

## **UK Government Financial Measures in response to Coronavirus**

The Chancellor has set out a package of support for businesses (including charities) through the period of disruption caused by COVID-19, including:

- A. Coronavirus Job Retention Scheme
- B. Deferring VAT payments
- C. Statutory Sick Pay relief for Small and Medium sized businesses
- D. Business rates holiday for all retail, hospitality, leisure and nursery businesses in England
- E. Grant funding of £10,000 for all business in receipt of small business rate relief or grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000
- F. Coronavirus Business Interruption Loan Scheme
- G. HMRC Time To Pay Scheme

This summary is prepared from the available information as at 22<sup>nd</sup> March 2020. Please take further advice from local authorities, HMRC, professional advisors to check how these measures might impact your organisation.

### **A Coronavirus Job Retention Scheme**

Under the Coronavirus Job Retention Scheme, all UK employers will be able to access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during this crisis. HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. HMRC are working to set up a system for reimbursement. The Scheme is only to run for an initial 3 months from 1 March 2020, although the government have indicated it will be extended if necessary.

**Eligibility:** All UK businesses (including Charities) are eligible.

**Applicability for Church of England:** Could apply to cathedrals, (large) churches with staff, dioceses, bishops' offices, NCIs

**How to access the scheme:** Government advise to designate affected employees as 'furloughed workers' and notify the employees of this change (depends upon employment contracts). Then submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal which HMRC will establish. Unless employees' contracts of employment include a right to put the employees on Furlough (which is unlikely), employers wanting to use this scheme will have to obtain their employees' consent to vary their contracts of employment. This may be as simple as asking employees to sign a letter consenting to the variation of their contract of employment as required. You should check what you may need to do with your professional advisers. Employees on furlough cannot do any work for their employer during this time.

It is understood that the employer will be able to choose whether to pay the remaining 20% of a furloughed employee's salary themselves, or only to pay the employee on furlough the 80% salary which will be reimbursed by the government. We are awaiting clarification as to whether the 80% of employment costs reimbursed by the government will include the employer's pension contributions and employer NICs.

## **B Support for businesses through deferring VAT payments**

Businesses can defer Valued Added Tax (VAT) payments for 3 months. The deferral will apply from 20 March 2020 until 30 June 2020.

**Eligibility:** All UK businesses (incl Charities) are eligible.

**Applicability for Church of England:** Could apply to any Cathedrals, large churches, dioceses, bishops' offices, NCIs – which are registered for VAT.

**How to access the scheme:** This is an automatic offer with no applications required. Businesses will not need to make a VAT payment during this period. Taxpayers will be given until the end of the 2020/21 tax year to pay any liabilities that have accumulated during the deferral period. VAT refunds and reclaims will be paid by the government as normal. See also guidance below on organisations seeking additional time to pay taxes.

## **C Support for smaller businesses who are paying sick pay to employees**

Small and medium-sized businesses and employers will be able to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. The eligibility criteria for the scheme are:

- refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19, starting on Day 1 of their illness.
- employers with fewer than 250 employees will be eligible - the size of an employer will be determined by the number of people they employed as of 28 February 2020
- employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19
- employers should maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note. If evidence is required by an employer, those with symptoms of coronavirus can get an isolation note from [NHS 111 online](#) and those who live with someone that has symptoms can get a note from the [NHS website](#)
- the government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible

**Eligibility:** UK based business which employs fewer than 250 employees as of 28 Feb 2020

**Applicability for Church of England:** Could apply to any Cathedrals, large churches, dioceses, bishops' offices, NCIs – with fewer than 250 employees.

**How to access the scheme:** A rebate scheme is being developed but there are no more details at this stage.

## **D Business rates holiday for retail, hospitality and leisure businesses**

There will be a business rates holiday for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year.

**Eligibility:** Businesses based in England in the retail, hospitality and/or leisure sector. Properties that will benefit from the relief will be wholly or mainly being used: shops, restaurants, cafes etc...

**Applicability for Church of England:** Potentially shops/cafes in Cathedrals.

**How to access the scheme:** It will apply to the next council tax bill in April 2020. Local authorities may have to reissue bills to exclude the business rate charge.

Current link:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/873622/Expanded\\_Retail\\_Discount\\_Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873622/Expanded_Retail_Discount_Guidance.pdf)

The government has also stated that hospitality businesses should be able to claim on their business continuity insurance as a result of government guidance to the public. Cathedrals should check their insurance cover and contact insurers to discuss.

