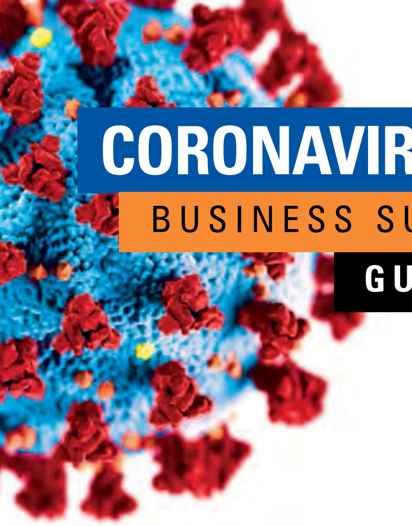

CORONAVIRUS BUSINESS SUPPORT GUIDE

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Navigating the crisis

The Coronavirus (COVID-19) pandemic and associated shutdown has significantly affected many businesses. We know you may be suffering in terms of cash flow and face enormous uncertainty about the future for your business. We will do all we can to help you.

In this newsletter we have brought together what you need to know about the Government help available for small businesses. HMRC is automatically deferring the next VAT and Income Tax bills, and it will agree extra time for you to pay Corporation Tax and PAYE, but those terms need to be negotiated individually.

Unfortunately, it takes time to set up new systems to provide cash injections directly into businesses, but there are Government grants on their way to the Self-employed as well as those already being paid to employers to cover 80% of wages. We explain who qualifies for these grants.

A large number of businesses are having their Business Rates bill for 2020/21 wiped out, and smaller businesses may be eligible for cash grants of £10,000 or £25,000 from their local authority. Don't be caught out by scammers, as all the Government grant money will come through either HMRC or the local authority you pay business rates to. Don't click on links in any unsolicited communications.

If you are renting your home or business premises and are having difficulty in paying your rent, you should speak to your landlord. The law has been changed to require the landlord to give you at least three months' notice to leave the property. All current court proceedings concerning evictions have been paused.

If you are worried that your business has more outgoings than sales and is heading for bust, any of these measures may be able to help you. The Government has temporarily changed the rules on wrongful trading to allow companies to pay staff and suppliers even if the directors fear this could mean the company is made insolvent. Your creditors will not be able to force your business into administration or liquidation for a temporary period during the pandemic. •

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5 May 2020

1 Grants for employers

The aim of the Coronavirus Job Retention Scheme (CJRS) is to enable employers to retain employees who will be needed when the business begins to rebuild in the future (when the pandemic has eased), rather than having to make them redundant. It does so by creating a new category of employment, known as a 'furloughed employee'.

The CJRS is available for any employee, including domestic staff, who was on the payroll by 19 March 2020 and was reported to HMRC as an employee by that date. Any UK employer, whether small or large, charitable or non-profit, can utilise the scheme.

It will provide a grant (not a loan) to the employer to cover, for each employee:

- 80% of the employee's regular wage (capped at £2,500) per month; plus
- The related employers' National Insurance Contributions (NIC) and the minimum Auto Enrolment Employer Pension Contributions on that wage.

Furloughed employees

Furloughed members of staff must not work for the employer during the period of furlough. However, furloughed workers can undertake training while they are on furlough.

The furlough period can begin from 1 March 2020 (i.e. be backdated) and the grant will be available to cover wages paid to furloughed employees for periods until the end of June. An employer will only be eligible to claim the CJRS grant after they have agreed the furlough with their staff and those staff have stopped working for the employer.

The employee remains subject to employment law in the normal way, so will retain normal employment rights (e.g. right to paid holiday). The employer needs to communicate to each furloughed employee in writing that they are furloughed, and obtain their agreement to any reduction in their contractual wages. A copy of this communication should be kept by the employer for 5 years.

An employee does not have to accept furlough if offered, but the employer could make the employee redundant instead, as long as the appropriate employment law procedures are followed.

While employees are on furlough, they are not working and the National Living Wage (NLW) does not apply during that period, so if their pay is reduced to what would be below the NLW or (where appropriate) National Minimum Wage rate while on furlough that it is not an issue. However, time spent training or on annual leave must be paid at normal contractual rates, even when furloughed.

The scheme is being designed to allow for flexibility, meaning that furloughed staff can be brought back to work, for example to replace those still working who later become sick. However, once furloughed, an employee must remain on furlough for a minimum period of three weeks.

The intention of the scheme is to allow employers to pay staff who are without work and would otherwise be made redundant. It is currently unclear how HMRC will police this, however it may be a line of enquiry in future HMRC PAYE investigations.

