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Coronavirus Financial Update 30 March 2020

In this issue we are highlighting the support available from the UK Government and suggesting urgent action you need to consider taking now.

Government Coronavirus Financial Support

We are available to answer any questions you may have but in the first instance, please click [here](#) To see the latest updated advice from the UK government.

The package of measures to support businesses includes:

- Coronavirus Job Retention Scheme for furloughed employees (CJRS)
- Self-employed Income Support Scheme (SEISS)
- Deferring VAT and Income Tax payments
- Statutory Sick Pay relief package for SMEs
- A 12-month business rates holiday for all retail, hospitality and leisure businesses in England
- Small business grant of £10,000 for all business in receipt of small business rate relief (SBRR) or rural rate relief (RRR), or;
- Grant of either £10,000 for retail, hospitality and leisure businesses with property with a rateable value of up to £15,000 or £25,000 for those with a rateable value between £15,000 and £51,000
- The Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank
- HMRC Time To Pay Scheme for PAYE and Corporation tax

You should be now considering the following:

- Contact personal and business mortgage companies to ask for a deferral of monthly instalments for at least 3 months.
- Contact other loan companies, HP and leasing companies to defer monthly payments - three or even six months complete deferral might be considered by lenders.
- Contact landlords to discuss deferral of rent payments.
- Contact suppliers to negotiate deferred payment terms.
- Call HMRC's dedicated helpline on 0800 0159 559 to discuss payment by instalments of Corporation tax, PAYE, NI or CIS.
- Review Capital Expenditure plans and defer if not vital.
- Review your debtor's ledger as soon and as often as possible and chase outstanding debtors for payment in full or negotiate instalment arrangements. Please be mindful of the fact that many of your customers will be having similar cashflow issues.

- Try to focus on completing current projects for customers / clients who are still able to pay you.
- If contracts and sales cannot be completed at this time, then customers / clients may have legal redress against you. Contact them at the earliest opportunity to discuss renegotiation of terms.
- Remember to keep your accounting records up to date. You will need this to keep control of your debtors, keep quarterly VAT returns up to date and to monitor cost control and financial position through the crisis. Plus, it may be difficult and time consuming to catch up later in the year.
- Consider not paying self-assessment tax due on 31 July – No application is required – HMRC will not automatically request the payment until 31 January 2021
- VAT payments due between 20 March 2020 and 30 June 2020 can be deferred to 31 March 2021. You must file your VAT return on time, and you must cancel your Direct Debit, but you do not need to tell HMRC that you are deferring the payment.
- Consider applying online direct to your banks for the Coronavirus Business Interruption Loan Scheme (CBILS). Available for Companies, Partnerships and Sole Traders with a turnover less than £45million who do not have enough conventional security, the Government will provide a guarantee to the banks to cover 80% of the loan to encourage them to lend. Interest free for the first 12 months and available with deferred capital payments. In the first instance please check your bank's website for details of how to apply. N.B. this is not a grant. This is a loan and will need to be repaid, and the borrower remains liable for repayment of the whole debt, not just the remaining 20%. Banks will still need to be satisfied that the business would be viable, but for the COVID-19 outbreak, and is likely to trade out of any short to medium term difficulty. The borrower will be asked to provide whatever security they have, be that property or personal guarantees and the government guarantee will only refund the bank and not the borrower. The security required by the bank may depend on the level of borrowing required.
- For staff, consider:
 - Remote working
 - Video conferencing
 - Early Holidays – N.B. Workers who have not taken all their statutory annual leave entitlement due to COVID-19 will now legally be able to carry it over into the next 2 leave years.
 - Reduced Time Working – Employees will not be classed as furloughed if they just drop from full time to part time working. They will not be eligible for the CJRS scheme unless they are fully furloughed. Further, employees will have to be furloughed for at least 3 weeks to qualify for CJRS
 - Sick pay (SSP) can be reclaimed by businesses with fewer than 250 employees for employee absences of up to 14 days. Keep detailed records of reasons for all staff absences and deduct SSP from your next PAYE payments. You reclaim this immediately through the PAYE system

- Redundancies – as a last resort this may be necessary, but you still need to consult an appropriate HR specialist to ensure that you comply with legislation.
- And finally, The Coronavirus Job Retention Scheme for furloughed employees (CJRS). Furloughed staff cannot carry out any work at all during the period they have been furloughed. The government will reimburse employers for 80% of the cost of employing workers who have Furloughed subject to an upper limit of £2,500 per employee per month. Although the claim cannot be submitted until HMRC complete the portal, you should be planning for this now. You need to carefully consider which staff members will be furloughed. Staff may be able to take action against you for breach of contract terms or unfair treatment, so we recommend that you take legal advice if you plan to Furlough any staff. It is also very important that you immediately put the furlough decision in writing to ensure that there is no doubt for you, the employee or HMRC.

No action can yet be taken for the following items:

- **Self-Employment Income Support Scheme (SEISS):**
 - HMRC will contact you in due course if you are eligible for the scheme and invite you to apply online.
 - Payments are unlikely to arrive before June but to help with your budgeting we recommend that you establish whether you qualify and estimate how much you are likely to receive. If you are eligible, you should be entitled to payments of up to 80% of your average profits for the three years to 5 April 2019 up to a limit of £2,500 per month for an initial period of 3 months.
 - You are eligible if:
 - You are currently self-employed or a partner in a partnership,
 - you were also self-employed prior to 5 April 2019,
 - your tax returns up to 5 April 2019 are filed up to date (or will be very soon),
 - your self-employed profits are more than 50% of your total income, and
 - your profits in 2018/19 were less than £50,000, or if more, the three years to 5 April 2019 averaged less than £50,000
- **Local authority Grants and Rate Rebates:**
 - The local authority will be contacting all eligible businesses about:
 - The small business grant of £10,000 for all business in receipt of small business rate relief (SBRR) or rural rate relief (RRR)
 - The £25,000 grant for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000.
 - Cancellation of business rates for all businesses in the retail, hospitality and leisure sectors.