



# Bird & Bird & COVID-19

November 2020

# Summary of updates to existing funding initiatives and new measures

Following the Prime Minister's statement on 31 October 2020 that further national lockdown restrictions will commence on Thursday 5 November, the government announced that the furlough scheme will be extended to March 2021, and the JSS will be postponed until the current furlough scheme ends. The extended furlough scheme is the same as the flexible furlough scheme that was available in August. Additionally, the grants for self-employed workers scheme were increased. The key new announcement is summarised here with further detail of all the existing schemes set out below.

Coronavirus Job Retention Scheme (JRS) 'Furlough scheme'	Job Support Scheme (JSS Closed and Open)	Self-Employment Income Support Scheme (SEISS)
<ul style="list-style-type: none"><li>• The Coronavirus Job Retention Scheme will no longer close on 31 October, and has been extended until the end of March 2021.</li><li>• Employees will receive 80% salary for unworked hours, up to a maximum of £2,500 a month (where the salary is £3,125 per month).</li><li>• Neither the employee nor the employer needs to have previously used the JRS</li><li>• Employees can remain employed on a part-time basis</li><li>• To be eligible under the extension, employees must be on an employer's PAYE payroll by 23:59 30 October 2020.</li></ul>	<ul style="list-style-type: none"><li>• The Job Support Scheme, which was meant to commence on 1 November 2020, has been postponed until the furlough scheme ends in March 2021 at the earliest.</li></ul>	<ul style="list-style-type: none"><li>• The grant will increase from 55% to 80% of average profits, up to £7,500</li></ul>

# Government support – UK initiatives

Category	Details	Eligibility	How to apply
Coronavirus Job Retention Scheme ('JRS')	<p><b>Payroll support for all firms and enterprises in the UK</b></p> <ul style="list-style-type: none"> <li>Grant support to cover up to 80% of 'usual monthly wage costs' (which excludes commission, fees or bonuses) up to £2,500 PLUS employer NICs and the minimum automatic employer pension contributions on the subsidised furlough pay (which is 3%) of anyone not working due to Coronavirus but whose job has been retained.</li> <li>Employers may top-up the wages of workers but they are not obliged to do so.</li> <li>Employers with workers with variable or zero-hour contracts can claim for the higher of either the same month's earning from the previous year or the average monthly earnings from the 2019-20 tax year. Claims for employees who have been employed for less than a year should be equal to the average monthly earnings since starting.</li> <li>Businesses cannot claim for employees on reduced pay or reduced hours.</li> <li>Wages backdated to 1 March 2020.</li> <li>The JRS has been extended possibly until March 2021. Since September, the scheme has operated as follows: <ul style="list-style-type: none"> <li><b>September:</b> government will pay 70% of monthly wages up to a cap of £2,187.50. Employers pay minimum of 10% of monthly wages plus employer NICs and pension contributions.</li> <li><b>October:</b> government will pay 60% of monthly wages up to a cap of £1,875. Employers: pay minimum of 20%, of monthly wages plus employer NICs and pension contributions.</li> <li><b>November onwards:</b> government will pay 80% of monthly wages up to a cap of £2,500, but employers pay ER NICs and pensions.</li> </ul> </li> <li><a href="#">Click here for the Employment Team's detailed summary of the JRS</a></li> </ul>	<ul style="list-style-type: none"> <li>Covers any employer, business, charity or non-profit organisation in the UK and applies to businesses of all sizes.</li> <li>Cover is for employees who are "furloughed" instead of being made redundant.</li> <li>Pre 30 June 2020: Minimum furlough period of three consecutive weeks. Employees can be furloughed multiple times, but each separate instance must be for a minimum period of 3 consecutive weeks.</li> <li>To benefit from the October extension, employees must be on an employer's PAYE payroll by 23:59 30 October 2020.</li> <li>Access to the JRS is not limited to UK nationals, employees on all categories of visas can be furloughed.</li> <li>Overpayments by HMRC need to be accounted for, either via a correction in the next JRS claim or via direct payment back to HMRC if no further claims under the JRS are to be made. Further guidance <a href="#">here</a>.</li> <li>TUPE: A new employer is eligible to claim under the JRS in respect of the employees of a previous business transferred after 19 March 2020 if either the TUPE or PAYE business succession rules apply to the change in ownership.</li> <li>Click <a href="#">here</a> for the complete collection of COVID-19 guidance from the Employment Team.</li> </ul>	<p>Employers must submit a claim to HMRC, <a href="#">here</a> – one claim every three weeks. Claims can be backdated until 1 March if applicable. The current deadline for submissions for claims up to and including 31 October 2020 is 30 November 2020.</p> <p>Claims relating to each subsequent month must be submitted by the 14<sup>th</sup> day of the following month.</p> <p>The grants will be paid via Bacs by HMRC into a UK bank account within 6 working days.</p> <p>All sums must be paid to the employee, no fees can be charged.</p> <p><a href="#">HMRC calculator and guidance here.</a></p>
Coronavirus Job Retention Scheme	<ul style="list-style-type: none"> <li>Once a claim has been submitted and checked, employers can expect</li> </ul>		

