

COVID-19: Government Schemes for Businesses

The UK government has set out temporary packages to support business through the disruption caused by COVID-19.

1) Coronavirus Business Interruption Loan Scheme

The Government are supporting a loan scheme, to be delivered by the British Business Bank, as a response to businesses who will be seeking additional finance to help with cash-flow pressures.

The Government are providing lenders with a guarantee of 80% on each loan being provided to SME businesses. The Government will not charge the businesses or banks for the guarantee and the scheme will support loans of up to £5 million in value. The business will be able to access the first 6 months of the finance interest free as this will be covered by the Government.

Source: <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>

2) Coronavirus Job Retention Scheme

All UK businesses will be able to access support so they can continue paying part of their employees' salary for the employees that would have otherwise been laid off during the Coronavirus disruption. HMRC will reimburse 80% of 'furloughed workers' wage costs, there is a cap of £2,500 per month.

Businesses will need to designate the affected employees as 'furloughed workers', notify the employees of this change. The business will need to submit information to HMRC regarding the employees that have been furloughed and their earnings through a new HMRC portal.

Source: <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-the-coronavirus-job-retention-scheme>

3) Deferring VAT and Income Tax payments

All UK businesses will have their VAT payments automatically deferred for 3 months. The deferral will apply from the 20th March 2020 – 30th June 2020.

For those who are self-employed, the Income Tax payments due in July 2020 under the self-assessment system will be deferred to January 2021.

Source: <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-deferring-vat-and-income-tax-payments>

4) A relief package for statutory sick pay (SME's)

SME businesses with up to 250 employees will be eligible for a refund of up to two weeks statutory sick pay per eligible employee who has been off work due to COVID19. The employment figure will be based on the number of people the business employed as of the 28th February 2020.

Businesses will need to maintain staff absence records. The Government will be working with employers to setup a repayment system as soon as possible, the existing systems do not have the functionality to facilitate employer refunds of statutory sick pay.

Sources: <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-who-are-paying-sick-pay-to-employees>

<https://www.gov.uk/government/publications/support-for-those-affected-by-covid-19>

5) Small business grant funding of £10,000 for businesses in receipt of Small Business Rate Relief

Where businesses already benefit from Small Business Rate Relief, the Government is providing additional funding to local authorities to support small businesses in the form of a £10,000 one-off grant to help meet ongoing business costs.

Funding will be provided to local authorities in early April 2020. Where the business is already eligible for Small Business Rate Relief they will be contacted by their local authority and will not need to apply for the grant.

Sources: <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-that-pay-little-or-no-business-rates>

<https://www.gov.uk/apply-for-business-rate-relief/small-business-rate-relief>

6) HMRC's Time to Pay Scheme

Businesses may be eligible to receive support with their tax affairs using HMRC's Time to Pay service, providing the business with a period of time to their taxes. This is arranged on a case by case basis and the business will need to contact HRMC directly using 0800 0159 559.

Source: <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-paying-tax-time-to-pay-service>