

## GOVERNMENT SUPPORT FOR BUSINESS (SCOTLAND)

### 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. All UK businesses are eligible.

#### Eligibility

You will need to:

- designate affected employees as 'furloughed workers,' and notify your 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
- 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)

The grant will be based on regular earnings excluding any fees, commissions or bonuses. The grant will provide reimbursement for 80% of the earnings figure, subject to a total gross payment to the employee of a maximum of £2,500 per month.

The total maximum grant available to the employer will be higher than the £2,500, as it will also cover the employer national insurance and minimum auto-enrolled pension contributions due.

HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers.

#### Company Directors

As office holders, salaried company directors are eligible to be furloughed and receive support through this scheme. Company directors owe duties to their company which are set out in the Companies Act 2006. Where a company (acting through its board of directors) considers that it is in compliance with the statutory duties of one or more of its individual salaried directors, the board can decide that such directors should be furloughed. Where one or more individual directors' furlough is so decided by the board, this should be formally adopted as a decision of the company, noted in the company records and communicated in writing to the director(s) concerned.

Where furloughed directors need to carry out particular duties to fulfil the statutory obligations they owe to their company, they may do so provided they do no more than would reasonably be judged necessary for that purpose, for instance, they should not do work of a kind they would carry out in normal circumstances to generate commercial revenue or provides services to or on behalf of their company.

This also applies to salaried individuals who are directors of their own personal service company (PSC).

## **DEFERRING VAT AND INCOME TAX PAYMENTS**

The Government will support businesses by deferring Valued Added Tax (VAT) payments for 3 months. If you're self-employed, Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021

### **VAT**

For VAT, the deferral will apply from 20 March 2020 until 30 June 2020. All UK businesses are eligible.

#### **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 to 2021 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. [Remember to cancel your Direct Debit if you wish to defer the VAT payment.](#)

### **INCOME TAX**

For Income Tax Self-Assessment, payments due on the 31<sup>st</sup> July 2020 will be deferred until the 31<sup>st</sup> January 2021.

If you are self-employed you are eligible. This is an automatic offer with no applications required. No penalties or interest for late payment will be charged in the deferral period.

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. Further details can be seen on page 4.

## **HELP FOR THE SELF EMPLOYED**

The scheme is called the Coronavirus Self-employment Income Support Scheme (CSEISS).

If you have suffered a loss in income, a taxable grant will be paid to the self-employed or partnerships, worth 80% of profits up to a cap of £2,500 per month.

Initially, this will be available for three months in one lump-sum payment and will start to be paid from the beginning of June.

You cannot apply for this scheme yet. HMRC will contact you if you are eligible for the scheme and invite you to apply online.

Government advice: Individuals do not need to contact HMRC now and doing so could delay the work being undertaken to introduce the scheme.

### **Who is eligible?**

Self-employed individuals and those who are a member of a partnership. In addition, those eligible must have more than half their income from being self-employed and:

- have submitted your Income Tax Self-Assessment tax return for the tax year 2018-19
- traded in the tax year 2019-20
- are trading when you apply, or would be except for COVID-19
- intend to continue to trade in the tax year 2020-21
- have lost trading/partnership trading profits due to COVID-19

Your self-employed trading profits must also be less than £50,000 and more than half of your income must come from self-employment. This is determined by at least one of the following conditions being true:

- having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income
- having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period

If you started trading between 2016 and 2019, HMRC will only use those years for which you filed a Self-Assessment tax return.

There are a few individuals who have not submitted their 2018-19 Self-Assessment tax return and to qualify they now have until the 23 April 2020 to do so.

### **SUPPORT FOR BUSINESSES WHO ARE PAYING SICK PAY TO EMPLOYEES**

The Government will make legislation to allow small-and medium-sized businesses and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19.

The eligibility criteria for the scheme will be as follows:

- this refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19
- 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
- eligible period for the scheme will commence the day after the regulations on the extension of SSP to those staying at home comes into force
- the government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible.

You are eligible for the scheme if your business is UK based and your business is small or medium-sized and employs fewer than 250 employees as of 28 February 2020.

### **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. You are eligible if your business pays tax to the UK government and has outstanding tax liabilities.

If you have missed a tax payment or you might miss your next payment due to COVID-19, please call HMRC's dedicated helpline: 0800 0159 559. If you're worried about a future payment, please call them nearer the time.

