

Coronavirus (COVID-19) Support

SELF-EMPLOYMENT INCOME SUPPORT SCHEME (SEISS)

What's being offered?

- A taxable grant worth 80% of your average monthly net trading profits, up to a maximum of £2,500 per month for the next 3 months. *There is an option to extend this period if required.*

Eligibility?

- Available to individuals or individuals in a partnership.
- You must have submitted a self-assessment tax return for the year to 5th April 2019. *If you have not yet submitted a self-assessment tax return, then this must be submitted by **23 April 2020** to qualify for this scheme. HMRC will use data on 2018/19 self-assessment returns submitted to identify those eligible for the scheme.*
- Are currently trading in the 2019/20 tax year and intend to continue trading in the 2020/21 tax year. ie. Post 5th April 2020.
- Have lost trading profits as a result of the Coronavirus outbreak.
- Individuals who are still able to work at present are eligible for the scheme. *How or if this affects the grant calculation and amount payable, is unclear just now.*
- Your self-employed trading profits must be **less** than £50,000 and equate to more than half of your overall taxable income. *This **must** have been the case for the 2018/19 tax year or the average of the last 3 years, 2016/17, 2017/18 and 2018/19.*
- Individuals who have started self-employment **after** 5th April 2019, will not be eligible.

How is the grant calculated?

- Grant is calculated on your average trading profits from the tax years ending 5th April 2017, 5th April 2018 and 5th April 2019 (*where applicable*).
- *HMRC will total the 3 years trading profits and divide this by 3 to obtain the average annual trading profits and then divide by 12 to obtain the average monthly amount.*
- Individuals who have been self-employed for **less** than 3 years, Grant is calculated based on average monthly trading profits for the tax year ending 5th April 2019.
- Amount payable is the **lower** of the average monthly trading profits and £2,500.
- The grant will be backdated to 1st March 2020, so will therefore cover the months of March, April and May.

How to claim?

- You **cannot** apply for this scheme.
- HMRC will administer this scheme and will contact you if you are eligible, to complete an online application. *No confirmed timescale on this, HMRC are advising individuals not to contact them.*
- *Please be vigilant of scam texts, calls and emails claiming to be from HMRC and asking you to click on a link or give out personal information. This scheme will only be accessed through GOV.UK*

When will I receive?

- It is unclear when the grant will be payable. Most common view, is around 10 weeks, early June time.
- The grant amount will be paid in one instalment and directly into your bank account.

Other points to note

- The grant is taxable income and will require to be declared in your self-assessment tax return for the year ended 5th April 2021, with tax payable by 31st January 2022.
- For individuals who claim tax credits, the grant amount should be included in any claim.

CORONAVIRUS JOB RETENTION SCHEME

What's being offered?

- Government grants to reimburse employers for up to 80% of an employees' wage, who are unable to work due to the Coronavirus outbreak. Employees would be classed as 'furloughed workers' and cannot undertake work for the business while classed as 'furloughed'. (*Employees would remain on the payroll but are temporarily not working*)
- This is capped at £2,500 per month per employee.
- In addition to the 80% grant of gross wages, 80% of the associated Employers NIC and the legal minimum pension contributions will also be reimbursed.
- The scheme will be open for 3 months until 31st May 2020, but has the possibility of being extended depending on circumstances.
- The scheme is being backdated until 1st March for any employees who may have been made redundant prior to the scheme announcement, to allow employers to 're-hire' and furlough these employees.

How does it work?

- Employers must designate affected employees as 'furloughed workers' and notify employees of this change. *Employees must consent to this, ideally signing a letter or electronically approving a document with the outlined furloughed terms.*
- Information on 'furloughed workers' and their earnings are to be submitted to HMRC through a new online portal to be setup. *HMRC will set out further details on this process and information required as soon as possible.*
- Employers should run their weekly/monthly payrolls and pay their employees as normal, at the reduced 80% figures and submit to HMRC to comply with their RTI requirements.

How to calculate wages costs?

