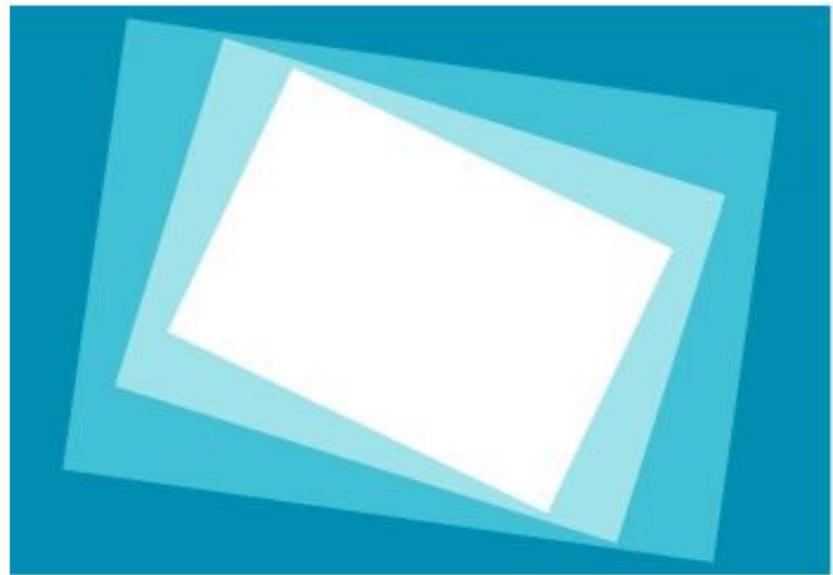


Helping our clients when they need it most -

Through COVID-19



Practical
Business
Solutions.

Solid. Straight talking. By your side.

BY YOUR SIDE – DEALING WITH A CRISIS

- ▶ Right now, globally, we are experiencing a very challenging and uncertain time as we battle against the COVID-19 pandemic
- ▶ For many businesses it means that very difficult decisions need to be made
- ▶ We are here to help you through this difficult time, using our experience, commercial partnerships and relationships with financial institutions, to provide the guidance that you urgently need
- ▶ In this document, we will outline the services that we can provide for you as a reminder, specifically with regards to COVID-19
- ▶ We have also provided some FAQ's to assist you with any questions you may have

HR RELATED ISSUES

- ▶ You may end up running into issues if you do not handle things correctly - i.e. lay offs, redundancies, reduced hours, furlough
- ▶ Practical Business Solutions have an existing partnership with an employment lawyer who can provide advice to support you





LEGAL ISSUES

- ▶ Your customers, suppliers, etc. may not be able to pay bills and you may need legal advice on whether you are able to recover debts or manage HMRC
- ▶ Given the new legislation that has been introduced in this state of emergency, you may need to update contracts
- ▶ Our Legal partner can provide support if needed

INSOLVENCY AND RECOVERY

- ▶ Unfortunately, given the current circumstances, you may be faced with potential insolvency and therefore need advice on restructuring
- ▶ If you are unable to recover from a situation where you are unable to pay money owed, then you may wish to seek advice from our recommended insolvency partner





MORTGAGES

- ▶ There are certain actions that you might need to take to overcome the disruption of COVID-19, such as short-term funding and refinancing properties
- ▶ Those with property portfolios could consider re-brokering loans, although timing of this could be a challenge

CORPORATE FINANCE

- ▶ Secure and insecure financing is available to those who may need it and are not covered by government loans and/or grants



FOR SMALL TO MEDIUM BUSINESSES

FAQ'S

WHAT IS THE SELF EMPLOYMENT INCOME SUPPORT SCHEME AND HOW DO I APPLY?

- ▶ Who is eligible? You must be a self-employed individual or a member of a partnership and meet the following criteria:
 - ▶ Have submitted your Income Tax Self Assessment tax return for the tax year 2018-2019
 - ▶ Traded in the tax year 2019-2020
 - ▶ Are trading when you apply, or would be except for COVID-19
 - ▶ Intend to continue to trade in the tax year 2020-2021
 - ▶ Have lost trading/partnership trading profits due to COVID-19

SELF-EMPLOYED INCOME SUPPORT SCHEME

- ▶ In addition to this, your trading profits must be less than £50,000 and more than half your income must come from self-employment. This is defined as:
 - ▶ Having profits/partnership trading profits in 2018-2019 of less than £50,000 and these profits constitute more than half of your taxable income
 - ▶ Having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period This scheme uses information from your Income Tax Self-Assessment tax return, if you have not submitted one for the tax year 2018-19 you must do this by 23 April 2020. If you started trading between 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return.

