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The Chancellor's Winter Economic Plan

Since the onset of the coronavirus pandemic, many businesses and individuals have benefited from a range of schemes, including furlough grants for staff unable to work, grants for the self-employed, deferral of VAT and Income Tax payments and cheap, government-backed business loans.

With the second wave of coronavirus infections upon us, the whole of England is entering a four-week lockdown from 5 November, while Wales, Scotland and Northern Ireland have imposed local or national restrictions for some weeks now.

To help businesses that are required to close, the Chancellor has extended the existing Coronavirus Job Retention Scheme (CJRS), which was due to end on 31 October, until 2 December. The CJRS has also been made more generous from 1 November, as it will now cover 80% of employees' normal pay for the time they are not working.

The two job support schemes that are due to replace the CJRS (JSS Open and JSS Closed), will commence on 3 December 2020, unless the Government changes its mind before then.

Note that the financial support for businesses to pay their employees applies across the UK, while the lockdown rules are different in each country.

The Job Retention Bonus of £1,000 per employee will also be available to all employers across the UK. It can be claimed for each staff member who was previously furloughed, where the employer continues to pay them an average of at least £520 per month from 31 October to 31 January 2021. Where the wages are subsidised by grants paid under CJRS or JSS, the full amount the employee receives counts towards their average pay for the bonus scheme.

Employers will also be able to use the Kickstart Scheme to give young people six months' government-paid work experience.

In addition, there are to be further grants for the self-employed. For those who qualified, the first two grants were based on 80% and 70% of previously reported average profits, but the third grant will be based on 55% of average profits. Details of the fourth grant have not yet been announced.

Further VAT and Income Tax deferrals will also be available in 2021, to help the cashflow of businesses and individuals.

Businesses that are required to close in England can also apply for cash grants from their local authority of up to £3,000 per month. Different levels of grants are available to businesses in Wales, Scotland and Northern Ireland.

In this newsletter we explain what has been announced so far on these new business support measures. •

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1 Coronavirus Job Support Scheme



The Coronavirus Job Retention Scheme (CJRS) provides grants to employers to cover most of the costs of paying employees who are “furloughed”, i.e. employed but not working. The aim of the CJRS is to allow the employer to retain employees who will be needed when the business begins to rebuild in the future (when the pandemic has eased) and to avoid having to make those employees redundant. Any UK employer, whether small or large, charitable or non-profit, can utilise the CJRS.

The CJRS was due to end on 31 October 2020, but it has been extended to 2 December 2020 with revised conditions, as indicated below.

CJRS from 1 November 2020

The furlough arrangement can be flexible, such that the employees may work for some periods and be furloughed for other periods, even within the same week. The employee must agree to the flexible working arrangement.

While on furlough, the furloughed employee must receive at least 80% of their “usual salary” of up to £2,500 per month, and this amount is covered by the CJRS grant. The employer may top-up the employee's pay to their full salary, but is only obliged to do so if this has been agreed with the employee.

The employer must pay the employee for all periods for which they are working, at the employee's contractual pay rate. The employer also must pay all the employer's class 1 NIC and employer's minimum workplace pension contributions on the entire amount of salary or wages the employee receives.

Employee's “usual salary”

We are waiting for more details of the legal definition of current salary or reference salary for the CJRS in November.

For employees whose pay varies or for new employees, HMRC guidance has been:

- If the employee has been employed (or engaged by an employment business) for a full twelve months prior to the claim, the reference salary is

the higher of either: the same month's earnings from the previous year, or average monthly earnings for the year.

- If the employee has been employed for less than a year the reference salary is the average of their monthly earnings since they started work.
- Past overtime and compulsory commission payments are included.
- If the employee has been employed for less than a month, pro-rate their earnings so far as their reference salary.
- Fees paid to agencies, discretionary commission, non-cash payments, bonuses and tips are excluded.

Eligible employees

Employees do not have to have been furloughed at an earlier date to be included in a CJRS claim for November. Employees notified by RTI submission to HMRC on or before 30th October will be eligible. This will allow new joiners to be furloughed, and possibly directors who pay themselves once a year, although we are waiting for clarification of this point.

Employees employed as of 23 September and notified to HMRC by RTI on or before that date, who have since been made redundant, can be rehired and placed on the scheme.

Example 1

Isolator Ltd employs Eric, who has opted out of auto enrolment, at a salary so £2,000 per month. Eric currently receives net pay of £1,664, after deducting PAYE of £191 and employee's NIC of £145. Isolator Ltd pays employers' NIC of £175.

Isolator Ltd can claim a CJRS grant for November of the lower of 80% of £2,000 = £1,600, and £2,500.

Isolator Ltd claims a grant of £1,600.

