments and returns

HMRC will continue to process VAT reclaims and refunds as normal and most repayments are paid within 5 working days.

Repayments will not be offset against any deferred VAT, but they will be offset against existing debts.

You can [apply online](#) to move to monthly returns to improve your cashflow if you're in a repayment position.



DEFERRING VAT PAYMENTS (CONTINUED)

How deferring VAT affects payments on account

If you defer a payment on account between 20 March 2020 and 30 June 2020 but the balancing payment is outside of these dates, the amount you must pay is the balancing payment less any deferred payments. Deferring payments will not create a repayment.

You will still need to submit your VAT returns to HMRC on time.

If you choose to defer paying your VAT

If you choose to defer your VAT payment as a result of coronavirus, you must pay the VAT due on or before 31 March 2021.

You do not need to tell HMRC that you're deferring your VAT payment.

Payments made by Direct Debit

If you normally pay by Direct Debit you should cancel your Direct Debit through your bank as soon as possible so that HMRC will not automatically deduct any VAT due. You can cancel online if you're logged in to your online banking.

After the VAT deferral ends

VAT payments that are due at the end of the deferral period will need to be paid as normal.

How to access the scheme

This is an automatic offer with no applications required. Businesses will not need to make a VAT payment during this period. Taxpayers will be given until the end of the 2020 to 2021 tax year to pay any liabilities that have accumulated during the deferral period. VAT refunds and reclaims will be paid by the government as normal.

Up to half a million businesses who deferred their VAT bills will be given more breathing space through the New Payment Scheme, which gives them the option to pay back in smaller instalments.

Rather than paying a lump sum in full at the end March next year, they will be able to make 11 smaller interest-free payments during the 2021-22 financial year.

(Updated 8 Oct 2020)



DEFERRING INCOME TAX PAYMENTS

INCOME TAX

For Income Tax Self-Assessment, payments due on the 31 July 2020 will be deferred until the 31 January 2021.

If you are self-employed you are eligible. This is an automatic offer with no applications required.

No penalties or interest for late payment will be charged in the deferral period.

HMRC have also scaled up their Time to Pay offer to all firms and individuals who are in temporary financial distress as a result of COVID-19 and have outstanding tax liabilities.

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Approximately 11 million self-assessment taxpayers will be able to benefit from a separate additional 12-month extension from HMRC in the “Time to Pay” self-service facility, meaning payments deferred from July 2020, and those due in January 2021, will now not need to be paid until January 2022.

(Updated 8 Oct 2020)



BUSINESS RATES RELIEF

The Government is introducing a business rates holiday for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year.

Businesses that received the retail discount in the 2019 to 2020 tax year will be re-billed by their local authority as soon as possible.

You are eligible for the business rates holiday if:

- your business is based in England
- your business is in the retail, hospitality and/or leisure sector
- Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:
 - » as shops, restaurants, cafes, drinking establishments, cinemas & live music venues
 - » for assembly and leisure
 - » hotels, guest accommodation, self-catering accommodation

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How to access the scheme:

There is no action for you to take. This will apply to your next council tax bill in April 2020. However, local authorities may have to re-issue your bill automatically to exclude the business rate charge. They will do this as soon as possible.

<https://www.gov.uk/calculate-your-business-rates> where you can estimate the business rate charge you will be required to pay.

Further guidance can be found at <https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>



CASH GRANTS FOR RETAIL, HOSPITALITY AND LEISURE BUSINESSES

The Retail and Hospitality Grant Scheme provides businesses in the retail, hospitality and leisure sectors with a cash grant of up to £25,000 per property. For businesses in these sectors with a rateable value of under £15,000, they will receive a grant of £10,000. For businesses in these sectors with a rateable value of between £15,001 and £51,000, they will receive a grant of £25,000.

