

## COVID-19 – UK HMRC & GOVERNMENT MEASURES

This tracker covers measures announced by the government to support individuals and businesses, as we get through COVID-19.

The chancellor set out further measures to assist employers and business on 20 March 2020. These include financial support to retain staff and deferral of VAT and Income tax payments.

The Corona Virus bill gives the government emergency powers to deal with the crisis in any way it needs. The bill includes some SSP measures. Further tax legislation enabling the other measures will be required.

### At a glance

Announcements cover the following topics:

- Coronavirus Job Retention Scheme
- Deferring VAT and Income Tax payments
- Statutory Sick Pay (SSP)
- IR35: off-payroll working & SSP
- Self-employed and low earners
- Business rates
- Cash grants
- SMEs: Coronavirus Business Interruption Loan Scheme
- Larger business: COVID-19 Corporate Financing Facility
- Business taxes: Time to Pay
- Insurance
- Hardship Fund: Social housing and homeless
- Other direct and indirect tax measures:
  - Statutory Residence Test (SRT)
  - HMRC late payment interest rate cut
  - Landlords & Tenants

### Overview of the measures

#### Coronavirus Job Retention Scheme

- Employers may claim a grant of up to 80% of salaries of employees who have been laid off during this crisis. This is subject to a cap of £2,500 per month.
- Employers must designate affected employees as 'furloughed workers' and notify the employees of this change.
- To qualify for this scheme: workers should not undertake work while furloughed.
- Employers submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal.
- HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers.

Further information to come.



## Deferring VAT and Income Tax payments

- Valued Added Tax (VAT) payments may be deferred for 3 months.
- Income Tax payments payable by the self employed due in July 2020 under the Self-Assessment system will be deferred to January 2021.

## VAT

A payment deferral applies from 20 March 2020 to 30 June 2020.

This is a deferral of tax and not an exemption: effectively, this is a fast way to provide business with emergency funding.

- This is an automatic offer with no applications required.
- Businesses will not need to make a VAT payment during this period.
- Taxpayers will be given until the end of the 2020 to 2021 tax year to pay any liabilities that have accumulated during the deferral period.
- VAT refunds and reclaims will be paid by the government as normal.

## Income Tax

The self employed may defer payment of their self assessment payments on account due on the 31 July 2020.

- Payment will be deferred until the 31 January 2021.
- This is an automatic offer with no applications required.
- No penalties or interest for late payment will be charged in the deferral period.

We note that businesses may still make claims to reduce payments on account: if you know that your profits for the current or next tax year are down,.

## IR35 & off-payroll working

- HM Treasury have said they intend to postpone the introduction of the Off-payroll working rules to the private sector.
- The extension of the off-payroll working rules was due to commence on 6 April 2020. The start date is now be deferred to 6 April 2021.

## Statutory Sick Pay (SSP)

- SSP is paid to eligible employees by their employers.
- SSP is not available to those earning below the Lower Earnings Limit of £118 per week, see Sick Pay (below).

The government said that it will bring forward legislation to allow small and medium-sized businesses and employers to reclaim SSP paid for sickness absence due to COVID-19. The eligibility criteria for the scheme will be as follows:

- SSP will be payable from day one instead of day four for affected individuals.
  - HMRC's SSP calculator does not appear to have been yet updated.
- SMEs may reclaim up to two weeks' SSP expenditure per eligible employee who has been off work because of COVID-19.



- The rate of SSP, for working a five-day week is currently £95.85 per week.

#### Key essentials for employers

- An SME is an employer with fewer than 250 employees, The size of an employer will be determined by the number of people they employed as of 28 February 2020.
- Employers should maintain records of staff absences and payments of SSP.
- Employees will not need to provide a GP fit note.
  - People who are advised to self-isolate for COVID-19 will soon be able to obtain an alternative to the fit note to cover this by contacting NHS 111, rather than visiting a doctor.
  - This can be used by employees where their employers require evidence.
  - Further details will be confirmed shortly.
- The eligible period for the scheme will commence the day after the regulations on the extension of Statutory Sick Pay to those staying at home/self-isolating comes into force.

The government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible. Existing systems are not designed to facilitate employer refunds for SSP.

#### IR35: Off-payroll working & SSP

- Following the government's announcement to postpone the introduction of the off-payroll working rules to the private sector, all workers providing their labour via their own Personal Service Companies (PSCs) to private sector end clients, will be entitled, as they are currently in 2019-20 above to claim SSP under the current rules, via their own PSC.
- The extension of the off-payroll working rules was due to commence on 6 April 2020. The start date will now be deferred to 6 April 2021.

#### Self-employed and low earners

##### Sick Pay

- Self-employed individuals and people earning below the Lower Earnings Limit of £118 per week are not eligible for SSP.
- These individuals can make a claim for Universal Credit or Contributory Employment and Support Allowance
- Special measures apply for the duration of the virus outbreak.
  - The requirements of the Universal Credit Minimum Income Floor will be temporarily relaxed for those who have COVID-19 or are self-isolating according to government advice. This is to ensure self-employed claimants will receive support.
  - People will be able to claim Universal Credit and access advance payments upfront without the current requirement to attend a jobcentre if they are advised to self-isolate.
  - A contributory Employment and Support Allowance will be payable, at a rate of £73.10 a week if you are over 25. This may be claimed by eligible people affected by COVID-19 or self-isolating in line with advice from Day one of sickness, rather than Day eight.
- More details are expected from the government on eligibility criteria. We assume that you may self-certify perhaps after receiving advice by ringing NHS 111,



## Business Rates

- Existing small business rate relief continues to apply, this provides full relief for businesses using a single property with a rateable value of £12,000 or less.
- A business rate holiday applies to retail, hospitality and leisure businesses in England for the 2020/21 tax year.
- Pubs are given a rates discount of £5,000.