Eligible employees

Eligible employees are those on furlough who were on the payroll and reported on an RTI submission to HMRC by 19 March 2020. This includes all of the following:

- Those on unpaid leave as long as that leave started after 28 February 2020
- Apprentices (but note the guidance on training)
- Agency workers including those employed by umbrella companies
- Those on zero-hours or fixed-term contracts
- Salaried members of LLPs
- Those subject to off-payroll rules in the public sector, classified as "deemed employees"
- Employees transferred into the current employment via a TUPE arrangement after 19 March 2020
- Nannies and domestic staff

Those made redundant after 28 February 2020 but who have been re-employed by the same employer, even if after 19 March 2020, can also be furloughed.

Employees with more than one employment can be furloughed by one employer and continue to work for and get paid by their second employer.

In addition, the following employees may be brought on to furlough and be eligible for the grant:

- Those returning from maternity, paternity or adoption leave
- Those returning from sick leave

Note that employees who are receiving statutory sick pay (SSP) cannot be included in the grant application. The grant does not cover SSP. However, furloughed employees can be moved on to SSP.

Administration of the scheme

HMRC opened its online service to receive grant applications on 20 April. The funds should be paid to the employer six working days after application. The delay between application and payment is to allow HMRC to undertake checks to prevent fraud.

Businesses with cash flow problems may need to access the Coronavirus Business Interruption Loan Scheme to support cash flow in the meantime.

To access the grant the employer will need to have a PAYE online account, but we will be able to submit a grant application on your behalf, as your tax agent, if you have authorised us to act for you for PAYE matters.

To submit the grant application, the employer (or tax agent) will need the following information:

- Number of employees included – where claiming for 100 or more employees the details can be uploaded on a spreadsheet, in other cases each employee's details must be manually entered online.
- Name and National Insurance number of each employee
- Payroll number of each employee – this is optional so any identifier can be used
- Employer's PAYE reference number
- Employer's UTR number for business or company, or company registration number
- Start date and end date of the claim period
- Amount claimed (there is an online calculator to help with this)
- UK bank account number, sort code, address and postcode associated with the bank account
- Contact name and phone number.

Relevant employees must be designated as 'furloughed employees', whom the employer will then pay through the payroll, reporting payments to HMRC in the normal way under Real-Time Information (RTI).

HMRC expects the employer to make the claim either shortly before or during the process of running the payroll, and the claim should use the amounts of salaries reported in the payroll.

Maximum grant claimable

The maximum grant will be calculated per employee and is the lower of:

- 80% of an employee's 'regular wage' or salary, as reported in their last pay period prior to 19 March (pro-rated to the period of furlough); and
- £2,500 per month; plus the associated employers' NIC on this amount and the minimum automatic enrolment employer pension contributions on that wage (unless the employee has opted out).

This gives a maximum grant per employee per month of (using 2020/21 rates) £2,500 +£244 (employers' NIC) + £59 (pension contribution) = £2,803.

Claims should be made from the date the employee finishes work and starts furlough, not when the decision is made.

Any employers' NIC covered by the Employment Allowance should not be included in the claim for the CJRS grant.

The apprenticeship levy is not covered by the CJRS grant.

Student loan repayments must still be deducted from the employee's wages and paid over.

Only pension contributions actually paid by the employer to the level of the minimum auto enrolment employer contribution can be claimed. If the employee has opted out of the pension scheme there are no contributions to claim for. If the employer pays contributions greater than the minimum percentage, only the minimum amount can be claimed.

The salaries paid remain deductible for tax purposes by the employer and the grant will be taxable income of the employer. Where the employer is an individual and not a business, such as an individual employing domestic staff, the CJRS grant will not be treated as taxable income.

Employee's "regular wage"

For full-time and part-time employees, the base for the 80% calculation is the employee's actual salary as of 28 February 2020.

For employees whose pay varies, HMRC guidance advises the following:

- If the employee has been employed (or engaged by an employment business) for a full twelve months prior to the claim, you can claim for the higher of either: the same month's earnings from the previous year, or average monthly earnings for the year.
- If the employee has been employed for less than a year, claim for an average of their monthly earnings since they started work.
- If the employee has been employed for less than a month, prorate their earnings so far to claim.
- Past overtime and compulsory commission payments are included.
- Fees paid to agencies, discretionary commission, non-cash payments, bonuses and tips are excluded.

Example 1

Isolator Ltd employs Eric, who has opted out of auto enrolment, at a salary so £2,000 per month.
Eric currently receives net pay of £1,664, after deducting PAYE of £191 and employee's NIC of £145.
Isolator Ltd pays employers' NIC of £175.
The available grant for the employer is the lower of
a) 80% of £2,000 = **£1,600**, and
b) £2,500 plus employers' NIC on this amount (£120)

So, Isolator Ltd claims a grant of £1,600 plus £121 = £1,720.

The net amount of cash required by Isolator Ltd to furlough Eric, based on maintaining the existing salary, is £2,000 + £175 - £1,720 = **£455 per month**.

Note that, under the furloughing scheme, there is no requirement for the employer to 'top up' the remaining 20% of salary. However, it is likely that a contract of employment will require the full salary to be paid, unless employees and employers agree to a different arrangement during the furlough.

