DORSEY
DORSEY + WHITNEY LLP

UK Government Assistance for Businesses in the COVID-19 Crisis

The UK Government has announced a multi-billion package of measures and initiatives to assist businesses during the COVID-19 crisis. This huge package will be extremely beneficial to UK businesses and is designed to protect these businesses from the economic downturn created by the COVID-19 crisis and to put them into a position to turbocharge the recovery when it happens.

We have set out below a summary of the principal measures that have been announced so far but we would note that further measures are expected.

Deferral of VAT and Income Tax Payments

There is an automatic deferral of VAT payments that have accrued during the period 20 March 2020 to 30 June 2020, with taxpayers being given until the end of the 2020/21 tax year to pay any such liabilities. VAT refunds will continue to be paid as normal.

Similarly, all income tax installment payments which are payable by self employed individuals on 31 July 2020 will be automatically deferred until 31 January 2021. No penalties or interest for late payment will be payable in the deferral period.

Coronavirus Business Interruption Loan Scheme

A Government backed and guaranteed loan scheme will be established to support small and medium-sized businesses to apply for a loan of up to £5 million, with the Government providing lenders with a guarantee of 80% on each loan. No fees will be charged for this guarantee. Only UK based business with an annual turnover of not more than £45 million will be eligible for this loan scheme. Over 40 lenders are participating in this loan scheme.

COVID-19 Commercial Finance Facility

This facility is available to support the liquidity of larger businesses and will involve the

Related Capabilities

- Labor & Employment
- Labor & Employment Guides
- Corporate Governance & Compliance

Bank of England purchasing commercial paper from eligible businesses.

Coronavirus Job Retention Scheme

Under the Coronavirus Job Retention Scheme, all UK employers will be able to access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during this crisis. Click here to read more.

Government Assistance for Self-Employed Individuals

The Government has announced that self-employed people will able to claim a grant worth 80% of their average monthly profits, of up to £2,500 a month. This will be for three months initially, and unlike the Coronavirus Job Retention Scheme individuals can continue to work. Only self-employed individuals with taxable income of less than £50,000 per annum will qualify. HMRC will pay the cash, backdated till March, directly into people's bank accounts as a lump sum in June.

Business Rates Holiday for Retail, Hospitality and Leisure Businesses

Businesses based in England in the retail, hospitality and leisure sectors will benefit from a business rates "holiday" for the 2020/2021 year. Properties that will benefit from the relief will be properties that are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas and live music venues;
- for assembly and leisure; or
- as hotels, guest & boarding premises and self-catering accommodation.

This relief will be given automatically in the next council tax bill from April 2020 although local authorities may have to reissue some bills.

Government Grants

The Government will provide businesses in the retail, hospitality and leisure sectors which are based in England with a cash grant of up to £25,000 per property.

Businesses in these sectors with a property that has a rateable value of £15,000 and under will receive a grant of £10,000, whilst such businesses with a property that has a rateable value of between £15,000 and £51,000 will receive a grant of £25,000.

There are also cash grants of £10,000 for small businesses that pay little or no business rates.

HMRC Time to Pay

Whilst there is no specific deferral of the tax payment deadlines, any business which is suffering financial difficulties due to the COVID-19 crisis can apply for a deferral of its tax payment deadlines. Any such request will be considered by HMRC on a case-by-case basis and will be tailored to individual circumstances and liabilities.

Other Measures

Employers with less than 250 employees (as of 28 February 2020) may claim for reimbursement of up to two weeks' statutory sick pay for each employee absent due to self-isolation as a result of COVID-19.

For further information on any of the above measures please contact either Michael Cashman or Bob Cordran.