



## **Covid-19 - Government Funding**

Summary of announced schemes in the UK

What you need to do and how Onyx Accountants can support you and your businesses.

Updated: 22<sup>nd</sup> March 2020

## Introduction

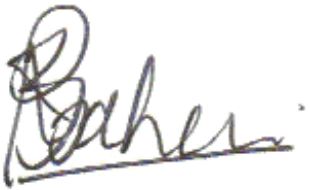
Events are moving very fast and information is constantly being updated in relation to the UK Government's funding response to Covid-19. Our aim is to summarise the information we are currently aware of and make this available to our clients and contacts.

This publication has been written in general terms and may not include all relevant information. **We recommend that you work in consultation with Onyx both through myself and your client advisors to obtain professional advice** before acting or refraining from action on any of the contents of this publication.

In particular there are a number of areas where we are expecting further clarification in relation to the process of defining and agreeing the relevant scheme's details, specifications and eligibility and therefore information is subject to change.

A full transcript of the Chancellor's speech can be found [here](#)

Full details of the latest COVID-19 Government support can be found [here](#)



Paresh Bodhani, ACMA

## Summary of updates to existing funding initiatives and new measures announced on 20 March 2020

On Friday the Chancellor, Rishi Sunak, outlined enhancements to earlier announcements on public services and business support, to provide an economic response, which “will be one of the most comprehensive in the world”. New measures and updates include:

**Further social distancing controls:** Closure of Cafés, Pubs, Bars and Restaurants (can provide take out). Nightclubs, Gyms, theatres, leisure centres also to close from the evening of Friday 20 March 2020

<p><b>New Coronavirus Job Retention Scheme:</b></p> <ul style="list-style-type: none"> <li>• Covers any business, charity or non-profit organisation</li> <li>• Covers up to 80% of the salary (up to £2,500/mth) of anyone not working (but retaining job) as a result of Covid-19</li> <li>• Wages back dated to 1 March 2020</li> <li>• Initial period of 3 months, but extended if necessary</li> <li>• No limit on funding</li> <li>• Will be in the form of a grant (not a loan – You will NOT have to repay this back)</li> <li>• Expect first to be paid within weeks, certainly by the end of April 2020</li> </ul>	<p><b>Updates to Corona Business Interruption Loan (CBIL):</b></p> <ul style="list-style-type: none"> <li>• Max turnover refined from £41-45m</li> <li>• Interest free period extended from 6 to 12 months</li> <li>• Loans will now be available starting on Monday 23 March 2020</li> </ul>
<p><b>Deferral of Tax and VAT Payments:</b></p> <ul style="list-style-type: none"> <li>• All UK VAT registered businesses can defer VAT payments due between 20 March 2020 and 30 June 2020 until the end of the tax year</li> <li>• The Government has deferred the Income Tax Self-Assessment payments for the self-employed due on 31 July 2020 to 31 January 2021.</li> </ul>	<p><b>Extra support for the welfare system (further details to be provided on request):</b></p> <ul style="list-style-type: none"> <li>• Increasing today the Universal Credit standard allowance, for the next 12 months, by £1,000/yr</li> <li>• Increasing the Working Tax Credit basic element, for the next 12 months, by £1,000/yr</li> <li>• Suspending the minimum income floor for all self-employed affected by the economic impacts of coronavirus</li> </ul>

