

360 ACCOUNTING – CORONAVIRUS UPDATE 27 MARCH 2020
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The Chancellor has set out a package of temporary, timely, and targeted measures to support public services, people, and businesses through this period of disruption caused by COVID-19.

This includes a package of measures to support businesses including:

1. **UPDATED** – [Self-Employment Income Support Scheme \(SEISS\)](#);
2. **UPDATED** – [Coronavirus Job Retention Scheme](#);
3. **UPDATED** – [Coronavirus Business Interruption Loan Scheme \(CBILS\)](#);
4. **NEW** – [Companies House filing extensions for accounts and CT returns for 3 months](#);
5. [Mortgage help](#);
6. [Deferring VAT and Income Tax payments](#);
7. [Statutory Sick Pay relief package for SMEs](#);
8. [A 12-month business rates holiday for all retail, hospitality, leisure, and nursery businesses in England](#);
9. [Grant funding of up to £25,000 for retail, hospitality, and leisure businesses with property with a rateable value between £15,000 and £51,000](#);
10. [The HMRC Time To Pay Scheme](#);
11. [Business interruption insurance – check your cover](#).

(Click the link to jump to that section in the document!)

Some of the announced measures to help businesses and individuals are still in the process of being made available via online portals etc. We will continue to update you as information becomes available, however you may wish to watch the daily coronavirus briefing by the Government, where we expect to see further updates about all of the above.

1. UPDATED – Self-Employment Income Support Scheme (SEISS)

The Chancellor, last night, announced a new Self-Employment Income Support Scheme to support self-employed people who have been adversely affected by COVID-19. This scheme will allow eligible individuals to claim a taxable grant worth 80% of trading profits up to a maximum of £2,500 per month for the next 3 months. This scheme may be extended if needed.

Note: You cannot apply for this scheme yet. We will update you as soon as the scheme is open.

How much can I get?

Eligible individuals will get a taxable grant which will be 80% of the average profits from the tax years (where applicable):

- 2016 to 2017;
- 2017 to 2018;
- 2018 to 2019.

To work out the average, HMRC will add together the total trading profit for the 3 tax years (where applicable) then divide by 3 (where applicable), and use this to calculate a monthly amount. The grant will be up to a maximum of £2,500 per month for 3 months. The grant will be paid directly into your bank account, in one instalment.

Eligibility

You can apply if you're a self-employed individual or a member of a partnership and you:

- 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.

If you have not submitted your Income Tax Self-Assessment tax return for the tax year 2018-19, you must do this by 23 April 2020.

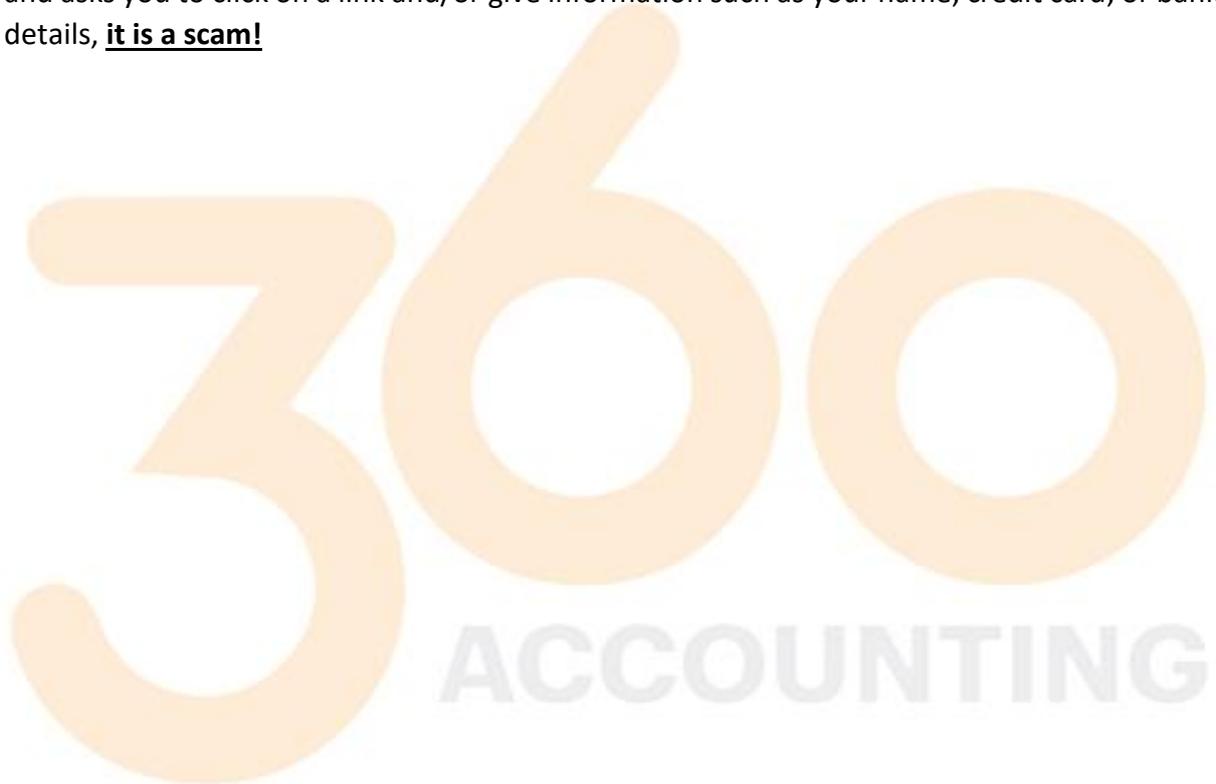
HMRC will use data on 2018-19 returns already submitted to identify those eligible and will risk assess any late returns filed before the 23 April 2020 deadline in the usual way.