- Full-time & Part-time employees on fixed salaries
 - 80% of gross salary as at 28 February, excluding fees, commissions & bonuses.
- Employees on variable pay, the higher of:
 - Average monthly earnings from the 2019/20 tax year (*if employee has been employed for less than a year, average is calculated from start date*), or
 - The same month's earnings from the previous year.
 - Overtime, shift allowance, can be included in the calculation, provided this is part of an employee's "regular wage". Sporadic overtime would not qualify.

- National Minimum Wage will not apply, as employee will not be working during their “furlough” period.
- *The latest guidance says that employers can choose to top-up pay, either for the unfunded 20% of pay or the amount above £2,500 for higher earners, but this will not be a formal requirement to obtain access to the scheme.*

Employer Eligibility?

- All UK businesses are eligible for this scheme. *Aim is to encourage employee retention and avoid mass lay-offs and redundancies*
- Employers must have created and started a PAYE scheme on or before 28th February 2020 and have a UK bank account.
- A minimum of 1 employee has to be furloughed for the employer to be eligible to receive the grant. Employees must be furloughed for a minimum of 3 weeks, but can be furloughed right up to 31st May 2020.

Employee Eligibility?

- Full-time employees; part-time employees, employees on agency contracts and employees on flexible or zero-hour contracts are all eligible.
- To be eligible, while on furlough, employees must not undertake any work for their employer. This includes providing services and/or generating revenue.
- Employees still able to work, albeit on reduced hours or reduced pay, are not eligible for the scheme.
- Employees hired after 28th February cannot be furloughed and are not eligible for the scheme.
- Employees in receipt of statutory payments, such as Statutory sick pay and maternity pay cannot be furloughed.
- Directors of owner-managed companies **can** be eligible for this scheme.
 - Only salary paid through PAYE is covered. Any dividend amounts taken will not form part of the calculation.
 - The concern is that a director, like an employee, must not undertake any work for the company to be furloughed, but given they will continue to manage the company in some way during this furlough period, this may be construed as breaching the requirements of the scheme. Hopefully further clarity will be issued by HMRC on this.

How to claim?

- Employers need to make a claim for wage costs through this scheme. Claims can only be made to HMRC once **every 3 weeks** – the minimum length an employee can be furloughed for.
- To make a claim, employers will need the following information:
 - PAYE reference number
 - the number of employees being furloughed
 - the claim period (start and end date)
 - amount claimed (per the minimum length of furloughing of 3 weeks)
 - bank account number and sort code
 - contact name & phone number
- Payment will be made via BACS to employer bank account.

When will I receive?

- HMRC are currently working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers. The general feedback being received is that the scheme will start paying out at the beginning of May.
- It should be noted that grant reimbursements will only be made **every 3 weeks**, to coincide with the minimum furlough length for an employee. This will obviously be of disadvantage to employers who run weekly payrolls, who will effectively be working 3 weeks in arrears with the reimbursements.

BUSINESS RATES

What's being offered?

- 100% rates relief for ratepayers in the retail, hospitality and tourism sectors from 1st April 2020 to 31st March 2021.
- All business properties across Scotland will receive a 1.6% rates relief for 2020-21 – effectively a rates freeze on last year.
- Ratepayers with more than 1 property, where cumulatively the properties total a rateable value of between £18,000 and £35,000, a 25% relief will be available on any individual property which has a rateable value under £18,000.

How to claim?

- The 1.6% rates relief effective on all business properties across Scotland will be administered by local councils automatically.
- Likewise, the 25% relief available specified above will also be administered automatically.
- Ratepayers in the retail, hospitality and tourism sectors will need to apply to their local council for the 100% rates relief. *As yet no details on how to apply, advice is to contact your local council. More guidance to come.*

When will I receive?

- The aim by local councils is to ensure these grants are payable as quickly as possible from 1st April 2020.

GRANT FUNDING

What's being offered?

- Ratepayers currently paying no rates and receiving the Small business bonus scheme relief (SBSS) or Rural relief (property rateable value under £18,000) will be eligible for a one-off grant of **£10,000**.
- Ratepayers in the retail, hospitality and tourism sectors, with a property rateable value of between £18,000 to £51,000 will be eligible for a one-off grant of **£25,000**.

How to claim?

