

# COVID-19 financial support measures for businesses

In Rishi Sunak's budget on the 11th March 2020, a number of measures were introduced to support businesses in light of the COVID-19 (Coronavirus) pandemic. This has further evolved with increased measures pledged on the 17th March and the updated guidance is incorporated in this note.

While the full detail of these measures are still to be released and worked through over the coming days and are therefore subject to change, we have set out below what is currently known on the key measures, and as and when more information is available, we will update you accordingly.

If you intend to utilise these reliefs, we would recommend keeping an eye on the gov.uk website for further detail on how these measures will be implemented.

The key measures available to businesses are:

## Rates relief

For the year 2020 to 2021, it was announced that the Business Rates retail discount in England will be increased to 100% for properties with a rateable value of below £51,000.

The relief has also been extended to the leisure and hospitality sectors, such as theatres, museums, gyms, hotels and pubs etc, with a rates holiday for the next 12 months for businesses in this sector irrespective of rateable value. A pragmatic approach given that Boris effectively shut these businesses down earlier in the week with his comments.

Furthermore, for businesses with a rateable value below this level, a further cash grant of up to £25,000 per business will be available to bridge any gap in meeting their costs.



Please note that if you received a retail discount in 2019/2020, you should be rebilled by your local authority as soon as possible under current guidance.

If you intend to apply for the newly expanded relief, you will need to apply to your local authority as soon as possible, and all enquiries should be directed to them.

Please note that further guidance will be issued to local authorities on how to administer this on the 20th March.

## Small business grant funding

If you currently claim Small Business Rates Relief or Rural Rate Relief, the government will provide a one-off grant of up to £10,000 to help meet your ongoing business costs.

## Time to pay

The government has stated that all businesses and self-employed people in financial distress and with outstanding tax liabilities may be eligible to receive support with their tax affairs through HMRC's time to pay service.

It is important to note that you must have outstanding liabilities to apply for a time to pay

arrangement, and HMRC will agree these on a case-by-case basis tailored to the circumstances of the taxpayer. However if you have impending tax liabilities due such as VAT, Corporation tax and PAYE, and you will struggle to meet these, trying to put measures in place now would be prudent.

The number to call if you feel you will be unable to pay your tax due as a result of COVID-19 is 0800 015 9559.

In one of the largest fiscal packages pledged during peacetime, the Government has currently pledged up to £330bn of funding guarantees, which they can increase as required.

### **Coronavirus Business Interruption Loan Scheme (CBILS)**

For SME's the Government has launched the Coronavirus Business Interruption Loan Scheme (CBILS) in light of the Coronavirus outbreak to be delivered by the British Business Bank (BBB), and which will temporarily replace the Enterprise Finance Guarantee. Under this scheme the government will guarantee up to 80% of the loan to the lender only, and will not charge either party for this guarantee.

It is described as offering attractive terms to any business that requires cash, with loans now of up to £5m (initially £1.2m) and with no interest charged for the first twelve months of the term of the loan.

CBILS will support the following business finance products:

- Term facilities
- Overdrafts
- Invoice finance facilities
- Asset finance facilities

To be eligible for support your business must meet the following criteria as set out by the BBB:

- Be UK based
- Turnover of no more than £41m per annum
- Operate within an eligible industrial sector [certain ineligible sectors are highlighted in state aid legislation]
- Have a sound borrowing proposal but insufficient security to meet a normal lender's requirements
- Be able to confirm you have not received de minimis state aid beyond €200,000 equivalent of the current and previous two fiscal years

It is clear that this is a last resort if you are not able to obtain finance in the normal way, and if you are interested in this scheme you must approach one of the 40+ accredited lenders with your borrowing proposal.



Full details of the scheme can be found [here](#) along with the accredited lenders.

### **Covid Corporate Financing Facilities (CCFF)**

For large companies, a new lending facility will be provided directly by the Bank of England, where the CCFF will provide funding to businesses by purchasing commercial paper of up to one year maturity, issued by firms making a material contribution to the UK economy.

This is intended to act as a vehicle to support corporates who would ordinarily seek market-based finance for their working capital, but find themselves unable to access this due to the uncertain environment.

### **Statutory Sick pay – support for businesses paying sick pay to employees**

The eligibility for paying SSP to employers has been widened so that it covers costs for employers from the first day of sickness absence due to COVID-19, where they have had to self isolate due to government guidelines or are caring for people in the same household with COVID-19.



While it is still unclear as to exactly how this will operate and the mechanism for reclaiming SSP, the Government has said they will work with employers over the coming months to establish this. The eligibility for the extended criteria will be as follows:

- The refund will cover up to a maximum 2 weeks SSP per eligible employee who has been off work because of COVID-19 (£94.25 per week currently, £95.85 per week from 6 April 2020)
- Employers with fewer than 250 employees will be eligible (determined by the number of people employed as at 28 February 2020)
- Employers will be able to reclaim expenditure for any employee who has claimed SSP as result of COVID-19 per the new eligibility criteria
- Employers should maintain detailed records of staff absences and payments of SSP, but employees will not need to provide a GP fit note (an alternative to this will be issued in the coming weeks)
- Eligible period for the scheme will commence from the day after which the regulations on the extension of SSP to those staying at home come into force.

Support for the self-employed amidst the COVID-19 outbreak is also being looked at, and a new style Employment and Support Allowance will be payable for people directly affected by COVID-19 or self isolating according to government advice from the 1st day of sickness and not the 8th.

### Coronavirus Job Retention Scheme

On the 20th March the Chancellor announced the Coronavirus Job Retention Scheme, a scheme that will allow any employer of any size (whether a company, partnership or charity), to apply for a grant to cover 80% of an employees salary up to a maximum of £2,500, for any employee furloughed as a result of the coronavirus outbreak.

To access the scheme the business will need to designate employees as 'furloughed workers' and notify them of this change (this is still subject to

existing employment law and the terms of their employment contracts). The employees will not be able to undertake any work of any kind while furloughed, and must have been an employee at 29 February 2020.

You will then need to submit information about furloughed employees and their earnings through a new HMRC portal to enable you to claim the grant to cover the wages of furloughed workers.

The scheme is expected to last for 3 months but can be extended, and employers can top up employees' salaries above the £2,500 limit if they wish.

While this is much welcome news for employers, with claims able to be backdated to the 1st March 2020, It is expected that this system will take several weeks to put in place, as there is currently no Government system that can deal with these repayments, and therefore the first grants to cover wages are not expected until April at the moment.

### Other measures

For individuals it was announced that a 3 month payment holiday will be offered by mortgage lenders if you are affected by coronavirus.

The Government also confirmed that the action they are now taking is sufficient for a company to trigger an insurance claim if your insurance has pandemic cover, and for those that don't further help will be provided, with this to be finalised in the coming days and weeks.

It is clear that the Government is going a long way to assist businesses and the wider economy through this crisis, which is fantastic news for the country. Further measures for businesses and individuals will be released over the coming days and as the situation develops, with more details coming on the measures already proposed.

Please see [our website](#) for continued updates on the details of the governments support for businesses and individuals in the wake of the COVID-19 pandemic.



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