How do I access the scheme?

You cannot apply for this scheme yet.

HMRC will contact you if you are eligible for the scheme and invite you to apply online. Individuals do not need to contact HMRC themselves, and doing so will only delay the urgent work being undertaken to introduce the scheme.

You will access this scheme only through GOV.UK. **Note:** If someone texts, calls, or emails claiming to be from HMRC, saying that you can claim financial help or are owed a tax refund, and asks you to click on a link and/or give information such as your name, credit card, or bank details, **it is a scam!**



2. UPDATED – Coronavirus Job Retention Scheme

The Government has published further details of the Coronavirus Job Retention Scheme (otherwise known as the Furlough Scheme). It is unclear whether HMRC intends to rely on this guidance, or whether there will be legislation.

For more information, go to: <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

How much can I get?

Under the Coronavirus Job Retention Scheme, employers will be able to reclaim up to 80% of wage costs up to a cap of £2,500 per month, plus (i.e. not including) the associated employer NICs and minimum auto-enrolment pension contributions on that wage. Fees, commissions, and bonuses are not included. An employer can then choose to top up wages to 100%, but does not have to (subject to employment law and renegotiating any contractual entitlements).

For employees whose pay varies, the employer can claim for the higher of:

- 1) the same month's earning from the previous year (e.g. earnings from March 2019); or
- 2) average monthly earnings in the 2019-20 tax year.

Individuals are only entitled to the minimum wage for the hours they work. Therefore, if they are furloughed and do not work, and 80% of their normal earnings would take them below the minimum wage based on their normal working hours, they still only receive 80% as they are not working. However, they are entitled to be paid the National Minimum Wage for any time spent training.

Eligibility

The scheme is open to all UK employers that had a PAYE scheme in place on the 28 February 2020. Any organisation with employees can apply, including charities, recruitment agencies, and public authorities. However, the Government does not expect public sector employers to use it as long as central government continues funding wage costs in the normal way. With agency employees, the scheme is only available for agency employees who are not working.

To be eligible, an employee must have been on the payroll on 28 February 2020. If they were hired later, they are not eligible. Anybody who was on the payroll on 28 February and has since been made redundant can be rehired and put on the scheme.

Furlough leave must be taken in minimum blocks of three weeks to be eligible for funding. There is nothing in the guidance which prohibits rotating furlough leave amongst employees, providing each employee is off for a period of at least three weeks.

The employee must not be working at all. If they work for even an hour (presumably during their entire three week furlough period), they are not eligible. However, they can undertake

training and do volunteer work, provided they do not provide services to, or make any money for, their employer.

When agreeing to changes in hours (and acceptance of 80% pay), assuming the contract does not already allow for that, normal employment law applies. The employer must be careful not to discriminate in deciding whom to offer furlough too. A widely accepted view is that prioritising vulnerable workers is unlikely to be discrimination, as prioritising the over 70s (direct age discrimination against those under 70) is almost certainly justifiable, and those who do not suffer from serious health conditions are not a protected class.

Employees on sick pay or self-isolating cannot be furloughed but can be furloughed afterwards. Employees who are shielding can be placed on furlough.