- ▶ How much will I get?
 - ▶ The grant will be calculated by using 80% of your average profits from the tax years covering 2016-2019. This means that the three years will be added together and divided by three, your grant will be 80% of this figure with a maximum value of £2,500 a month. This will be paid directly into your bank account.
- ▶ What if I don't have 3 years accounts?
 - ▶ Grants will be calculated on the accounts that you do have. For example, if you have two years, these will be added together and be divided by 2. If you only have one Income Tax Self-Assessment, this will be used as the average.

- ▶ How do I make a claim?
 - ▶ You need to take no action. HMRC will contact you if you are eligible for this scheme and invite you to apply. Please be aware that only HMRC are providing this scheme, if you receive a text, calls or email claiming to be from HMRC, informing you that you can claim financial help or are owed a tax refund asking you to click on a link or to give information such as your name, credit card or bank details, it is a scam.

UNIVERSAL CREDIT AND THE SELF-EMPLOYED

- ▶ On 20 March 2020 the Chancellor announced the suspension of the minimum income floor for the self-employed and that the standard allowance was to rise over the next 12 months by £1,000. This means that self-employed people can now access, in full, Universal Credit at a rate equivalent to Statutory Sick Pay for employees.
- ▶ You can find out more about Universal Credit and apply on line at - <https://www.gov.uk/universal-credit>

WHAT IS THE SMALL BUSINESS GRANT FUND (SBGF)?

- ▶ The Small Business Grant Scheme is funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBRR), rural rate relief (RRR) and tapered relief has been made available. This will provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs. The Department for Business, Energy & Industrial Strategy (BEIS) have now released their guidance for local councils which sets out in full which businesses are eligible and the funding breakdown, **you can read this in full at the gov.uk website.**
- ▶ Eligible businesses are those based in England already receiving SBRR and/or RRR occupying property.
- ▶ You do not need to do anything to claim this grant, your local authority will contact you if you are eligible for this grant. Any queries should be addressed to your local authority. If you are unsure who your local authority is, you can find out via the Governments **Find your local council** tool.

IS THERE ANY SUPPORT FOR RETAIL, HOSPITALITY AND LEISURE BUSINESSES (ENGLAND & SCOTLAND)

- ▶ The Retail and Hospitality Grant Scheme provides businesses in the retail, hospitality and leisure sectors with a cash grant of up to £25,000 per property.
 - ▶ For businesses in these sectors with a rateable value of under £15,000, they will receive a grant of £10,000
 - ▶ For businesses in these sectors with a rateable value of between £15,001 and £51,000, they will receive a grant of £25,000
- ▶ Businesses based in England, in the retail, hospitality and/or leisure sector are eligible. This includes properties being used primarily as shops, restaurants, cafes, drinking establishments, cinemas, live music venues, for assembly and leisure and as hotels, guest and boarding premises and self-catering accommodation.

RETAIL AND HOSPITALITY GRANT SCHEME

You do not need to take any action, if you are eligible for the grant you will be contacted by your local authority. If you are unsure who your local authority is, you can check via the Government's **Find your local council** tool.

BUSINESS RATES AND CASH GRANTS IN ENGLAND

- ▶ Expanding the 100% business rates holiday for the next 12 months to cover all retail, hospitality and leisure businesses in England - not just those up to £51k Rateable Value
- ▶ Providing a £25,000 cash grant to retail, hospitality and leisure businesses in smaller premises, with a Rateable Value below £51k
- ▶ Increasing the proposed £3,000 cash grant to 700,000 small businesses (those eligible for Small Business Rate Relief) to a £10,000 cash grant. We think this will also apply for those eligible for rural rates relief
- ▶ Providing a £25,000 grant to companies in the hospitality, tourism and retail sectors with a rateable value from £15,000 to £51,000

HOW DO I APPLY FOR THE CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME FOR SME'S?

- ▶ A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, launched 23 March 2020 to support primarily small and medium-sized businesses to access bank lending and overdrafts.
- ▶ The government 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. There will be an interest free period for loans taken out through the business interruption loan scheme of 12 months.

CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME

Businesses are eligible if the business is UK based, with turnover of no more than £45 million per year and British Business Bank eligibility criteria.

The full rules of the Scheme and the list of accredited lenders is available on the **British Business Bank website**. All the major banks will offer the Scheme once it has launched. There are currently **40 accredited providers** in all with more being added. Businesses wishing to apply for this scheme should approach the lenders directly.

WHAT HAPPENS IF I HAVE TO CLOSE MY PLACE OF BUSINESS?