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('JRS') (continued)	<p>payment within 6 working days. Claim <a href="#">here</a>.</p> <ul style="list-style-type: none"> <li>– HMRC have produced a <b>calculator</b> and detailed <b>guidance</b> to assist employers in calculating the amount they can claim including employer NICs and pension contributions, as well as detailed examples.</li> <li>– Further <b>guidance</b> on reporting payments to HMRC made under the JRS using the PAYE RTI system has also been published, setting out how and when to report, along with various scenarios.</li> </ul> <ul style="list-style-type: none"> <li>• Employees are subject to income tax and employee NICs on amounts received.</li> <li>• Payments received by businesses will be treated as taxable income, albeit to be offset against the deductible employment costs.</li> </ul> <p><a href="#">Click here for Government Guidance.</a></p>		
<b>Job Support Scheme (JSS Closed and Open)</b>	<p>Postponed as the CJRS is being extended until 31 March 2021.</p>		
<b>Bounce Back Loans for small businesses</b>	<ul style="list-style-type: none"> <li>• The government announced on 27 April 2020 a small business 100% government-backed loan scheme.</li> <li>• On 24 September 2020, this scheme was extended to 30 November 2020, (although there are plans to extend it until January).</li> <li>• As of 24 September 2020, over one million Bounce Back Loans worth £38 billion have been made by the British Business Bank.</li> <li>• Any business will be able to borrow between £2,000 and £50,000 (up to 25% of turnover), and the cash should be accessible within 24 hours of approval for most firms.</li> <li>• Borrower does not need to make repayments for the first twelve months.</li> <li>• The government covers the first 12 months' interest payments, and for the rest of the period the interest rate is set at 2.5% per annum.</li> <li>• The Government will make a Business Interruption Payment (BIP) to cover the first 12 months of interest payments.</li> <li>• Loan terms will be up to 6 years. Early repayment is allowed, with no early repayment fees.</li> <li>• A network of accredited lenders will deliver the scheme. NB lenders are not permitted to take personal guarantees or take recovery action over a</li> </ul>	<ul style="list-style-type: none"> <li>• The scheme applies to businesses:             <ul style="list-style-type: none"> <li>– based in the UK;</li> <li>– established before 1 March 2020;</li> <li>– that derive more than 50% of their income from trading activity;</li> <li>– not in bankruptcy or liquidation or undergoing debt restructuring at the time they submit their application for finance; and</li> <li>– negatively affected by COVID-19.</li> </ul> </li> <li>• If a business was classed as a business in difficulty on 31 December 2019 it will need to confirm that it is complying with additional state aid restrictions.</li> <li>• The following businesses are not eligible to apply:             <ul style="list-style-type: none"> <li>– credit institutions (falling within the remit of the Bank Recovery and Resolution Directive)</li> <li>– insurance companies;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Applications will be online via the relevant lender's website, where businesses will need to complete a short form to demonstrate they are eligible.</li> <li>• The loans are available from 9am on Monday 4 May 2020.</li> </ul>