The net amount of cash required by Isolator Ltd to furlough Eric, based on maintaining his existing salary, is £2,000 + £175 - £1,600 = £575 per month

If Isolator Ltd agrees with Eric that he will only be paid a reduced salary of £1,600 per month while on furlough, the cost to the employer will just be £175 (the employers' NIC).

The employees who qualify include all of the following:

- Apprentices (but must be paid for time spent on training)
- Agency workers, including those employed by umbrella companies
- Those on zero-hours or fixed-term contracts
- Salaried members of LLPs
- Those subject to off-payroll rules in the public sector, classified as “deemed employees”
- Employees transferred into the current employment via a TUPE arrangement from a date to be confirmed
- Nannies and domestic staff

Employees with more than one employment can be furloughed by one employer and continue to work for and get paid by their second employer.

In addition, the following employees may be brought on to furlough and be eligible for the grant:

- Those returning from maternity, paternity or adoption leave
- Those returning from sick leave

The CJRS grant does not cover SSP, but furloughed employees can be moved on to SSP.

What furloughed employees can do

Furloughed employees must not work for the employer during the hours they are furloughed, but those furloughed hours can be very flexible.

The employee must agree to be furloughed, and the employer must communicate to each furloughed employee in writing that they are furloughed, and obtain their agreement to any reduction in their contractual wages. A copy of this communication should be kept by the employer for 5 years.

An employee does not have to accept furlough if offered, but the employer could make the employee redundant instead, as long as the appropriate employment law procedures are followed.

While employees are on furlough, they are not working, so the National Living Wage (NLW) does not apply during that period. Thus, if their pay is reduced to a level below the NLW or (where appropriate) National Minimum Wage rate while on furlough, that is permitted. However, time spent training or on annual leave must be paid at normal contractual rates, even when furloughed.

Administration of the scheme

CJRS claims must be for periods of at least seven consecutive days, but most employers will want to align the claim periods with their normal pay periods as much as possible. However, CJRS claims cannot straddle the month end, as the rules are different for each calendar month. For example, claims for pay for furloughed periods in October must only include days from 1 to 31 October inclusive, and the claim must be received by HMRC by 30 November 2020.

Furlough claims for November can be made from week commencing 9 November (but the exact day is still to be confirmed).

The funds should be paid to the employer six working days after the CJRS claim for the period is submitted. The delay between application and payment is to allow HMRC to undertake checks to prevent fraud.

To access the grant, the employer must have a PAYE online account, but we can submit a grant application on your behalf, as your tax agent, if you have authorised us to act for you for PAYE matters.

For each grant application, the following information is required:

- Number of employees included
- Name and National Insurance number of each

employee

- Payroll number of each employee – or some other identifier
- Employer's PAYE reference number
- Employer's UTR number for business or company, or company registration number
- Start date and end date of the claim period
- Amount claimed (there is an online calculator to help with this)
- UK bank account number, sort code, address and postcode associated with the bank account
- Contact name and phone number.

When the claim covers 100 or more employees, the details can be uploaded on a spreadsheet, but in other cases each employee's details must be manually entered online.

If you make an error in the CJRS claim, this can be corrected in the next period's claim, or you can contact HMRC to receive a pay reference number to repay any overpaid CJRS grants.

What is not covered by the CJRS

The following amounts should not be included in a CJRS claim for wages or salaries paid in November:

- Any SSP paid to the employee
- Employers' class 1 NIC
- Any Apprenticeship Levy due
- Employer pension contributions to the workplace pension

Student loan repayments must be deducted from the employee's wages and paid over, as normal.

Owner-managed companies

Many director/shareholders pay themselves a small salary and take the balance of their income as dividends from their companies. The CJRS does not cover the payment of dividends; only the salary paid under PAYE is eligible for the grant.

Example 2

Louise is the managing director and majority shareholder in her company. She pays herself £12,500 per year. Her husband (who is also a director) and son also work part-time for the company, earning £10,000 a year each.

Providing all the necessary procedures are gone through to furlough them (e.g. amendment of contract terms, recording the decision of the company's board to furlough), there seems to be no reason why Louise's company could not claim grants to get reimbursement of 80% of the wages of all three family members. Louise and her husband must only undertake duties to fulfil their statutory obligations as company directors and must not generate any income for the company while on furlough.

Directors of their own companies can be furloughed, but they must not provide any services to or on behalf of the company, or generate any income for the company or any connected business

for the hours in which they are furloughed. Directors can undertake statutory duties while furloughed that would reasonably be judged as necessary, such as submitting statutory returns and supplying information to HMRC.

Directors are not eligible for help under the Self-employment Income Support Scheme (SEISS).

Job sharing

The impact on job sharing employees will be a matter both for negotiation with staff and employment law.

