

COVID-19

Coronavirus briefing, helpful advice and tips –

22nd October 2020



We are officially in the 'Second Wave' of the COVID-19 pandemic in the UK and Government advice is changing as the situation develops. They have, for example, just announced the three-tier lockdown restriction system for England. In these circumstances it can be hard to cut through speculation or clarify reports.

Here at Wise & Co we like to stick to the facts, so we've put together our latest guide on the essentials, to help you through the coming months.

Tax cuts and deferrals

- A New Payment Scheme gives businesses who deferred their VAT bills the option to pay back in smaller instalments. Rather than paying a lump sum in full at the end March next year, they will be able to make 11 smaller interest-free payments during the 2021-22 financial year.
- Self-assessment taxpayers will be able to benefit from a separate, additional 12-month extension from HMRC on the "Time to Pay" self-service facility. This means that payments deferred from July 2020, and those due in January 2021, will now not need to be paid until January 2022. This is optional and of course the amount owing will have to be paid on or before 31 January 2022, possibly making your overall bill due on that date larger, so ensure to budget for it. And, if you have a Direct Debit in place, remember to cancel it.
- The temporary 15% VAT cut for the Tourism and Hospitality sectors has been extended to the end of March 2021.

Loan repayment changes

- Businesses that have borrowed money through the 'Bounce Back' loan scheme can now benefit from interest-only payment periods of up to six months, as well as payment holidays.
- Those with a 'Bounce Back' loan or one taken through the 'Coronavirus Business Interruption Loan' Scheme have been given more time to repay it. They can use a new 'Pay as you Grow' flexible repayment system, allowing loans to be repaid over 10 years instead of the original six-year term.
- Also, businesses have been given more time to apply for the 'Bounce Back', 'Coronavirus Business Interruption' and 'Coronavirus Large Business Interruption' Loan Schemes and the 'Future Fund'.

Self-Employment Income Support Scheme Grant (SEISS) extended

The Government extension offers a taxable grant to those who are currently eligible for SEISS and are continuing to actively trade but face reduced demand due to coronavirus.

- This is worth 40% of average monthly trading profits, up to a total of £3,750. Paid in two lump sum instalments each available for three month periods covering November 2020 to January 2021 and February 2021 to April 2021.

Furlough and the Coronavirus Job Retention Scheme (CJRS)

Employers may have put some or all of their employees on temporary leave (furlough) over the summer and be claiming under the [Coronavirus Job Retention Scheme](#).

This scheme will close on 31st October 2020. The CJRS covered 80% of a monthly wage (up to £2,500 for the hours an employee was on furlough) until August but the amount has steadily reduced each month since then. The total employers can claim for October is 60% of wages up to a cap of £1,875.

Note: Employees of firms that have been legally closed in the period before 1st November are eligible for the CJRS.

Job Support Scheme (JSS)

The Government's [Job Support Scheme](#) (JSS) has been expanded to protect jobs and support businesses across the UK which are forced to close because of local or national coronavirus restrictions. The new Job Support Scheme will run for six months, from 1 November – April 2021. It's open to businesses across the UK even if they haven't previously used the Furlough Scheme.

1.1 Employers facing decreased demand (JSS Open)

- Employees will need to work a minimum of 20% of their usual hours and the employer will continue to pay for the hours worked as normal.
- Employees will receive 66.67% of their normal pay for the hours not worked - this will be made up of contributions from the employer and from the government. Employers will pay 5% of the salary for the hours not worked, up to a maximum of £125 per month, with the discretion to pay more than this if they wish.
- The government will pay the remainder of 61.67%, of the salary for the hours not worked, up to a maximum of £1,541.75 per month. This will ensure employees continue to receive at least two thirds of their normal wages, where they earn £3,125 a month or less.

1.2 Employers who are legally required to close their premises (JSS Closed)

- Employees who cannot work due to these restrictions will receive two thirds of their normal pay, paid by their employer and fully funded by the government, to a maximum of £2,083.33 per month, the employer has discretion to pay more than this if they wish.
- The [Job Retention Bonus](#) is also available to employers who use the Job Support Scheme.

Note: Employees must have been on their employer's PAYE payroll - and an RTI submission must have been made notifying payment in respect of that employee to HMRC - on or before 23rd September 2020 to be eligible.

Kickstart Scheme

This scheme is well worthy of a mention as it helps young jobseekers and businesses too! The idea of the [Kickstart Scheme](#) is to create new, fully subsidised jobs for young people across the country and incentivising employers to take them on.

- The 6-month placements are open to those aged 16-24 who are claiming Universal Credit and at risk of long-term unemployment. They will be available across a range of different sectors in England, Scotland and Wales.
- Employers will receive funding for 100% of the National Minimum Wage (or National Living Wage depending on the age of the participant) for 25 hours a week for a total of six months, plus associated employer National Insurance contributions and employer minimum auto-enrolment pension contributions.

Note: Employers can spread the start date of the placements up until the end of December 2021.

Increased cash grants for closed businesses in England

In England, the cash grants that employers receive to pay the wages of staff who cannot work have increased from up to £1500 per property every three weeks to up to £3000 a month, payable in two-week instalments.

The scheme will begin on 1st November and will be available for six months, with a review in January 2021.

The amount businesses will be able to claim from their Local Authority will depend on their rateable value:

- **Small businesses** with a rateable value of or below £15,000 can claim £1,300 a month.
- **Medium-sized businesses** with a rateable value between £15,001 and £51,000 can claim £2,000 a month.
- **Larger businesses** will be able to claim up to £3,000 a month.

Who's eligible?

Businesses will only be eligible to claim the grant while they are subject to coronavirus measures such as lockdowns or 'targeted restrictions' and employees must be off work for a minimum of seven consecutive days.

If a business is required to shut before the deployment of this new scheme, it won't be eligible to claim until it starts (1st November).

Payments to businesses will be made in arrears, via a HMRC claims service that will be available from early December.

Note: the devolved administrations in Scotland, Wales and Northern Ireland will be given a £1.3 billion Government increase to their guaranteed funding for 2020-21 - allowing them to implement similar measures if they wish.

Job Retention Bonus

Employers will be able to claim a £1,000 one off taxable payment for each eligible employee furloughed and continuously employed until 31 January 2021. This bonus can be claimed between 15 February 2021 and 31 Mar 2021.

Please get in touch if you would like any additional guidance on these issues or a chat about other ways to protect your business.

Best wishes

The Wise & Co Team