Example 2

Seesaw Ltd employs Greta, who has opted out of auto enrolment, at a salary of £3,250 per month.
Each month, Greta currently receives net pay of £2,513, which is after deducting PAYE of £442 and employee's NIC of £295. Seesaw Ltd pays employers' NIC of £347.
The available grant for the employer is the lower of
a) 80% of £3,250 = £2,600, and
b) **£2,500** plus employers NIC, £244, on this amount
So, Seesaw Ltd claims a grant of £2,500 plus £244 = £2,744.
The net amount of cash required by Seesaw Ltd to furlough Greta, based on maintaining the existing salary, is £3,250 + £347 - £2,744 = **£853 per month**.

Owner-managed companies

Many director/shareholders pay themselves small salaries and the balance of their income as dividends from their companies. The CJRS does not cover the payment of dividends; only the salary paid under PAYE is eligible for the grant available under the scheme.

HMRC has confirmed that office holders, such as directors of their own company who do not have a contract of employment, can be furloughed. However, those directors must not provide any services to or on behalf of the company, or generate any income for the company while they are furloughed.

An exception is that directors can undertake statutory duties while furloughed that would reasonably be judged as necessary, such as submitting statutory returns and supplying information to HMRC.

Directors of their own companies are not eligible for help under the Covid-19 Self-employment Income Support Scheme (SEISS).

Example 3

Louise is the managing director and majority shareholder in her company. She pays herself £12,500 per year. Her husband (who is also a director) and son also work part-time for the company, earning £10,000 a year each.

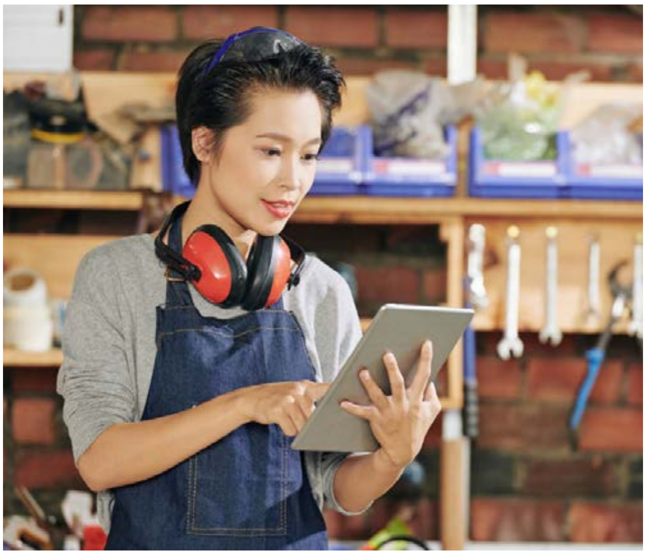
Providing all the necessary procedures are gone through to furlough them (e.g. amendment of contract terms, recording the decision of the company's board to furlough), there seems to be no reason why Louise's company could not claim grants to get reimbursement of 80% of the wage costs of all three family members. Louise and her husband must only undertake duties to fulfil their statutory obligations as company directors and must not generate any income for the company while on furlough.

Other matters

The impact on job sharing employees will be a matter both for negotiation with staff and employment law.

Where a salary sacrifice scheme is in place, employees cannot normally move freely in and out of that scheme, as a change in contract terms is required first. However, HMRC has agreed that the coronavirus is a "life event" that allows the employee to move out of the salary sacrifice scheme. This is particularly important for schemes involving pension contributions.

2 Grants for the self-employed



The Government will provide funds directly into the bank accounts of self-employed individuals whose businesses have been adversely affected by the COVID-19 pandemic.

This Self-employment Income Support Scheme (SEISS) will pay 80% of your average monthly profits over the three years to 2018/19, up to £2,500 per month. This grant will initially be payable for up to three months, but that period may be extended. It will be paid in one lump sum up to a maximum of £7,500, and will be available from 25 May, or within 6 working days of HMRC accepting the grant application.

HMRC will shortly contact those self-employed people who qualify and invite them to apply for the grant online on a specific day between 13 and 18 May. **We will not be able to make this grant application on your behalf, as HMRC has not provided access for Tax Agents, but we can make sure you are aware of what you need to do to make a claim.**

To make a claim for the SEISS you will need:

- your National Insurance number
- your self-assessment UTR number
- Government gateway ID and password; there will be an option to create a government gateway account as part of the application process if you don't already have one
- bank account number and sort code for the account into which the grant will be paid.