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	<p>borrower's personal assets.</p> <ul style="list-style-type: none"> <li>• Under the Pay as you Grow scheme, Bounce Back Loan borrowers will have more options for their payments.</li> </ul> <p>NB the borrower remains 100% liable for the debt.</p> <p><a href="#">Government guidance here .</a></p> <p><a href="#">British Business Bank guidance here.</a></p>	<ul style="list-style-type: none"> <li>– public-sector bodies; or</li> <li>– state-funded primary and secondary schools.</li> <li>• A business cannot apply if already claiming under CBILS, CLBILS, CCFE (unless the Bounce Back Loan will refinance the whole of the CBILS, CLBILS or CCFE facility).</li> <li>• NB if a business has already received a loan of up to £50,000 under CBILS this can be transferred to the Bounce Back Loan scheme, arranged through the relevant lender, until 4 November 2020.</li> <li>• The application deadline has been extended to 31 January 2021</li> </ul>	

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<b>Self-employed income support scheme (SEISS)</b>	<ul style="list-style-type: none"> <li>• The government will support the self-employed and members of a partnership adversely affected by COVID-19 through taxable grants worth 80% of their average monthly profits over the last three years, up to £2,500/ month covering the first three months (March to May), capped at £7,500 altogether. This first grant must be claimed by 13 July 2020. The grant will be subject to Income Tax and National Insurance contributions.</li> <li>• The second period, June to August, will offer a grant of 70% of trading profits, up to a maximum of £6,570 over the three months.</li> <li>• On 24 September 2020, this scheme was extended to provide two more taxable grants.</li> <li>• The first grant under the extension covers the period from the start of November 2020 until the end of January 2021. It covers 80% of average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits, capped at £7,500 total.</li> <li>• Second grant covers a three-month period from the start of February 2021 until the end of April 2021. The government will review the terms of the second grant and set it in due course.</li> </ul>	<ul style="list-style-type: none"> <li>• The scheme applies to the self-employed who are adversely affected by COVID-19 (which will need to be confirmed to HMRC), with trading profits of up to £50,000, and who make a majority (i.e. more than half) of their income from self-employment.</li> <li>• HMRC released an online tool, <a href="#">here</a>, to enable potential claimants to check their eligibility and calculate the date that a claimant can make their claim from.</li> <li>• As a fraud prevention measure, only those already in self-employment with a tax return for 2019 and those who intend to continue trading in the 2020-21 tax year can apply.</li> <li>• Additionally, if no Self-Assessment tax returns have been submitted for all three years, HMRC have created a mechanism to determine the grant available.</li> <li>• To benefit from the extension on 24 September 2020, one must be self-employed, currently eligible for the SEISS, and be actively continuing to trade, whilst facing reduced demand due to COVID-19.</li> </ul>	<ul style="list-style-type: none"> <li>• Those eligible will be able to claim online from 13 May 2020 for the first grant until 13 July 2020, and from 17 August for the second grant.</li> <li>• The online service for the next grant will be available from 30 November 2020.</li> <li>• If a claim is approved, the payment will be received within 6 working days.</li> <li>• The scheme will result in a single</li> </ul>

