

## **Update – 21.03.2020 – Emergency measures announced**

In the last few days, the Government has made major announcements about help for small businesses and individuals affected by coronavirus. Below is a summary of the significant points, although details are awaited as to how some of these schemes may be accessed.

**The following measures were announced in the Budget and have not (to date) been updated.**

- **Statutory Sick Pay (SSP)** to be paid from the first day of absence, not the fourth, where people have the virus or have to self-isolate, or care for such people.
- Support through Universal Credit and Employment and Support Allowance for self-employed people and others not entitled to SSP.
- Full funding of the cost of two weeks' SSP for small and medium-sized employers whose workers have claimed SSP as a result of coronavirus.
- Businesses and self-employed individuals in financial distress will be able to negotiate 'time to pay' arrangements with HMRC without incurring late payment penalties.

**At a press conference on Tuesday 17 March, the following additional measures were announced.**

- **Retail, hospitality and leisure sectors**
  - All businesses (not just those with a rateable value of less than £51,000, as previously announced), will pay **no business rates for 2020/21**.
  - Those businesses with a rateable value below £51,000 will also be eligible for an additional cash grant of up to £25,000 (i.e. cash payment from the government) per business, to help them through this period.
    - This means that every single shop, pub, theatre, music venue, restaurant, etc. will pay no business rates whatsoever for 12 months and, if they have a rateable value of less than £51,000, they can now get a cash grant as well.
- The **700,000 or so small businesses** that are already eligible for Small Business Rates Relief will receive a **grant of £10,000** (not £3,000, as previously announced) to help with business costs.
- For those **individuals** in difficulty due to coronavirus, mortgage lenders will offer **at least a three-month mortgage holiday**, so that people will not have to pay a penny towards their mortgage while they get back on their feet.
  - This will apply to homeowners but not buy-to-let investors.

**At a press conference on Friday 20 March, the following additional measures were announced.**

- **A new Coronavirus Job Retention Scheme (CJRS)** will be set up to **help pay people's wages**. Any employer in the country (small or large, including charitable or non-profit) will be eligible for the scheme.
  - Employers will be able to contact HMRC for a grant to cover most of the wages of their workforce who remain on payroll but are temporarily not working during the coronavirus outbreak.

- UK workers of any employer who is placed on the CJRS can keep their job, with the government paying up to **80% of a worker's wage costs, up to a total of £2,500 per worker each month.**
  - This will be backdated to 1st March and will be initially open for 3 months, to be extended if necessary.
  - It can apply to anyone who was on the payroll at 29 February 2020, even if they have subsequently been made redundant, as long as they are reinstated on the payroll
- **Any business** that needs access to cash to pay their rent, salaries, suppliers, or to purchase stock, will be able to access a government-backed loan on "attractive terms" (which have not yet been specified).
  - That support will be delivered to small and medium businesses via the new Coronavirus Business Interruption Loan Scheme (announced at the Budget), which will now provide **loans of up to £5 million, with no interest due for the first 12 months** (not 6 months, as announced previously).
  - The scheme will be up and running by the start of next week.
- **VAT payments due by all VAT-registered businesses between now and the end of June will be deferred until the end of the tax year.**
  - No VAT registered business will have to make a VAT payment normally due with their VAT return to HMRC in that period.
- **Income tax payments due on 31 July 2020** under the Self Assessment system will be deferred to January 2021, benefiting the cash flow of up to 5.7m self-employed businesses.
- The standard rate in both **Universal Credit (UC) and Tax Credits will be increased by £20 a week** for one year from April 6th, meaning claimants will be up to £1,040 better off.
- The '**minimum income floor**' for the self-employed claiming UC is temporarily suspended for everyone affected by the economic impacts of coronavirus.
  - This means that every self-employed person can now access, in full, Universal Credit at a rate equivalent to SSP for employees.
- There will be additional support for **renters**, through increases in housing benefit and Universal Credit.
  - From April, Local Housing Allowance rates will pay for at least 30% of market rents in each area.