You are eligible for the grant if:

- your business is based in England
- your business is in the retail, hospitality and/or leisure sector

Properties that will benefit from the grant will be occupied hereditaments that are wholly or mainly being used:

- as a shop, restaurant, bar, pub, cafe, take-away, refreshment, cinema or other entertainment venue
- for assembly and leisure
- as hotels, guest houses, boarding premises and self-catering accommodation

Accessing the scheme

You do not need to do anything. Your local authority will write to you if you are eligible for the grant. Updates for local authorities on the scheme will be provided regularly. Any enquiries on eligibility for, or provision of, the grant and grants should be directed to the relevant local authority.

For full Government guidance please see: <http://LBLink.uk/Grants>. To find your local authority: <https://www.gov.uk/find-local-council>

Accounting for these and the furlough grants *(Updated 8 Oct 2020)*

Where you have been lucky enough to qualify for any of these support measures now is the time to understand the accounting entries required and the relevant tax position on them.

All of these requirements are relevant for entities reporting under either FRS 102 and FRS 105.

Firstly grant income should not be netting off against costs. A separate other income line should be set up, named grant income or something similar. For example you should not be netting the furlough grants against the cost of the relevant wages and salaries.

(continued on next page)



CASH GRANTS FOR RETAIL, HOSPITALITY AND LEISURE BUSINESSES

Accounting for these and the furlough grants (*continued*)

In terms of recognising the grant and support income, the furlough grants and SSP rebates is straight forward. This should be accounted for on a systematic basis over the periods in which the entity recognises the related costs (wages and salaries), i.e. all income relating to the costs of wages and salaries for the month of May 2020 will see the relevant debtor brought into May 2020 as well, if of course, the funds were not received until June 2020. Take care with weekly calculations of wages and the cut off around month ends and dates of claims made.

The grants in relation to the Small Business Grant Fund (SBGF), Retail, Hospitality and Leisure Grant Fund (RHLGF) and Discretionary Fund are a little more subjective. This is potentially recognised in income when the grant proceeds are received or incurred, and this is likely to be when the eligibility criteria have first been satisfied, so for most March 2020 year ends this would seem to be a required debtor.

The following point will need to be considered however - if there was uncertainty around eligibility, then recognition can be given when confirmation of entitlement was received from the local authority - and therefore probably in April 2020. However this is further complicated by current sources of guidance in that these grants may relate to future costs, i.e. the more the debtors incur the more they will be paid.

Each case will need to be considered on their own merits to please contact us.



SUPPORT FOR BUSINESSES THAT PAY LITTLE OR NO BUSINESS RATES

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 small business and already receive SBRR and/or RRR
- you are a business that occupies property

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You do not need to do anything. Your local authority will write to you if you are eligible for this grant. Guidance for local authorities on the scheme will be provided shortly.

Any enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority.

We believe in the power of its swab

To find your local authority: <https://www.gov.uk/find-local-council>

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SUPPORT FOR NURSERY BUSINESSES THAT PAY BUSINESS RATES

The Government will introduce a business rates holiday for nurseries in England for the 2020 to 2021 tax year.

Eligibility

You are eligible for the business rates holiday if your business is based in England.

Properties that will benefit from the relief will be hereditaments:

- occupied by providers on Ofsted's Early Years Register
- wholly or mainly used for the provision of the Early Years Foundation Stage

How to access the scheme

There is no action for you. However, local authorities may have to issue orders to provide this support. They will do this as soon as possible.

You can estimate your business rates charge using the [business rates calculator](#).

Further guidance for local authorities is available in the [nursery discount guidance](#).

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CORONAVIRUS FUTURE FUND

The Future Fund will provide government loans to UK-based companies ranging from £125,000 to £5 million, subject to at least equal match funding from private investors.

These convertible loans may be a suitable option for businesses that rely on equity investment and are unable to access the Coronavirus Business Interruption Loan Scheme.

The scheme will be delivered in partnership with the British Business Bank.

The Future Fund scheme is open for applications until 31 January 2021.

Eligibility

In order to be eligible for the scheme, each of the investor(s) and the company must meet specific criteria.