# Government Funding – Labour Costs and Welfare (Cost Recovery)



Funding category	Details	Eligibility	How to apply	Action for YOUR Business to Take	Onyx Will Support...	Comments & Timescales
<p><b>Coronavirus Job Retention Scheme</b></p> <p><b>80% funding of staff your business cannot afford right now but want to keep when situation improves</b></p>	<p><b>Payroll support for all firms and enterprises in the UK</b></p> <ul style="list-style-type: none"> <li>Grant support to cover up to 80% of salary costs of anyone not working due to Coronavirus but whose job has been retained (up to a maximum of £2,500 per month).</li> <li>Wages backdated to 1 March 2020.</li> <li>Initial period of 3 months, but this will be extended if necessary.</li> <li>No limit on the total level of funding available.</li> <li>Ambition for first grants to be "paid within weeks" with a scheme "in place" by the end of April 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Covers any employer, business, charity or non profit organisation in the UK.</li> <li>Applies to businesses of all sizes.</li> <li>Cover is for employees who are "furloughed" instead of being made redundant.</li> <li>Criteria for defining a "furloughed" worker have not yet been published.</li> </ul>	<ul style="list-style-type: none"> <li>Grants will be provided by HMRC, though exact details to be announced.</li> <li>It is not clear if these will take the form of directly paid grants or through credits against other remittance obligations, or some combination of the two.</li> </ul>	<ul style="list-style-type: none"> <li>Start to identify which employees you are considering lay off for the period of virus outbreak.</li> <li>Identify the names of these employees between <b>3rd April and 10th April 2020.</b></li> <li>Please DO NOT send us the names before or after these dates as further updates may impact your decision on this.</li> </ul>	<ul style="list-style-type: none"> <li>Government is yet to announce the exact application process.</li> <li>Support your business with the application process ensuring it is in line with your payroll data and application is accurate and robust.</li> <li>The expectation set by Government is for the first payments to be processed "within weeks" and certainly by the end of April 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Aim to pay by end of April 2020</li> <li>It is not clear if 80% of salary costs will be paid only if employers continue to pay the balance of 20%.</li> <li>A maximum grant of £2,500 per worker at 80% of salary equates to an annual salary of £37,500.</li> <li>It is not clear how this will be calculated for workers with variable or zero hour contracts for whom there may be no obvious reference point for payment without working hours.</li> <li>It is not yet clear if grants may cover workers put on reduced hours rather as well as those not able to work at all.</li> <li>Employers seeking to utilise grants this will need to consider also the impact and cost of associated wage-linked costs (pension contributions, employer National Insurance, Apprenticeship Levy).</li> </ul>

# Government Funding – Labour Costs and Welfare (Cost Recovery)



Funding category	Details	Eligibility	How to apply	Action for YOUR Business to Take	Onyx Will Support...	Comments & Timescales
<b>Statutory Sick Pay “SSP” for Small or medium sized businesses</b>	<ul style="list-style-type: none"> <li>SSP is payable to qualifying employees and is now payable from day 1 for those who self-isolated or are unwell because of COVID-19 (the first 3 days are normally unpaid). The current rate of SSP is £94.25 per week.</li> <li>HM Treasury has announced that small and medium sized employers (those with fewer than 250 employees) may recover this cost where SSP has been paid as a result of COVID-19 from 13 March for a maximum of two weeks' sickness per employee.</li> </ul>	<ul style="list-style-type: none"> <li>Self-employed persons or staff member need to be self-isolated because of the virus outbreak</li> <li>SSP paid from 13 March as a consequence of COVID-19 for up to two weeks.</li> </ul>	<ul style="list-style-type: none"> <li>There is no existing mechanism for the recovery of SSP by employers (unlike other statutory payments such as Statutory Maternity Pay).</li> <li>The government has committed to working with employers to work out a mechanism for this recovery</li> </ul>	<ul style="list-style-type: none"> <li>Self-employed person or employee must obtain an isolation note and hand over to employer. The note can be obtained by visiting NHS website. Please search for 'isolation note' in NHS website.</li> <li>Qualifying businesses will need to keep records of sickness and sick pay as a consequence of COVID19 and days of sickness for future recovery.</li> </ul>	<ul style="list-style-type: none"> <li>If you are self-employed person, you need to contact HMRC for this claim. As your agent we can contact on your behalf.</li> <li>If your employee hands over an isolation note to you, please forward us a picture, we can claim for you.</li> </ul>	<ul style="list-style-type: none"> <li>Await further information on recovery mechanism.</li> <li>Recovery Expected by end of April 2020.</li> </ul>

