

INVESTMENT UPDATE

COVID 19 SPECIAL

The 11 March Budget from the new Chancellor, Rishi Sunak, included £7 billion of expenditure targeting the impact of Covid-19 on employees, the self-employed and businesses. On 17 March a further raft of measures was announced, amounting to an additional £20 billion of support expenditure plus £330 billion of loan guarantees. By 20 March another round of support was announced of such size that no price tag was attached.

The Chancellor's 17 March statement was accompanied by a repeated promise that he would do "whatever it takes" to counter the impact of the virus. Three days later, his second statement gave an indication of how large 'whatever it takes' is becoming, with potentially more to come.

We have pulled together a round-up of the key announcements so far for businesses and individuals including useful links to government sites.

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This newsletter is for information only and does not constitute advice.

Office Update

During the 'lockdown' you will still be able to contact us in the following ways:

Call the office - we will be there to answer any queries
Email us - either mail@fhmanning.co.uk or your usual contact
Portal - if you are registered you can send us secure messages

If you have a regular review this will take place at the usual time. If you are happy to receive this by email please let us know by emailing mail@fhmanning.co.uk to confirm.



Measures for Business

Coronavirus Job Retention Scheme (CJRS)

Some form of job support scheme had been expected after the 17 March announcement and the CJRS is similar to schemes that have already been set up elsewhere in Europe. Under the CJRS, “HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month’. In this context ‘furloughed workers’ are non-working employees who are kept on the payroll, rather than being laid off. The employer has to designate these employees and submit relevant information to HMRC via a “new online portal”.

Statutory sick pay (SSP)

Businesses with fewer than 250 employees will be refunded the full cost of providing SSP to any employee off work for up to 14 days because of coronavirus.

Loan guarantees

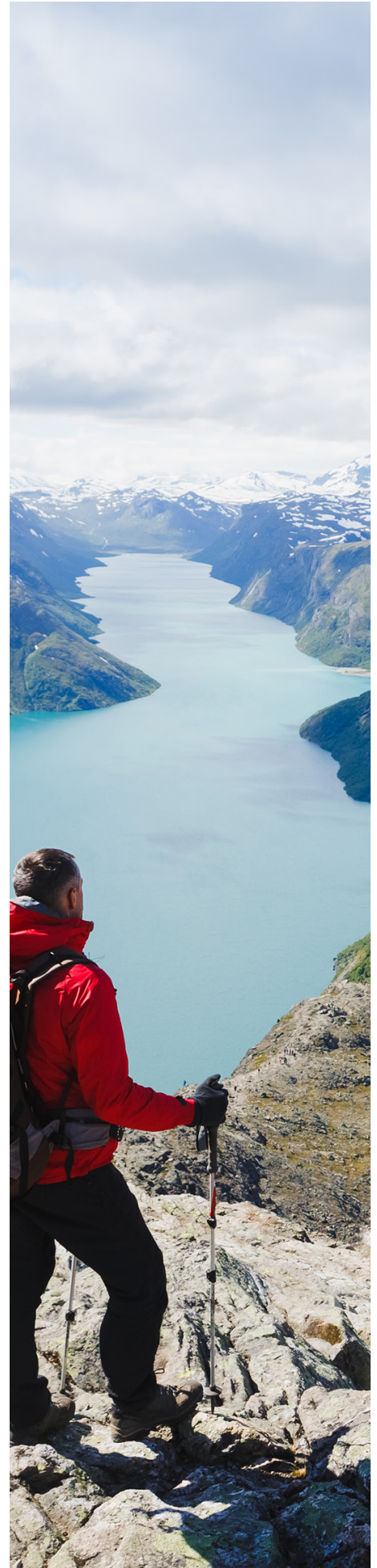
A government-backed loan guarantee scheme announced in the Budget has since been twice enhanced. The Government will now provide loan guarantees up to “an initial” £330 billion for all sizes of businesses:

- For large firms, the Bank of England is launching a Covid Corporate Financing Facility (CCFF), which “will provide funding to businesses by purchasing commercial paper of up to one-year maturity, issued by firms making a material contribution to the UK economy”.
- For small and medium sized businesses The loan limit on the Coronavirus Business Interruption Loan Scheme (originally announced in the Budget at £1.2 million) is now £5 million. No interest will be due for the first twelve months and lender-levied fees will be covered. The scheme will be delivered through commercial lenders, backed by the British Business Bank. Eligible SMEs must be UK-based with turnover of not more than £45 million and meet “the other British Business Bank eligibility criteria”.