Please see the investor criteria here: <https://www.britishtobusiness-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/future-fund/investor-information/>

Your business is eligible if:

- it is UK-incorporated - if your business is part of a corporate group, only the parent company is eligible
- it has raised at least £250,000 in equity investment from third party investors in the last 5 years
- none of its shares are traded on a regulated market, multilateral trading facility or other financial market
- it was incorporated on or before 31 December 2019
- at least one of the following is true:
 - half or more employees are UK-based
 - half or more revenues are from UK sales

How to apply

1. The investor, or lead investor of a group of investors, creates an account on the [website](#) to be able to sign in and make applications.
2. The investor, or lead investor of a group of investors, provides information regarding the investment and confirms their eligibility.
3. The investor, or lead investor of a group of investors, submits their applications in connection to an eligible company, and the company (statutory director or the company secretary) then confirms it is happy for the application to be submitted.

Read the full Government Terms here: <http://LBLink.uk/Future-Fund>

CORONAVIRUS BOUNCE BACK LOAN

The Bounce Back Loan scheme helps small and medium-sized businesses to borrow between £2,000 and up to 25% of their turnover (Max. £50,000). The government guarantees 100% of the loan and there won't be any fees or interest to pay for the first 12 months. After 12 months the interest rate will be 2.5% a year.

The scheme is open to applications until 31 March 2021. If you already have a Bounce Back Loan but borrowed less than you were entitled to, you can top up your existing loan to your maximum amount. You must request the top-up by **31 March 2021**.

Eligibility - You can apply for a loan if your business:

- is based in the UK
- was established before 1 March 2020
- has been adversely impacted by the coronavirus

Who cannot apply - The following businesses are not eligible to apply:

- banks, insurers and reinsurers (but not insurance brokers)
- public sector bodies
- state-funded primary, secondary, or post

If you're already claiming funding

You cannot apply if you're already claiming funding under CBLLS, CBLL or the COVID-19 Corporate Financing Facility. If you've already secured a loan of up to £50,000 under one of these schemes and would like to transfer it into the Bounce Back Loan scheme, you have until 31 March 2021 to arrange this with your lender.

How long is the loan for?

The length of the loan is 6 years, but you can repay early without paying a fee. No repayments will be due during the first 12 months.

Before your first repayment is due, your lender will contact you about further options to:

- extend the term of your loan to 10 years
- move to interest-only repayments for a period of 6 months (you can use this option up to 3 times)
- pause your repayments for a period of 6 months if you have already made at least 6 repayments (you can use this option once)

How to apply

There are 29 lenders participating in the scheme including many of the main retail banks. You should approach a suitable lender yourself via the lender's website. The lender will ask you to fill in a short online application form and self-declare that you are eligible. The lender will decide whether to offer you a loan or another type of finance and you'll be responsible for repaying 100% of the amount borrowed.

Find a lender here: https://LBLink.uk/CBBL_lenders.

If one lender turns you down, you can apply to other lenders in the scheme.



CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (CBILS)

The Coronavirus Business Interruption Loan Scheme (CBILS) helps small and medium-sized businesses to access loans and other kinds of finance up to £5 million.

The government guarantees 80% of the finance to the lender and pays interest and any fees for the first 12 months. This means that businesses can access the first 12 months interest free, as government will cover the first 12 months of interest payments.

The scheme is open until 31 March 2021.

You can apply for a loan if your business:

- is based in the UK
- has an annual turnover of up to £5 million

You need to show that your business:

- would be eligible for a CBILS loan
- has been adversely impacted by the coronavirus

If you want to borrow, find out more, you also need to confirm that your business wasn't classed as a business in difficulty on 31 December 2019.

Who can it help? **Who can't?** **How to apply:**

- banks, building societies, credit unions, finance companies
- public-sector bodies
- state-funded primary and secondary schools

How long is the loan for?