Salary sacrifice

Where a salary sacrifice scheme is in place, employees cannot normally move freely in and out of that scheme, as a change in contract terms is required first. However, HMRC has agreed that the coronavirus is a "life event" that allows the employee to move out of the salary sacrifice scheme. This is particularly important for schemes involving pension contributions. Employees can choose to have a higher percentage of their contracted earnings paid as pension contributions while on furlough.

CJRS grant is taxable

The amounts paid to an employee on furlough are deductible for tax purposes by the business (as normal) and the CJRS grant is taxable income of the employer. Where the employer is not a business, such as an individual employing domestic staff, the CJRS grant is not treated as the employer's taxable income.

2 Job Support Scheme for open businesses (JSS Open)

The JSS Open is designed to help employers keep some valuable employees working on a part-time basis over the winter period from December 2020 to April 2021, rather than make them redundant. It replaces the Coronavirus Job Retention Scheme (CJRS), which ends on 2 December 2020.

The JSS Open is not as generous as the CJRS, as the grant covers wages for 61.67% of the employee's furloughed time, compared to the 80% that is provided under the CJRS for November.

Under JSS Open, the employer pays the employee at their contracted rate for all the hours actually worked, which must be at least 20% of their usual hours. The employee will receive pay for two thirds of the time that they are not working, with the employer paying 5% of that time (capped at £125 per month, with the discretion to pay more than this if they wish), and the JSS grant covering the remaining 61.67% of the furloughed time (capped at £1,541.75 per month). When working part-time, an employee should receive a minimum of 73.33% of their normal wages, where the contributions for non-working hours have not been capped.

The scheme is flexible, in that employees are able to move in and out of the JSS Open by pay period,

as long as each claim period lasts for at least seven days.

Which employees qualify?

All employees on the payroll as at 23 September 2020 can qualify for both versions of JSS, Open and Closed (covered in section 2), if they had pay reported on at least one real-time information (RTI) return submitted in 2019/20 or before midnight on 23 September 2020. There is no requirement for the employee to have been previously furloughed.

Example

Joe is a bus driver employed by Bus Ltd on an annual salary of £36,000, or £3,000 per month. In a normal month he would work 225 hours, which is £13.33 per hour.

Joe has agreed to work 45 hours per month for £600. Under JSS Open, he can be paid for two-thirds of his 180 unworked hours (i.e. 120 hours). Bus Ltd must pay Joe for 5% of the 180 hours (9 hours for £120). The government should pay for a further 111 of those non-working hours at a total of £1,479.63.

Joe receives pay of £2,199.63 (600+120+1,479.63), which is 73.33% of his normal pay.

Bus Ltd must bear the cost of £720 (600 + 120) of Joe's wages, plus the employer's NIC on the full amount paid of £2,199.63 and any relevant workplace pension contributions the employer usually pays.

Annually paid directors can qualify for either JSS, if they received their last annual payment in the period 6 April 2019 to 23 September 2020, and it was reported under RTI.

Employees who are already on notice for redundancy, or who have been made redundant, can't be included on a JSS claim. However, if the employee left the payroll after 23 September 2020 and was rehired by the same employer at a later date, they can be included in a JSS claim.

Which employers qualify?

Any small or medium-sized employer with a UK bank account can use the JSS if some or all of their employees are working reduced hours.

Large employers (250 or more employees at 23 September 2020) can only use the JSS if their recent VAT returns show that sales have remained level or dipped compared to 2019. These employers will also have to refrain from paying dividends or capital distributions to shareholders or partners while claiming under the JSS.

When is the claim made?

The employer must pay wages to the employee first and then make a claim for the JSS through an online portal, which will open on 8 December 2020.

The employer will be paid the JSS grant once each month, but only after the RTI return that reports the employee's wages has been received by HMRC.

The JSS grant can only be used as reimbursement for wage costs actually paid.

3 Job Support Scheme for closed businesses (JSS Closed)

When the England-wide shutdown is lifted, there may still be restrictions imposed in various parts of the UK, resulting in certain categories of business being required to close.



The JSS Closed will cover two-thirds of the wages of furloughed employees, where the business premises has been **required by law** to close to customers but not where the business has chosen to close because of insufficient customers. However, where businesses have been restricted to delivery or collection-only services from their premises, or have been restricted to provision of food and/or drink outdoors, they will qualify.

When does it apply?

Any claims due to business shutdowns up until 2 December 2020 must be made under the Coronavirus Job Retention Scheme. The JSS Closed applies from 3 December 2020 to 30 April 2021. To qualify for JSS Closed, the employee must be furloughed for periods of at least 7 days at a time. Also, the employee must be on the employer's payroll and included on an RTI return by that employer on or before 23 September 2020.

The employer will have to pay two-thirds of an employee's usual wage (capped at £2,083.33 per month), plus any employer's NIC and the minimum employer's pension contributions due in respect of those wages, upfront. The employer will then claim back the cost of those wages from HMRC, but not the NIC or pension contributions. The employer may pay a higher level of wages if they wish to do so, but this will not be reimbursed by HMRC.