#### **D Business Rates holiday for nursery businesses**

There will be a business rates holiday for nurseries in England for the 2020 to 2021 tax year.

**Eligibility:** Nursery businesses in England occupied by providers on Ofsted's Early Years Register, wholly or mainly used for the provision of the Early Years Foundation Stage

**Applicability for Church of England:** Could apply to a nursery run in Church or Cathedral owner premises.

**How to access the scheme:** This will apply automatically to the next council tax bill in April 2020. Local authorities may have to reissue bills to exclude the business rate charge.

#### **E Cash grants for retail, hospitality and leisure businesses**

Provides businesses in the retail, hospitality and leisure sectors with a cash grant of up to £25,000 per property. For businesses in these sectors with a rateable value of under £15,000, they will receive a grant of £10,000. For businesses in these sectors with a rateable value of between £15,001 and £51,000, they will receive a grant of £25,000.

The government will also provide additional grant funding through local authorities to support small businesses that already pay little or no business rates – not clear if/how this would be applicable to any other Church businesses.

**Eligibility:** Businesses based in England in the retail, hospitality and/or leisure sector. Mainly properties wholly or mainly being used as shops, restaurants, cafes etc...

**Applicability for Church of England:** Potentially shops/cafes in Cathedrals.

**How to access the scheme:** You do not need to do anything - local authorities will write to businesses that are eligible for this grant. Any enquiries should be directed to the relevant local authority.

## **F      Coronavirus Business Interruption Loan Scheme**

A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will be launched w/c 23<sup>rd</sup> March to support primarily small and medium-sized businesses to access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the Scheme will support loans of up to £5 million in value.

**Eligibility:** UK based businesses with turnover of no more than £45 million per year which meet the British Business Bank eligibility criteria. Whilst “operating historical sites and buildings” and “education activities” are included, “Activities of religious organisations” are not eligible.

**Applicability for Church of England:** “Activities of religious organisations” are specifically excluded. So whilst it could perhaps apply to education businesses operated on Church premises, this would seem to have minimal applicability. It assumes that the organisation is wanting to take-out debt funding, and obviously must be able to pay it back when due.

### **How to access the scheme**

The full rules of the Scheme and the list of accredited lenders is available on the [British Business Bank website](#). All the major banks will offer the Scheme once it has launched. There are 40 accredited providers in all. If you think it may be applicable, you should talk to your bank as soon as possible and discuss your business plan with them.

## **G      Support for businesses paying tax: Time to Pay service**

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. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

**Eligibility:** Any business that pays tax to the UK government and has outstanding tax liabilities

**How to access the scheme:** It is important to obtain agreement from HMRC in advance of the usual deadline for payment. Any business which has missed a tax payment or might miss a next payment due to COVID-19 should call HMRC’s dedicated helpline: 0800 0159 559.

Current link: <https://www.gov.uk/government/news/tax-helpline-to-support-businesses-affected-by-coronavirus-covid-19>

## **Self-employed Workers (contractors, freelance workers etc...)**

There has been little provision made for such workers in the government measures announced to date. We are encouraging the Government to introduce further support for the self-employed.

There has been some Income Tax advice for self-employed workers: Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021.

## **OTHER ADVICE**

### **Insurance**

If you have insurance cover for both pandemics and government-ordered closure, this should be triggered as 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 please check the terms and conditions of your policy and contact your insurance provider. Most standard business interruption insurance policies are unlikely to provide cover as they are typically dependent on damage to property and will exclude pandemics.

### **Mortgage Payment holiday**

The Chancellor announced that mortgage lenders would offer an initial three-month mortgage payment holiday for those in financial need as a result of the Covid-19 crisis.

### **IR35**

The government has delayed the introduction of the off-payroll labour/IR35 reforms for private sector businesses until 6 April 2021.

### **Property Rentals**

For entities that rent-out property, please be aware that if the tenant can't pay rent, they can't be evicted during the present situation

<https://www.gov.uk/government/news/complete-ban-on-evictions-and-additional-protection-for-renters> .

### **Charity specific measures**

There has been lobbying for additional support to charities. We will monitor any new announcements in this respect.

For more assistance, please refer to the "GOV.UK" website. There is a section on: **COVID-19: guidance for employees, employers and businesses:**

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