The maximum length of the facility depends on the type of finance you apply for and will be:

- up to 3 years for overdrafts and invoice finance facilities
- up to 6 years, for loans and asset finance facilities

How to apply

There are 117 lenders participating in the scheme including all the main retail banks. You should approach a suitable lender yourself via the lender's website.

You'll need to tell the lender the amount you'd like to borrow, what the money is for and how long you'd like to pay it back.

You'll need to provide documents that show you can afford to repay the loan. These may include management accounts, cash flow forecast, business plan, historic accounts or details of assets.

Find a lender: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/for-businesses-and-advisors/>



CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (CBILS) (CONTINUED)

For CBILS facilities below £250,000, personal guarantees cannot be taken by lenders in relation to the facility under the Scheme.

For loans over £250,000, personal guarantees will be limited to just 20% of any amount outstanding on the CBILS lending after any other recoveries from business assets. Lenders were already prohibited from asking business owners to put their house on the line, but today's changes will provide further reassurance regarding personal assets during this difficult time.

This will apply to finance already offered under the scheme, to ensure that all business owners receive the same level of government protection.

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CORONAVIRUS LARGE BUSINESS INTERRUPTION LOAN SCHEME (CLBILS)

The Coronavirus Large Business Interruption Loan Scheme (CLBILS) provides medium and large sized businesses that are suffering disruption to their cashflow due to lost or deferred revenues during the COVID-19 outbreak, help to access loans and other kinds of finance up to £200 million. The maximum repayment term is 3 years.

It will provide a government guarantee of 80% to enable banks to make loans of up to £200 million to firms with an annual turnover of over £45 million. This will give banks the confidence to lend to more businesses which are impacted by coronavirus but which they would not lend to without CLBILS.

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You can apply for a loan if your business:

- is based in the UK
- has an annual turnover of over £45 million
- has not received support under the Bank of England's [COVID-19 Corporate Financing Facility \(CCFF\)](#)

You need to show that:

- your business would be viable were it not for the pandemic
- your business has been affected by coronavirus
- the loan will enable you to trade out of any short-term to medium-term difficulty resulting from coronavirus

If you're borrowing more than £50 million you must agree to restrictions on dividend payments, senior pay and share buy-backs during the period of the loan.

Find out more here: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/clbils/>

COVID-19 CORPORATE FINANCING FACILITY

Under the COVID-19 Corporate Financing Facility (CCFF), the Bank of England will buy short-term debt from large companies.

This scheme will support your company if it's been affected by a short-term funding squeeze, and allow you to finance your short-term liabilities.

It will also support corporate finance markets overall and ease the supply of credit to all firms.

The scheme is delivered through commercial lenders, backed by the Bank of England.

It will operate for at least 12 months, and for as long as steps are needed to relieve cash flow pressures on firms that make a material contribution to the UK economy.

All large UK companies are eligible.

The full rules of the scheme and guidance on how to apply is available on the Bank of England website: <http://www.bankofengland.co.uk/news/2020/march/the-covid-corporate-financing-facility>

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PAYING TAX: TIME TO PAY SERVICE

All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time to Pay service.

These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities. You are eligible if your business pays tax to the UK government and has outstanding tax liabilities.

If you have missed a tax payment or you might miss your next payment due to COVID-19, please call HMRC's dedicated helpline: **0800 0159 559**.

If you're worried about a future payment, please call them nearer the time.

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INSURANCE

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

Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers. Sadly, most businesses are unlikely to be covered, as standard business interruption insurance policies are dependent on damage to property and will exclude pandemics.

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Small businesses including pubs, cafes, hairdressers, plant hire and beauty parlours, argued they faced becoming insolvent when they were refused compensation by insurers for business interruption policy claims on losses caused by the first national COVID-19 lockdown.

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This now means that the Supreme Court ruling will provide guidance on the claim adjustment process and it is hoped that this will progress quickly.

The FCA has stated that they will be working with insurers to ensure that they now move quickly to pay claims that the judgment said should be paid, making interim payments wherever possible. Insurers should also communicate directly and quickly with policyholders who have made claims affected by the judgment to explain next steps.