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	<a href="#">Click here for Government guidance.</a>		lump sum payment.
<b>Covid-19 Corporate Financing Facility (CCFF)</b>	<p><b>Support for liquidity amongst large firms</b></p> <ul style="list-style-type: none"> <li>• Scheme launched by the Bank of England to help companies which make a material contribution to the UK economy to bridge Coronavirus disruption to their cash flows through loans.</li> <li>• At least 12 months' support (extended to 21 March 2020) under a Covid-19 Corporate Financing Facility, and for as long as steps are required to relieve cash flow pressures.</li> </ul> <p><a href="#">The Bank of England has provided guidance.</a></p> <p><a href="#">Click here for Government guidance.</a></p>	To be eligible the business must have had as at 1 March 2020, prior to being affected by Covid-19, a short or long-term rating of investment grade, or financial health equivalent to an investment grade, rating.	Further details of the Facility, including application forms, terms and conditions and operating procedures were published on the Bank's website on Monday 23 March 2020.
<b>Coronavirus Business Interruption Loan Scheme (CBILS)</b>	<p><b>Small business financial support</b></p> <ul style="list-style-type: none"> <li>• Currently established for businesses with turnover of up to £45m (up from £41m) and the expanded scheme has been operational with lenders since Monday 6 April 2020. As of 24 September 2020, 66,000 facilities have been approved with a cumulative value of £15.5 billion.</li> <li>• Lending scheme through the British Business Bank from £1,000 up to £5m (increased from up to £1.2m) per company with government meeting interest costs for the first 12 months. Finance terms are from three months up to 10 years for term loans and asset finance and up to three years for revolving facilities and invoice finance.</li> </ul>	<p>The route to accessing this financing is for borrowers to approach <b>40+ accredited lenders</b> who will then, if necessary, apply to the scheme. To qualify, Small Businesses must:</p> <ul style="list-style-type: none"> <li>• be UK based, with turnover of no more than £41 million per annum;</li> <li>• operate within an eligible industrial sector (a small number of industrial sectors are not eligible for support). List can be found <a href="#">here</a>. (N.B. where potentially ineligible borrowers should carefully review their sector against the full SIC list);</li> <li>• be able to confirm that they have not received de minimis State aid beyond €200,000 equivalent over the current and previous two fiscal years;</li> <li>• have a sound borrowing proposal, (insufficient security to meet the lender's requirements is no longer a condition to access); and</li> <li>• The application deadline has been extended to 31 January 2021.</li> </ul>	Any small business interested in CBILS should, in the first instance, approach one of the 40+ accredited lenders with their borrowing proposal (recommended approach is through the lender's website).
<b>CBILS (continued)</b>	<ul style="list-style-type: none"> <li>• The scheme provides the lender with a government-backed guarantee against 80% of the outstanding facility balance, potentially enabling a 'no' credit decision from a lender to become a 'yes'. N.B. – the borrower always remains 100% liable for the debt.</li> <li>• The first 12 months of these loans will be interest free, as the Government will cover these payments.</li> </ul>		

	<ul style="list-style-type: none"> <li>• Insufficient security is no longer a condition to access the scheme.</li> <li>• For all facilities, including those over £250,000, CBILS can now support lending to smaller businesses even where a lender considers there to be sufficient security, making more smaller businesses eligible to receive the Business Interruption Payment. No personal guarantees for facilities under £250,000.</li> <li>• For facilities above £250,000, personal guarantees can be required at the lender’s discretion. NB this excludes Principal Private Residence. Recoveries under these guarantees are capped at a maximum of 20% of the outstanding balance of the CBILS’ facility after the proceeds of business assets have been applied.</li> </ul> <p><a href="#">Click here for further details on the British Business Bank website.</a></p>		
<p><b>Support for large businesses through the Coronavirus Large Business Interruption Loan Scheme (CLBILS)</b></p>	<p><b>Large Business financial support announced 3 April 2020:</b></p> <ul style="list-style-type: none"> <li>• Firms with an annual turnover of more than £45 million</li> <li>• Government guarantee of 80% to enable banks to make loans of up to £50 million, and to larger businesses up to £200 million, offered at commercial rates of interest, and with a term of up to three years. N.B. – the borrower always remains 100% liable for the debt.</li> <li>• As of 24 September 2020, 566 facilities have been approved worth over £3.8 billion.</li> <li>• From 26 May, the maximum amount available increased to £200 million for larger businesses. However, term loans and revolving credit facilities over £50 million have additional eligibility criteria, as set out in the <a href="#">British Business Bank CLBILS guidance</a>.</li> <li>• The maximum size for invoice finance and asset finance facilities remains £50mn.</li> <li>• Loans of up to £200 million (to a maximum of 25% turnover), with an 80% government guarantee to the lender.</li> <li>• Lenders will not take personal guarantees of any form for facilities below £250,000, and for facilities above £250,000, personal guarantees can be required, but claims cannot exceed 20% of losses after all other recoveries have been applied.</li> <li>• Scheme launched on 20 April and runs until 30 November 2020.</li> <li>• Scheme includes various products, including short term loans,</li> </ul>	<p>To be eligible, a business must:</p> <ul style="list-style-type: none"> <li>• be UK-based in its business activity</li> <li>• have an annual turnover of more than £45 million</li> <li>• not have received a facility under the Bank of England’s CCFE, CBILS or BBLs</li> <li>• self-certify that it has been adversely affected by COVID-19, and</li> <li>• have a borrowing proposal which the lender: <ul style="list-style-type: none"> <li>– would consider viable, were it not for the COVID-19 pandemic</li> <li>– believes will enable you to trade out of any short-term to medium-term difficulty.</li> </ul> </li> </ul> <p>Businesses from any sector can apply, except for the following:</p> <ul style="list-style-type: none"> <li>• banks and building societies;</li> <li>• insurers and reinsurers (but not insurance brokers);</li> <li>• public-sector organisations, including state-funded primary and secondary schools.</li> <li>• The application deadline has been extended to 31 January 2021</li> </ul>	<p>The scheme launched 20 April, and is available through a range of accredited lenders.</p> <p>The government anticipate that there will be a large demand for facilities – so they are encouraging businesses to consider applying via the lender’s website in the first instance.</p>

