

# COVID-19

## SUPPORT FOR BUSINESSES / BRIEFING NOTE

### SECTOR EXPOSURE / HIGH, MODERATE & LOW (SOURCE: MOODY'S)

HIGH EXPOSURE	MODERATE	LOW
Apparel	Beverages	Construction/materials
Automotive Manufacturers	Chemicals	Defence
Automotive Suppliers	Manufacturing	Equipment and transportation
Consumer Durables	Media	Rental
Gaming	Metals and Mining	Packaging
Lodging/Leisure and Tourism	Oil and gas/oilfield services	Pharmaceuticals
Passenger Airlines	Property developers	Real estate, REITS
Retail (non-food)	Protein and agriculture	Food/food retail
Global Shipping	Service companies	Telecoms
	Steel producers	Waste management
	Technology hardware	

### Introduction

The coronavirus outbreak is first and foremost a human tragedy, affecting hundreds of thousands of people. It is also having a growing impact on the global economy.

As such, the UK is currently facing an unprecedented period of economic disruption, with many small and medium-sized businesses already feeling its effects.

In light of this, the Chancellor has set out a package of temporary, timely and targeted measures to support UK businesses through this period of disruption.

We have prepared this note to brief you on the short and medium-term HMRC and Government related support available to you, in particular:

1. Summary of the Packages Announced.
2. Eligibility Criteria and details of How to Access.
3. Support on Negotiating Time to Pay (TTP).
4. Basic rules around managing HMRC.

The outbreak is moving quickly and some of the support identified may fall rapidly out of date and/or new support measures may be announced which are not currently included.

We will update it regularly as the outbreak evolves and HMRC announce new measures.

*This briefing reflects the position as of **27 March 2020***

### Headline Announcements

- a Coronavirus Job Retention Scheme
- deferring VAT and Income Tax payments
- Statutory Sick Pay relief package for SMEs.
- A 12-month business rates holiday for all retail, hospitality and leisure businesses in England.
- Small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief.
- Grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000.
- Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank.
- A new lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans.
- The HMRC Time to Pay Scheme.

## Coronavirus Job Retention Scheme

Under the Coronavirus Job Retention Scheme, all UK employers will be able to access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during this crisis.

HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers.

If your business needs short term cash flow support, you may be eligible for a Coronavirus Business Interruption Loan.

<b>ELIGIBILITY</b>
All UK businesses are eligible.
<b>HOW TO ACCESS THE SCHEME</b>
How to access the scheme you will need to:  Designate affected employees as 'furloughed workers,' and notify your 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  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)  If your business needs short term cash flow support, you may be eligible for a Business Interruption Loan.

## Deferred VAT and Income Tax payments

### VAT

For VAT, the deferral will apply from 20 March 2020 until 30 June 2020.

<b>ELIGIBILITY</b>
All UK businesses are eligible.
<b>HOW TO ACCESS THE SCHEME</b>
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.

### Income Tax

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

<b>ELIGIBILITY</b>
If you are self-employed you are eligible.
<b>HOW TO ACCESS THE SCHEME</b>
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.

## Businesses paying sick pay to employees

Legislation has been brought forward 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 a GP fit note. If evidence is required by an employer, those with symptoms of coronavirus can get an isolation note from NHS 111 (online) 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 repayment mechanism for employers as soon as possible

<b>ELIGIBILITY</b>
Your business is UK based. Your business employs fewer than 250 employees as of 28 February 2020
<b>HOW TO ACCESS THE SCHEME</b>
A rebate scheme is being developed. Further details will be provided in due course once the legislation has passed.

## Businesses that pay business rates

### *Holiday for retail, hospitality and leisure businesses*

The Government will introduce 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 rebilled by their local authority as soon as possible.

<b>ELIGIBILITY</b>
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 and wholly or mainly being used as shops, restaurants, cafes, drinking establishments, cinemas and live music venues / for assembly and leisure / as hotels, guest & boarding premises and self-catering accommodation
<b>HOW TO ACCESS THE SCHEME</b>
There is no action for you. This will apply to your next council tax bill in April 2020. However, local authorities may have to reissue your bill automatically to exclude the business rate charge. They will do this as soon as possible.

### *Cash grants for retail, hospitality and leisure businesses*

A £25,000 grant will be provided to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value between £15,000 and £51,000.

<b>ELIGIBILITY</b>
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 and wholly or mainly being used as shops, restaurants, cafes, drinking establishments, cinemas and live music venues / for assembly and leisure / as hotels, guest & boarding premises and self-catering accommodation.