- Application process for grants now live. Please check your relevant local authority website to download necessary form to complete. *Please note, some councils are operating an online application process, which will request the same information as the form.*
- Key piece of information required is your 'rates reference' number, which you can find on your 2019/20 rates notice.

When will I receive grant?

- Councils are aiming to pay out grant funds within 10 working days upon receipt of application.

QUALIFYING BUSINESSES (*Retail, Hospitality & Tourism*)

This list is not exhaustive. Please check with your local council for eligibility.

RETAIL

- Auction marts
- Opticians
- Furnishing shops/display rooms
- Second-hand car lots
- Markets
- Garden centres
- Shoe repairs/key cutting
- Travel agents
- Dry cleaners
- Domestic appliance repair
- Photo processing
- Car hire
- Shops
- Post offices
- Showrooms (including car/caravan showrooms)
- Car washes
- Petrol stations
- Hair and beauty services
- Ticket offices
- Launderettes
- Funeral directors
- Tool hire

HOSPITALITY

- Bed and breakfast accommodation
- Caravans and caravan sites
- Guest houses
- Public houses
- Bothies
- Camping sites
- Chalets and holiday huts
- Hotels and hostels
- Restaurants

LEISURE

- Arts centres
- Sports clubs/centres/grounds
- Museums
- Music venues
- Studios
- Live music venues
- Fishing huts
- Galleries
- Cinemas
- Recreation grounds
- Theatres

BUSINESS INTERRUPTION LOAN SCHEME

What's being offered?

- Coronavirus Business Interruption Loan Scheme to support **small and medium sized** business to access bank lending & overdrafts.
- Loans of up to £5m available, with Government providing 80% guarantee to assist with business proposals to lenders.
- First 12 months of loans will be interest free – interest met by Government. No upfront guarantee or arrangement fees
- Bank interest base rate now reduced to **0.1%** as of 19th March 2020.
- Subject to eligibility restrictions – notably agriculture & fishing sectors.
- Key thing to note, this is a debt facility and will have to be repaid back on agreed terms & conditions. The borrower is 100% liable for the debt.
- Finance terms will be up to 6 years for term loans and asset finance, and up to 3 years from revolving facilities (overdrafts and invoice finance).
- Unsecured lending facilities of up to £250,000 maybe available – *dependant on lender*.
- *On discussion with a couple of the leading banks, additional measures (below), are likely to be available options also. Will be very much on a lender to lender basis.*
 - *Capital repayment holidays on term loans*
 - *Payment suspensions on hire purchase agreements*
 - *Increasing debtor funding percentage on Invoice Finance facilities*

How to claim?

- Contact your current bank. All banks have setup varying quick online questionnaires, applications complete to check eligibility and setup call backs.
- Accredited lenders included in scheme, list at <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/accredited-lenders/>
- Have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender, and for where the lender believes the business will be able to trade out of any short-to-medium term difficulty.
- If the accredited lender can offer finance on normal commercial terms without the need to make use of the scheme, then this will be the **preferred** option. *Key very much in the smaller print here.*

Timescale for loans?

- Scheme went live from 23rd March 2020.

SUPPORT ON PAYING TAXES

What's being offered?

- All business and self-employed struggling with cashflow due to COVID-19 and with outstanding tax liabilities (VAT, Corporation Tax, PAYE, Income Tax) may be eligible to 'spread' payment of taxes, through a time to pay arrangement.
- Self-assessment tax payments due to paid at 31st July 2020, are now deferred until 31st January 2021.
- VAT Deferral - businesses will not need to make a VAT payment relating to the VAT return periods (month or quarter) ending:
 - 29 February 2020 – due for payment 7 April 2020
 - 31 March 2020 – due for payment 7 May 2020
 - 30 April 2020 – due for payment 7 June 2020
- Businesses who normally pay by direct debit should cancel their direct debit with their bank if they wish to utilise this deferral period. *Please do so in enough time so that HMRC do not attempt to automatically collect on the direct debit date.*
- VAT returns should be submitted as normal. Usual surcharges will apply if submitted late.
- Liability arising for this deferral period should be settled to HMRC no later than 5th April 2021. Any VAT refunds/reclaims for this period will be paid as normal.

How to claim?