SELF-EMPLOYMENT INCOME SUPPORT SCHEME

The scheme has been extended. If you were not eligible for the first and second grant based on the information in your Self Assessment tax returns, you will not be eligible for the third.

HMRC expects you to make an honest assessment about whether you reasonably believe your business will have a significant reduction in profits.

To make a claim for the third grant your business must have had a new or continuing impact from coronavirus between 1 November 2020 and 29 January 2021, which you reasonably believe will have a significant reduction in your profits.

The third taxable grant is worth 80% of your average monthly trading profits, paid out in a single instalment covering 3 months worth of profits, in capped at £7,500 in total.

The online service to claim the third grant is open. **If you're eligible, you must make your claim for the third grant on or before 23 January 2021.**

The grant does not need to be repaid if you're eligible, but will be subject to income tax and self-employed National Insurance and must be reported on your 2020 to 2021 Self Assessment tax return. **You must see evidence to support your claim.**

Who can claim

To be eligible for the third grant you must be a self-employed individual or a member of a partnership, or through whom the grant is claimed through a limited company or a trust. **your claim for maternity allowance will not affect your eligibility for the grant.**

You must have traded in both tax years:

- 2018 to 2019 and submitted your Self Assessment tax return on or before 23 April 2020 for that year
- 2019 to 2020

You must either:

- be currently trading but are impacted by reduced demand due to coronavirus
- have been trading but are temporarily unable to do so due to coronavirus

You must also declare that:

- you intend to continue to trade
- you reasonably believe there will be a significant reduction in your trading profits

Before you make a claim, you must decide if the impact on your business will cause a significant reduction in your trading profits for the tax year you report them in.



SELF-EMPLOYMENT INCOME SUPPORT SCHEME (CONTINUED)

How HMRC works out your eligibility based on your tax returns

To work out your eligibility we will first look at your 2018 to 2019 Self Assessment tax return. Your trading profits must be no more than £50,000 and at least equal to your non-trading income.

If you're not eligible based on the 2018 to 2019 Self Assessment tax return, we will then look at the tax years 2016 to 2017, 2017 to 2018, and 2018 to 2019.

How different circumstances affect the scheme

There are some circumstances that can affect your eligibility such as if:

- your return is late and you did not get the required extension
- you're a member of a partnership
- you had a new child
- you have a spouse or partner who is a partner in the business
- you claim averaging relief
- you're a military reservist
- you're non-resident or choose to be resident overseas
- state aid

Find out more information on how your [circumstances affect your eligibility](#).

How to claim

You'll get a taxable grant based on your average trading profit over the last 3 tax years.

To work out the average trading profit they will add together your total trading profits or losses for the 3 tax years then divide by 3.

How to claim

Claimants will be required to access their own individual account on the Government Gateway. If you have not yet set up an account on the government gateway, you must register to process a claim.

You can make your claim here: <https://www.tax.service.gov.uk/self-employment-support>

You'll have to confirm to HMRC that your business has been adversely affected by coronavirus.

(Continued on next page)



SELF-EMPLOYMENT INCOME SUPPORT SCHEME (CONTINUED)

How to claim

You'll need your:

- Self Assessment Unique Taxpayer Reference (UTR)
- National Insurance number
- Government Gateway user ID and password – if you do not have a user ID, you can create one when you make your claim

• UK bank details (only provide bank account details where a Bacs payment can be accepted) including: bank account number, sort code, name on the account and your address linked to your bank account

You may also need to answer questions about your passport, driving licence or information held on your credit file.

After you've claimed

HMRC will check your claim and pay your grant into your bank account in the next 6 working days. They will send you an email when your payment is on its way.

Further support

There will be a fourth grant covering February 2021 to April 2021. Further details including the length of the fourth grant will be announced by the government in due course.

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The Tax Effect

The grants under the scheme are taxable in the tax year of receipt. If you are a sole trader who has an accounting year end after 5 April 2020, the tax effect could be unexpected.