Who will bear the cost?

Under the JSS Closed, the cost of keeping the staff on the payroll is split between the government, the employer and the employee, with the employer bearing a relatively small amount to cover employer's NIC and pension contributions.

The employee must give up one third of their wages (or more, if the cap applies) and will have to agree in writing to that change in their employment contract if they are not already on a zero-hours contract.

When will employers get the refund?

The online portal to claim under the local job support scheme will open on 8 December 2020. Until then employers will have to use cash reserves, or borrow, to pay their employees' wages.

The employer will have to prove that the staff wages have been paid, by submitting an RTI return, before HMRC will provide a refund of those costs. This is to avoid the instances of fraud and abuse which were apparent under the CJRS.

4 Job Retention Bonus

Employers can claim a one-off bonus from HMRC of £1,000 for each of their employees who were previously furloughed and whom they kept on in a paid role from November 2020 until 31 January 2021.

This bonus is to encourage employers to keep those employees on the payroll for a further three months from when the Coronavirus Job Retention Scheme (CJRS) was originally due to end on 31 October 2020.

The employee must meet all of these conditions if the employer is to qualify for the bonus:

- be furloughed by the employer before 31 October 2020
- be included in at least one eligible CJRS claim by that employer
- receive taxable pay reported under RTI for each of these tax months:
 - 6 November – 5 December
 - 6 December – 5 January
 - 6 January – 5 February
- have pay reported of at least £1,560 by that employer in total over those months
- not be on statutory or contractual notice for termination of employment during that period, including termination due to retirement.

Where the employee's wages are subsidised under the CJRS, JSS Open or JSS Closed, the employer will still qualify for the £1,000 bonus if the above conditions are met.

Company directors can also qualify for this bonus if all the above conditions are met, as can agency workers and contractors who are employed by umbrella companies.

The employer needs to claim the bonus for each employee between 15 February and 31 March 2021. Before paying out the bonus, HMRC will check that the employer has filed each RTI return accurately and on time for all periods from 6 April 2020 to 5 February 2021.

The employer must also deal with all requests from HMRC to provide missing employee data in respect of historic CJRS claims and have a UK bank account.

The bonus will be taxable income for the business, subject to corporation tax or income tax as appropriate. However, where the bonus is paid to an individual in respect of their employee who is a nanny or a member of domestic staff, the bonus is not classed as part of the individual employer's taxable income for the year.

5 Self-Employed Income Support Scheme (SEISS)



There have been two rounds of grant support for the self-employed (SEISS-1 and SEISS-2) and the Chancellor has announced there will be two further SEISS grants, covering the six months from November 2020 to April 2021.

The third grant (SEISS-3) will be calculated at 55% of your average monthly profits, based on the same profit figures as were used to calculate the SEISS-1 and SEISS-2 grants. These were derived from your self-employed profits as reported on your tax returns for 2016/17 to 2018/19, or the portion of that period when you were self-employed.

You will qualify for the SEISS-3 grant if all of the following apply:

- you were eligible for the previous SEISS grants (even if you didn't apply for them); and either
- you are currently actively trading, but are impacted by reduced demand due to coronavirus; or
- you were previously trading but are temporarily unable to do so due to coronavirus.

Applications will open on 30 November 2020 for the SEISS-3 grant and it will be capped at £5,160 for three months, working out at £1,720 per month.

A fourth grant (SEISS-4) will be payable for three months to help you survive from February to April 2021. We don't know how much that grant will be or what the cap will be. The qualifying conditions for the SEISS-4 grant are likely to be similar to those for the SEISS-3 grant.

The profits used as the basis for the SEISS-4 grant will also be your average annual profits derived from your tax returns for 2016/17 to 2018/19, although by the time applications open in February 2021 your tax return for 2019/20 will have been submitted (deadline is 31 January 2021).

6 Kickstart Scheme

This scheme sounds like a great idea at first sight. The government will pay the wages and associated employment costs of your new employees who are aged 16 to 24 and who come directly to you from claiming universal credit.

The government support will cover the employee's wages paid at the national minimum wage rate for 25 hours per week, for six months, plus the employer's National Insurance Contributions and the minimum amount of employer's contributions to a workplace pension. You can top up those wages, or pay for further hours, if you wish.

What's more, the government will pay you £1,500 for each employee you take on, to help cover training, uniforms and other set-up costs.

However, there are a number of conditions which could take the shine off the Kickstart scheme.

The jobs created must not replace any of the following:

- existing or planned vacancies
- people who have been made redundant
- contractors used by the business

Also, each employer, or group of employers, must create at least 30 job opportunities under the Kickstart scheme. This might seem a big hurdle, but you can work with an intermediary organisation to be part of a group of employers that achieve the 30-job minimum threshold.