Employees on maternity (or similar) leave can continue to draw SMP (or similar) payments. The guidance does not prohibit women on maternity leave agreeing to return to work early and then being furloughed, or electing to change to shared parental leave and then being furloughed.

How do I access the scheme?

Employers can only claim once every three weeks, i.e. they cannot get weekly reimbursement. Claims can be backdated to 1 March 2020.

Employers 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 shortly on the information required).

The Government will issue further guidance on the mechanics of claiming the payment in due course. It says it expects the scheme will be up and running by the end of April.

3. UPDATED – Coronavirus Business Interruption Loan Scheme (CBILS)

The Coronavirus Business Interruption Loan Scheme (CBILS) is a new scheme that can provide facilities of up to £5m for smaller businesses across the UK who are experiencing lost or deferred revenues, leading to disruptions to their cash flow. CBILS supports a wide range of business finance products, including term loans, overdrafts, invoice finance, and asset finance facilities. The scheme provides the lender with a government-backed guarantee potentially enabling a 'no' credit decision from a lender to become a 'yes'.

How much can I get?

The maximum value of a facility provided under the scheme will be £5m. Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance facilities, terms will be up to three years. There will be no fee for smaller businesses to access the scheme – the lenders will pay a fee to access the scheme.

At the discretion of the lender, the scheme may be used for unsecured lending for facilities of £250,000 and under. For facilities above £250,000, the lender must establish a lack or absence of security prior to businesses using CBILS. Primary Residential Property (PPR) cannot be taken as security under the scheme. If the lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so.

How long will CBILS run for?

CBILS will initially run for six months.

What is the Government guaranteeing?

The scheme provides the lender with a government-backed, partial guarantee (80%) against the outstanding facility balance, subject to an overall cap per lender. The Government will 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*.

(Fishery, aquaculture, and agriculture businesses may not qualify for the full interest and fee payment.)*

Note: The borrower always remains 100% liable for the debt. The CBILS guarantee is to the lender, not the SME.

Can Lenders take a Personal Guarantee to cover the 20% loss that the Bank will make?

No, if a lender makes a claim on the CBILS guarantee it will be after the lender has completed its normal recovery procedures (including realisation of any Personal Guarantees). The CBILS guarantee covers 80% of the lenders post recoveries claim. The lender will always suffer a 20% loss when claiming on the CBILS guarantee.

Eligibility

Smaller businesses (SMEs) from all sectors* can apply for the full amount of the facility, up to a maximum of £5m.

To be eligible for a facility under CBILS, your business must:

- be UK based in its business activity with annual turnover or no more than £45m;
- have a borrowing proposal which, were it not for the COVID-19 pandemic, would be considered viable by the lender, and for which the lender believes the provision of finance will enable your business to trade out of any short-to-medium term difficulty.

If the lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so.

(Exclusions: Banks; building societies; insurers and reinsurers (but not insurance brokers); the public sector, including state-funded primary and secondary schools; employer, professional, religious, or political membership organisations or trade unions.)*

Are sole traders / freelancers eligible?

Yes, as long as the business activity is operated through a business account. The scheme is open to sole traders, freelancers, body corporates, limited partnerships, limited liability partnerships, or other legal entity carry out a business activity in the United Kingdom, with annual turnover of up to £45m, operating in all sectors. The business must generate more than 50% of its turnover from trading activity.

Is the scheme appropriate for start-ups?

Potentially, if your business activity is primarily UK-based. For early stage businesses in their first two years of trading, the British Business Bank's Start Up Loans programme (loans of £500 to £25,000 at 6% p.a. interest) may be more suitable. Visit www.startuploans.co.uk for more information.

How do I access the scheme?

The scheme went live on Monday 23 March and will initially run for six months.

CBILS is available through the British Business Bank's 40+ accredited lenders, which are listed on the British Business Bank website:

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

In the first instance, businesses should approach their own provider – ideally via the lender's website. They may also consider approaching other lenders if they are unable to access the finance they need.

Decision-making on whether you are eligible for CBILS is fully delegated to the 40+ accredited CBILS lenders. These lenders range from high-street banks, to challenger banks, asset-based lenders and smaller specialist local lenders.

What's happening to the old Enterprise Finance Guarantee Scheme (EFG)?

The EFG scheme is temporarily suspended at this point in time. If you wish to apply for a financing facility, your lender will be able to assess if you are eligible under CBILS.

How is CBILS different from the EFG scheme?

