

## FINANCIAL & PRACTICAL SUPPORT AVAILABLE FOR SMES

With the introduction of a second national lockdown, the government also revised the support for businesses and individuals, including extending furlough and many other measures.

This short guide summarises the support that is available.

For convenience the document has been structured as follows:

- support to pay your employees and yourself;
- support with the payment of taxes and rates; and
- access to funds - both grants and loans.

The guide includes helpful links to further information.

You can also use the government business support coronavirus support finder tool to get a tailored report and links to the support available to you. The link is below:

<https://www.gov.uk/business-coronavirus-support-finder>

**Please do get in touch if you would like any advice, guidance or support.**

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## SUPPORT TO PAY YOUR EMPLOYEES AND YOURSELF

### CORONAVIRUS JOB RETENTION SCHEME (COMMONLY REFERENCED AS THE FURLOUGH SCHEME)

Scheme extended to 31st March 2021.

For claims up to January 2021, HMRC will pay 80% of employees' usual salary up to a maximum of £2,500 per month.

In January the amount you can get from January to March will be announced.

### JOB RETENTION BONUS

The Job Retention Bonus will no longer be paid in February, as the Coronavirus Job Retention Scheme has been extended until the end of March 2021.

### STATUTORY SICK PAY REBATE

Employers can reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. This scheme will cover up to 2 weeks of SSP for every eligible employee.

Employers must maintain records of staff absences and payments for SSP. Employees will not have to provide a GP fit note.

You are eligible if your business meets both of the following requirements. Your business is:

- UK based
- small or medium-sized and employs fewer than 250 employees as of 28 February 2020

### KICK START SCHEME

The Kickstart Scheme gives you financial support to create new 6-month job placements for young people who are currently on Universal Credit and at risk of long-term unemployment. The scheme is open to all organisations.

It pays:

- 100% of the relevant National Minimum Wage for 25 hours a week
- employer National Insurance minimum automatic pension enrolment contributions
- £1,500 per job placement for setup costs, support and training

Each application is for a minimum of 30 job placements. You can partner with other organisations if you have fewer than 30.

## SUPPORT TO PAY YOUR EMPLOYEES AND YOURSELF (CONT)

### SELF-EMPLOYMENT INCOME SUPPORT SCHEME (SEISS)

You can get 2 one off taxable payments. The first payment will cover 1 November 2020 to 31 January 2021. You'll get 80% of your average monthly trading profits or £7,500 (whichever is lower).

The second payment will cover 1 February 2021 to 30 April 2021. The amount has not been announced yet.

It is available to self-employed individuals, including members of partnerships, who have been previously eligible for the Self-Employment Income Support Scheme first and second grant (although you do not have to have claimed the previous grants).

You must also plan to continue working and either:

- you're currently actively trading and coronavirus has reduced demand for your business
- you were previously trading but temporarily cannot trade because of coronavirus

You cannot claim the grant if you trade through a limited company or a trust.

You cannot claim for the Self-Employment Income Support Scheme Grant Extension yet. You'll be able to claim the first grant from 30 November 2020.

### EXPENSES AND BENEFITS

You may be able to claim tax relief for additional household costs if you have to work at home on a regular basis, either for all or part of the week. This includes if you have to work from home because of coronavirus (COVID-19).

You cannot claim tax relief if you choose to work from home.

Additional costs include things like heating, metered water bills, home contents insurance, business calls or a new broadband connection. They do not include costs that would stay the same whether you were working at home or in an office, such as mortgage interest, rent or council tax.

You may also be able to claim tax relief on equipment you've bought, such as a laptop, chair or mobile phone.

You can check here: <https://www.gov.uk/tax-relief-for-employees/buying-other-equipment>

## SUPPORT TO PAY YOUR EMPLOYEES AND YOURSELF (CONT)

### EXPENSES AND BENEFITS (CONT)

#### How much you can claim?

You can either claim tax relief on:

£6 a week from 6 April 2020 (for previous tax years the rate is £4 a week) - you will not need to keep evidence of your extra costs the exact amount of extra costs you've incurred above the weekly amount - you'll need evidence such as receipts, bills or contracts.

You'll get tax relief based on the rate at which you pay tax. For example, if you pay the 20% basic rate of tax and claim tax relief on £6 a week you would get £1.20 per week in tax relief (20% of £6).

<https://www.tax.service.gov.uk/claim-tax-relief-expenses/only-claiming-working-from-home-tax-relief>

For more information about possible expenses and benefits that can be claimed for, please visit the Government website.

Below are two helpful links, the first covering general expenses and benefits, the second link looks at company cars.

<https://www.gov.uk/guidance/how-to-treat-certain-expenses-and-benefits-provided-to-employees-during-coronavirus-covid-19>

<https://www.gov.uk/guidance/how-to-treat-certain-expenses-and-benefits-provided-to-employees-during-coronavirus-covid-19#company-car-availability>

## SUPPORT WITH PAYMENT OF TAXES AND RATES

### DEFERRING VAT

VAT due between 20 March and 30 June can be deferred until 31 March 2021.

On 24 September 2020, the Chancellor announced that businesses who deferred VAT due from 20 March to 30 June 2020 will now have the option to pay in smaller payments over a longer period.

Instead of paying the full amount by the end of March 2021, you can make smaller payments up to the end of March 2022, interest free.

You will need to opt-in to the scheme, and for those who do, this means that your VAT liabilities due between 20 March and 30 June 2020 do not need to be paid in full until the end of March 2022.

Those that can pay their deferred VAT can still do so by 31 March 2021.