Deferral of VAT and Income Tax Payments

For the period between 20 March 2020 and 30 June 2020, businesses will not be required to make a VAT payment. Instead they will be able to defer this payment until the end of the 2020/21. VAT refunds and reclaims will be paid by the government as normal. No applications will be required as the process will be automatic.

For the self-employed, self assessment income tax payments due on the 31 July 2020 (the second payment on account for 2019/20) will be deferred until the 31 January 2021. This also will not require an application. Penalties and interest for late payment will not be charged in the deferral period.





Business Rates Retail Discount

All shops, cinemas, restaurants, music venues and business operating in the leisure and hospitality sectors will have no business rates to pay in 2020/21.

On 17 March the Chancellor also promised an additional cash grant of “up to £25,000 per business” to businesses with a rateable value of less than £51,000 – i.e. those that would have benefited from the old version of Business Rates Retail Discount Scheme.

Businesses already eligible for small business rates relief

There will be a flat £10,000 cash grant for each business that already benefits from zero or reduced business rates because of small business rate relief.

Insurance cover

Although the government has not required the leisure and hospitality businesses to close, on 17 March the Chancellor said that “for those businesses which do have a policy that covers pandemics, the government’s action is sufficient and will allow businesses to make an insurance claim against their policy”. However, pandemic cover is not a feature of most business disruption cover, a point underlined by the Association of British Insurers in a statement it issued on 17 March.

Off-payroll working in the private sector (IR35)

Also on 17 March, the Chief Secretary to the Treasury, Steve Barker, said in a statement to the House of Commons that the start date for the new IR35 tax rules would be deferred to 6 April 2021.

Time to Pay (TTP)

In the Budget, the Chancellor announced that HMRC would scale up its Time To Pay service, giving businesses and the self-employed the chance to defer tax payments.

Government Guidance can be found here:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/guidance-for-employers-and-businesses-on-coronavirus-covid-19>



Measures for individuals

Mortgage holidays

For people who find themselves in financial difficulties because of coronavirus, mortgage lenders will offer at least a three-month mortgage holiday.

Statutory sick pay (SSP)

SSP is currently paid at the rate of £94.25 a week, rising to £95.85 from April. It is now available to employees from day one, instead of day four, for those who are suffering from the virus or who have been advised to self-isolate. So far there has been no change in the minimum earnings threshold for SSP (£118 a week currently, rising to £120 a week in 2020/21).

Individuals ineligible for SSP

Self-employed and gig economy workers generally do not qualify for SSP. Instead they may be entitled to Contributory Employment and Support Allowance.

Covid-19 sufferers and self-isolators will be able to claim the benefit from day one instead of day eight. The minimum income floor in Universal Credit (UC) has been temporarily removed to ensure that time off work because of sickness is reflected in benefits.

For 12 months from 6 April 2020, the standard allowance in Universal Credit (UC) and the basic element in Working Tax Credit (WTC) for will be increased by the equivalent of about £20 a week over and above planned annual uprating (which were to £323.22 per month for UC for age 25 and over and £1,995 a year for WTC). This effectively brings UC into line with the rate of SSP. The change will apply to all new and existing UC claimants and to existing WTC claimants.

Housing benefit

Housing benefit and the housing element of UC will be increased so that the Local Housing Allowance will cover at least 30% of market rents.

Hardship Fund

The Chancellor announced in the Budget a £500 million Hardship Fund, which would be distributed to Local Authorities so that they could support the vulnerable.

Government Guidance can be found here:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-guidance-for-employees>



Blog, video and more information on our website:

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