	<p>overdrafts, invoice finance and asset finance.</p> <p><a href="#">Click here for Government guidance.</a></p>		
<p><b>Support for innovative UK companies through the Coronavirus ‘Future Fund’</b></p>	<ul style="list-style-type: none"> <li>• Innovative business financial support announced 20 April 2020:</li> <li>• This scheme will issue convertible loans between £125,000 and £5 million to innovative companies which are facing financing difficulties due to the coronavirus outbreak.</li> <li>• The government initially made £250 million available for the Future Fund. However, more funding has been made available. As of 30 June 2020, 322 convertible loans have been approved (out of the 674 applications made) totalling £320.6mn, with at least the same amount matched from third-party investors.</li> <li>• The scale of the Fund will be kept under review.</li> <li>• The scheme opened 20 May 2020 and runs until 30 November 2020 (although there are plans to extend it until January), and will be delivered in partnership with the British Business Bank.</li> <li>• The convertible loan agreement is predefined and cannot be negotiated, this is set out in the guidance.</li> <li>• Funding must not be used to: repay any borrowings; pay any dividends; pay and bonuses; or pay any advisory fees.</li> <li>• 8% annum interest charge applied. This can be increased by agreement. Interest to accrue until the loan converts, when it will either be repaid or converted into equity.</li> <li>• Loan to mature after 36 months, early repayment only on agreement.</li> </ul> <p><a href="#">Click here for Government guidance.</a></p> <p><a href="#">Click here for the British Business Bank guidance.</a></p>	<p>To be eligible, a business must:</p> <ul style="list-style-type: none"> <li>• be UK-incorporated on or before 31 December 2019;</li> <li>• not have its shared trade on a regulated market, multilateral trading facility or other listing venue;</li> <li>• half or more:</li> <li>• employees must be UK-based; or</li> <li>• revenues must be from UK sales,</li> <li>• be able to attract the equivalent match funding from third-party private investors and institutions; and</li> <li>• have previously raised at least £250,000 in equity investment from third-party investors in the last 5 years.</li> </ul> <p>(As of 30 June, companies that have participated in accelerator programmes are now eligible. )</p> <p>The investors must also fall within one of the specified categories of sophisticated or experienced investors as set out in the guidance.</p> <p><a href="#">Click here for further information and comment from TwoVenture.</a></p>	<p>Applications can be made from 20 May 2020 until the end of November 2020.</p> <p>The investor (or group of investors) makes the application and the company confirms the accuracy of the application.</p>
<p><b>Grants for retail, hospitality and leisure businesses (‘RHLGF’)</b></p>	<p>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. Eligible businesses in these sectors with a property that has a rateable value of up to and including £15,000 will receive a grant of £10,000.</p> <p><a href="#">Click here for Government Guidance.</a></p>	<p>Any enquiries on eligibility for, or provision of, the reliefs should be directed to the relevant local authority. Guidance for local authorities will be published shortly.</p>	<p>Funding will be provided via local authorities.</p> <p>Contact an Economic Development Officer at your local authority.</p>