In order to receive this taxable grant, you must meet all these conditions:

- you traded as self-employed in 2018/19 and

2019/20 and are still trading in 2020/21 (or would be trading if it were not for the business disruption caused by COVID-19)
- you expect to continue to trade in 2020/21
- you receive at least half of your annual taxable income from self-employment, even if you also hold an employed position
- you are registered with HMRC as self-employed and submitted a tax return for the tax year 2018/19 by 23 April 2020. If you were subject to the "disguised remuneration" loan charge and have extra time to submit your tax returns, you can still qualify for this grant if you have submitted your tax return for 2017/18
- your taxable profits for 2018/19 do not exceed £50,000 but are more than nil , **or** your average annual taxable profits for the three years to 2018/19 do not exceed £50,000 but are more than nil.

You will need to confirm to HMRC that your business has been adversely affected by coronavirus. HMRC will check claims and will take action to recover payments found to be made as a result of dishonest or inaccurate information

HMRC will work out how much grant you will receive based on your tax returns for the three years 2016/17 to 2018/19. Any amendments made to your tax return after 6pm on 26 March 2020 will be ignored by HMRC for the purpose of calculating the grant or your eligibility for the grant. If you started trading during that three-year period HMRC will only use the periods for which you traded to calculate the grant.

The taxable profits used by HMRC to calculate the grant is your gross profit less:
- allowable expenses as claimed on your tax return
- the trading allowance (if claimed)
- capital allowances relating to your trade, as claimed
- trading losses incurred in the three-year period 2016/17 to 2018/19

However, the profit calculation does not take into account:
- Averaging claims by farmers, authors or creative artists
- Deduction of losses brought forward from years before 2016/17 , or losses carried back from 2019/20
- Deduction of your personal allowance

This scheme will not cover anyone who started trading on or after 6 April 2019.

Individual members of partnerships and LLPs can make claims for this grant on an individual basis. HMRC will look at the partner's share of the partnership profits to determine if the partner qualifies for the grant and how much they will get.

This grant is not available in respect of income from letting property, including from furnished holiday accommodation.

If you have taken a break from your self-employed trade for parental leave, you may still qualify for the grant, as HMRC treat this period as if you were trading.

If you work through your own company you do not qualify for the SEISS, but you may qualify for a CJRS grant to replace wages you have paid yourself, taxed under PAYE, up to a maximum of £2,500 per month.

3 Deferral or reduction of Income Tax

The next big Income Tax payment deadline is 31 July 2020.

If you pay at least £1,000 of tax with your Self assessment tax return, the payment due on 31 July is half of your estimated tax bill for 2019/20. But this year you can defer that payment until 31 January 2021, without being charged interest for late paid tax!

You don't have to apply to HMRC, as it won't be demanding the tax due. However, if you normally pay your Income Tax by direct debit, you should cancel that direct debit with your bank, as HMRC can't do that for you. If the direct debit remains in place, the tax will be collected as shown on your tax statement.

This tax payment deferral applies to anyone who has to make payment of Income Tax on account by 31 July 2020, including employees who need to pay tax on other income such as rent or dividends.

If you don't want to delay paying the tax due on 31 July, you don't have to, you can pay by electronic transfer or direct debit as normal. Paying the tax now will avoid a larger amount becoming due by 31 January 2021.

Where your profits for 2019/20 are likely to be much lower than for 2018/19, you can ask HMRC to reduce the tax payable for 2019/20 through your personal tax account, or we can do this for you. Where your income has dropped considerably you may be able to get a repayment of some of the tax paid on 31 January 2020.

If you pay your tax by weekly or monthly amounts to HMRC through a budget payment plan, you should contact HMRC and ask for the payment plan to stop, or even request a refund.

If the disruption to your business means you have made a loss for 2019/20, you may be able to claim a refund of tax paid for 2018/19 by setting that loss against your profits for that earlier year. To do this we need to prepare your accounts on the accruals basis rather than the cash basis, that some businesses normally use.

We would also encourage you to send us your tax records as soon as possible after 5 April, so your tax return for 2019/20 can be submitted without delay.

4 Deferral of VAT

All VAT-registered businesses can enjoy an automatic deferment of their VAT payable in the period from 20 March to 30 June, to help them manage cash flow during the pandemic.

The VAT eligible for deferment will be that reported on VAT returns for the quarters to: 29 February, 31 March and 30 April 2020, plus monthly returns, annual accounting advance payments and payments on account. The deferment does not cover VAT due for VAT MOSS or import VAT.

The VAT that is deferred will have to be paid to HMRC on or before 31 March 2021. HMRC will issue guidelines about making this payment nearer that date. HMRC will not charge interest on the deferred VAT payments and default surcharges will not be charged for late payments due before 30 June 2020.

You do not have to take up the option of deferring VAT due; you can pay as normal if you wish.

Where your business pays VAT by direct debit (DD), you must cancel that DD in order to take advantage of the VAT deferment. This needs to be done at least 5 working days before the payment is due to be taken. HMRC cannot cancel the DD from their end, and the VAT reported on the VAT return will be taken automatically if the DD is not cancelled.

HMRC may extend the deferral period if the lockdown continues for some months, so don't be in a rush to reinstate your DD.