# Government Funding – 12 Month Interest Free Loans (to be repaid back)



Funding category	Details	Eligibility	How to apply	Action for YOUR Business to Take	Onyx Will Support...	Comments & Timescales
<b>Coronavirus Business Interruption Loan Scheme (CBILS)</b>	<p><b>Small business financial support</b></p> <ul style="list-style-type: none"> <li>Expected to be available in week commencing 23 March 2020</li> <li>Government meeting interest costs for the first 12 months. Finance terms are from three months up to 10 years for term loans and asset finance and up to three years for revolving facilities and invoice finance.</li> <li>The scheme provides the lender with a government-backed guarantee against 80% of the outstanding facility balance, potentially enabling a 'no' credit decision from a lender to become a 'yes'.</li> <li><b>NB – the borrower always remains 100% liable for the debt.</b></li> <li>The first 12 months of these loans will be interest free, as the Government will cover these payments.</li> <li>Where the small business has a sound borrowing proposal but insufficient security, the lender will consider the business for support via the scheme.</li> </ul>	<p>To qualify, Small Businesses must:</p> <ul style="list-style-type: none"> <li>Similar application as per normal bank loan where you need to provide accounts for the two previous two fiscal years</li> <li>Have a sound borrowing proposal, but insufficiently security to meet the lender's requirements</li> <li>Management Accounts and Forecasts are favourable and credible here, especially if previous 2 years accounts are not that favourable.</li> </ul>	<ul style="list-style-type: none"> <li>Same as standard bank loan application.</li> <li>Any small business interested in CBILS should, in the first instance, approach their bank to see if they supply these loans.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure you have previous years accounts</li> <li>Write a single side of a4 describing what you need to loan for and where the money will be spent/invested</li> <li>Your latest Management Accounts need to be complete and Up to date</li> </ul>	<ul style="list-style-type: none"> <li>Will have Previous Years Accounts to hand</li> <li>Management Accounts and Forecasts (for those that have them) are favourable here</li> <li>Onyx will discuss and liaise with your bank to support and Submit the application</li> </ul>	<ul style="list-style-type: none"> <li>In one sense this is the BOE guaranteeing the lender, not the borrower. The application process for loans should therefore, as we understand it now, be the same as for a normal high street loan.</li> <li>Further details, including full eligibility criteria and on the lenders providing access to this scheme will be announced in the coming days, and the scheme will <b>be available from 23 March 2020.</b></li> </ul>

# Government Funding – Summary of Grants



Funding category	Details	Eligibility	How to apply	Action for YOUR Business to Take	Onyx Will Support...	Comments & Timescales
<b>Grants for retail, hospitality and leisure businesses</b>  <b>£25,000</b>	<ul style="list-style-type: none"> <li>A £25,000 grant will be provided to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value between £15,000 and £51,000.</li> </ul>	<ul style="list-style-type: none"> <li>Any enquiries on eligibility for, or provision of, the reliefs should be directed to the relevant local authority. Guidance for local authorities will be published shortly.</li> </ul>	<ul style="list-style-type: none"> <li>Funding will be provided via local authorities.</li> </ul>	<ul style="list-style-type: none"> <li>Obtain your latest Rates invoices</li> </ul>	<ul style="list-style-type: none"> <li>We will validate and support the rates invoices and ensure that paperwork is in the correct name.</li> <li>If structures need amending we will look into this for you.</li> </ul>	<ul style="list-style-type: none"> <li>Await further details to be announced</li> <li>The optimum route will be to contact one of the Economic Development Officers at your local town or city council.</li> <li>Funding for the scheme will be provided to local authorities by government <b>in early April 2020. Likely to get funding by 30<sup>th</sup> April 2020</b></li> </ul>
<b>Support for businesses that pay little or no business rates (“small companies”)</b>  <b>£10,000</b>	<ul style="list-style-type: none"> <li>Scheme funding is expected to be available from 1 April 2020.</li> <li>The government will provide additional funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBRR).</li> <li>This will provide a one-off grant of £10,000 to businesses currently eligible for SBRR or rural rate relief, to help meet their ongoing business costs.</li> </ul>	<ul style="list-style-type: none"> <li>Businesses that already pay little or no business rates because of small business rate relief (SBRR).</li> </ul>	<ul style="list-style-type: none"> <li>If you are an eligible business, your Local Authority will then be in touch in the coming weeks to provide details of how to claim this money.</li> </ul>	<ul style="list-style-type: none"> <li>Obtain your latest Rates invoices</li> </ul>	<ul style="list-style-type: none"> <li>We will validate and support the rates invoices and ensure that paperwork is in the correct name.</li> <li>If structures need amending we will look into this for you.</li> </ul>	<ul style="list-style-type: none"> <li>The optimum route will be to contact one of the Economic Development Officers at your local town or city council.</li> <li>Funding for the scheme will be provided to local authorities by government <b>in early April 2020. Likely to get funding by 30<sup>th</sup> April 2020</b></li> </ul>

