



# ADVALOREM

## COVID-19 Business Support

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# OVERVIEW

We are sure like us you have been inundated with information bites about COVID-19, including several email updates and blogs from us. We have therefore decided to prepare a key information document outlining the support available for businesses and individuals from the Government. We appreciate that updates are happening daily, therefore we will keep this document as up to date as possible and will note the date the document was last updated on the cover page for your reference.

Ad Valorem would like to support you and your business as much as possible during these unprecedented times. If you have any questions regarding any information presented in this document then please contact your client manager directly, who will be able to assist.

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# WHAT SUPPORT IS AVAILABLE FROM THE GOVERNMENT?

## JOB RETENTION SCHEME



The government has announced plans for financial assistance to help employers pay employees who are not working, to avoid redundancies. Please note that this scheme is subject to continual review, dependant on Government guidance.

### **What is the job retention scheme?**

The scheme involves employers designating employees as “furloughed workers”. The employer needs to gain agreement from the employee to do this, unless it’s covered by a clause in the employment contract. An employee will stay “employed” whilst furloughed, but they must not work during this time.

### **Who is eligible?**

All UK businesses operating a PAYE scheme – small or large, charitable or non-profit – will be eligible for the scheme.

### **How does the scheme work?**

The scheme pays a grant to the employer (not a loan), through a new online system which is currently being built. The system is expected to go live before the end of April. Furlough is backdated from 1st March 2020 and will be available for at least 3 months and may be extended by government. Even though the scheme is backdated to 1st March, an employer will only be eligible to claim the grant once they have agreed the furlough status with their employees and employees must have stopped working for the employer. Please bear in mind that employee status is subject to employment law in the usual way. Until the new system is live and grants have been paid, employers are expected to bridge the gap and pay furloughed employees. Please contact us if you are concerned about cashflow and making these payments.

### **What is covered by the grant?**

The grant will be calculated per furloughed employee and will be the lower of:

- 80% of “wages costs to the employer”. Our current understanding is that this includes employers’ NIC and pension contributions, however, we are waiting for further clarification.
- £2,500 per month (including employment costs e.g. salary, employer pension contributions required by auto-enrolment (if applicable) and employer NIC.)

# WHAT SUPPORT IS AVAILABLE FROM THE GOVERNMENT?

## SELF EMPLOYMENT INCOME SUPPORT SCHEME

The scheme will provide a taxable grant to self-employed individuals or partnerships, worth 80% of their profits up to a cap of £2,500 per month, for the next 3 months.

### **To be eligible, you must;**

- Be self-employed or a member of a partnership.
- Have traded in 2019-20 (and currently trading or would be if not for COVID-19) and intend to continue trading in 2020-21.
- Have lost trading/partnership profits due to COVID-19.
- Must have filed a tax return for 2018-19 tax year as self-employed or member of a trading partnership.
- Have trading profits of less than £50k and more than half your income comes from self-employment.

*If you've not filed your 2018/19 tax return yet, you've got until 23rd April 2020*

This is determined by at least one of these conditions:

- 2018/19 trading profit of less than £50k which forms more than half your total taxable income.

**OR**

- Average trading profits in 2016/17, 2017/18 & 2018/19 of less than £50k and these profits form more than half your average total income in the same period.

If you started trading between 2016-19, HMRC will only use the years for which you filed a Self-Assessment tax return to calculate your grant.

### **How is the Grant calculated?**

If eligible you will receive a taxable grant which will be 80% of the average profits from the applicable tax years 2016/17, 2017/18 and 2018/19, dependent on when you started trading.

# WHAT SUPPORT IS AVAILABLE FROM THE GOVERNMENT?

## SELF EMPLOYMENT INCOME SUPPORT SCHEME

*Example: Joe Blogs has traded as a Sole Trader since June 2016 and therefore has submitted a Self-Assessment for 2016/17, 2017/18 and 2018/19.*

Joe has lost all income since COVID-19 hit the UK and lockdown was enforced. HMRC will calculate Joe's grant by adding together his taxable profit for 2016/17, 2017/18 and 2018/19 and dividing this by 3.

2016/17 taxable profit = £33k

2017/18 taxable profit = £49k

2018/19 taxable profit = £61k

Total taxable profit over the 3 year period = £143K

**Grant Calculation     £143k / 3 = £47.67k**

Therefore, Joe would qualify for the Self-Employed Income Support Scheme as his average profit is below £50k. Joe's grant would be capped at the £2,500 per month, as his average monthly profit over the 3 year period was £3.9k.

The grant will be paid directly into your bank account by HMRC as one lump sum, covering the 3 month period.

### **How do you apply?**

You cannot apply for this scheme yet. HMRC will contact eligible individuals and invite you to apply online. You will not be text, called or emailed by HMRC saying that you can claim financial help or owed a tax refund. Do not click any link or provide info such as your name, credit card or bank details. Unfortunately, we have seen a number of scams and people trying to take advantage in this unique situation.