If you normally pay your VAT by electronic transfer you can simply not make the payment due in the period to 30 June. You don't have to inform HMRC why the payment is not made.

You must still submit your VAT return on time, using MTD compatible software where appropriate. All businesses where VATable turnover is above the compulsory registration threshold must now be submitting VAT returns with MTD compatible software.

The MTD regulations also require the business to keep their VAT accounts in a digital format and transfer accounting information within the business via digital links and not manually. The use of digital links was to be compulsory from 1 April 2020, but this aspect of the MTD regulations now won't be enforced until April 2021.

Where your business is due a VAT repayment, it is important to get your VAT return in on time, as the repayment to your business will be accelerated.

5 Sick pay support for employers

Statutory sick pay (SSP) must be paid by employers to their employees who qualify, by both having average earnings of at least £120 per week (£118 before 6 April 2020) and because the employee has been unable to work.

SSP is normally payable from the fourth day the employee is unable to work, at the rate of £95.85 per week (£94.25 before 6 April 2020), prorated per day. Employers may pay out under a company sick pay scheme from an earlier day of sickness, and at a higher rate of pay, but they are not obliged to pay anything other than the SSP rate.

The conditions for SSP have been changed from 13 March 2020, for employees who are absent from work due to suffering from COVID-19 symptoms, or because they are self-isolating as someone in their household has symptoms of COVID-19. The extended sick pay period does apply to people who cannot

work because they fall within the 'social distancing' or 'shielding' measures, butonly for periods of absence starting from 16 April 2020.

For COVID-19 cases only, employers must pay SSP from the first day the employee is unable to work, rather than from the fourth day. This applies for periods of absence from work beginning on or after 13 March 2020. Where employees are absent due to another type of illness, SSP is still only payable from the fourth day the employee is unable to work.

Employees can self-certify absences of up to seven days. To relieve burdens on GPs, from 20 March 2020 people can obtain an 'isolation note' by visiting https://111.nhs.uk/ and completing an online form. This replaces the 'fit note' employees are normally required to produce for absences from work that exceed seven days.

Employers should maintain records of staff absences and payments of SSP, which is treated as part of normal pay and is taxable. It should be paid through the payroll, and subject to PAYE and NIC as appropriate. Employers generally bear the cost of paying SSP, with no refund from the Government.

However, for periods of sickness due to COVID-19 from 13 March 2020, some employers will be able to claim a refund of some of the SSP paid. The system for claiming this refund has not been set up yet but the following conditions will apply:

- The employer had fewer than 250 employees on the payroll on 28 February 2020
- The amount of SSP refunded is limited to 14 days per employee, although SSP is payable to the employee until the period of illness/ isolation ends or the employee's contract comes to an end.
- The refund will only cover SSP paid because the employee has been off work due to COVID-19; any SSP paid for other reasons will not be refunded.

It is important that employers who are paying SSP for COVID-19 absences keep records of staff absences and of the SSP paid, in order to support refund claims once these are available.

6 More time to pay taxes

The Government has introduced an immediate deferral of upcoming VAT and Income Tax payments due in the next three months, but the other business taxes such as PAYE and Corporation Tax remain payable on the due dates.

HMRC is willing to enter 'Time to Pay' (TTP) arrangements where businesses or individuals are struggling to pay tax bills on their due dates. There are no set rules as each TTP agreement is arranged on a bespoke basis. However, HMRC must be confident that the arrears will eventually be paid; it will not enter a TTP agreement if it thinks that the taxpayer will never be able to pay the arrears of tax.

Generally, TTP arrangements involve tax liabilities being deferred, without penalties, and paid over a period of up to a year, with fixed, agreed repayment schedules. It is imperative that the payment dates are not missed. If they are, the TTP arrangement is likely to be ended by HMRC, with the full amount of tax outstanding becoming immediately due and, potentially, penalties may be payable.

TTP arrangements lasting over a year are only agreed in exceptional circumstances, although the Coronavirus pandemic may mean that HMRC will be more amenable to such longer scheduling of repayments.

In the current situation, all businesses and Self employed people in financial distress with outstanding tax liabilities may be eligible to receive support.

You are eligible to apply for TTP if your business pays tax to the UK Government and has outstanding tax liabilities. If you have missed a tax payment or you might miss your next payment due to COVID-19, you can call HMRC's dedicated helpline: 0800 024 1222 for practical help and advice.

If you're worried about a future payment, HMRC has requested that you call them nearer the time.