# Government Reliefs – Business Rates Relief



Funding category	Details	Eligibility	How to apply	Action for YOUR Business to Take	Onyx Will Support...	Comments & Timescales
<p><b>Business Rates Relief</b></p> <p><b>Good chance there is nothing to pay for 12 Months</b></p>	<ul style="list-style-type: none"> <li>Latest announcements allow for a 100% business rates discount for all retail, leisure and hospitality venues with no limit to Rateable Values.</li> <li>Importantly, unoccupied properties as under existing reliefs where they become vacant during the next 12 month will be charged 100% full rates after a 3 month void rate holiday following vacation, this will continue to apply unless the rules are changed.</li> <li>For the avoidance of doubt, properties which have closed temporarily due to the government's advice on COVID19 should be treated as occupied for the purposes of this relief.</li> </ul>	<ul style="list-style-type: none"> <li>All property occupiers in the retail, leisure and hospitality sectors including shops, cinemas, restaurants, music venues, museums, art galleries, theatres, caravan parks, gyms, small hotels, B&amp;Bs, guest houses, sports clubs, night clubs and club houses and nurseries ...</li> <li><b>...WILL receive 100% rates relief between 1 April 2020 and 31 March 2021.</b></li> </ul>	<ul style="list-style-type: none"> <li>Local Billing Authorities will run and administer the process. They should have knowledge of the applicable properties.</li> <li>Relevant occupiers don't need to take any action. It will be applied by the local council in the April Business Rates invoice.</li> <li>However, local authorities may have to reissue your bill automatically to exclude the business rate charge. They will do this as soon as possible.</li> </ul>	<ul style="list-style-type: none"> <li>Cancel ANY rates related Direct Debits that you have.</li> <li>Most Likely nothing to pay in the next 12 Months</li> </ul>	<ul style="list-style-type: none"> <li>If you receive payment demands from your council, Onyx can support validation and liaison for your business.</li> <li>Call the relevant Councils to Challenge the latest Rates bill.</li> </ul>	<ul style="list-style-type: none"> <li>Further detail may be confirmed on <b>23 March 2020</b></li> </ul>



# Deferral of Tax Payments



Funding category	Details	Eligibility	How to apply	Action for YOUR Business to Take	Onyx Will Support...	Comments & Timescales
<p><b>Time to Pay arrangements “TTP”</b></p>	<ul style="list-style-type: none"> <li>TTP allows a business to defer current (as opposed to prospective) tax debts (principally corporation / income tax, payroll taxes and VAT – but theoretically any other tax or duty) by converting settlement to instalments over a 3-12 months period.</li> <li>As part of the process, directors are expected to provide written confirmation that the instalment will be made on time.</li> </ul>	<ul style="list-style-type: none"> <li>Any business is theoretically eligible to apply.</li> <li>HMRC have made it clear that they see themselves in this instance as lender of last resort (and not of first resort). Therefore the taxpayer must demonstrate that all other sources of finance have been pursued and exhausted.</li> </ul>	<ul style="list-style-type: none"> <li>All others are encouraged to contact HMRC's helpline on 0800 0159 559.</li> <li>The process can take less than an hour in a simple situation where the amount to be deferred is less than £750K. Agreement for deferral of larger sums will take longer.</li> </ul>	<ul style="list-style-type: none"> <li>Understand what your HMRC Liability currently is.</li> <li>HMRC helpline open now: 0800 0159 559</li> </ul> <p>Businesses are strongly advised to be prepared for the conversation with HMRC and have the key information to hand:</p> <ul style="list-style-type: none"> <li>Description of the business;</li> <li>Proposed amount &amp; period of deferral;</li> <li>Reasons for requesting deferral (directly linked to COVID-19);</li> <li>A short-term cashflow forecast</li> </ul>	<ul style="list-style-type: none"> <li>Validating Balances owed to HMRC both with your records and HMRC portal</li> <li>Happy to be present when you make the call and continue call if necessary.</li> <li>Build Cashflow forecast if necessary</li> </ul>	<ul style="list-style-type: none"> <li>We are awaiting further detailed guidance from HMRC as to the level of information they require to support a claim and confirmation as to whether TTP will be extended to prospective (as opposed to just current) tax liabilities.</li> </ul>