CBILS is a new scheme. It is different from EFG in a number of ways:

- 1) CBILS provides the lender with an 80% government backed partial guarantee against the outstanding facility balance, subject to an overall portfolio cap. Under EFG this was 75%.
- 2) There is no guarantee fee for SMEs to use CBILS.
- 3) The maximum facility provided under CBILS will be up to £5m. Under EFG, this was £1.2m.
- 4) CBILS is available to businesses with annual turnover of no more than £45m. EFG was available to businesses with annual turnover of no more than £41m.

Are there any restrictions on a Borrower refinancing their EFG Facility to a CBILS Facility?

If you have a query about an active EFG facility, you should approach your own provider – ideally via their website – and not the British Business Bank. Any request for refinancing an existing EFG facility will be at each individual Lender's discretion, be subject to certain limits, and you meeting the CBILS eligibility criteria.

I have had *de minimis* aid in the past, can I still get a loan?

Yes, as long as you meet the scheme's eligibility criteria. Any previous *de minimis* state aid does not impact your eligibility for CBILS and does not need to be taken into account by the Lender. CBILS operates as a notified scheme rather than under *de minimis* as EFG did. There is no interaction between any *de minimis* state aid previously received by a business and the size of the CBILS facility they can access, should they be eligible.

I am getting other kinds of aid to help respond to COVID-19. Can I still get a loan?

Yes, the eligibility criteria for CBILS does not require Lenders to take into account the other forms of government support that SMEs may be benefiting from (e.g. business rate reliefs or grants unrelated to CBILS).

Additional application notes

Given there is likely to be a big demand for facilities once the scheme goes live, it is advised that you please:

- Consider applying via the lender's website in the first instance. Telephone lines are likely to be busy and branches may have limited capacity to handle enquires due to social distancing.
- Consider the urgency of your need. It is possible that some businesses may be looking for regular longer-term finance rather than 'emergency' finance, and there may be other businesses with a more urgent need to speak with a lender.

Note: The CBILS guarantee is to the lender and not the business. As with any other commercial transaction, the borrower is always 100% liable for repayment of the facility supported by CBILS. CBILS decision-making is fully delegated to the accredited lenders. Any queries from a business with an active or historic EFG facility, including guarantee fee collection or alterations to their repayment profile should raise them with their lender, and not with the British Business Bank.

For more information, go to:

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

4. NEW – Companies House filing extensions

As of 25 March 2020, businesses will be able to apply Companies House for a 3-month extension on filing their accounts. While this is not automatic and companies must apply for the extension, all companies who apply as a result of COVID-19 will automatically be granted the extension without needing to provide evidence.

The same extension will also apply to submission of Corporation Tax returns. Under FA 1998, Sch. 18, para. 19(b), a company is not liable to a flat rate penalty for late submission of a tax return if the return is delivered no later than the last day for the delivery of those accounts to the registrar of companies.

The Government's press release for these changes can be found [here](#) or, for more information, go to: <https://www.gov.uk/guidance/apply-for-more-time-to-file-your-companys-accounts>

5. Mortgage help

The Financial Conduct Authority (FCA) have published guidance for mortgage lenders and administrators, as well as small business lenders.

The news guidance makes it clear that firms should grant customers a payment holiday for an initial period of three months, where they may experience payment difficulties as a result of coronavirus (COVID-19) and where they have indicated they wish to receive one.

For more information, go to:

<https://www.fca.org.uk/news/press-releases/new-guidance-mortgage-providers-lenders-coronavirus>

6. Deferring VAT and Income Tax payments

VAT

For VAT, the deferral will apply from 20 March 2020 until 30 June 2020.

Eligibility

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.

Although this is an automatic scheme, I do wonder if payments will continue to be taken from taxpayers with a Direct Debit enabled, and so it may be worth cancelling your Direct Debit for VAT as this can always be reinstated at a later stage.

Income Tax – Self Assessment

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

Eligibility

If you are self-employed you are eligible.

How to access the scheme

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.

7. Statutory Sick Pay relief package for SMEs

Legislation will be brought in 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:

- the 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;
- the 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.

Eligibility

You are eligible for the scheme if:

- your business is UK based;
- your business is a small or medium-sized and employs fewer than 250 employees as of 28 February 2020.

How to access the scheme

A rebate scheme is being developed. Further details will be provided in due course once the legislation has passed.

8. Business rates holiday for retail, hospitality, and leisure

There will be a business rates holiday for all retail, hospitality, and leisure businesses in England for the 2020 to 2021 tax year.

Businesses that received the retail discount in the 2019 to 2020 tax year will be rebilled by their local authority as soon as possible.