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<b>Business Grants</b>	<p>The government will provide additional funding to local authorities to support businesses in high-alert areas which are not legally closed, but are severely impacted by the restrictions on socialising.</p> <p>The level of funding given to the local authorities will be based on the number of hospitality, hotel, B&amp;B, and leisure businesses in their area.</p> <p>These businesses will receive grants equivalent to 70% of the grants given to legally closed businesses (who receive the grant).</p> <ul style="list-style-type: none"> <li>• Funding will be available based on their rateable values (RV): <ul style="list-style-type: none"> <li>• For properties with an RV of £15k or under, grants of £1,334 per month</li> <li>• For properties with an RV above £15k and below £51k, grants of £2,000 per month</li> <li>• For properties with an RV of £51k or above, grants of £3,000 per month</li> </ul> </li> <li>• Local authorities will have the freedom to determine their eligibility criteria for these grants in their local areas.</li> </ul>	<p>Local authorities will have freedom to determine their eligibility criteria for these grants in their local areas, however, the principle is to support businesses which have not been legally required to close, but are severely affected due to reduced demand caused by Tier 2 restrictions on socialising.</p>	<p>As the grants will be administered by the local authorities, businesses are likely to need to apply to their local authority for support.</p>
<b>Rates Relief</b>	<p>Latest announcements allow for a 100% business rates discount for all retail, leisure and hospitality venues with no limit to Rateable Values.</p> <p>The Ministry of Housing, Communities and Local Government has issued a Guidance Note to Local Authorities to clarify to the extent possible which specific types of property fall within the relief.</p> <p>Unoccupied properties, as with existing reliefs, where they become vacant during the next 12 months will be charged</p>	<p>All property occupiers in the retail, leisure and hospitality sectors including shops, cinemas, restaurants, music venues, museums, art galleries, theatres, caravan parks, gyms, small hotels, B&amp;Bs, guest houses, sports clubs, night clubs, club houses and nurseries will receive 100% rates relief between 1 April 2020 and 31 March 2021.</p> <p>Additional property types that are not listed but fall within the overall description may be eligible and advice should be sought.</p>	<p>Local Billing Authorities will run and administer the process. There is a fund to be made available by Central Government to support in the administration of the reliefs.</p> <p>Relevant occupiers don't need to take any action. The relief will be applied by the local council in the April Business</p>

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	<p>100% full rates after a 3 month void rate holiday following vacation, this will continue to apply unless the rules are changed. Properties which have closed temporarily due to the government's advice on COVID19 should be treated as occupied for the purposes of this relief.</p> <p>The government applied to the European Commission for an exemption from the state aid rules for the scheme. The government published that it's made an assessment that this discount is not a state aid, this is also following analysis based on discussions with the Commission. Full analysis <a href="#">here</a>.</p> <p><a href="#">Click here for Government Guidance</a></p>	<p>The list below sets out the types of uses that the Government does not consider to be an eligible use for the purpose of this relief. It is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.</p> <p>Hereditaments that are being used for the provision of the following services to visiting members of the public:</p> <ul style="list-style-type: none"> <li>• Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers)</li> <li>• Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)</li> <li>• Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers)</li> <li>• Post Office sorting offices</li> </ul>	<p>Rates invoice. NB some local authorities have decided to operate an application process.</p> <p>However, local authorities may have to reissue your bill automatically to exclude the business rate charge. They will do this as soon as possible.</p>