### DEFERRING SELF-ASSESSMENT PAYMENTS ON ACCOUNT

#### Enhanced Time to Pay for Self-Assessment taxpayers

The government will give the self-employed and other taxpayers more time to pay taxes due in January 2021, building on the Self-Assessment deferral provided in July 2020.

Taxpayers with up to £30,000 of Self-Assessment liabilities due will be able to use HMRC's self-service Time to Pay facility to secure a plan to pay over an additional 12 months.

This means that Self-Assessment liabilities due in July 2020 will not need to be paid in full until January 2022.

Any Self-Assessment taxpayer not able to pay their tax bill on time, including those who cannot use the online service, can continue to use HMRC's Time to Pay Self-Assessment helpline to agree a payment plan.

<https://www.gov.uk/guidance/defer-your-self-assessment-payment-on-account-due-to-coronavirus-covid-19>

## SUPPORT WITH PAYMENT OF TAXES AND RATES (CONT)

### SUPPORT FOR BUSINESS PAYING TAX: TIME TO PAY SERVICE

If you cannot pay your tax bill due to coronavirus you may be able to delay payment without penalty. You must apply to HMRC.

### SUPPORT FOR NURSERY BUSINESSES THAT PAY BUSINESS RATES

Nurseries in England do not have to pay business rates for the 2020 to 2021 tax year.

### BUSINESS RATES HOLIDAY FOR RETAIL, HOSPITALITY & LEISURE

Businesses in the retail, hospitality and leisure sectors in England will not have to pay business rates for the 2020 to 2021 tax year.

### POSTPONED ACCOUNTING

#### **VAT**

Ordinarily, from 1 January 2021, goods arriving into the UK from anywhere in the world will be subject to import VAT and the goods will not be released until HMRC are paid.

From 1 January 2021, import VAT can be accounted for on the buyer's VAT return; similar to reverse charge, it sees the import VAT declared in Box 1 and reclaimed (if a fully taxable business) in Box 4, with the net purchase value in Box 7.

This measure means goods are not held at port/customs for the majority of business purchases, and crucially the buyer does not suffer a cashflow impact of having to pay VAT before it receives the goods it has purchased.

#### **Duty**

Like VAT, import duty is declared at arrival into the UK and paid before the goods are released; again, the freight agent usually does this and charges a fee.

For the first six months, import duty is still due but HMRC will release the goods without payment so as not to cause backlogs or delays. The taxpayer must then settle this deferred import duty within six months. The taxpayer will also have to file the import documentation at that time too.

This deferred payment of duty only applies to non-controlled goods.

Controlled goods include alcohol, tobacco and other excise goods.

This gives taxpayers some time to either appoint an agent/freight handler (for a fee) or to train employees on the import system (CHIEF/CDS) and acquire the appropriate software to file such declarations.

## ACCESS TO MONEY - GRANTS & LOANS

### SMALL BUSINESS GRANT FUNDING

You may have been eligible for a one-off grant of £10,000 if you are a small business that already pays little or no business rates.

The Small Business Grant Fund is now closed.

You should have received your grant by 30 September 2020. Contact your local council if you think you're eligible for a grant but have not yet received it.

### CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME

If you are a small to medium-sized business (SME) you may be able to apply for a temporary loan, overdraft, invoice finance and asset finance of up to £5 million, for up to 6 years.

You may also be eligible for Business Interruption Payment to cover the first 12 months of interest payments and any lender fees. The government will give lenders 80% guarantee on each loan (subject to pre-lender cap on claims).

Self-employed people are also eligible for Coronavirus Business Interruption Loan Scheme.

You may be eligible for this scheme if you meet all of the following criteria:

- your business is UK-based, with a turnover of no more than £45 million per year
- you have a borrowing proposal which would be considered viable by the lender, if not for the current pandemic
- you can self-certify that coronavirus (COVID-19) has adversely impacted your business

The scheme is open until 31 January 2021.

### CORONAVIRUS LARGE BUSINESS INTERRUPTION LOAN SCHEME

The Coronavirus Large Business Interruption Loan Scheme (CLBILS) provides a government guarantee of 80% on each loan, to give banks further confidence in financing businesses impacted by coronavirus. It allows banks to make loans of up to £200 million.

You can apply for this loan if your business:

- is UK based
- has an annual turnover of at least £45 million
- meets the other British Business Bank eligibility requirements

The scheme is delivered through commercial lenders, supported by the Government-backed British Business Bank. Facilities backed by a guarantee under CLBILS are offered at commercial rates of interest. The scheme is open until 31 January 2021.

## ACCESS TO MONEY - GRANTS & LOANS (CONT)

### CORONAVIRUS BOUNCE BACK LOAN

If your small to medium-sized business (SME) is affected by coronavirus, you may be able to borrow between £2,000 and £50,000 through a Bounce Back Loan scheme.

The government will guarantee 100% of the loan and for the first 12 months you will not have to pay any fees or interest, or make repayments. You may be eligible for this scheme if your business:

- has been negatively affected by coronavirus
- was not an 'undertaking in difficulty' on 31 December 2019

This includes self-employed people.  
The scheme is open until 31 January 2021.

### REGIONAL GROWTH HUBS - GRANT FUNDING

Small and medium sized businesses have access to grants of between £1,000 - £5,000 to help them access new technology and other equipment as well as professional, legal, financial or other advice to help them get back on track.

The support is fully funded by the Government with no obligation for businesses to contribute financially.

For more information visit <https://www.gov.uk/guidance/england-2014-to-2020-european-structural-and-investment-funds>

We hope you have found this guide helpful. If you would like any specific advice or guidance or just want to talk through your options, please do get in touch.

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