

# Information for businesses and employers

The Chancellor has set out a package of temporary, timely and targeted measures to support public services, people and businesses through this period of disruption caused by COVID-19. This is a fast-moving area. This is the most up to date information as of 27<sup>th</sup> March.

## Details of the Coronavirus (COVID-19) Self-employment Income Support Scheme

This scheme will allow you to claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 per month for the next 3 months. This may be extended by the government if needed.

### Am I eligible?

The grant is open to self employed people or a member of a partnership that meet the following criteria:

1. Must have submitted your tax return for the tax year ended 5/4/2019 - If you have not submitted your Income Tax Self-Assessment tax return for the tax year 2018-19, you must do this by 23 April 2020.
2. Must have traded in the period since 6th April 2019
3. You intend to continue to trade in the tax year 2020/21
4. You must have suffered a loss in profits due to COVID-19
5. Your self-employed trading profits must also be less than £50,000
6. More than half of your income must have come from self-employment. This is determined by at least one of the following conditions being true:
  - having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income
  - having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period

If you started trading between 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return.

HMRC will use data on 2018-19 returns already submitted to identify those eligible and will risk assess any late returns filed before the 23 April 2020 deadline in the usual way.

## How much is the Grant?

You'll get a taxable grant which will be 80% of the average profits from the tax years (where applicable):

- 2016 to 2017
- 2017 to 2018
- 2018 to 2019

To work out the average HMRC will add together the total trading profit for the 3 tax years (where applicable) then divide by 3 (where applicable) and use this to calculate a monthly amount.

It will be up to a maximum of £2,500 per month for 3 months.

They will pay the grant directly into your bank account, in one instalment.

## How do I get the grant?

You cannot apply for this scheme yet.

**HMRC will contact you if you are eligible for the scheme and invite you to apply online.**

Individuals do not need to contact HMRC now and doing so will only delay the urgent work being undertaken to introduce the scheme.

## After you've applied

Once HMRC has received your claim and you are eligible for the grant, they will contact you to tell you how much you will get and the payment details.

If you claim tax credits you'll need to include the grant in your claim as income.

## Coronavirus Job Retention Scheme

Under the new Coronavirus Job Retention scheme, government grants will cover 80% of the salary of PAYE employees who would otherwise have been laid off during this crisis. The scheme, open to any employer in the country, will cover the cost of wages backdated to 1 March 2020 and will be open before the end of April. It

will continue for at least three months and can include workers who were in employment on 28 February.

To claim under the scheme employers will need to:

- designate affected employees as 'furloughed workers', and notify 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; and
- 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.
- HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month.

While HMRC is working urgently to set up a system for reimbursement, we understand existing systems are not set up to facilitate payments to employers.

Business that need short-term cash flow support, will not benefit from this scheme immediately

### **What is a furloughed worker?**

The definition of furlough is to allow or force someone to be absent temporarily from work.

In this case that means anyone asked to stop working during the coronavirus pandemic but not made redundant.

An employee should not undertake work for the employer while they are furloughed. This will allow the employer to claim a grant of up to 80% of their wage for all employment costs, up to a cap of £2,500 per month.

If an employer intends to access the Coronavirus Job Retention Scheme, they need to discuss with their employees about becoming classified as a furloughed worker. This would mean that they are kept on the payroll, rather than being laid off.

To qualify for this scheme, the employee will need to remain employed while furloughed. An employer could choose to fund the differences between the grant payment and their salary but they do not have to.

If any employee's salary is reduced as a result of these changes, they may be eligible for support through the welfare system, including Universal Credit.

**There is a separate article on furloughed workers on this website that also includes a template letter that you can use for your employees.**

**Coronavirus Grants for businesses registered to pay business rates in Wales**

The Welsh Government has introduced two grants to support businesses in Wales through the Coronavirus pandemic. These grants are available to businesses that are registered to pay rates on their premises on 20 March 2020.

Local authorities will deliver the grants to qualifying businesses.

Grant 1: A grant of £25,000 is being made available for retail, leisure and hospitality businesses occupying properties with a rateable value of between £12,001 and £51,000.

This means businesses that occupy properties such as shops, restaurants, cafes, drinking establishments, cinemas, live music venues, hotels, guest and boarding premises and self-catering accommodation.

Grant 2: A £10,000 grant to all businesses eligible for small business rates relief (SBRR) in Wales with a rateable value of £12,000 or less.

Please note that the multiple property restriction which applies to Small Business Rates Relief also applies to this grant. Therefore, the same ratepayer may only receive the grant for a maximum of two properties in each local authority area

You can check your rates demand to check your business type and whether small business rates relief has been claimed.