7 Business rates holiday

If your business occupies premises in England in any of the following sectors, you are entitled to a business rates holiday on your entire business rates bill for 2020/21, whatever the size of your business premises:

- Retail, including all types of shops: opticians, post offices, car and caravan showrooms, petrol stations, car hire, garden centres, hairdressers, beauty salons, nail bars, travel agents, dry cleaners, funeral directors, letting agents and estate agents.
- Hospitality, including: restaurants, cafes, takeaways, sandwich shops, pubs, bars, and live music venues.
- Leisure, including: cinemas, hotels, bed and breakfast or self-catering accommodation, caravan parks, theatres, museums, art galleries, stately homes and historic houses, nightclubs, tourist attractions, gyms, casinos, bingo halls, sport grounds and sports clubs.
- Child nurseries

If you have closed your building temporarily because of the COVID-19 pandemic it will still be treated as occupied for the purpose of this relief.

You should not have to do anything to enjoy this business rates holiday, as your local authority will automatically reissue business rates bills for 2020/21. If you have any questions about this business rates holiday, contact the local authority which issues the business rates demands.

Sectors which do not qualify for a business rates holiday on their business premises are:

- Medical services, including: doctors, dentists, vets, osteopaths, chiropractors
- Professional services, including: solicitors, accountants, insurance agents and financial advisers
- Financial services, including: banks, building societies, loan providers, cash points and bureaux de change.

As business rates are a devolved tax, the details of business rates discount schemes or holidays for premises in Scotland, Wales, and Northern Ireland may differ in those regions – see section 13.

8 Grants based on rateable values

Small businesses who pay business rates may receive a grant from their local authority to help them through the COVID-19 pandemic. There are two levels of grant: £10,000 and £25,000.

Businesses other than childrens' nurseries that qualify for the business rates holiday described above will receive a grant of £25,000 where the business premises has a rateable value of between £15,000 and £51,000. Where the business premises has a rateable value of less than £15,000 the business will receive a cash grant of £10,000.

Businesses in England that qualify for small business rates relief, or rural rates relief, are eligible for a grant of £10,000.

In addition, local authorities in England can make discretionary grants to small businesses that have fewer than 50 employees, and who don't qualify for any of the other grants described above. These discretionary grants may be paid at levels of £25,000, £10,000, and variable amounts of less than £10,000. The purpose of these discretionary grants is to support businesses such as those is shared workspaces, regular market traders, bed and breakfast, and small charities, all of whom who don't pay business rates but do have other property costs to pay.

Where the business is located in England and does pay business rates, it doesn't have to apply for a grant as the local authority will write to the businesses concerned. If the business doesn't pay business rates it should contact its local authority for a discretionary grant.

Where the business is located in Scotland, Wales or Northern Ireland different funding schemes are in place and the business may have to apply for the grant funding, see section 13.

9 Loans for businesses

Even where a business is able to access one or more of the Coronavirus schemes made available by the Government (e.g. a grant under the CJRS to cover wages), there may be a significant time lag in that help being delivered. In the meantime, with a big drop in income occurring, the business may not have the funds to meet its ongoing costs.

In order to help businesses through this difficult time, the Government has launched three different loan schemes to help small, medium sized, and larger businesses

Bounce Back Loans to micro and small businesses

The Bounce Back Loan Scheme opened on Monday 4 May, to provide loans of between £2,000 and £50,000 to businesses who apply online. No repayments will be required in the first 12 months, and the Government will also cover any fees and interest accruing in that first year. The interest charged on these loans will be set at 2.5%, and the term of the loans will be up to six years. However, most lenders are expected to permit early repayments.

The loans are 100% backed by a Government guarantee so there is no need for the business owner to provide collateral, or to prove that the business will be viable once the coronavirus crisis is over. However, the loans will be provided by the banks, not directly by the Government, so how quickly the money can flow out to businesses will depend on the efficiency of the back-office processes of the lenders concerned.

You should apply directly to you own bank for the Bounce Back Loan, who should provide a simple short online application form. You will be asked to provide details of your turnover for the period that ended in the year to 31 March 2020, but you can estimate that figure. The amount you can borrow is capped at the lower of 25% of your annual turnover and £50,000.

You also need to confirm that your business was not in financial trouble at 31 December 2019, and that you haven't be given a loan under one of the other coronavirus loan schemes (discussed below). If you have received a loan of up to £50,000 under the CBILS you can apply before 4 November 2020 to transfer it into the Bounce Back Loan Scheme.

The Government hopes that small businesses will take up this Bounce Back Loan in large numbers, to avoid failure due to running out of cash.

Loans for small and medium sized businesses

Coronavirus Business Interruption Loan Scheme (CBILS), is delivered by the British Business Bank. It is a temporary scheme to support, primarily medium-sized businesses in accessing 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 confidence in continuing to provide finance to SMEs. The Government will not charge businesses or banks for this guarantee.

Eligibility and terms

The scheme will support loans of up to £5 million, with repayment terms of up to 6 years. Businesses can access the first 12 months of that finance interest-free and charge-free, as the Government will cover the first 12 months of interest payments and any lender-levied charges.

The loans can be in the form of term loans, overdrafts, invoice finance or asset finance.

