

The Chancellor announced on Friday afternoon additional support for businesses - the additional measures as of 9am this morning are as follows.

### **Coronavirus Job Retention Scheme**

The Government will reimburse 80% of an employee's 'wage costs' up to a cap of £2,500 per month who would otherwise be laid off as a result of COVID-19. These employees will be classified as 'furloughed' employees in the payroll system.

These employees will be kept on the payroll but cannot undertake any work while being 'furloughed' – which may make it difficult for payrolled directors still active in the business to participate. Further guidance is needed on this. The scheme is backdated to 1 March 2020 and will initially last for 3 months.

The changes are subject to normal employment law and each employee's contract meaning that if the contract does not allow for a temporary layoff then this would need negotiated with the employee. Likewise, the remaining 20% wage cost may still be paid to the employee or withheld subject to contractual terms.

The reimbursement will be through an HMRC portal but this has not been setup yet – it may not be operational until late April meaning a potentially lengthy lag before reimbursement.

### **VAT**

VAT payments due to HMRC between 20 March 2020 and 30 June 2020 have been deferred. However, all liabilities that have accumulated during the deferral period must be settled by 5 April 2021 - No application is required for this deferral.

If you are on direct debit for VAT and you wish to defer then we would suggest cancelling the direct debit.

### **Income Tax Payment due for the Self Employed**

The tax payment due on 31 July 2020 has been deferred until 31 January 2021. Only the self employed can take advantage of this deferral i.e. it is not available for all individuals with a tax payment due in July 2020.

### **Self Employed**

The self employed are currently being directed to Universal Credit or Working Tax Credit to support their income if affected by COVID-19.

For 1 year from 6 April, the standard allowance in Universal Credit and the basic element in Working Tax Credits have increased by £20 per week. The Universal Credit eligibility rules have been relaxed to make claiming easier. Further reliefs for the self employed are expected to be announced in the coming days.

### **Business Interruption Loan Scheme**

Now available through participating lenders – interested parties should contact their bank.

Interest and fees now paid by the Government for 12 months (as opposed to 6 months previously announced).

To be eligible for a facility, the borrower must:

- Be UK-based in its business activity, with annual turnover of no more than £45m
- Have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender, and for which the lender believes the provision of finance will enable the business to trade out of any short-to-medium term difficulty.