Organisations such as local authorities, charities and trade bodies across the country are all setting up partnership arrangements to allow local businesses to come together to apply for the Kickstart programme.

Finally, there are two training conditions for Kickstart.

1. The job placement must only require basic training.
2. Your business must demonstrate how it will help the new employees become more employable by developing basic skills.

You can't advertise your Kickstart job placements directly, as the DWP Job Centre staff will choose the applicants from the pool of young Universal Credit claimants. However, you will have the final say on whom you employ from the candidates offered.

7 Tax deferrals

At the beginning of the coronavirus pandemic, the government gave individuals and businesses the option to defer, until 2021, payments of Income Tax due by 31 July 2020 and VAT due in the period 20 March to 30 June 2020.

In both cases, you could pay the tax or VAT by the original due date if you wished, but no interest or late payment penalties would be added to those deferred tax debts.

However, roll on to 31 January 2021 and you may be looking at four different amounts of tax becoming due for payment:

- Second payment on account for 2019/20 (deferred from 31 July 2020)
- Balancing payment for 2019/20
- Capital Gains Tax for 2019/20 (if not paid under the new 30-day rule for UK residential property)
- First payment on account for 2020/21

Taxpayers with up to £30,000 of self-assessment liabilities due on 31 January 2021, whether deferred from July 2020 or otherwise, can pay in 12 monthly instalments under the time to pay arrangements. This means the final payment will not be due until January 2022. Where the total tax due does not exceed £30,000, an application (made online) for deferral will be automatically granted.

If the total tax due exceeds £30,000, or you need longer to pay, you will be able to call HMRC to agree a bespoke payment plan.

Where you have deferred VAT which was due in the period from 20 March to 30 June 2020, that VAT will be payable by 31 March 2021. However, you will be able to apply to spread the deferred VAT payment over smaller instalments through until March 2022. This deferred VAT will not be subject to interest or penalties if the payments are made on the dates as agreed.

8 Statutory Sick Pay refunds

If you are a small employer, you can reclaim some of the Statutory Sick Pay (SSP) paid to your employees if that SSP was due to COVID-19 symptoms or isolation rules (see below).

To be eligible for this rebate scheme, your business must meet all of these conditions:

- Employed fewer than 250 employees on 28 February 2020 across all payrolls
- Commenced your PAYE scheme before 28 February 2020; and
- Was not in financial difficulty on 31 December 2019

In addition, when your SSP rebate is added to other state aid that your business has received over the last two years, it must not take the total of state aid above the limit set for your trade sector:

- aquaculture and fisheries: €120,000
- agriculture: €100,000
- any other sector: €800,000

In order to be included in a refund claim, the SPP must have been paid to an employee who meets one of the following conditions on or after the date shown:

- has symptoms of coronavirus (12 March)
- lives with, or is in a linked or extended household with, someone who has symptoms (13 March)
- is shielding, in accordance with public health guidance (16 April)
- has been informed that they have had contact with a person who was, at the time of the contact, infected with coronavirus (28 May)
- lives with someone who has tested positive for coronavirus (30 July)
- has tested positive for coronavirus (isolation extended to 10 days from 5 August)
- is staying at home for three or four days prior to being admitted to hospital for surgery (26 August)



You can't reclaim SSP paid to employees in relation to other health conditions, so a person who isolated before surgery can get COVID-19-related SSP for that isolation period, but not for the day of the surgery or for recovery days.

SSP is not payable to employees who need to quarantine for 14 days on returning to the UK, unless the individual also meets one of the above COVID-19 conditions.

You can make more than one SSP rebate claim for an employee if, for example, the individual is shielding and then at a later date tests positive for coronavirus. However, you can only recover SSP for the first 14 days of any one COVID-19 absence. The maximum rebate you can claim for each employee is for 14 days of SSP in total per employee.

It is not possible to make a claim under the Coronavirus Job Retention Scheme (CJRS) and the SSP rebate scheme for the same employee for the same period.

The SSP rebate is claimed through HMRC's PAYE online system. We can do that for you. The claims can cover multiple pay periods back to when these rules came in.

9 Reduced VAT rate



To help the hospitality and tourist sectors through the pandemic, the government reduced the VAT due on key sales in those sectors from 20% to 5% from 15 July 2020. This reduced rate was due to revert to 20% on 13 January 2021, but this will now not happen until 1 April 2021.

Crucially, you don't have to reduce your prices to pass on the VAT rate reduction to your customers; instead, you can keep your prices constant and enjoy the extra profit margin. However, you do need to account for the correct amount of VAT to HMRC.