You are eligible for the scheme if your business meets all of these criteria:

- is UK based
- has turnover of up to £45 million per year
- has been adversely affected by the coronavirus pandemic

The borrower remains fully liable for the debt, but there will be no personal guarantees as security for loans of up to £250,000. Personal guarantees may still be required, at a lender's discretion, for facilities above £250,000, but they exclude the Principal Private Residence. Recoveries under these guarantees are capped at a maximum of 20% of the outstanding balance of the CBILS facility, after the proceeds of business assets have been applied

For all facilities, including those over £250,000, CBILS can now support lending to smaller businesses even where a lender considers there to be sufficient security, making more smaller businesses eligible to receive the Business Interruption Loan.

How to access the scheme

The full rules of the scheme and a list of accredited lenders is available here: https://tinyurl.com/ujhq5k9.

All the major banks are offering the scheme and there are 40 accredited providers in all, which include high street banks, challenger banks, asset-based lenders and smaller specialist local lenders.

You should talk to your bank or finance provider (not the British Business Bank) as soon as possible and discuss your business plan with them. If one lender turns you down, you can still approach other lenders within the scheme.

Be aware that there is high demand for CBILS facilities. Phone lines are likely to be very busy and branches may not be able to handle enquiries in person.

Although this scheme provides an attractive option for helping with cash flow, many businesses will be wary of taking on extra debt in these uncertain times, when they cannot even be sure when their business will be fully operational again.

If you have an existing loan with monthly repayments, you may want to ask for a repayment holiday to help with cash flow, before accessing more loan finance.

Business with turnover of £45m - £500m

This loan scheme is for businesses with revenue over £45m, which are too large to apply for the CBILS and too small for a government debt-buying programme for larger companies.

The new Coronavirus Large Business Interruption Loan Scheme (CLBILS) will also provide a government guarantee of 80%, enabling banks to make loans of up to £25m to firms with an annual turnover of between £45m and £250m. Where turnover is above £250m, loans of up to £50m may be made.

10 Protection for tenants

Commercial properties

Many tenants of commercial buildings will have just missed the payment of rent due on 25 March and may be unable to make payments in forthcoming quarters, should the current business shutdown continue throughout most of the summer. These tenants will be worried about being evicted while their business is shuttered.

New protection

Under the new Coronavirus Act 2020, no business will be forced out of their premises if they miss a rent payment in the next three months. This means that landlords will not be able to exercise any right of forfeiture on tenants that cannot pay rent during this period. Commercial tenants will still be liable for the rent arrears after this period ends though.

The Government has said that it will actively monitor the impact on commercial landlords' cash flow.

Clearly, this measure will ease immediate cash flow problems for tenants. However, as the tenant will still be liable for the rent, this arguably is only delaying the problem rather than solving it.

Who is affected?

This applies to all commercial tenants of leases in England, Wales and Northern Ireland. It is expected to last until 30 June 2020 but could potentially be extended if deemed necessary.

Residential properties

From 26 March 2020, landlords must give their tenants three months' notice that they want to end the tenancy. This means the landlord can't apply to the court to start an eviction process until after this three-month period.

This protection covers most tenants in the private and social rented sectors in England and Wales, and all grounds of evictions. The extended notice period will remain in place until 30 September 2020, and may be extended if need be.

All ongoing housing eviction actions in the courts are suspended and will not resume until the end of June 2020 at the earliest. This will protect all private and social housing tenants, as well as those home owners with mortgages which are in default.

Mortgage protection

Mortgage lenders have agreed to offer payment holidays of up to three months where this is needed due to COVID-19, including for buy-to-let mortgages. The sum owed remains and mortgages continue to accrue interest during this period.

Where a tenant is unable to pay their rent, the landlord should discuss this with their lender, with a view to putting a mortgage payment holiday in place.

Have a conversation

In these unprecedented times, landlords who seek to exercise a right of forfeiture (once they are able to) on a tenant may find a lack of new tenants ready and waiting to enter into leases. Whether you are a landlord or a tenant, it is clearly sensible to try to communicate in a constructive way and try to find mutually agreeable terms on which the relationship may continue, without causing undue hardship to either party.

11 Cancelling your VAT registration

If your business has stopped making sales it is tempting to deregister for VAT as soon as possible, but that is not necessarily the best thing to do.

If your trade has diminished due to the COVID-19 shutdown, but you are still making some sales (perhaps only home deliveries), you can ask HMRC to cancel your VAT registration if you believe your total VATable sales in the next 12 months will be less than £83,000. However, once you have deregistered, you will not be able to reclaim VAT on any business purchases you make.

Where you have suspended all of your trading for 30 days or more, but do expect to resume trading

again, HMRC will not cancel your VAT registration, even if your sales for the next 12 months are expected to be less than £83,000.