For example, if your accounting year end is 30 June 2020, you may have had a good year up to the middle of March but then profit drops in the final three months. Those accounts form the basis of the tax year 2020/21. You will have been entitled to claim the grant in June, and may receive the second, third and fourth grant in due course. These will also be taxed in the tax year 2020/21 (i.e. tax year of receipt). The trading profit for the year ended 30 June 2021 is likely to be considerably less. So you could end up with:

- Tax year 2020/21 - 9 months of "normal" trading taxable PLUS all the SEISS grants received in that tax year. This could result in the grants being tax at 40% when you have never been a higher rate tax payer before
- Tax year 2021/22 - 12 months of reduced trading and very little taxable profit, and no grants, so a significantly reduced tax liability



FINANCIAL SUPPORT FOR LOCAL BUSINESSES IN ENGLAND

Businesses in England that are forced to close due to national or local restrictions will receive up to £3,000 per month. This is worth over £1 billion a month with the new restrictions in place, and will benefit over 600,000 business premises.

90% of small and medium sized business premises in the closed Retail, Hospitality and Leisure sectors should broadly have their monthly rent covered by these grants (based on VOA data on Rateable Values as the best proxy we have for rent).

Local Authorities in England will receive one off funding of £1.1 billion to support businesses more broadly over the coming months as a key part of local economies.

They can use this at their discretion. This will be distributed to local authorities on the basis of c.£20/head of population. Some of this funding has already been provided to local authorities that moved into Tier 3.

Backdated cash grants for businesses in Tier 2/3 areas in England.

Businesses in the hospitality, leisure and accommodation sectors that suffered from reduced demand due to local restrictions introduced between 1 August and 5 November will receive backdated grants at 70% of the value of closed grants up to a maximum of £2,100 per month for this period.

NEW LOCKDOWN GRANTS

Businesses in the retail, hospitality and leisure sectors are to receive a one-off grant worth up to £9,000, the Chancellor announced on 5th January.

The Chancellor announced one-off top up grants for retail, hospitality and leisure businesses worth up to £9,000 per property to help businesses through to the Spring. In addition there is a £594 million discretionary fund also made available to support other impacted businesses.

The grants will be provided on a per-property basis to support businesses through the latest restrictions, and is expected to benefit over 600,000 business properties, worth £4 billion in total across all nations of the UK.

A further £594 million is also being made available for local Authorities and the Devolved Administrations to support other businesses not eligible for the grants, that might be affected by the restrictions. Businesses should apply to their Local Authorities.

The one-off top ups will be granted to impacted businesses as follows:

- £4,000 for businesses with a rateable value of £15,000 or under
- £6,000 for businesses with a rateable value between £15,000 and £50,000
- £9,000 for businesses with a rateable value between £50,000 and £51,000
- any business which is legally required to close, and which cannot operate effectively remotely, is eligible for a grant.

Businesses should also apply to their local authority for the relevant discretionary fund. The devolved administrations, which will receive additional funding as a result of these announcements in the usual manner:

- the Scottish Government will receive £375 million
- the Welsh Government will receive £227 million
- the Northern Ireland Executive will receive £127 million

We will keep you up to date with further details as and when the Governments release information.

See: <http://LBLink.uk/NLDG>

For England, the eligibility guidance can be seen at: http://LBLink.uk/NLDG_EEG



QUESTIONS & ANSWERS

1) What happens if I am late paying my PAYE?

Although there is no specific deferment for PAYE, the reality is you should not be penalised if you pay the last instalment of PAYE late. This is as long as all other payments were paid on time, as the system allows one default without penalty per tax year.

2) Can I increase someones salary before furloughing somebody?

