

# What support is available for SMEs and employers?

Chancellor Rishi Sunak has unveiled a package of measures to help employers through the current crisis.

These include:

- a Coronavirus Job Retention Scheme
- deferring VAT and Income Tax payments
- a Statutory Sick Pay relief package for small and medium-sized businesses (SMEs)
- small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief
- the Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank
- the HMRC Time To Pay Scheme

## The Coronavirus Job Retention Scheme

All UK employers will be able to access support to continue paying part of their employees' salaries for those employees that would otherwise have been laid off during this crisis. All businesses are eligible, and in practice, it means that the government will cover up to 80 percent of your wage bill.

If you are an employer or business owner, you will need to designate affected employees as 'furloughed workers'. You notify your employees of this change and tell HMRC through a new online portal.

HMRC will reimburse 80 percent of furloughed workers wage costs, up to a cap of £2,500 per month for each employee. HMRC is working urgently to set up a system for reimbursement. It is up to you whether you make up the additional 20 percent of wages. [You can find out more information here.](#)

## Coronavirus Business Interruption Loan

If your business has a turnover of less than £45 million a year and needs short term cash flow support, you may be eligible for a coronavirus business interruption loan.

The temporary scheme provides small businesses with access to loans, overdrafts, invoice finance and asset finance of up to £5 million and for up to 6 years.

You can also apply for a Business Interruption Payment to cover the first 12 months of interest payments. The scheme is available from commercial banks and backed by the government-owned British Business Bank.

There are 40 eligible providers and you can find out about them here: [Coronavirus Business Interruption Loan Scheme \(CBILS\) – Accredited Lenders and Partners](#)

## Deferring VAT and Income Tax payments

The government is deferring Valued Added Tax (VAT) payments for 3 months from 20 March 2020 until 30 June 2020. Your business will not need to make a VAT payment during this period and you won't need to make an application – it is automatically applied.

If you're self-employed, Income Tax payments due in July 2020 under the Self-Assessment system are being deferred until 31 January 2021. You will have until the end of the 2020 to 2021 tax year to pay any liabilities that have accumulated.

This is an automatic offer with no applications required. No penalties or interest for late payment will be charged if you defer payment until January 2021.

## **Time to Pay**

HMRC have also scaled up their Time to Pay offer to all firms and individuals who are in temporary financial distress as a result of COVID-19 and have outstanding tax liabilities.

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 being dealt with on a case by case basis.

## **What if I am paying sick pay to my employees?**

The government is working on legislation to allow SMEs and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19.

It will cover two weeks of sick leave and is available for employers with fewer than 250 employees.

## **Am I eligible for a business rate holiday?**

There is a Small Business Grant Scheme available from your local authority to support your business if you already pay little or no business rates because of small business rate relief (SBBR), rural rate relief (RRR) and tapered relief.

The support will be in the form of a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs. Your local authority will write to you if you are eligible for this grant and you do not need to apply. [You can find out more here.](#)

## **Commercial insurance**

Most commercial insurance policies are unlikely to cover business interruption due to Covid-19. You might be able to claim if the wording in your insurance policy covers government ordered closure and pandemics.

## **Hardship relief**

The hardship fund will reduce the 2020 to 2021 council tax bills of working-age people receiving Local Council Tax Support. The level of support is decided by the council, taking account of local circumstances, but will provide a reduction on council tax bills to lower-income households, taking account of income and savings.

## Reduced business rates

In England, councils can reduce your business rates bill under the Expanded Retail Discount scheme. To be eligible, you must satisfy your council that you would be in financial difficulties without it and that help for your business would be in the interests of local people.

Unfortunately, accountancy practices do not qualify for this relief under the Expanded Retail Discount 2020/21: Coronavirus Response relief. [You can find out who is eligible here.](#)

## What help is there for employees?

If you are an employee it may be that your employer will continue paying your normal pay for the next few weeks, especially if you are continuing to work from home. Some employers are now not able to meet their financial obligations to staff. If this is the case, you will be covered by the government's scheme to cover 80% of wages.

If this is the situation at your place of work, then your employer will contact you and let you know that you are being 'furloughed'. This means you are taking a temporary leave of absence during which you will not be working but you will not be made redundant.

You will be paid by your employer and do not need to apply for it yourself. You may receive the further 20 percent from your employer if they decide to top it up. [You can find out if you are eligible here.](#)

## What about redundancy?

If your employer decides to make you redundant, they will still have to provide a statutory minimum payment. Each company will have its own terms for payment which may be better than the minimum set out by the state, but you can find out the minimum you are entitled to here.

If you are off sick you should be paid for the two weeks you are ill or required to self-isolate. The sick pay provided by your employer will be more generous than the government's statutory sick pay. You can now claim from day one of your illness instead of day four. [Find out more about SSP here.](#)

## Mortgages

You can use the mortgage payment holiday scheme announced by the chancellor to stop your payments for three months. You will need to get in touch with your own bank, who will fast track your application to have your mortgage payments suspended. [You can find out more about it from the Money Advice Service here.](#)

## What help is there for self-employed people?

Universal credit is a benefit available to many who are employed, self-employed, unemployed or on low incomes, provided you've less than £16,000 savings in your household. [You can check if you are eligible here.](#) You might also be eligible for Employment and Support Allowance (ESA) if you have a health condition that affects the amount of time you can work. [There is more information here.](#)

If you are self-employed you cannot claim statutory sick pay but you can claim universal credit.

## **The new package for self-employed people**

This week the Chancellor announced a new self-employed income support scheme. The government will pay self-employed people a taxable grant based on their previous earnings over the last three years, worth up to 80 percent of earnings, and capped at £2,500 a month. It will run for a minimum of three months and is available to anyone with average profits of £50,000 or less.

In order to qualify you need to earn the majority of your income from self-employment. You need to have submitted a tax return for the 2018 to 2019 tax year and will be available by June to cover the months of March to May.

You don't need to apply – HMRC will contact you if you are eligible. The money will be paid straight into your bank account.

So far there has been no specific mention of what support might be available for contractors and freelancers working through Personal Service Companies (PSCs) in the UK.

The Treasury has said that those who pay themselves a salary and dividends through their own company are not covered by the scheme but will be covered for their salary by the coronavirus job retention scheme if they are operating PAYE schemes. In order to qualify you need to earn the majority of your income from self-employment. You need to have submitted a tax return for the 2018 to 2019 tax year and will be available by June to cover the months of March to May.

You don't need to apply – HMRC will contact you if you are eligible. The money will be paid straight into your bank account. So far there has been no specific mention of what support might be available for contractors and freelancers working through Personal Service Companies (PSCs) in the UK.