The 5% rate applies to the following categories of sales:

- Food and drink sold for consumption on the premises, excluding alcoholic drinks
- Hot takeaway food and hot takeaway drinks, excluding alcoholic drinks
- Holiday accommodation, which includes bookings for hotels, caravan sites, guest houses, and camp sites
- Admission fees to tourist attractions such as zoos, theatres, fairs, and amusement parks

There are exceptions in these broad categories, for example:

- Sporting events are excluded from the reduced rate, but live performances of cultural events may be exempt from VAT

- Hire of equipment, such as skates or paintball guns, must be charged at 20% VAT
- Where the charge is for individual fairground rides and not an admission fee, it must be charged at 20% VAT

Some attractions charge the customer one indivisible fee for admission and another item, such as a printed guide, in which case the whole price is subject to the 5% VAT rate.

The temporary 5% rate also applies to advance bookings for accommodation in 2021 if the invoice is issued, or payment made by the customer, before 31 March 2021.

If you use the VAT flat rate scheme for small businesses, the flat rate you need to apply has been reduced for these sectors:

- catering services, including restaurants and takeaways
- hotel or accommodation
- pubs

As the VAT rate changed in the middle of a month (15 July), the figures for your VAT return covering that period will need extra attention. For peace of mind, ask us to check the calculations for you.

10 Business Support loans

To help businesses survive the pandemic, the government has created four different loan schemes to help different types of businesses:

- Bounce Back Loan Scheme (BBLs)
- Future Fund
- Coronavirus Business Interruption Loan Scheme (CBILS); and
- Coronavirus Large Business Interruption Loan Scheme (CLBILS)

Bounce Back Loan Scheme

This provides loans of between £2,000 and £50,000 to businesses who apply to a high street lender using a relatively simple online form.

The amount you can borrow is capped at the lower of 25% of your annual turnover and £50,000. The application form will ask you for details of your turnover for the period that ended in the year to 31 March 2020, but you can estimate that figure.

Applications can be made up until 31 January 2021 and businesses who have borrowed less than their maximum can apply to top-up their existing loan. You also need to confirm that your business was not in financial trouble at 31 December 2019 and that you haven't been given a loan under one of the other coronavirus loan schemes (discussed below).

Once you have the loan, you won't have to make a repayment within the first 12 months. The government will cover any fees and interest accruing in that first year. The interest charged on these loans will be set at 2.5%.

The Chancellor has also announced that the terms of the loan will be made flexible for the business

under a "Pay as You Grow" flexible payment system. The term of the loan can be set to up to ten years and the lender should offer payment holidays and interest-only periods on request.

The Bounce Back loans carry a 100% government guarantee, so there is no need for the business owner to provide collateral, or to prove that the business will be viable once the coronavirus crisis is over.

If you have received a loan of up to £50,000 under the CBILS, you can apply before 4 November 2020 to transfer it into the Bounce Back Loan Scheme.

Future Fund

This scheme provides funding to private companies, where the advance can be matched by private investors in those companies. The company can apply even if it has not made a profit or it has not made its first sales.

The loan provided may range from £125,000 to £5m and can be convertible into equity. It seems that applications for this fund will now close on 31 January 2021.

A company can qualify for funding under this scheme if:

- it was incorporated in the UK on or before 31 December 2019, or is an overseas parent company incorporated before that date
- it has raised at least £250,000 in equity investment from third-party investors in the period 1 April 2015 to 19 April 2020
- it does not have any of its shares or other securities listed on a regulated market, a multilateral trading facility, a recognised investment exchange and/or any other similar market, stock exchange or listing venue
- where the company is part of a corporate group, it is the parent company

Also, the company must either have at least half of its employees based in the UK or raise at least half of its sales revenue from UK customers.

There are additional conditions where the parent company is not based in the UK.

The money raised under the Future Fund must not be used by the company to:

- repay any borrowings from a shareholder or a shareholder-related party (other than the repayment of any borrowings pursuant to any bank or venture debt facilities)
- pay any dividends or other distributions
- pay any bonus or other discretionary payment to any employee, consultant or director of the company, other than as contracted prior to the date of the finance and as paid by the company in the ordinary course of business (this applies for the first 12 months of the finance agreement);
- pay any advisory or placement fees, or bonuses to any corporate finance entity or investment bank or similar service provider, on monies advanced by the Future Fund



Coronavirus Business Interruption Loan Scheme (CBILS)

These loans are delivered by the British Business Bank to provide support to primarily medium-sized businesses.

Finance of up to £5 million per business can be advanced or supported under this scheme, in the form of term loans, overdrafts, invoice finance or asset finance. Applications can be made up until 31 January 2021.

You are eligible to use CBILS if your business meets all these criteria:

- it is UK-based
- has turnover of up to £45 million per year
- would be viable were it not for the coronavirus crisis; and
- has been adversely affected by the coronavirus pandemic

Where the financial support is taken as a loan, the repayment term can be set at up to ten years. Businesses can access the first 12 months of that finance interest-free and charge-free, as the government will cover the first 12 months of interest payments and any lender-levied charges.