- HMRC have setup a dedicated helpline on 0800 0159 559 for 'time to pay' arrangements. Arrangements are agreed on a case by case basis depending on circumstances.
- Self-assessment deferral will be applied automatically – no need to apply.
- VAT deferral will be applied automatically – no need to apply.
- *As it stands, there does not seem to be any leeway with regards to filings of returns. Current advice is that all businesses should continue to file all VAT/CT/PAYE returns to avoid late filing penalties and make a 'time to pay' arrangement for the tax with HMRC.*

Timescale for support?

- Available immediately

SICK PAY

What's being offered?

- Small & medium business able to reclaim 2 weeks' Statutory Sick Pay (SSP) per employee who has been off work because of COVID-19. *(This includes employees self-isolating as a precaution and employees following advice to stay at home. No GP line required.)* Employees must earn on average at least £118 per week.
- Statutory Sick Pay (SSP) now payable from day 1 instead of day 4. This applies from 13th March.
- Employers with fewer than 250 employees as at 28th February 2020 are eligible.

How to claim?

- No detail provided yet, employers merely advised to maintain records of employee absences and payments off SSP made.

Timescale for refund?

- Vague – to quote government advice *“the government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible”*. So, doesn't appear to be quick assistance here.

NON-BUSINESS (PERSONAL)

What's being offered?

- 3-month mortgage holidays, including Buy to Let mortgages for private landlords.
- Credit card forbearance. Emergency credit limit increases being offered, while some will offer repayment holidays.
- Statutory sick pay to paid at the same rate as that paid to employees - £94.25 per week.
- Zero-hours contract workers can claim SSP if they earn more than £118 per week.
- Universal credit standard allowance and Working Tax Credit raised by £1,000 for the next 12 months. Relaxed rules on applying for Universal Credit.
- Increased protection for Tenants:
 - Social Housing – local authorities to relax immediate demands to allow for benefit applications to be processed to support payments.
 - Private Residential Tenancy agreements – mandatory grounds for eviction, increased from 3 months (*in rent arrears consecutively for 3 months, with 1 month unpaid*) to 6 months.
- Crisis Grants available from Scottish Welfare fund for those who have suffered significant reduction income, made redundant, on temporary unpaid leave. See <https://www.mygov.scot/scottish-welfare-fund/crisis-grants/>

How to claim?

- Telephone call to lender to discuss.
- Call or visit local DWP office (if open) to apply

Timescale for support?

- Available immediately

ACCOUNTS & TAX COMPLIANCE

What's being offered?

- Companies House are now offering extensions of **3 months** to accounts filing deadlines for limited companies/LLPs badly affected by Coronavirus.
- *Side note – Companies House Scotland is now closed. Any postal documents to be submitted should be filed at Companies House Cardiff until further notice. All same day services are now also currently suspended.*

How to apply?

- Application can be made by post to Companies House, Cardiff or via online at <https://beta.companieshouse.gov.uk/extensions>
- You will need to document reasons for requesting extension and may need to provide supporting documents, where necessary.

Timescale?

- It is imperative that application is made **prior** to current filing deadline. Applications after this will not be accepted and late filing penalties will be applied.
- Decisions on extension request can take up to 5 days, so please ensure you give yourself this time with any application.

IR35" tax rules for contractors – changes delayed until 2021

As a result of the Covid-19 crisis, proposed changes to the "IR35" tax rules for contractors working through their own service company have been put back by a year, and will now take effect from 6 April 2021.

The rules apply to independent contractors who use a service company (which they own) to engage with their clients, rather than the contractor engaging directly with the client. The effect of the IR35 rules is to impose tax charges (effectively PAYE and NIC) on the service company. However following changes which took place in 2017, imposing the tax charges on the end client if it is a Public Sector body, the next round of changes will do the same to Private Sector end clients. These changes were due to have come into force on 6 April 2020, but the start date has now been postponed to 6 April 2021. This means that contractors can continue to operate as they have been doing, for another year.

BUSINESS SUPPORT CONTACT DETAILS

- **Find Business Support Scotland**

Website - <https://findbusinesssupport.gov.scot/>

Telephone – 0300 303 0660