### **SCOTTISH GOVERNMENT COVID-19 SUPPORT FOR BUSINESS**

The Government has announced a package of support for businesses:

Support businesses including a package of measures worth £2.2 billion from 1<sup>st</sup> April:

- a full year's 100% non-domestic rates relief for retail, hospitality and tourism
- £10,000 grants for small businesses in receipt of the Small Business Bonus Scheme or Rural Relief
- £25,000 grants for hospitality, leisure and retail properties with a rateable value between £18,000 and £51,000
- 1.6% relief for all properties, effectively freezing the poundage rate next year
- First Minister to convene an emergency meeting of the Financial Services Advisory Board
- urging local authorities to relax planning rules to allow pubs and restaurants to operate temporarily as takeaways
- extending the go live date for the deposit return scheme to July 2022
- halting the introduction of the Visitor Levy Bill

Please see: <https://www.gov.scot/news/gbp-2-2-billion-for-business/>

<https://findbusinesssupport.gov.scot/coronavirus-advice/sources-of-funding>

<https://www.aberdeencity.gov.uk/sites/default/files/2020-03/Business%20Support%20Fund%20Form.pdf>

[https://www.aberdeenshire.gov.uk/media/25154/coronavirus-fund\\_application-form-business-support.pdf](https://www.aberdeenshire.gov.uk/media/25154/coronavirus-fund_application-form-business-support.pdf)

## **INSURANCE**

Businesses that have cover for both pandemics and government-ordered closure should be covered, as the government and insurance industry confirmed on 17<sup>th</sup> 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 are encouraged to check the terms and conditions of their specific policy and contact their providers. Most businesses are unlikely to be covered, as standard business interruption insurance policies are dependent on damage to property and will exclude pandemics.

## **SUPPORT FOR BUSINESSES THROUGH THE CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME**

A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will launch this week 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 (subject to a per-lender cap on claims) 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.

Businesses can access the first 12 months of that finance interest free, as government will cover the first 12 months of interest payments.

### **You are eligible for the scheme if:**

- your business is UK based, with turnover of no more than £45 million per year
- your business meets the other British Business Bank eligibility criteria

### **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:

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>

All the major banks will offer the Scheme once it has launched. There are 40 accredited providers in all.

You should talk to your bank or finance provider (not the British Business Bank) as soon as possible and discuss your business plan with them. This will help your finance provider to act quickly once the Scheme has launched. If you have an existing loan with monthly repayments you may want to ask for a repayment holiday to help with cash flow. The scheme is available now.

### **SUPPORT FOR LARGER FIRMS THROUGH THE COVID-19 CORPORATE FINANCING FACILITY**

Under the new COVID-19 Corporate Financing Facility, the Bank of England will buy short term debt from larger companies.

This will support your company if it has been affected by a short-term funding squeeze and allow you to finance your short-term liabilities. It will also support corporate finance markets overall and ease the supply of credit to all firms. All UK businesses are eligible. The scheme is available now. More information is available from the Bank of England:

<https://www.bankofengland.co.uk/markets/market-notice/2020/ccff-market-notice-march-2020>

### **THIRD SECTOR RESILIENCE FUND**

The Third Sector Resilience Fund (TSRF) is a £20m emergency fund for charities, community groups, social enterprises and voluntary organisations working in Scotland. The fund will support organisations that already deliver services and products but find themselves in financial difficulties directly as a result of the coronavirus pandemic. The primary intention of the fund is to help third sector organisations to stabilise and manage cash flows over this difficult period.

The Fund will be delivered by Firstport, Social Investment Scotland and the Corra Foundation and will provide grants between £5,000 and £100,000.

In addition, there will be up to a further £5m available in fully flexible, 0% interest loans starting at £50,000. The fund will be complemented by specialist business advice from Just Enterprise to help grant recipients maximise the impact of the financial support.

To find out if your organisation could be successful in gaining support from this fund please use the eligibility checker. This will filter you through to the correct route for your organisation to apply.

To be eligible, interested organisations must be:

- a charity, social enterprise or voluntary organisation based in Scotland and/or primarily delivering services/activities in Scottish communities.
- already delivering those products or services prior to March 2020.
- and needing funding to stabilise cashflows directly as a result of the impact of COVID-19, as opposed to pre-existing financial difficulties

Interested applicants are encouraged to read the fund's guidance notes and FAQs prior to starting an application.

In order to apply, organisations must complete a short eligibility checker to assess their suitability for the fund. Based on the answers provided, interested applicants will be directed to the correct application form depending on their needs or signposted to other sources of relevant funding/support.

See: <https://scvo.org/support/coronavirus/funding/for-organisations/third-sector-resilience-fund>