

## CORONAVIRUS PANDEMIC – GOVERNMENT HELP FOR BUSINESS



The UK and Scottish Governments have each set up dedicated websites for their Coronavirus response and assistance for business. Detailed information on all the schemes listed in this document can be found there.

As the situation is developing quickly, we have found these websites provide the most up-to-date and reliable information. It is worthwhile bookmarking these as well as registering for e-mail updates;

UK: <https://www.gov.uk/coronavirus/business-support>

Scotland: <https://findbusinesssupport.gov.scot/>

### NON-DOMESTIC RATES

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

All retail, hospitality and leisure businesses will receive 100% rates relief and pay no business rates for 2020-21.

### GRANTS

Businesses in certain categories can apply to their local authority for a one-off non-repayable grant. Payments are being issued within a few days of application.

- £10,000 where a business is already eligible for the Small Business Bonus Scheme (rateable value up to £18,000)
- £25,000 for any retail, hospitality and leisure business with a rateable value between £18,001 and £51,000

## **ADDITIONAL GRANTS AVAILABLE IN SCOTLAND**

The Scottish Government has made cash available for additional funding in key areas;

### **Pivotal Enterprise Resilience Fund**

Although it's not entirely clear at the moment what is considered "pivotal" details of the scheme can be found here;

<https://findbusinesssupport.gov.scot/service/coronavirus/pivotal-enterprise-resilience-fund>

### **Creative, Tourism and Hospitality Enterprises Hardship Fund**

Designed to fill the gap for those businesses who have not received any other government support (other than the furlough scheme)

<https://findbusinesssupport.gov.scot/service/coronavirus/creative-or-tourism-and-hospitality-enterprises-hardship-fund>

### **Newly Self-Employed Hardship Fund**

For individuals who became self-employed on or after 6<sup>th</sup> April 2019 and are therefore not eligible for the UK Government's Self-Employment Income Support Scheme

<https://findbusinesssupport.gov.scot/service/coronavirus/newly-self-employed-hardship-fund>

## **CORONAVIRUS JOB RETENTION SCHEME**

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

This allows companies to claim payment of wages for employees who are placed on temporary leave (furlough) for a minimum of 3 weeks. Furloughed employees cannot carry out any work duties during the period of furlough.

The scheme will run for 3 months with effect from 1<sup>st</sup> March 2020 and will pay 80% of the employees' monthly wage costs up to a maximum of £2,500.

Employers will need to calculate the amount claimed while processing their payroll and enter those details on an online portal due to be live from late April.

It's important to note that employers will need to have sufficient cashflow to make wage payments prior to receipt of the grant.

## **SELF-EMPLOYMENT INCOME SUPPORT SCHEME**

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

“Self-Employed” in the context of this scheme means sole-traders or members of partnerships. It does not apply to Directors of Limited Companies.

Eligible claimants will be able to apply for a grant to cover 3 months lost income equivalent to 80% of 3-year-average profits up to a maximum of £2,500 per month. Any individual with previous profits in excess of £50,000 per year or who was not trading during 2018-19 will not be eligible for assistance under this scheme.

## **DIRECTORS OF LIMITED COMPANIES**

There is no specific scheme for directors. As employees they could be furloughed if all business has ceased but would only be eligible to claim 80% of the PAYE element of their income. Most directors tend to take salary at just under the NI limit (around £8,000 per annum) with the remainder of income taken as dividends. As there is no protection for dividends, the claim would be for 80% of £8,000 and would require the director to carry out no work other than their statutory duties such as Companies House filings.

## **DEFERRAL OF VAT PAYMENTS**

<https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19>

VAT payments due between 20<sup>th</sup> March and 30<sup>th</sup> June 2020 can be deferred to 31<sup>st</sup> March 2021 to help with cashflow. This must be agreed with HMRC in advance.

## **DEFERRAL OF PERSONAL SELF-ASSESSMENT TAX**

<https://www.gov.uk/pay-self-assessment-tax-bill>

Most business owners will pay personal tax via self-assessment rather than PAYE. The deadlines for individuals to pay their self-assessment tax are usually 31<sup>st</sup> January (this being the balancing payment for the previous tax year and first payment on account) and 31<sup>st</sup> July (for the second payment on account).

Due to coronavirus, the deadline for the second payment on account has been extended to 31<sup>st</sup> January 2021.

## **ANY OTHER TAXES**

We understand that HMRC are showing flexibility to businesses where they are having difficulty making tax payments. Payment by instalments under the Time-To-Pay scheme may help cashflow for some businesses. It's important to speak to HMRC as soon as possible.

## **CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME**

<https://www.british-business-bank.co.uk/>

There are a range of funding options from high street lenders under the scheme. Loans up to £5m are available for up to 6 years with the first year's interest funded by Government. The UK Government provides a guarantee up to 80% of the loan. This protects the lender and is intended to make it easier for them to make a decision to lend when they might not otherwise do so.

We have heard these loans can be difficult to obtain and that terms after the initial interest-free year are not attractive so, where businesses have other sources of finance, these may be more appropriate than this scheme. The scheme continues to evolve (an early requirement by some banks for Personal Guarantees has now been mostly removed) so it is worth investigating. Bear in mind this is still a debt borne by the business just like any other.

## **BOUNCE BACK LOAN SCHEME**

<https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>

Launched on 4<sup>th</sup> May 2020 the Bounce Back Loan Scheme may be a better, cheaper and simpler route to funding for businesses seeking a loan from £2,000 to £50,000. Features of the scheme include;

- No fees and zero interest for the first year
- No repayments for the first year
- 2.5% interest after the first year
- Short application form and, if agreed, cash in the bank within days

## **ADDITIONAL INFORMATION**

### **HEALTH ADVICE**

NHS Scotland: <https://www.nhsinform.scot/coronavirus>

### **GUIDANCE FOR EMPLOYERS AND EMPLOYEES – HR ISSUES**

ACAS: <https://www.acas.org.uk/coronavirus>