- ▶ Firstly, you need to check your policy wording, or contact your broker to find out if you have Business Interruption cover in your commercial insurance policy.
- ▶ Once you have confirmed that you have Business Interruption cover, you will need to check whether you have an extension for “notifiable diseases” (can also be referred to as “Infectious Diseases”). This extension is not common. If the policy wording lists specified diseases covered, then you will need to ask whether COVID-19 is included. As this worldwide pandemic is now touching every business and household in the UK in some way, if you are not currently covered, it is highly unlikely that you will be able to get your policy extended to include it at this time.

OTHER CONSIDERATIONS

Insurance considerations

- ▶ As tens of thousands of workers make the change to work from home, some with new equipment, it's important to make sure that their home insurance providers are made aware. You can reassure your workers that this will likely not impact their premiums as most home-workers will be doing clerical work.
- ▶ If you normally work from premises and are now relying on deliveries/working away, you will also need to let your insurer/broker know.

If your business is sending employees home, temporarily closing or working from a reduced number of sites, you will have premises which are unexpectedly empty. Empty premises are vulnerable to a few, perhaps unexpected risks.

WHAT IF I CANNOT PAY MY STAFF?

On 20th March 2020 the Chancellor announced the launch of a coronavirus job retention scheme, allowing any employer the opportunity to apply to HMRC to have up to 80% of a member of staff's salary paid – capped at £2,500 a month.

All UK businesses are eligible for the scheme, employers will need to:

- ▶ Designate affected employees as 'furloughed workers,' and notify your employees of this change - changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation
- ▶ Submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (HMRC will set out further details on the information required)

HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers.

WHAT ARE THE RULES AROUND FURLOUGHING?

- ▶ Furloughed employees must have been on your PAYE payroll on 28th February 2020, and can be on any type of contract.
- ▶ The scheme also covers employees who were made redundant since 28 February 2020, if they are rehired by their employer.
- ▶ To be eligible for the subsidy, when on furlough, an employee can not undertake work for or on behalf of the organisation. This includes providing services or generating revenue. While on furlough, the employee's wage will be subject to usual income tax and other deductions.
- ▶ Employees on sick leave or self-isolating should get Statutory Sick Pay, but can be furloughed after this.
- ▶ A furloughed employee can take part in volunteer work or training, as long as it does not provide services to or generate revenue for, or on behalf of your organisation.

ELIGIBILITY FOR SUPPORT THROUGH HMRC TIME TO PAY SERVICE

- ▶ HMRC have scaled up their **Time to Pay offer** to all firms and individuals who are in temporary financial distress as a result of COVID-19 and have outstanding tax liabilities. If you think you or your business is eligible for support through Time to Pay, you can call the following helpline number to get practical help and advice on 0800 0159 559.
- ▶ Arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities. For more information, please check the HMRC site here: <https://www.gov.uk/government/news/tax-helpline-to-support-businesses-affected-by-coronavirus-covid-19>

HAS THE PAYMENT OF VAT BEEN DEFERRED?

- ▶ VAT has been deferred for the next quarter (these payments can now be paid at the end of the financial year)
- ▶ 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.
- ▶ Customers who normally pay by direct debit should cancel their direct debit with their bank if they are unable to pay. Please do so in sufficient time so that HMRC do not attempt to automatically collect on receipt of your VAT return.

HAVE INCOME TAX SELF-ASSESSMENTS DUE ON THE 31ST JULY 2020 BEEN DEFERRED?

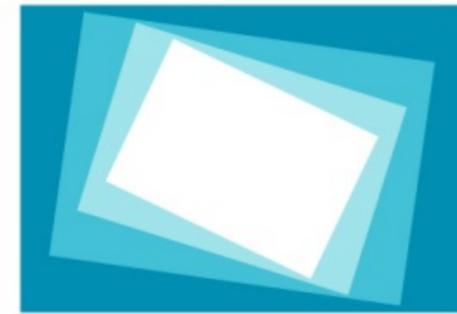
- ▶ If you are self-employed you are eligible and this is an automatic offer with no applications required.
- ▶ No penalties or interest for late payment will be charged in the deferral period.

WHAT HAPPENS IF I DO NOT COMPLY TO THESE NEW REGULATIONS?

New regulations extending the restrictions are now enforceable by law in England, Wales and Scotland due to the threat to public health.

Businesses who continue to operate in contravention of the regulations will be committing a criminal offence. The Environmental Health and Trading Standards agencies will be monitoring compliance along with police support provided by police if appropriate. Businesses and premises that breach them will be subject to **prohibition notices**, and potentially **unlimited fines**.

**IF YOU WOULD LIKE FURTHER ADVICE,
PLEASE GET IN TOUCH WITH PRACTICAL
BUSINESS SOLUTIONS**



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