Any enquiries on eligibility for, or provision of, the reliefs should be directed to the relevant local authority. Guidance for local authorities on the business rates holiday will be published by 20 March.

## Support for nursery businesses that pay business rates

- There will be a business rates holiday for nurseries in England for the 2020-21 tax year.

You are eligible for the business rates holiday if:

- Your business is based in England.
- Your property is:
  - occupied by providers on Ofsted's Early Years Register and
  - wholly or mainly used for the provision of the Early Years Foundation Stage
- There is no action required, it will apply to your next council tax bill in April 2020.
- You can estimate the business rate charge you will no longer have to pay this year using the [business rates calculator](#).

## Cash grants: via local authorities

- 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.
- A one-off grant of £10,000 (this appears to have increased from the £3,000 announced at the budget) to around 700,000 businesses currently eligible for SBRR or Rural Rate Relief.
- For a property with a rateable value of £12,000, this is one-quarter of their rateable value, or comparable to three months of rent.

Funding for the scheme will be provided to local authorities by the government in early April. Guidance for local authorities on the scheme will be provided shortly.

Businesses in Scotland, Wales and Northern Ireland can find details on the grants and relief available at <https://www.businesssupport.gov.uk/small-business-grant-funding/>

## SMEs: Coronavirus Business Interruption Loan Scheme

- A new Coronavirus Business Interruption Loan Scheme will be delivered by the British Business Bank.
- This is aimed at small and medium-sized businesses to access bank lending and overdrafts.
- The scheme is covered by the government and will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs.
- The government will not charge businesses or banks for this guarantee and the Scheme will support loans of up to £5 million in value.
- The scheme will be open for six months with loan terms of up to 3 years.

- Businesses can access the first twelve months of that finance interest-free, as the government will cover the first twelve months of interest payments.
- To be eligible businesses must:
  - Be UK based with annual turnover of up to £45 million.
  - Generate more than 50% of their turnover from trading activity.
  - Have a borrowing proposal which would, were it not for COVID-19, be considered viable by the lender to enable your business to trade out of any short-to-medium term difficulties.

The scheme became available from 23 March 2020. Details of the first set of lenders providing access to the scheme can be found [here](#).

More details will be announced in the coming days. Businesses are advised to approach their existing lender and to apply through the lender's own website in the first instance. They can then try other lenders if their own lender cannot help.

### **Larger business: COVID-19 Corporate Financing Facility**

- The Bank of England has announced a new lending facility for larger businesses to provide a quick and cost-effective way to raise working capital via the purchase of short-term debt.
- The minimum amount is £1 million. The facility will be available for at least twelve month.
- This will support companies who can show they were in 'sound financial health' prior to the COVID-19 shock, to enable them to continue financing their short-term liabilities.
  - 'Sound financial health' means a short-term credit rating of A3/P3/F3/R3 or above, or a long-term rating above BBB-/Baa3/BBB- by at least one of the major credit ratings agencies.
  - If firms do not have an existing credit rating from one of the major credit ratings agencies, they or their bank should get in touch with one of the major credit rating agencies to seek one. This should be in a form that can be shared with the Bank of England and HM Treasury, and note that the reason for seeking the rating is so that the firm may use the CCFF.
- The Bank will also support corporate finance markets overall and ease the supply of credit to all firms.
- Businesses should start with their own banks. If they are not able to issue commercial paper there is a list of other banks who do with contact details on the [UK Finance website](#).

Further details, including on how to access this funding will follow in the coming days, and the scheme will be available from the week commencing 23 March.

### **Business taxes: Time to Pay**

- All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time To Pay service.
- These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.
- It is essential to contact HMRC and make a Time To Pay agreement before the tax debt becomes due.

If you are concerned about being able to pay your tax due to COVID-19, call HMRC's dedicated helpline on 0800 0159 559.



## Insurance

Standard business interruption policies are unlikely to cover a pandemic. You need to check your policy wording and contact your insurer.

## Hardship Fund: Social housing and homeless

- The government has announced a new £500 million Hardship Fund so Local Authorities can support economically vulnerable people and households.
- The government expects most of this funding to be used to provide more council tax relief, either through existing Local Council Tax Support schemes or through similar measures.
- The Ministry of Housing, Communities and Local Government will set out more detail on this funding, including allocations, shortly.

## Other immediate changes applicable for direct and indirect taxes

### Statutory Residence Test (SRT)

- For the purposes of day counting for SRT. If you:
  - are quarantined or advised by a health professional to self-isolate in the UK as a result of the virus
  - find yourself in a 'lockdown' situation as a result of the virus
  - are unable to leave the UK due to the closure of international borders
  - are asked by your employer to return to the UK temporarily as a result of the virus

HMRC consider that the circumstances are 'exceptional'.

### HMRC late payment interest rate cut

HMRC interest rates for late payments will be revised after the Bank of England interest rate reduction to 0.1%.

These changes will come into effect on:

- 30 March 2020 for quarterly instalment payments
- 7 April 2020 for non-quarterly instalments payments

Repayment interest rates remain unchanged. Added 20/3/2020

The rate for underpayments of quarterly instalments is reduced to 1.25% from 23 March 2020. Added 24/03/2020.

### Landlords & Tenants

New measures have been announced which apply to private or social accommodation. Added 21/03/2020.

- Landlords will not be able to start proceedings to evict tenants for at least a 3 month period.
- Landlords whose tenants are experiencing financial difficulties due to coronavirus will receive a 3 month mortgage payment holiday.
- At the end of this period, landlords and tenants are expected to work together to establish an affordable repayment plan, taking into account tenants' individual circumstances.