Businesses which do not pay business rates are not included in this scheme.

### **HOW TO ACCESS THE SCHEME**

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

## 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.

<b>ELIGIBILITY</b>
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 and wholly or mainly used for the provision of the Early Years Foundation Stage.
<b>HOW TO ACCESS THE SCHEME</b>
There is no action for you. This will apply to your next council tax bill in April 2020. However, local authorities may have to reissue your bill to exclude the business rate charge. They will do this as soon as possible.

## Businesses that pay little or no business rates

The government will provide additional funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBRR).

This will provide a one-off grant of £10,000 to eligible businesses currently eligible for SBRR or rural rate relief (RRR), to help meet their ongoing business costs.

<b>ELIGIBILITY</b>
If your business is eligible for SBRR or RRR, you will be contacted by your local authority. You do not need to apply.

HOW TO ACCESS THE SCHEME
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Funding for the scheme will be provided to local authorities by government in early April. Guidance for local authorities on the scheme will be provided shortly.
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## Business Interruption Loan Scheme

A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, has been launched to support primarily small and medium-sized 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 government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £5 million in value for up to 6 years.

Businesses can access the first 12 months of that finance interest free, as government will cover the first 12 months of interest payments.

ELIGIBILITY
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Your business is UK based, with turnover of no more than £45 million p.a.
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Your business meets the other British Business Bank eligibility criteria.
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HOW TO ACCESS THE SCHEME
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The scheme is now open for applications. All major banks are offering this scheme.
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To apply, you should talk to your bank or one of the 40 accredited finance providers (not the British Business Bank) as soon as possible, to discuss your business plan. You can find out the latest on the best ways to contact them via their websites. Please note that branches may currently be shut down to enable social distancing.
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The full rules of the scheme and the list of accredited lenders are available on the British Business Bank website <a href="http://www.british-business-bank.co.uk">www.british-business-bank.co.uk</a>
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If you have an existing loan with monthly repayments, you may want to ask for a repayment holiday to help with cash flow.
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## Corporate Financing Facility (Large Firms)

Under the new Covid-19 Corporate Financing Facility, the Bank of England will buy short term debt from larger companies.

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

ELIGIBILITY
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All UK businesses are eligible.
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HOW TO ACCESS THE SCHEME
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The scheme is now available for applications.
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More information is available from the Bank of England.
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## Businesses 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.

ELIGIBILITY
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Your business pays tax to the UK government and has outstanding tax liabilities.
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HOW TO ACCESS THE SCHEME
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If you have missed a tax payment or you might miss your next payment due to COVID-19, please call HMRC's dedicated helpline: <b>0800 0159 559</b> .
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## Commercial Insurance

Most commercial insurance policies are unlikely to cover pandemics or unspecified notifiable diseases, such as COVID-19.

However, those businesses which have an insurance policy that covers government ordered closure and pandemics or government ordered closure and unspecified notifiable disease should be able to make a

claim (subject to the terms and conditions of their policy).

Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers.

#### *Notifiable diseases*

Notifiable diseases are certain infectious diseases that registered medical practitioners have a statutory duty to notify the 'proper officer' at their local council or local health protection team about when they come across a suspected case.

The government keeps an updated list of notifiable diseases. On 5 March 2020, the government added COVID-19 to its list of notifiable diseases.

Many insurers use diseases on this list as triggers for the activation or exclusion of insurance cover. For example, insurers' policies that cover notifiable diseases will typically only cover a specific subset of notifiable diseases (such as Cholera or Anthrax) that the insurer will reference in the policy documentation. These policies will exclude any notifiable disease not on the insurers list, as well as future/unknown diseases (such as COVID-19). The price that the insurer charges for the policy is modelled against the risk posed by this set list of diseases.

#### *Unspecified notifiable diseases*

Some businesses will have purchased add-ons for their insurance that cover for 'unspecified notifiable diseases'. These policies effectively cover any disease listed as a notifiable disease, enabling the business to claim for losses for all notifiable diseases as well as from diseases that are unknown at the point the policy is written.

The effect of the government adding COVID-19 to its list of notifiable diseases is to ensure that businesses with unspecified notifiable disease cover are able to make a claim - subject to the terms and conditions in their policy. For example, someone infected with COVID-19 may need to have been on the premises.

#### *Government ordered closure*

The government asked a number of different businesses and venues to remain closed from 21 March onwards.

