



R. M. Rahim & Co.

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Covid-19 Government Support Update: Businesses and Self Employed

Dear Clients,

We hope that this update reaches you all in good health. The global community is going through an extremely tough time right now with the Covid-19 pandemic and we wish all of you and your families good health, safety and the resilience to see this through. Please see below the latest updates as at 24/03/2020.

Coronavirus Job Retention Scheme

Under the new Coronavirus Job Retention scheme, government grants will cover 80% of the salary of PAYE employees who would otherwise have been laid off during this crisis. The scheme, open to any employer in the country, will cover the cost of wages backdated to 1 March 2020 and will be open before the end of April. It will continue for at least three months, and can include workers who were in employment on 28 February. Businesses will need to designate affected employees as 'furloughed workers', and notify employees of this change. Changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation.

HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month.

While HMRC is working urgently to set up a system for reimbursement, we understand existing systems are not set up to facilitate payments to employers. Business that need short-term cash flow support, may benefit from the VAT deferral announced below and may also be eligible to apply for a Coronavirus Business Interruption Loan.

Get in touch with us [via email](#) if you wish to consider this.

VAT payments

The next quarter of VAT payments will be deferred, meaning businesses will not need to make VAT payments until the end of June 2020. Businesses will then have until the end of the 2020-21 tax year to settle any liabilities that have accumulated during the deferral period.

The deferral applies automatically and businesses do not need to apply for it. VAT refunds and reclaims will be paid by the government as normal.

Income Tax payments

Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021. This is an automatic offer with no applications required. No penalties or interest for late payment will be charged in the deferral period.

Eligibility is limited to the self-employed i.e. the deferral does not apply to those that are in self assessment but are not self-employed.

Universal credit

Self-employed people can now access full universal credit at a rate equivalent to statutory sick pay at approximately £94 per week. Depending on individual circumstances this can be more. To see how much you could get and for more information please [click here](#). Please remember to fill the self employed hours section on the calculator at the top of the page with the new hours after being affected by Covid-19.

The government has said there will be further help announced for self employed people that don't fall under the cash grants below. We are hoping this is better than the £94 per week, so we advise clients who are self employed to wait for this announcement if they are able to do so. We will then have better guidance available.

HMRC Time to Pay

HMRC's Time to Pay scheme can enable firms and individuals in temporary financial distress as a result of Covid-19 to delay payment of outstanding tax liabilities. HMRC's dedicated Covid-19 helpline provides practical help and advice on 0800 0159 559. This would be helpful if VAT payments or tax payments cant be fulfilled after the extensions above.

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Business Rates holidays and cash grants

No rates payable for the 2020-2021 tax year for any business in the retail, hospitality or leisure sectors.

In those sectors, if your rateable value is between £15K and £51k, you'll also receive a cash grant of up to £25,000 per property.

Any business which gets small business rates relief, including those in the retail, hospitality or leisure sectors, will receive a cash grant of £10,000 (increased from £3,000 announced in the 11 March Budget).

The rates holiday and cash grants will be administered by local authorities from 1 April 2020 and should be delivered automatically, without businesses needing to claim. They will get in touch with eligible businesses.

Coronavirus Business Interruption Loan Scheme

The Coronavirus Business Interruption Loan Scheme (CBILS) provides support for businesses to access funding if certain eligibility criteria are met. These will be interest free loans for 12 months with the possibility of no repayments for 12 months. Loans in the scheme are limited to a maximum of 25% of 2019 turnover or double the annual wage bill, whichever is greater. More information on the loans can be found [here](#). Alternatively get in touch via email and we can discuss eligibility and how to proceed.

Mortgage and rent holiday

Mortgage borrowers can apply for a three- month payment holiday from their lender. Both residential and buy-to-let mortgages are eligible for the holiday. It is important to remember that borrowers still owe the amounts that they don't pay as a result of the payment holiday. Interest will continue to be charged on the amount they owe.

Tenants can apply for a three-month payment holiday from their landlord. No one can be evicted from their home or have their home repossessed over the next three months.

Insurance claims

Businesses that have cover for both pandemics and government-ordered closure should be covered. The government and insurance industry confirmed on 17 March 2020 that advice to avoid pubs, theatres, etc., is sufficient to make a claim as long as all other terms and conditions are met. Insurance policies differ significantly, so businesses should check the terms and conditions of their specific policy and contact their providers.

Statutory Sick Pay (SSP)

If you're a director of a limited company with less than 250 employees, you can pay yourself two weeks of SSP if you need to self-isolate subject to meeting the minimum payroll requirement for SSP.

The government will refund £94 per week, maximum £188, to your company.

It will also refund SSP for staff of businesses with less than 250 employees for up to two weeks.

If you would like to discuss any of the above points and see how they may apply to you please get in touch with us [by way of an email to staff@rmrahim.com](mailto:staff@rmrahim.com). We are aware the government are frequently making announcements and changes due to the current situation and we will be doing our best to update our clients via our Facebook page and emails over the coming weeks (current information as at 24/03/2020).

Stay safe and well!

FURTHER INFORMATION ON ALL GOVERNMENT SUPPORT CAN BE FOUND ON:

<https://www.businesssupport.gov.uk/coronavirus-business-support/>