



GROUP

UK practical business advice: COVID-19

Last updated: 23 March 2020, 10:47.

Here's a quick summary of practical help notified by the Chancellor direct from our regulators the Institute of Chartered Accountants in England and Wales (ICAEW).

You can read the latest advice and guidance from government for businesses on its [coronavirus pages](#).

We will be updating this page on a continuous basis to keep you, your business and your clients informed with all the latest information. For tax specific advice you may also want to visit the [tax section](#) of ICAEW's coronavirus hub.



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.

To claim under the scheme employers 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; and
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal. HMRC will set out further details on the information required.
- 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.



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.

Income Tax Self-Assessment payments due on the 31 July 2020 will be deferred until the 31 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.

Universal credit

Self-employed people can now access full universal credit at a rate equivalent to statutory sick pay.



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.

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 and should be delivered automatically, without businesses needing to claim.



Coronavirus Business Interruption Loan Scheme

For small and medium-sized businesses, a new Coronavirus Business Interruption Loan Scheme (CBILS), delivered by the British Business Bank, will provide support for businesses to access a wide range of funding facilities including: overdrafts, loans, asset finance and invoice finance.

The government will provide lenders with a partial 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. The first 12 months of these loans will be interest and fee free, as the Government will cover these payments.

Businesses will be able to get finance under the scheme from a large number of providers, including the main high street banks, as of next week.

To be eligible for the scheme the business must be based in the UK, with turnover on no more than £45 million per year.

There is a quick [eligibility checklist](#) on the British Business Bank website to help businesses understand if they are eligible to apply for a CBILS-backed facility,

More information on the scheme can be found on the [website of the British Business Bank](#).



COVID-19 corporate financing facility

- To support larger firms, the Bank of England has announced a new COVID-19 Corporate Financing Facility to provide a quick and cost-effective way to raise working capital via the purchase of short-term debt.
- This will support companies which are fundamentally strong, but have been affected by a short-term funding squeeze, enabling them to continue financing their short-term liabilities. It will also support corporate finance markets overall and ease the supply of credit to all firms.
- The Government will very soon be announcing further information on this facility.

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.

Further information

Read advice on [how to apply existing income tax and corporation tax rules](#)

[Visit the ICAEW website here.](#)