No. The furlough amount calculation reference period is the last pay period ending on or before 19 March 2020 for employees who either:

- were on your payroll on 19 March 2020, that is you made a payment of earnings to them in the tax year 2019 to 2020 which was reported to HMRC on a Real Time Information (RTI) Full Payment Submission (FPS) on or before 19 March 2020.
- you made a valid Coronavirus Job Retention Scheme claim for an claim period ending any time on or before 31 October 2020

For all other employees, the reference period is the last pay period ending on or before 31 October 2020. This will only apply to periods starting after November 2020.

3) Do I still need to submit my VAT return for this next quarter?

Yes. Our understanding is that all businesses must still submit their VAT returns on time and it is just the payment that is deferred.

4) If I make a late payment, will HMRC give me a warning? BUDGET 2021 GUIDE

5) I can't get through to HMRC's Time To Pay helpline, what should I do?

Helplines are prone to heavy demand. Document that you made attempts to get through, so this can be mentioned and used as evidence to appeal against late filing penalties, should the need arise, and try again another time. The best time to call HMRC are reportedly before 9.30am or around noon.

6) Will Companies House deadlines be extended?

From 27 June 2020, companies will get an extension of 3 months to their accounts filing deadline. Companies House will extend your company's filing deadline if it falls any time from 27 June 2020 to 5 April 2021 (including these dates).



QUESTIONS & ANSWERS

7) Does the SSP relief cover staff who are self-isolating with no symptoms?

Employees will be entitled to receive statutory sick pay (SSP) if they need to self-isolate due to:

- having coronavirus;
- having symptoms of coronavirus;
- someone in their household having coronavirus; and
- being advised to self-isolate by a medical professional.

If someone is experiencing symptoms, all members of their household must self-isolate for 14 days. Individuals who live alone must self-isolate for 7 days.

8) How does the SSP relief apply to groups?

Connected companies and charities can also use the scheme if their total combined number of PAYE employees was fewer than 250 on 28 February 2020.

9) Will employees need to provide evidence if they are self-isolating due to COVID-19?

The government confirmed that the following will amount to evidence of sickness for SSP purposes where the absence relates to COVID-19 including where the employee is self-isolating in circumstances where the SSP entitlement is triggered:

- An isolation note from NHS 111 if they are self-isolating and cannot work
- The notification from the NHS or public health authorities if they are self-isolating because they have come into contact with someone with COVID-19
- A note as normal
- The NHS or GP letter telling them to stay at home (shield) for at least 12 weeks because they are at high risk of severe illness from COVID-19.

10) Who pays the salary if I furlough staff?

As the employer you must still pay the salary (or reduced % of the salary) to the staff member.

11) Can a director furlough themselves?

Yes, but it might still prove difficult to qualify for the governmental support payments. To qualify for relief the director is likely to need to be able to prove that they undertook no work of value to the business during the period of furloughed employment.

Our view on the matter is for small businesses who have had to suspend all business activity, you have nothing to lose by furloughing the directors.

For husband and wife businesses one could argue that this is easy to prove that one of the directors can be furloughed. However, remember that when we get through this you may need to prove what value that individual is adding to the business should you have an investigation.



QUESTIONS & ANSWERS

12) What about Corporation Tax?

While there was no specific guidance on delaying Corporation Tax payments, you can set up a 'Time to Pay' arrangement with HMRC.

13) Are furloughed workers entitled to accrued holiday?

Yes, they are. They will be accruing holiday throughout their furlough period.

14) Can furloughed workers take temporary work elsewhere?

Being on furlough means that legally, the employee is still an employee. Accepting another job may therefore be in breach of the employee's contract of employment.

If an employee wants to take on some temporary work, they should contact the employer to check that the contract of employment allows it. It may be open to negotiation.

15) Does the 'Holiday Carry Over' apply to my business?

Yes, but this does not mean that you have a carry-over holiday entitlement. The policy only applies to workers who cannot take their annual leave. This does not apply to workers who choose not to take their annual leave.

16) I/We incorporated since April 2019, can we still receive the self employment grant?

Sadly not. The sole trader / partnership business must still be trading on the day you apply for the grant. If you are a limited company, please see the legal advice on our site for the criteria.

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