

Covid-19: Business Survival Guides

2: *Short-term finance arrangements*

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Elements for immediate attention:

1. Coronavirus Job Retention Scheme
2. Enterprise Management Incentives
3. Self-employment income support scheme
4. Deferring Income Tax Payment
5. Deferring VAT Payment
6. Coronavirus Business Interruption Loan Scheme
7. Grants
8. Charities

Coronavirus Job Retention Scheme (CJRS):



1. Job protection as Government covers proportion of salary;
2. Grant of 80% of employees' wages; to maximum £2,500 per month; plus National Insurance & minimum enrolment pension contributions;
3. Employers may "top up" at their discretion;
4. All UK businesses, including Charities, agency workers, and public sector;
5. Employees had to be on payroll at 28 February 2020
6. Furloughed employees **MUST NOT** work during furlough;
7. Training & volunteering are allowed – provided no chargeable services for employer are generated during furlough

CJRS payroll requirements:



1. Employer continues to pay employee through payroll;
2. Operate PAYE and National Insurance Contributions as normal;
3. Employers responsible for calculating the amount to be reclaimed;
4. Business agents authorised to administer payroll can make online claims. “File only agents” - e.g. payroll bureaux – can not;
5. Benefits in kind and salary sacrifice are excluded from “basic wage”;
6. HMRC has deemed Covid-19 a “life event” to switch employees’ contracts freely out of a salary sacrifice scheme

Enterprise Management Incentives (EMI):



- Favourable tax share option aimed at small businesses to help retain/recruit employees;
- Business agrees value of expected share option with HMRC before granting to employees;
- Agreed valuations valid for 90 days. Waiting confirmation from HMRC that validity could increase to 120 days;
- Waiting guidance on EMI for furloughed employees;
- As many existing shares have decreased in value with arrival of Covid-19, employees could surrender existing EMI options if employer is able to grant at current (lower) market value

Self-employment income support scheme (SEISS):



1. Self-employed and partnership members can receive taxable grants of 80% of 3-months' trading profit;
2. Maximum £2,500 per month;
3. Due to open June 2020;
4. For those with trading profits below £50,000 for 2018-19 – or on average £50,000 across 2016-17, 2017-18 & 2018-19;
5. No need to apply. HMRC will analyse submitted tax returns to identify and contact those eligible;
6. Late (or missing) tax returns means you are not eligible

Cashflow:



1. Deferring Income Tax Payment:
 - 2nd payment on account due July 2020 is automatically deferred for everyone to 31 January 2021
 - No interest chargeable for the deferment period
2. Deferring VAT Payment
 - Payments due between 20 March and 20 June 2020 deferred to, but to be paid in full by 31 March 2021
 - All UK VAT registered businesses eligible
 - No interest chargeable for the deferment period
 - Does not cover VAT MOSS or import VAT payment

***CANCEL YOUR DIRECT DEBITS IMMEDIATELY:
HMRC CANNOT DO THIS FOR YOU***

Coronavirus Business Interruption Loan Scheme (CBILS)



1. Banks & lenders cannot ask personal guarantees for amounts below £250,000;
2. Over £250,000 personal guarantees limited to 20% of amount after recoveries from business assets;
3. Banks cannot ask for main residence to be used as security;
4. No restriction on re-applying initial application was unsuccessful;
5. As of 3 April, £90m of CBILS approved across 1000 businesses;
6. Larger enterprises (turnover £45m - £500m) can get government guarantee for up to 80% of loan up to £25 million;
7. CBILS at commercial rates of interest;
8. More details due by end of April

Grants



1. Small business grant of £10,000 available to all business in receipt of rate or rural rate relief;
2. Grant funding of £25,000 in England for retail, hospitality or leisure businesses with property rateable value between £15,000 - £50,000
3. Similar grants available in Scotland, Wales & Northern Ireland;
4. Exclusions to grant eligibility for:
 - private stables, beach huts and moorings, car parks and parking spaces;
 - Businesses in liquidation or dissolved as at 11 March 2020

Charities



1. Charities support relief package of £750m announced on 6 April 2020;
2. £360m of direct support grants for:
 - Hospices, vulnerable people & childrens' charities,
 - St. Johns Ambulance,
 - Citizens Advice
3. £370m for community charities including food and medicine deliveries;
4. Grant to the National Lottery Community Fund;
5. Government pledge to match public donations to the BBC "Big Night In" appeal – 23 April 2020