The government is providing the lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders confidence in continuing to provide finance to SMEs.

The borrower remains fully liable for the debt, but the lender should not demand a personal guarantee as security for loans of up to £250,000.

Personal guarantees may still be required, at a lender's discretion, for facilities above £250,000, but they exclude the borrower's principal home. Recoveries under these guarantees are capped at a maximum of 20% of the outstanding balance of the CBILS facility, after the proceeds of business assets have been applied.

For all facilities, including those over £250,000, CBILS can now support lending to smaller businesses, even where a lender considers there to be

sufficient security, making more smaller businesses eligible to receive the Business Interruption Loan.

How to access the scheme

The full rules of the scheme and a list of accredited lenders is available here: <https://tinyurl.com/ujhq5k9>.

All the major banks are offering the scheme and there are 40 accredited providers in all, which include high street banks, challenger banks, asset-based lenders and smaller specialist local lenders.

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. If one lender turns you down, you can still approach other lenders within the scheme.

Coronavirus Large Business Interruption Loan Scheme (CLBILS)

This loan scheme is for businesses with annual turnover over £45 million. These businesses are too large to apply for the CBILS and too small for a government debt-buying programme for larger companies.

Support provided under CLBILS also carries a government guarantee of 80% and enables banks to make loans of up to £25m to firms with an annual turnover of between £45m and £250m. Where turnover is above £250m, loans of up to £50m may be made.

England only

11 Test and Trace Support Payment



Scheme

The measures relating to self-isolation payments and penalties are established by each country within the UK, as they relate to health, which is a devolved responsibility.

Individuals in England who have been told to self-isolate by NHS Test and Trace on or after 28 September 2020 may be eligible to claim a £500 grant from their local authority, if they are unable to work from home and as a result will lose income.

This Test and Trace self-isolation payment can be claimed by individuals who are employed or

self-employed and who also receive one of these benefits:

- Universal Credit
- Working Tax Credit
- Income-based Employment and Support Allowance
- Income-based Jobseeker's Allowance
- Income Support
- Housing Benefit
- Pension Credit

The claim for this one-off payment must be made within 14 days of the end of the period of self-isolation. Each person in the household who is self-isolating can claim this grant if they meet the conditions.

This self-isolation payment is taxable, but it is not subject to National Insurance.

12 Fines for breaking isolation

Adults who test positive for the coronavirus, or come into close contact with someone who has tested positive, must normally self-isolate for a period of 14 days. A similar requirement to self-isolate applies where the person arrives in England from a country that is not exempt from travel restrictions.

Where the test or contact occurs after 28 September 2020, the individual may be fined if they break the self-isolation conditions, unless it is for a permissible reason such as escaping domestic violence or attending a funeral of a close relative.

The individual must notify their employer that they are required to self-isolate. If they fail to do this there is a fixed penalty of £50.

The employer must not ask an employee to break their period of self-isolation and leave the place they are self-isolating, without a reasonable excuse. The employee can be asked to work at home.

Where the employer ignores this requirement and requires the employee to break self-isolation, they may receive a fine that starts at £1,000 and increases on each breach of the regulations, up to £10,000.

13 Local authority grants for businesses

Any grants made to businesses by local authorities are decided by the devolved administrations. Do not assume that a business grant announced by Chancellor Sunak applies outside England, as it may be restricted to English local authorities only.

Businesses in England can access grants from their local authority if they are severely impacted by the restrictions on socialising, as would be the case for hospitality and leisure businesses. The grants are payable at two rates, depending on the alert-level of the area:

Tier 2 areas

The local authority can decide how to award these grants and may stipulate the eligibility criteria. The amounts below are a guide to what the business may receive.

Rateable value of premises	Grant payable per month
Up to £15,000	£934
£15,001 to £50,999	£1,400
£51,000 or more	£2,100

These grants will be back-dated to the point that tier 2 restrictions were imposed in the area.

Tier 3 and all England from 5 November

In these areas, where businesses have been required by law to close, they can apply for a support grant from their local authority, based on the rateable value of their business premises:

Rateable value of premises	Grant payable per month
Up to £15,000	£1,334
£15,001 to £50,999	£2,000
£51,000 or more	£3,000

These grants can be paid after two weeks of closure, and will be paid every two weeks.

Scotland only



14 Self-isolation grant

Individuals who have been told to self-isolate by the Test and Protect Service in Scotland on or after 28 September 2020 may be eligible to claim a £500 grant from their local authority, if they are unable to work from home and as a result will lose income.

