

**Following the announcement of enhanced financial assistance to businesses, the following summarises some of the main schemes now available.**

### **1. VAT Deferral**

This applies to all UK businesses. It applies automatically so no HMRC contact is needed to access the deferral.

Normal VAT payments due between now and 30 June 2020 are deferred until 5 April 2021. Two points however.

- Firstly, VAT returns must still be completed and submitted to HMRC within the normal deadlines.
- Secondly, this is only a deferral mechanism. Any VAT so deferred will still need to be paid to HMRC by 5 April 2021, although there is no requirement for this to be paid before that date, clearly in terms of cash flow management it would be sensible to try and repay any deferred amounts by installments as opposed to leaving it all to 5 April 2021.

Our more detailed VAT analysis can be found [HERE](#)

### **2. Income Tax Deferral**

- This applies to all self-employed individuals. It applies automatically so no HMRC contact is needed to access the deferral.
- Normal income tax payments falling due as at 31 July 2020 are deferred until 31 January 2021.
- Whilst as yet there has been no specific clarification, the current working presumption is that this also applies to partners of partnerships, albeit this is likely only be apply to trading partnerships and not investment partnerships.

### **3. Coronavirus Job Retention Scheme**

- This will be applicable to all UK employers. Under the scheme such employers will be able to access support to continue paying part of their employees' salary in relation to those employees that otherwise would have been laid off.
- HMRC will reimburse 80% of 'furloughed workers' wage costs, subject to a cap of £2.5k per worker per month. This will be for an initial period of 3 months.
- HMRC require a new administrative system to facilitate payments to employers, as opposed to the other way round, and so full access details are required.
- However business will need to take two steps:

1. Firstly, designate affected employees as 'furloughed workers'. These employees will then need to be notified. HR input may be required for this.
  2. Secondly, information will need to be submitted to HMRC through a new online portal, currently being developed.
- There will need to be further announcements from Government as to how this will operate in practice, as currently, there are many unanswered questions.

#### 4. Support for retail, hospitality and leisure businesses

There are two separate measures potentially available to business within these sectors.

- Firstly, there will be a business rates holiday, currently limited to England, for the 2020/21 rateable years. Whilst there is no rateable value limit, the list of property types that will benefit from this are those occupied wholly or mainly for: **Shops, restaurants, cafes, pubs, cinemas, live music venues, assembly and leisure, hotels, guest and boarding premises and self-catering accommodation.**
- The test is use based as opposed to occupation, and so some clarification may still be needed.
- It remains to be confirmed whether relevant businesses having other properties, e.g. offices, will also be covered. Given no initial action need be taken by businesses, instead local authorities simply amending rate bills as appropriate this should be monitored on a business by business basis and where revised rating bills are not received this should then be taken up with the local authority.
- Further details can be found [HERE](#):
- The second measure is to provide cash grants to this sector, under the Retail and Hospitality Grant Scheme. This will provide grants of up to £10k for businesses with a rateable value under £15k and grants up to £25k for businesses with a rateable value between £15k and £51k.
- Again no immediate action is required. Relevant local authorities will be writing directly to those businesses considered to be eligible. Final details are currently being drawn up, so it may be up to individual businesses to challenge local authorities if they are not otherwise contacted.

#### 5. Coronavirus Business Interruption Loan Scheme (CBILS)

- Although much heralded, CBILS is lagging behind in being implemented. Full details are still awaited, although the indications are this will be up and running this week commencing 23 March.
- Operated by the British Business Bank (BBB) but delivered through all of the major banks amongst 40 lenders, this is designed to support SME businesses by providing bank lending and overdrafts.
- The Government will provide lenders with a guarantee of 80% of each loan up to £5m, this guarantee having no additional charge. The term of the loans will be up to 6 years.
- The initial eligibility criteria is that the business is UK based and turnover is no more than £45m per year. Subject to a few exceptions most businesses should therefore qualify, Further details are set out on the [BBB website](#)
- In essence the first 12 months will be interest free, as the Government will be covering such interest by making Business Interruption Payments.
- Businesses who can't demonstrate that the reason they need the funding is solely due to Coronavirus may not qualify.

- For businesses wanting to consider this, you should approach your normal bank, not the BBB, as soon as possible so that given the imminent finalisation of the scheme funding can then be considered. There is a summary CBILS FAQ which may be found [HERE](#)

## 6. SSP relief package for SME

- New legislation is required for this measure which will allow SME businesses to reclaim SSP paid for sickness absence arising from COVID-19.
- This will refund cover of up to 2 weeks' SSP per eligible employee. To meet the SME definition, a business must have had fewer than 250 employees as at 28 February 2020.
- Eligibility will commence from the day after relevant regulations come into force. As with the Job Retention Scheme, HMRC is working on appropriate procedures to facilitate the repayments. Further details will be announced in due course.

**Please remember that tax deferrals are simply delaying payment dates for liabilities that do remain payable. Loans taken out will need to be repaid.**



Sincerely,

Jonathan Wall  
Managing Director



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