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Winter Economy Plan

Here are the headlines from the Chancellor's statement in Parliament yesterday where a series of measures to help jobs and businesses were announced.

NEW JOB SUPPORT SCHEME

THIS SCHEME HAS SINCE BEEN POSTPONED WITH THE FURLOUGH SCHEME CONTINUING TO 31 MARCH 2021.

This scheme will start on 1 November 20 and replace the current Job retention ("furlough") scheme which ends on 31 October 20.

- All small and medium-sized businesses are eligible.
- Larger businesses must demonstrate a fall in turnover during the pandemic.
- Employers can use the new scheme even if they have not previously used the furlough scheme.
- The scheme will last for six months to 30 April 21.
- To be eligible, employees will need to be working a minimum of 33% of their normal hours.
- Employers will continue to pay the wages of staff for the hours they work - but for the hours not worked, the government and the employer will each pay one third of their equivalent salary.
- The level of grant will be calculated based on employee's usual salary and capped at £697.92 per month.
- For example, an employee working 33% of their hours will receive at least 77% of their pay, 22% paid by the Government and 55% paid by their employer (the "worked" 33% plus 22%).

SELF-EMPLOYED INCOME SUPPORT SCHEME

THIS SCHEME WAS AMENDED ON 22 OCTOBER 2020, OUR SPECIFIC UPDATED GUIDANCE IS HERE:
<https://www.bsrb.co.uk/assets/BSR-Bespoke-SEISS-Update-22-OCTOBER-2020.pdf>

The existing self-employed grant (SEISS) will also be extended on the same basis as the job support scheme.

- An initial taxable grant will be provided to those who are currently eligible for SEISS and are continuing to actively trade but face reduced demand due to coronavirus.
- There is no requirement to have previously made claims.
- The initial grant will cover three months' worth of profits for the period from November 20 to January 21.
- This is worth 20% of average monthly profits, up to a total of £1,875.
- An additional second grant, which may be adjusted to respond to changing circumstances, will be available to cover the period from February 21 to the end of April.

VAT CUT FOR HOSPITALITY SECTOR CONTINUES

The reduction in VAT to 5% for the hospitality and tourism sector will be extended until 31 March 21.

DEFERRAL OF VAT BILLS

Rather than paying a lump sum, in respect of any VAT liabilities deferred from earlier this year, in full at the end of March next year, businesses will be able to make 11 smaller interest-free payments during the 2021-22 financial year.

SELF-ASSESSMENT TAXPAYERS – TIME TO PAY EXTENSION

Taxpayers will be able to benefit from a separate additional 12-month extension from HMRC on the “Time to Pay” self-service facility, meaning payments deferred from July 20 and those due in January 21, will now not need to be paid until January 22.

BOUNCE BACK LOANS - FLEXIBILITY GIVEN TO PAY BACK AMOUNTS BORROWED

The Chancellor announced a new Pay as You Grow flexible repayment system, which includes:

- Extending the length of the loan from six years to ten, which will cut monthly repayments by nearly half.
- Interest-only periods of up to six months and payment holidays will also be available to businesses.

CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME

The Government also intends that lenders have the ability to extend the length of loans from a maximum of six years to ten years if it will help businesses to repay the loan.

The Chancellor also announced an extension in applications for the Government’s coronavirus loan schemes until the end of November.

FURTHER GUIDANCE

Further guidance will be issued in due course and can be accessed here:

<https://www.gov.uk/government/news/chancellor-outlines-winter-economy-plan>