# WHAT SUPPORT IS AVAILABLE FROM THE GOVERNMENT?

## BUSINESS RATES/SMALL BUSINESS GRANTS



Businesses in the retail, hospitality and leisure sectors in England will not have to pay business rates for the 2020-21 tax year. Businesses currently eligible for small business rate relief can claim a cash grant of £10,000. If your business is in the retail, hospitality or leisure sector in England, you will receive a cash grant of up to £25,000 per property.

It was originally stated that local authorities would contact businesses eligible to receive a grant in the Small Business Grant Scheme or retail, hospitality and leisure sectors.

However, some local authorities have decided to operate an applications process, so you are now able to submit your information to the local authority for them to access your eligibility and pay your grant.

Search for your local authority by clicking the link below to see whether you can submit your application.

[Local Authority search.](#)

## STATUTORY SICK PAY



The Government plan to allow small and medium sized businesses in the UK (fewer than 250 employees as of 28 Feb 2020), to reclaim Statutory Sick Pay (SSP) paid to staff for sick absences caused by COVID-19. The refund will cover up to 2 weeks' SSP per eligible employee (who has been off work due to COVID-19).

# WHAT SUPPORT IS AVAILABLE FROM THE GOVERNMENT?

## HMRC TIME TO PAY SERVICE



This will be increased to allow extra times for businesses to pay their Tax bills. HMRC have advised that any VAT payable from 20th March to 30th June 20 is deferred until the end of the 20/21 tax year. E.g. VAT which is due and payable on 7th April, 7th May and 7th June 2020.

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.

### Am I eligible?

You will be eligible if:

- 1) Your business pays tax to the UK Government
- 2) Your business has outstanding tax liabilities

## CORONAVIRUS BUSINESS INTERRUPTION LOANS

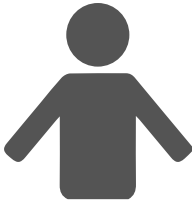


This temporary scheme will provide SMEs with government-backed loans worth as much as £5M. The aim of this scheme is to support small and medium-sized businesses with access to loans, overdrafts, invoice finance and asset finance of up to £5 million and for up to six years.

The Government will also make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will benefit from no upfront costs and lower initial repayments. The scheme will be delivered through commercial lenders, backed by the Government-owned British Business Bank.

# WHAT SUPPORT IS AVAILABLE FROM THE GOVERNMENT?

## VAT DEFERRAL



HMRC have advised that any VAT payable from 20th March to 30th June 20 is deferred until the end of the 20/21 tax year. E.g. VAT which is due and payable on 7th April, 7th May and 7th June 2020.

### **Do I need to apply for deferral?**

This is an automatic offer and so no applications are required. However, you will still need to submit your VAT returns on time.

### **Will I still receive a refund, if I'm due one?**

Any VAT refunds due should still be repaid back during this time. Can I still pay my VAT bill? If you do still wish to pay your VAT bill, you are still able to do so.

### **Do I need to cancel my VAT Direct Debit?**

Yes. If you do not want to pay your VAT during this period, you will need to cancel your VAT direct debit ASAP.

### **When will the revised VAT payment be due?**

Our current understanding is that for any VAT liabilities accumulated during the deferral period will be given until 31 March 2021 to pay.

## SELF-ASSESSMENT

The Self-Assessment payment on account, that is ordinarily due to be paid to HMRC by 31 July 2020 may now be deferred until January 2021. If you are due to make a self-assessment payment on account on 31 July 2020 then you are eligible for the deferral. The deferral is intended to assist self-assessment taxpayers, including those who are suffering during the Coronavirus outbreak.

You do not need to apply for this deferral, it is automatic for anyone due to make a self-assessment payment on account on 31 July 2020.



# HOW CAN YOU PROTECT YOUR BUSINESS?

## KEEP YOU BUSINESS PROTECTED FROM FRAUDSTERS

Unfortunately, there are individuals who are trying to use the Coronavirus outbreak as an opportunity to commit fraud and cybercrime. We want to try and protect you and your workforce from these possibilities.

When allowing your team to work from home you are effectively extending your workplace by doing so. With this in mind, it is important that you assess all security measures to ensure everyone is protected. It is important to educate your team on the types of fraudsters in the world currently and the ways in which they may try to attack your business.

### INVOICE REDIRECTING

Fraudsters are also posing as creditors or as a companies finance representative and requesting that you change the account details you currently pay invoices to for a certain service. If you do receive an email like this please call your supplier directly to confirm change of receipt.

### FAKE BOSS EMAIL PHISHING

Fraudsters will attempt to impersonate a senior member of the team such as the CEO or Director in an attempt to get potentially the finance team to clear money to purchase goods such as 'emergency cleaning materials'. These emails can be sent from look-a-like email addresses so please confirm with your team members over the phone or via a new email to confirm that it is actually them.

### PHONE FRAUD 'VISHING'

Vishing is the term given to fraudulent phone calls. These types are calls are very common currently and can come from fraudsters trying to obtain company information. Fraudsters pose as police officers or health officials claiming they are calling to give info on COVID-19. Refrain from sharing any personal data on these calls.