If you believe your business has ceased to trade completely and you will not be able to operate again, you should ask HMRC to cancel your VAT registration from the last day of trading. You can do this using form VAT 7, or we can help you. There is some flexibility in the day you choose to cancel your VAT registration as you may want to reclaim VAT on some final invoices you receive.

When you deregister for VAT, you need to take account of the value of stock and fixed assets you have on hand on the last day of VAT registration. If you have reclaimed VAT on those items, you may have to repay some or all of that VAT to HMRC. Where the total VAT on these stocks and assets is less than £1,000 it is ignored.

A similar problem can arise if you own a commercial property on which you paid VAT and reclaimed it through your business.
Don't rush into VAT deregistration, talk to us first to understand the full implications.

12 Claiming Universal Credit

If you don't qualify for a Government grant under the Self Employed Income Support Scheme (SEISS), or your employer has stopped paying your wages, you should consider claiming Universal Credit.

This is a state benefit which is gradually replacing all current claims for Working and Child Tax Credits, but it also covers housing benefit and job seekers allowance.

You can claim Universal Credit if you are under state pension age and living in Great Britain. The initial claim is made online (www.gov.uk/apply-universal-credit), but if you are claiming as a Self employed person you will also need to attend an interview with a work coach. However, during the Coronavirus shutdown this interview will be conducted by telephone.

The amounts paid under Universal Credit are being increased from 6 April 2020 by £20 per week. All Self employed claimants are normally assumed to make a minimum amount of income from their business which is referred to as the 'minimum income floor'. However, this minimum has been temporarily suspended for all claimants affected by the Coronavirus shutdown.

This means that every Self employed person can now access Universal Credit at a weekly rate equivalent to Statutory Sick Pay received by employees.

The Universal Credit claim will be paid in respect of the first day of the claim, but the money may still take up to five weeks to start to arrive. In this period you can apply for an advanced payment, which will be deducted from the benefit when it does arrive.

13 Business rates and grants: Regional variations

Scotland

Business rates

Businesses in the retail, hospitality and leisure sectors, plus Scottish airports and handling services for scheduled passenger flights, qualify for a 100% business rates holiday for 2020/21. The local authority will automatically apply this relief to business rate bills, it does not have to be applied for.

Business grants

Businesses in the retail, hospitality and leisure sectors will be able to apply for a grant of £25,000 if their business premises has a rateable value of between £18,001 and £51,000.

In addition, all businesses in any sector in Scotland can qualify for a grant of £10,000 if they also qualify under one of these schemes:

- small business bonus scheme relief
- rural relief
- nursery relief
- business growth accelerator relief
- disabled relief
- fresh start

Businesses that let self-catering accommodation for 140 days or more a year, and the income makes up at least one third of the ratepayer's annual income can also apply for a £10,000 grant.

Applying for a grant and getting paid

To apply, you'll need to complete an application form. You can find this form on your local council website. Councils will aim to make payment within 10 working days of receiving a grant application form.

Wales

Business rates

Unlike in England where there is no upper limit on the rateable value of a property which qualifies for the business rates holiday, only properties in the retail, leisure and hospitality sectors with a rateable value of £500,000 or less will qualify for the relief for the financial year 2020/21. It appears that child nurseries do not qualify for the business rates holiday in Wales.

The business does not have to claim the business rates relief as the local authority will write to those who qualify.

Business grants – based on rateable value

Businesses that qualify for the business rates holiday described above can apply to their local authority for a grant of £25,000 if their business premises has a rateable value of between £12,001 and £51,000.

Where the business premises has a rateable value of £12,000 or less and the business is eligible for small business rates relief, it can apply to the local authority for a cash grant of £10,000. This grant can be paid to businesses operating in any sector.

Economic Resilience Fund

Businesses can also benefit from:

- grants of £10,000 for micro-businesses employing up to nine people. This includes sole traders employing staff. Qualifying businesses have been able to apply from mid-April.
- grants of up to £100,000 for small and medium sized firms with between 10 and 249 employees. Qualifying businesses will be able to apply by mid-April.
- support for larger Welsh companies, which are of critical social or economic importance to Wales. This element will be open to qualifying businesses within the next two weeks.

The details of how to apply for these grants have not been released yet.

Northern Ireland

Business rates

All private businesses in Northern Ireland, except for utilities, will be given a three month business rates holiday for the period from 1 April to 30 June 2020.

In addition, hardship rates relief is available to any business which is suffering from a temporary crisis. This relief must be applied for.

Business grants

Any small businesses which is eligible for the Small Business Rate Relief scheme (SBRR) or industrial derating is eligible for a grant of £10,000. The SBRR applies to occupied business premises with a rateable value below £15,000. Where the business pays its rates by direct debit the grant will be paid automatically, in other cases it must be applied for by 20 May.

Another grant of £25,000 is to be provided to companies in the hospitality, tourism, leisure and retail sectors with a rateable value from £15,000 up to £51,000. The business will have to apply for this grant before 20 May.