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<p><b>Support for businesses that pay little or no business rates (“small companies”)</b></p>	<p><b>Small Business Grant Fund (‘SBGF’)</b></p> <p>The government will provide additional funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBBR). 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.</p> <p>Funding for the scheme was provided to local authorities by the government in early April 2020.</p> <p><a href="#">Click here for Government guidance.</a></p>	<p>Businesses that already pay little or no business rates because of small business rate relief (SBBR) or rural rate relief.</p>	<p>The Department for Business, Energy and Industrial Strategy (BEIS) will provide guidance for Local Authorities on how to administer these grants shortly.</p> <p>If you are an eligible business, your Local Authority will be in touch in the coming weeks to provide details of how to claim this money. NB some local authorities have decided to operate an application process.</p> <p>It would be best to contact an Economic Development Officer at your local authority.</p>
<p><b>Time to Pay</b></p>	<p>TTP has been available to businesses for over a</p>	<p>Any business is theoretically eligible to apply. It is, however,</p>	<p>Businesses with a Customer</p>

<p><b>arrangements “TTP”</b></p>	<p>decade, but HM Treasury has announced an escalation of resources and a specific COVID-19 helpline that businesses can call.</p> <p>TTP allows a business to defer current (as opposed to prospective) tax debts (principally corporation / income tax, payroll taxes and VAT – but theoretically any other tax or duty) by converting settlement to instalments over a 3-12 months period.</p> <p>As part of the process, directors are expected to provide written confirmation that the instalment will be made on time.</p> <p><a href="#">Click here for Government guidance.</a></p>	<p>critical to ensure supporting facts (and documentation) are available to evidence cash flow concerns.</p> <p>HMRC have made it clear that they see themselves in this instance as lender of last resort (and not of first resort). Therefore, the taxpayer must demonstrate that all other sources of finance have been pursued and exhausted.</p> <p>Business should prepare for such discussions with HMRC and have the relevant information required by HMRC. This would include: business description, annual total tax liability, amounts to be deferred, proposed period of deferral, reasons for requesting deferral, details of actions taken to mitigate, cash flow forecast and authority to confirm directors will ensure all instalment payments will be met.</p>	<p>Compliance Manager should discuss this with them in the first instance. All others are encouraged to contact HMRC’s helpline on 0800 0159 559. The process can take less than an hour in a simple situation where the amount to be deferred is less than £750K. Agreement for deferral of larger sums will take longer.</p>
<p><b>Income Tax payment deferral</b></p>	<p>The deferral for income tax self-assessment applies to the second payment on account for 2019/20, due on 31 July 2020. This can be deferred until 31 January 2021. This has been extended from 1 August 2020 to 30 November 2020, when normal rules will apply.</p> <p><a href="#">Click here for Government guidance.</a></p>	<p>The measure will apply to all tax payers with a second self-assessment payment on account due on 31 July 2020, it is not necessary to be self-employed to be eligible for the deferral.</p> <p>NB self-assessment returns should still be filed by their due date.</p>	<p>This applies automatically with no application required.</p>

