



# Financial Business Support Factsheet

Here is our summary of the Government's temporary measures to support businesses in response to disruption caused by COVID-19. We have assembled the key points with Kent County Council and Medway. It provides what you need to know to plan and consider your next business planning move.

## Key Points

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The measures include new financial resources to support businesses.

- **Businesses do not need to make VAT payments before June** and have until the end of the 2020 to 2021 tax year to pay any liabilities that accumulate during the deferral period. VAT refunds and reclaims will be paid by the government as normal.
- **The Corona Virus Job Retention Scheme** enables employers to access and HMRC grant to continue paying part of their employees' salary **to keep people on payroll**.
- An allowance for small-and medium-sized employers to **reclaim up to two weeks Statutory Sick Pay** paid for sickness absence due to Coronavirus. The eligibility criteria for the scheme will be as follows:
- The **Coronavirus Business Interruption Loan Scheme** to support long-term viable businesses who may need to respond to cash-flow pressures by seeking additional finance. Support will be through access to loans, overdrafts, invoice finance and asset finance of up to £5 million and for up to 6 years.
- A **business grant fund of £10,000** for all business currently receiving small business rate relief or rural rate relief.
- **Businesses in financial distress with outstanding tax liabilities** may be eligible to receive support with their tax affairs through HMRC's **Time to Pay** service.
- For **retail, hospitality and leisure businesses** with property with a rateable value between £15,000 and £51,000 a grant of £25,000 for and a rates holiday in England for the 2020 to 2021 tax year.
- **Nursery businesses** will receive a **business rates holiday** in England for the 2020 to 2021 tax year.
- The **IR35 tax reforms** have been pushed back by one year.
- Support for 'non-financial' larger firms to meet short term liabilities is through the **COVID-19 Corporate Financing Facility** provided by the Bank of England.

## Deferring VAT And Income Tax Payments

The Government will support businesses by deferring Valued Added Tax (VAT) payments for 3 months. If you're self-employed, Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021.

For VAT, the deferral will apply from March 2020 until June 2020. 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.

More information [businesssupport.gov.uk/vat-deferral/](https://businesssupport.gov.uk/vat-deferral/)

## Grant Funding For Business in Receipt of Small Business Rates Relief

The government will provide further relief to small businesses that already pay little or no business rates because of small business rate relief (SBRR).

# £10k grant



This will provide a one-off grant of £10,000 to **businesses currently eligible for SBRR or rural rate relief**, to help meet their ongoing business costs.

If your business is eligible for SBRR or rural rate relief, you will be contacted by your local authority. **you do not need to apply until you are contacted.**



**May** 

We expect **cash to be available from May 2020.**

More information <https://bit.ly/2xnVaal>

## Coronavirus Job Retention Scheme

The Coronavirus Job Retention Scheme enables employers to continue paying part of the salaries for employees that would otherwise have been laid off during this crisis. HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. This includes zero hours contracted staff based on the last three months average earnings.

- **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).

**Our current understanding is HMRC are putting in place the systems for reimbursement.** Current systems are not capable of doing this. If your business needs short term cash flow to facilitate this, **you should check your eligibility for a Coronavirus Business Interruption Loan.**

More information <https://bit.ly/39fz0Es>

## Small Business Statutory Sick Pay Relief

Small- and medium-sized businesses and employers can reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19.

More information <http://bit.ly/2Wr2lZE>



Employers should maintain records of staff absences and payments of SSP. Employees will not need to provide a GP fit note.



The refund will cover up to **2 weeks' SSP** per eligible employee who has been off work because of COVID-19.



The eligible period for the scheme will commence the day after the regulations on the extension of SSP to those staying at home comes into force.



Employers with fewer than 250 employees will be eligible - the size of an employer will be determined by the number of people they employed as at **28 February 2020**.



The government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible.

## The HMRC Time To Pay Scheme

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.