This self-isolation payment can be claimed by individuals who are employed or self-employed and who also receive one of these benefits:

- Universal Credit
- Working Tax Credit
- Income-based Employment and Support Allowance
- Income-based Jobseeker's Allowance
- Income Support
- Housing Benefit
- Pension Credit

Applications can be made at any point during the period when you have been told to self-isolate. The system will, though, allow claims to be backdated to 28 September, as applications only opened on 12 October.

This self-isolation payment does not cover people who are self-isolating after returning to the UK from abroad, unless they have tested positive for coronavirus or have been told to stay at home and self-isolate by the Test and Protect Service.

The self-isolation payment is taxable, but it is not subject to National Insurance.

15 Local authority grants for businesses

From 2 November 2020, businesses will be able to access grants from their Scottish local authority in the following situations:

1. Business must close

Grants of £2,000 or £3,000 per four weeks will be payable where the business is required to close by law. The amount paid will depend on the rateable value of the premises. The grants will be paid in two-weekly instalments while the restrictions are in place.

2. Business must modify operations but remains open

Grants of £1,400 or £2,100 per four weeks will be payable where the business remains open, but is specifically required to modify its operations by protective measures under coronavirus regulations. The amount paid will depend on the rateable value of the premises. The grant will be paid in two-weekly instalments while the restrictions are in place.

From 9 October to 2 November, businesses can receive one-off payments from the COVID-19 Restrictions Fund, where they have been forced to close (or are restricted to takeaway business). The smaller grant is £2,875 and the larger grant is £4,310. An upper limit of £21,000 in total will apply to any eligible business operating multiple premises. At the same time, Local Authorities can make payments of £1,440 or £2,155 from a business hardship fund, to support some businesses that remain open but are significantly impacted by the restrictions, including those in the direct supply chains of firms that must close. An upper limit of £14,000 will apply in total to any eligible business operating multiple premises.

Wales only



16 Self-isolation payments

On 22 September the Welsh Government announced that a £500 payment would be available for people on low incomes who are required to self-isolate. The details of this scheme are not yet available.

17 Local Business Fund grants

Under the Lockdown Business Fund, the following grants will be delivered by local authorities:

- Every business occupying a property with a rateable value of £12,001 or less will be eligible for a £1,000 payment.
- Retail, leisure and hospitality businesses forced to close during the firebreak lockdown period, which occupy a property with a rateable value between £12,001 and £51,000, will be eligible for a £5,000 payment.
- A discretionary £2,000 top-up grant will be made available on an application basis for those businesses with a rateable value of £12,000 or less who are forced to close by the firebreak lockdown.
- A further discretionary £1,000 grant will be made available to businesses on the same basis, where they are materially affected by local lockdown measures for 21 days or more prior to the start of the firebreak lockdown period.

Further information on these grants is awaited.

18 Economic Resilience Fund for businesses

From 26 October all sizes of businesses in Wales can apply for business development grants to fund projects in one of these five areas:

- reduce carbon emissions
- innovation and entrepreneurship.
- exports and trade
- employment and skills development
- automation and digitalisation

The grants are payable on the condition that the business also supplies some matching capital, and will be given at the following rates:

- micro businesses (employing between 1 and 9 people) can apply for up to £10,000, on the condition they match this with their own investment of at least 10%

- SMEs (employing between 10 and 249 people) can apply for up to £150,000, on the condition they match this with their own investment of at least 10% for small business (1-49 staff) and 20% for medium sized (50-249) business
- large businesses (employing 250+ people) can apply for up to £200,000, on the condition they match this with their own investment of at least 50%

Where the project that requires investment is creating new jobs for young people (under 25) the business may be eligible for a higher level of award.

Northern Ireland only

19 Local Restrictions Support Scheme for businesses

Certain businesses in Northern Ireland, which have been required to close or severely limit operations at their premises under the Health Protection Regulations, will be able to claim support grants at one of three rates dependant on the net annual value of the business premises:

Net Annual value of business premises	Grant payable per week
Up to £15,000	£800
£15,001 to £50,999	£1,200
£51,000 or more	£1,600

The lowest weekly rate can also apply to bed and breakfast businesses that pay domestic property rates, or where the business shares a property with another business.

20 Discretionary support during the COVID-19 pandemic

Unlike the other countries of the UK, there is no £500 self-isolation payment available to help those forced to self-isolate who have low income. However, a Discretionary Support COVID-19 Short-term Living Expenses Grant is non-repayable and may be available to a person, or any member of their immediate family, who has either been

- diagnosed with COVID-19; or
- told to self-isolate in accordance with the latest guidance published by the Regional Agency for Public Health and Social Wellbeing.

The eligibility conditions include that you must have an extreme, exceptional or crisis situation which places you or your immediate family's health, safety or wellbeing at significant risk.

This report is written for the benefit of our clients. Further advice should be obtained before any action is taken.