Eligibility

You are eligible for the business rates holiday if:

- your business is based in England;
- your business is in the retail, hospitality, and/or leisure sector.

Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas, and live music venues;
- for assembly and leisure;
- as hotels, guest & boarding premises, and self-catering accommodation.

How to access the scheme

There should be no action required from you. This will apply to your next council tax bill in April 2020. However, local authorities may have to reissue your bill automatically to exclude the business rate charge. They will do this as soon as possible.

We will update you as soon as we can. If you require further assistance, please contact us.

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9. Grant funding for retail, hospitality, and leisure

Grant funding of up to £25,000 will be available for retail, hospitality, and leisure businesses with property with a rateable value between £15,000 and £51,000.

For businesses in these sectors with a rateable value of under £15,000, they will receive a grant of £10,000.

For businesses in these sectors with a rateable value of between £15,001 and £51,000, they will receive a grant of £25,000.

Eligibility

You are eligible for the grant if:

- your business is based in England;
- your business is in the retail, hospitality, and/or leisure sector.

Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas, and live music venues;
- for assembly and leisure;
- as hotels, guest & boarding premises, and self-catering accommodation.

How to access the scheme

You do not need to do anything. Your local authority will write to you if you are eligible for this grant. Guidance for local authorities on the scheme will be provided shortly.

Any enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority: <https://www.gov.uk/find-local-council>

We will update you as soon as we can. If you require further assistance, please contact us.

10. The HMRC Time To Pay Scheme

What to do

Contact HM Revenue and Customs (HMRC) as soon as possible if you have missed your payment. How you contact HMRC depends on what you need to pay.

If you cannot pay because of Coronavirus

Call the HMRC Coronavirus Helpline:

- Telephone: 0800 015 9559
- Monday to Friday, 8am to 8pm
- Saturday, 8am to 4pm

If you cannot pay your Self Assessment tax bill

If you've filed your return and owe less than £10,000, you might be able to arrange to pay in instalments online. You do not need to contact HMRC if you have set up a payment plan online.

Call the Self Assessment Payment Helpline if you've missed your payment date or you cannot use the online service:

- Telephone: 0300 200 3822
- Monday to Friday, 8am to 4pm

If you cannot pay other taxes

If you've received a payment demand, like a tax bill or a letter threatening you with legal action, call the HMRC office that sent you the letter.

Call the Payment Support Service if you have not received a bill or letter:

- Telephone: 0300 200 3835
- Monday to Friday, 8am to 4pm

Nominated partners in partnerships can negotiate time to pay with HMRC on behalf of the partnership or individual partners.

11. Will business interruption insurance cover COVID-19?

The Government has said that if your business insurance includes both pandemics and government-ordered closure then you should be covered, as confirmed jointly by the Government and insurance industry on 17 March that advice to 'avoid pubs, theatres, etc.' is sufficient to make a claim.

It's important you check the terms and conditions of your cover though, as insurance policies differ significantly and standard business interruption insurance policies are dependent on damage to property and often exclude pandemics.

Some business insurance policies will protect against these scenarios, but others won't – the Association of British Insurers (ABI) recently published information that if cover does exist, it will typically not be a standard inclusion. So here's how to determine if you have cover in place to protect against the risks the coronavirus outbreak poses to your business:

- **Step 1 – Figure out if you bought Business Interruption Cover or not.**
- **Step 2 – Read the policy wording to see if you have cover against coronavirus (COVID-19).**

Typically, business interruption cover can protect against virus outbreaks and diseases like coronavirus, but insurers tend to cover against known diseases rather than new viruses or diseases like COVID-19. Coronavirus (COVID-19) has been labelled by the Government as a 'Notifiable Disease', which means if your policy covers these diseases (without a specified list), you may have some cover in specific scenarios.
- **Step 3 – Read the wording to determine how broad your cover is, and in what scenarios it applies.**

The ABI have said:

"Commercial insurance policies provide cover against a wide range of risks that can be tailored to the needs of individual businesses, including extensions to cover. Businesses who are concerned about the impacts of COVID-19 should check the scope of their cover, and speak to their insurance adviser or broker.

A small number of businesses may have cover in place that will specifically provide for business interruption arising from notifiable diseases. However, this type of extension is not commonly included as standard. Standard business insurance policies are designed and priced to cover standard risks and are therefore unlikely to provide cover for the effects of global pandemics like COVID-19."

We recommend that you review your insurance policy using the above information or contact your broker. We will update you further as we find out more details.