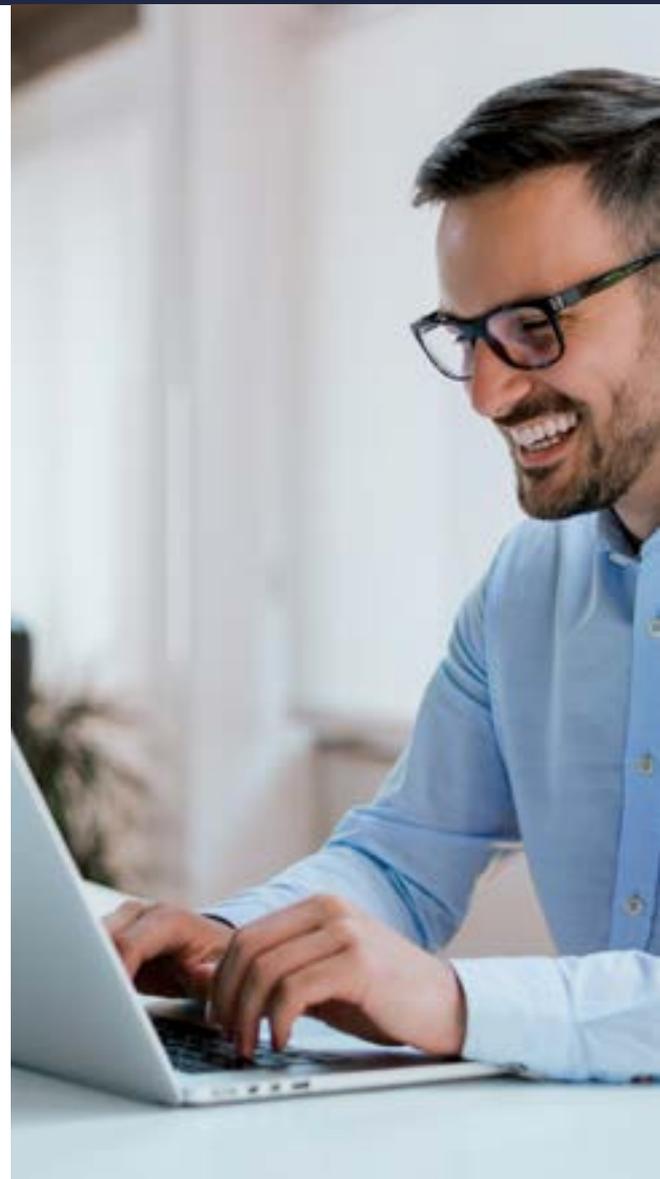
More information <https://bit.ly/2WMI0ld>

## Small Business Grant Funding

The government will provide additional a one-off grant of **£10,000 Small Business Grant** through your local if you pay little or no business rates because of small business rate relief (SBRR), rural rate relief (RRR) and tapered relief.

Your local authority will write to you if you are eligible for this grant. Any enquiries on eligibility or receiving the grant should be directed to your local authority.

Find your local authority <https://bit.ly/39kdJt0>



# The Coronavirus Business Interruption Loan Scheme

A new temporary scheme delivered by the British Business Bank through your current business bank has launched. It supports access bank lending and overdrafts.

## 80% guarantee

The government will provide lenders with a guarantee of **80% on each loan** for businesses up to 250 employees.



You should **talk to your bank or finance provider** (not the British Business Bank) as soon as possible and discuss your **business plan** with them.



The government **will not charge businesses or banks for this guarantee**, and the Scheme will support loans of up to £5 million in value available on repayment terms of up to six years.



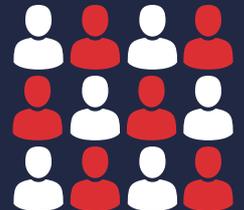
**All major banks** are offering the Scheme and there are **40 accredited providers**.



Finance terms are up to **six years** for term loans and asset finance facilities and up to **three years** for overdrafts and invoice finance facilities.



If you have an **existing loan with monthly repayments** you may want to ask for a **repayment holiday** to help with cash flow.



## 12 months interest free

Businesses can access the **first 12 months of that finance interest free**, as the government will cover the interest payments.

At the discretion of the lender, the scheme may be used for **unsecured lending for facilities of £250,000 and under**. For **facilities above £250,000, the lender must establish a lack or absence of security prior to businesses using this scheme**. If the lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so.

# Support For Retail, Hospitality and Leisure Businesses

More information <https://bit.ly/39kdJt0>



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.



Businesses that received the **retail discount** in the 2019 to 2020 tax year will be rebilled by their local authority as soon as possible.



There will also be a **business rates retail holiday** for the 2020 to 2021 tax year.



Any enquiries on **eligibility** or receiving the grant should be directed to your **local authority**.

## Support for Larger Firms Through the COVID-19 Corporate Financing Facility

Under the new **Covid-19 Corporate Financing Facility**, the Bank of England will buy short term debt from larger companies. This will support your company if it has been affected by a short-term funding squeeze, and allow you to finance your short-term liabilities.

More information <https://bit.ly/2WK315U>

## IR35 Reforms Postponed For A Year

The IR35 tax reforms will be pushed back by one year less than a week after the measures were confirmed in the budget.

The government is postponing the reforms to the off payroll working rules, IR35, from April 2020 to **April 6, 2021**. This is a deferral in response to the ongoing spread of Covid-19 to help businesses and individuals.

More information <http://bit.ly/2Wr2IZE>

Locate in Kent is your free resource for business insights and business planning advice. Visit [locateinkent.com/coronavirus](https://locateinkent.com/coronavirus) today for more information.

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