

Government support for businesses during COVID-19

The sudden medical epidemic of the coronavirus has caused businesses to face sudden financial difficulties due to the significant reduction in customers and revenue. The government has put in the place the following measures to try to help businesses through this challenging time.

Reclaiming Statutory Sick Pay

The government is bringing forward legislation to enable employers who employ less than 250 employees (as at 28 February 2020) to reclaim up to 2 weeks' Statutory Sick Pay for eligible employees who have been off work due to the coronavirus.

It would be advisable that you maintain an accurate record of staff absences and the payment of Statutory Sick Pay.

The government has not released details of how employers reclaim such Statutory Sick Pay yet, but has said that it will be working over the next couple of months to set up the repayment mechanism.

Coronavirus Job Retention Scheme

This scheme is designed to help support UK businesses to continue to pay part of their employees' wages for those employees that would have been temporarily laid off or made redundant. HMRC will reimburse employers 80% of furloughed workers wage costs, up to a cap of £2,500 per month.

You will first have to designate employees as 'furloughed workers' and notify your employees of this change. Changing the status of employees is subject to existing employment law and depending on the employment contract could be subject to negotiation. However, it is likely that due to the current crisis most employees would agree to be designated as furloughed and receive at least 80% of their wage.

The furloughed employees remain employed but cannot undertake any work for the employer while designated as furloughed.

Employers will have to submit information to HMRC about the employees who are designated as 'furloughed workers' and their earnings through an online portal that HMRC are currently setting up.

It seems that employers do not have to top up the employees wages to 100% but can choose to fund the difference, i.e. pay 20% of the employees' wages.

The scheme is designed to run for at least 3 months and will backdate to 1 March 2020. The government may extend this period if necessary.

Further details on the scheme and what information HMRC will require from employers using the scheme is awaited.

Business rates holiday

If your business is within the retail, hospitality or leisure sectors then you will be eligible for a business rates holiday for the 2020/2021 tax year. Businesses that received the retail discount for the 2019/2020 tax year will be rebilled by their local authority.

Properties that can benefit from the relief are occupied hereditaments used wholly or mainly:

- as shops, restaurants, cafes, drinking establishments, cinemas or live music venues;
- for assembly and leisure; or
- as hotels, guest and boarding premises and self-catering accommodation.

The business rates holiday for the 2020/2021 tax year also applies to nurseries. Properties that benefit from the relief are hereditaments occupied by providers on Ofsted's Early Years Register and that are used wholly or mainly for the provision of the Early Years Foundation Stage.

You do not need to take any action in order to obtain this relief. Your local authority will automatically apply the business rates holiday to your next council tax bill in April 2020.

Further guidance on the relief for retail, hospitality and leisure businesses can be found [here](#).

Further guidance on the nursery relief can be found [here](#).

Businesses that pay little or no business rates

The government are set to provide local authorities with additional funding to help small businesses that pay little or no business rates because of small business rate relief, rural rate relief and tapered relief. A one-off grant of £10,000 to businesses who are currently eligible for small business rate relief or rural rate relief will be available.

You do not need to take any action in order to obtain this relief. If your business is eligible for the relief, you will be contacted by your local authority. Funding for this scheme is going to be provided to local authorities in early April.

Retail and Hospitality Grant Scheme

For retail, hospitality and leisure businesses operating from premises with a rateable value of £15,000-£51,000, a grant of £25,000 could be available.

Retail, hospitality and leisure businesses operating from premises with a rateable value of under £15,000, a grant of £10,000 could be available.

Properties that can benefit from the above reliefs are occupied hereditaments used wholly or mainly:

- as shops, restaurants, cafes, drinking establishments, cinemas or live music venues;
- for assembly and leisure; or
- as hotels, guest and boarding premises and self-catering accommodation.

You do not need to take any action in order to obtain this relief. Your local authority will contact you if you are eligible. If you have any questions on the eligibility criteria or provision of the grant please contact your local authority.

Coronavirus Business Interruption Loan Scheme

A temporary loan scheme is set to launch this week, delivered by the British Business Bank, to support small and medium sized businesses to access bank lending and overdrafts on special terms in view of the crisis.

The government will guarantee 80% of the loans to lenders (subject to a per lender cap on claims) in order to give lenders confidence to provide lending and overdraft facilities to small and medium sized businesses. The government will not charge businesses or banks for the guarantee.

This scheme will enable loans of up to £5 million and businesses will not pay interest on the loan in the first 6 months as the government will pay this.

In order to be eligible, your business must be based in the UK with a turnover of no more than £41 million per annum and meet the eligibility criteria of the British Business Bank.

The rules of the scheme and the list of accredited lenders can be found [here](#). If this is an option that you wish to pursue, you should discuss this and your business plan with a bank or finance provider on the accredited lender list.

The government says that this scheme will be available from early this week.

Covid-19 Corporate Financing Facility

Under this scheme, the Bank of England will buy short term debt from larger companies. The government says that all UK businesses will be eligible.

The scheme will be available from early this week.

More information can be found [here](#) but the government are set to provide information on how you access the scheme shortly.

Deferring VAT and Income Tax

VAT payments are deferred for 3 months from 20 March 2020 to 30 June 2020. You do not need to apply for this as it will automatically apply to all UK businesses.

Income Tax Self-Assessment payments due on 31 July 2020 are deferred until 31 January 2021. Self-employed people are eligible for this relief and it will apply automatically to you.

Support for paying tax

All businesses in financial difficulty and with outstanding tax liabilities could be eligible for support through HMRC's Time to Pay service. This service is agreed on a case by case basis and tailored to each individual business depending on its circumstances and liabilities.

Please call HMRC's dedicated helpline on 0800 0159 559 to find out more details about this option.