Insurers have agreed that this advice is sufficient for businesses covered for COVID-19 losses to make a claim (if the only barrier to them making a claim was a lack of clarity on whether the government had ordered businesses to close). As such, intervention by the police

or any other statutory body is no longer required to trigger cover in the current circumstances.

However, most businesses' commercial insurance policies (including for denial of access) are unlikely to offer cover for COVID-19. Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers.

#### *Event coverage*

Businesses with event cancellation policies that include unspecified notifiable disease extensions should be able to make a claim for the necessary and unavoidable cancellation, abandonment, curtailment, postponement and disruption of their event for reasons beyond the control of organisers and participants (subject to the other terms and exclusions of their policy).

Insurance for major events is often bespoke to the specific event, so businesses are encouraged to check the terms and conditions of their specific policy and contact their insurer or broker.

## **Protection from Eviction (Commercial)**

Commercial tenants who cannot pay their rent because of COVID-19 will be protected from eviction.

These measures will mean no business will automatically forfeit their lease and be forced out of their premises if they miss a payment up until 30 June.

There is the option for the government to extend this period if needed.

This is not a rental holiday. All commercial tenants will still be liable for the rent. Commercial tenants are protected from eviction if they are unable to pay rent.

<b>ELIGIBILITY</b>
All commercial tenants in England, Wales and Northern Ireland are eligible.
<b>HOW TO ACCESS THE SCHEME</b>
The change will come into force when the Coronavirus Bill receives Royal Assent. No action is required.

## Business Improvement Districts (BIDs)

BIDs will be able to extend the maximum duration of their BID arrangements until 31 March 2021 by delaying BID ballots due to take place this year. This enables BIDs, and the local authorities who administer the ballot process, to concentrate on responding to the current emergency.

<b>ELIGIBILITY</b>
The measures apply to any BID in England due to ballot between now and 31 December 2020.
<b>HOW TO ACCESS THE SCHEME</b>
The change will come into force when the Coronavirus Bill receives Royal Assent. No action is required.

## Businesses in Scotland

Economy Secretary Fiona Hyslop has addressed the Scottish Parliament on the economic impact of COVID-19 in Scotland. In her statement she warned that as a result of coronavirus, the Scottish economy is facing an immediate collapse in demand.

She outlined the actions being taken by the Scottish Government to support businesses including a package of measures worth £2.2 billion from 1 April:

- a full year's 100% non-domestic rates relief for retail, hospitality and tourism
- £10,000 grants for small businesses in receipt of the Small Business Bonus Scheme or Rural Relief
- £25,000 grants for hospitality, leisure and retail properties with a rateable value between £18,000 and £51,000
- 1.6% relief for all properties, effectively freezing the poundage rate next year
- First Minister to convene an emergency meeting of the Financial Services Advisory Board
- urging local authorities to relax planning rules to allow pubs and restaurants to operate temporarily as takeaways
- extending the go live date for the deposit return scheme to July 2022
- halting the introduction of the Visitor Levy Bill

## Businesses in Wales

Support matches the measures in England providing a much-needed boost for small businesses struggling to cope with the impact of the Coronavirus crisis.

The new package provides retail, leisure and hospitality businesses in Wales with a year long business rates holiday. A grant of £25,000 will also be offered for businesses in the same sector with a rateable value of between £12,001 and £51,000.

It also provides a £10,000 grant to all businesses eligible for Small Business Rates Relief with a rateable value of £12,000 or less.

### *Capital repayment holidays*

The Welsh Government has announced the Development Bank of Wales will be offering all its business customers a three-month capital repayment holiday to help them manage the financial fallout from the virus.

## Businesses in Northern Ireland

Businesses in Northern Ireland can access the following schemes:

- COVID Small Business Grant - Small business grant of £10,000 to be issued immediately with a cost of £267m providing support to 27,000 businesses in NI. This is for all businesses with a NAV up to £15,000
- Hospitality, Tourism and Retail Sectors Grant Scheme - An immediate grant of £25,000 will be provided to companies in these sectors with a rateable value up to £51,000.

Information on these schemes will be made available at NI Business Info:

[www.nibusinessinfo.co.uk](http://www.nibusinessinfo.co.uk)

Further to this, the Department of Finance has announced a £100m emergency rates package for businesses. All NI businesses will pay zero rates for the next three months (April, May, June).

This automatically reduces rates by 25%, in addition to any existing rate reliefs. This applies to all businesses and does not need to be repaid.