# Deferral of Tax Payments



Funding category	Details	Eligibility	How to apply	Action for YOUR Business to Take	Onyx Will Support...	Comments & Timescales
<b>Deferral of VAT</b>	<ul style="list-style-type: none"> <li>VAT payments due from businesses between 20 March 2020 and the end of June 2020 will be deferred.</li> <li>More guidance to follow regarding quarters to be covered. It is assumed that the above periods will be payable at March 2021</li> </ul>	<ul style="list-style-type: none"> <li>We await HMRC guidance but anticipate that the measure will apply to all businesses registered for UK VAT</li> </ul>	<ul style="list-style-type: none"> <li>Details to follow but we assume, at this stage, that there will be no need to apply and all UK VAT registered businesses will simply defer payment.</li> </ul>	<ul style="list-style-type: none"> <li>Cancel ALL VAT direct debits through your on-line banking.</li> <li>Ensure NO payments are made for your next VAT Return</li> </ul>	<ul style="list-style-type: none"> <li>Ensure your VAT returns are submitted on time</li> <li>Provide guidance on when VAT is to be paid and to ensure this is clear in your management accounts.</li> </ul>	<ul style="list-style-type: none"> <li>This development was announced by the Government <b>at 17.00 on 20 March 2020.</b></li> <li>Awaiting Further guidelines for timescales</li> </ul>
<b>Income Tax payment deferral</b>  <b>No payment in July 20</b>	<ul style="list-style-type: none"> <li>Income tax payments on account due under Self-Assessment on 31 July 2020 will be deferred until 31 January 2021.</li> </ul>	<ul style="list-style-type: none"> <li>The measure will apply to all self-employed individuals and we anticipate that this will also include partners in trading partnerships</li> </ul>	<ul style="list-style-type: none"> <li>This applies automatically with no application required.</li> </ul>	<ul style="list-style-type: none"> <li>No action – Just ensure that if you get reminders to pay 2020 tax return that you call Onyx</li> </ul>	<ul style="list-style-type: none"> <li>No action – Just ensure that if you get reminders to pay 2020 tax return that you call Onyx</li> </ul>	<ul style="list-style-type: none"> <li>This development was announced by the Government <b>at 17.00 on 20 March 2020.</b></li> </ul>

# Other Payment Breaks & Tax Credits



Funding category	Details	Eligibility	How to apply	Action for YOUR Business to Take	Onyx Will Support...	Comments & Timescales
<b>Increase of Tax Credits/Universal Credits by £1,000</b>	<ul style="list-style-type: none"> <li>From 6 April the standard allowance and basic element in Working Tax Credit will each increase by £20 on top of the planned uprating for 1 year.</li> </ul>	<ul style="list-style-type: none"> <li>People on low incomes and self-employed are eligible for Universal Credit.</li> </ul>	<ul style="list-style-type: none"> <li>No application Required</li> </ul>	<ul style="list-style-type: none"> <li>No Action Required</li> </ul>	<ul style="list-style-type: none"> <li>We can validate next year's claim, the details of which will normally need signing off in July 2020</li> </ul>	<ul style="list-style-type: none"> <li>This development was announced by the Government <b>at 17.00 on 20 March 2020.</b></li> </ul>
<b>Residential Mortgage Payments</b>	<ul style="list-style-type: none"> <li>To assist with the current financial hardship mortgage companies have been encouraged by the Government to provide a 3 month mortgage repayment holiday</li> </ul>	<ul style="list-style-type: none"> <li>Any person</li> </ul>	<ul style="list-style-type: none"> <li>Call to Mortgage Provider</li> </ul>	<ul style="list-style-type: none"> <li>Call to Mortgage Provider</li> </ul>	<ul style="list-style-type: none"> <li>No Support Required</li> </ul>	<ul style="list-style-type: none"> <li>This development was announced by the Government <b>at 17.00 on 20 March 2020.</b></li> </ul>
<b>Rent Payment Relief</b>	<ul style="list-style-type: none"> <li>To assist with the current financial hardship. Landlords have been encouraged by the Government to provide a 3 month Rental payment holiday</li> </ul>	<ul style="list-style-type: none"> <li>Any Business</li> </ul>	<ul style="list-style-type: none"> <li>Negotiation with Landlord</li> </ul>	<ul style="list-style-type: none"> <li>Call to Landlord</li> </ul>	<ul style="list-style-type: none"> <li>No Support Required</li> </ul>	<ul style="list-style-type: none"> <li>This development was announced by the Government <b>at 17.00 on 20 March 2020.</b></li> </ul>

# Your Primary Onyx Contacts for any COVID-19 Queries



<p><b>Paresh Bodhani, ACMA</b> Director</p> <p>Tel: +44 121 753 5522 (Ext 901) Email: <a href="mailto:paresh@onyxaccountants.co.uk">paresh@onyxaccountants.co.uk</a></p>	<p><b>Jaysel Parmar, ACCA</b> Client Advisor</p> <p>Tel: +44 121 753 5522 (Ext 108) Email: <a href="mailto:jaysel@onyxaccountants">jaysel@onyxaccountants</a></p>
<p><b>Lizzie Silk, ACCA</b> Client Advisor</p> <p>Tel: +44 121 753 5522 (Ext 104) Email: <a href="mailto:lizzie@onyxaccountants">lizzie@onyxaccountants</a></p>	<p><b>Nazia Yousaf, ACMA</b> Client Advisor</p> <p>Tel: +44 121 753 5522 (Ext 102) Email: <a href="mailto:nazia@onyxaccountants">nazia@onyxaccountants</a></p>