Local authorities are administering these two grants in Wales. Visit these links for more details:

Ynys Mon Council [https://www.anglesey.gov.uk/en/Business/COVID-19-Grants-for-businesses-registered-to-pay-business-rates-in-Wales.aspx?fbclid=IwAR3uxh2oQqvmCgXLRnXogex6fFSmCq\\_E6pZR7tS6ypeNxp433JjCuXLQovY](https://www.anglesey.gov.uk/en/Business/COVID-19-Grants-for-businesses-registered-to-pay-business-rates-in-Wales.aspx?fbclid=IwAR3uxh2oQqvmCgXLRnXogex6fFSmCq_E6pZR7tS6ypeNxp433JjCuXLQovY)

Gwynedd County Council <https://www.gwynedd.llyw.cymru/en/Businesses/Help,-support-and-training/Help,-support-and-training.aspx?fbclid=IwAR1DqmmVTsuWZqxEZl6Cgnl8Bgt-GKgNcOHGNbXrjmlUDC8-9yd9y4y-Xek>

Conwy County Council <https://www.conwy.gov.uk/en/Business/Business-Rates/Welsh-Government-Business-Grants.aspx?fbclid=IwAROPPk2fpZFizJuodIDUixfCvITYYf-Guj0498zY2b55cp7Q8YH4dGiK2hM>

## **Business Interruption Loan Scheme**

The UK government announced a temporary Coronavirus Business Interruption Loan Scheme to be delivered by the British Business Bank. It is now live with 40 lenders listed. It is designed to support businesses to access bank lending and overdrafts. 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 scheme will support loans of up to £1.2 million in value. This new guarantee will initially support up to £1 billion of lending on top of current support offered through the British Business Bank.

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

## **This will be available to businesses in Wales via the banks.**

It is intended to support the continued provision of finance to Welsh businesses during the Covid-19 outbreak. It will operate in much the same way as the current Enterprise Finance Guarantee but on more attractive terms for both businesses and lenders.

## **Extended access to Statutory Sick Pay (SSP)**

As part of a package to widen the scope of SSP and make it more accessible, SSP entitlement will begin from the first day of sickness absence, rather than the fourth, for those who have COVID-19, or self-isolate in accordance with government guidance.

## **SSP relief for SMEs**

Small and medium-sized businesses will be allowed **to reclaim SSP paid** for absence due to COVID-19. The refund will cover up to two weeks' SSP per eligible employee who has been off work because of COVID-19.

Employers with fewer than 250 employees will be eligible, with the size of an employer being 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 as a result of COVID-19. Employers should maintain records of staff absences, but employees will not need to provide a GP fit note.

The eligible period for the scheme commenced the day after the regulations on the extension of SSP to self-isolators came into force on 13 March 2020. The government intends to work with employers over the coming months to set up the repayment mechanism for employers as soon as possible. It stated that existing systems are not designed to facilitate employer refunds for SSP.

## Expanded access to Time to Pay

The government will ensure that businesses and self-employed individuals in financial distress and with outstanding tax liabilities receive support with their tax affairs.

HMRC has set up a dedicated COVID-19 helpline, on 0800 0159 559, for those in need, and they may be able to agree a bespoke Time to Pay arrangement. Time to Pay gives businesses a time-limited deferral period on HMRC liabilities owed and a pre-agreed time period to pay these back.

## VAT payments

The next quarter of VAT payments will be deferred, meaning businesses will not need to make VAT payments until the end of June 2020. Businesses will then have until the end of the 2020-21 tax year to settle any liabilities that have accumulated during the deferral period.

The deferral applies automatically and businesses do not need to apply for it. VAT refunds and reclaims will be paid by the government as normal.

## Income Tax payments

Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021.

Income Tax Self-Assessment payments due on the 31 July 2020 will be deferred until the 31 January 2021. This is an automatic offer with no applications required. No penalties or interest for late payment will be charged in the deferral period.

## Tax Tip

The July 2020 personal tax payment has been deferred to 31/01/21 and **no interest** is being charged.

It is possible to submit a SA 303 to reduce your payments to reduce your tax payments on account to NIL. (31/1/20 and 31/7/20).

You can do this on line or on paper.

<https://www.gov.uk/government/publications/self-assessment-claim-to-reduce-payments-on-account-sa303>

This will allow you to RECLAIM your 31/01/20 payment on account that you have made towards your tax (05/4/20)

**YOU WILL HAVE TO PAY YOUR TAX.** It's only deferring it but this could give you a useful breathing space to allow other assistance to click in.

## **Mortgage and rent holiday**

Mortgage borrowers can apply for a three- month payment holiday from their lender. Both residential and buy-to-let mortgages are eligible for the holiday. It is important to remember that borrowers still owe the amounts that they don't pay as a result of the payment holiday. Interest will continue to be charged on the amount they owe.

Tenants can apply for a three-month payment holiday from their landlord. No one can be evicted from their home or have their home repossessed over the next three months.

*We are grateful for the technical advice and support provided to us by Williams Dentons Accountants in Llandudno in the preparation of this document. Their help has been offered free of charge.*