<i>Category</i>	<i>Details</i>	<i>Eligibility</i>	<i>How to apply</i>
<b>Statutory Sick Pay “SSP” for small or medium sized businesses</b>	<p>SSP is payable to qualifying employees and is now payable from day 1 for those who self-isolate or are unwell because of COVID-19 (the first 3 days are normally unpaid). The current rate of SSP is £94.85 per week.</p> <p>HM Treasury has announced that small and medium sized employers (those with fewer than 250 employees) may recover this cost where SSP has been paid as a result of COVID-19 from 13 March for a maximum of two weeks’ sickness per employee.</p> <p>Repayment covers up to 2 weeks SSP per employee starting from the first day of qualifying sickness, you cannot count a sick day if an employee has worked for a minute or more that day.</p> <p>The first qualifying day a claim can be made is as follows:</p> <ul style="list-style-type: none"> <li>• 13 March 2020 - if the employee had coronavirus or the symptoms or is self-isolating because someone they live with has symptoms</li> <li>• 16 April 2020 - if the employee was shielding because of coronavirus</li> <li>• 28 May 2020 - if the employee has been notified by the NHS or public health bodies that they have come into contact with someone with coronavirus</li> </ul> <p><a href="#">Click here for Government guidance.</a></p>	<p>Small and medium sized businesses with fewer than 250 employees on 28 February 2020, and had a PAYE payroll scheme that was created and started on or before 28 February 2020. SSP must have been paid to the employee.</p> <p>The scheme covers all types of employment contracts, employees need to earn at least £120 per week.</p> <p>Qualifying businesses will need to keep records of sickness and sick pay as a consequence of COVID- 19 and days of sickness for future recovery for at least 3 years. Employees do not need to give their employer a doctor’s fit note for the claim.</p>	<p>Claim back SSP paid to employees due to COVID-19 via the <a href="#">online service</a>.</p>

Category	Details	Eligibility	How to apply
<b>Deferral of VAT</b>	<ul style="list-style-type: none"> <li>VAT payments due from businesses between 20 March 2020 and the end of June 2020 can be deferred until the end of the tax year.</li> <li>Businesses that have deferred their VAT will have the option to spread their payments across 11 equal payments in the financial year 2021-2022. Otherwise, it must be paid in full on or before 31 March 2021. NB from the 1 July 2020 VAT will need to be accounted for in the usual way, with no further extension granted.</li> <li>All businesses must opt in to spread their payments, and all businesses are eligible.</li> <li>No interest or penalties will be chargeable on these amounts deferred. NB VAT returns must still be submitted to HMRC on time, even if a business elects to defer payments.</li> <li>No VAT registered business will have to make a VAT payment normally due with their VAT return to HMRC in this period. Payment of VAT will be deferred to the end of the tax year.</li> <li>HMRC will continue to process VAT reclaims and refunds as normal and most repayments will be made within 5 working days. These repayments will not be offset against any deferred VAT, but offset against existing debts. HMRC are encouraging business to apply online to move to monthly returns if in a repayment position to improve cash flow.</li> <li>If a business elects to defer a payment on account between 20 March 2020 and 30 June 2020, but the balancing payment is outside of these dates, the amount to pay is the balancing payment less any deferred payments. Deferring payments will not create a repayment.</li> <li>If a business usually pays by Direct Debit but elects to defer payment, it should cancel this via its bank as this won't be cancelled automatically by HMRC.</li> </ul> <p><a href="#">Click here for Government guidance.</a></p>	<p>UK VAT registered businesses that have a VAT payment due between 20 March 2020 and 30 June 2020.</p> <p>VAT payments that can be deferred:</p> <ul style="list-style-type: none"> <li>quarterly and monthly VAT returns payments for the periods ending in February, March and April;</li> <li>payments on account due between 20 March 2020 and 30 June 2020; and</li> <li>annual accounting advance payments due between 20 March 2020 and 30 June 2020.</li> </ul> <p>This does not cover payments for VAT MOSS or import VAT.</p>	<p>There is no need to tell HMRC that VAT payments are being deferred and those that choose to defer VAT payments must pay the VAT due on or before 31 March 2021, or exercise their option to spread their payments across 11 equal payments in the financial year 2021-2022.</p> <p><a href="#">Please see here for the Tax Disputes Team's article on HMRC's failure to cancel direct debits on time.</a></p>
<b>Coronavirus Job Retention Bonus</b>	<ul style="list-style-type: none"> <li>The Job Retention Bonus will no longer be paid in February, as the Coronavirus Job Retention Scheme has been extended until the end of March 2021.</li> </ul>		

<i>Category</i>	<i>Details</i>	<i>Eligibility</i>	<i>How to apply</i>
<b>Reduced VAT rate for the hospitality and tourism sector</b>	<p>The existing VAT rate of 20% will be temporarily reduced to 5% for food and non-alcoholic drinks from restaurants, pubs, bars, cafes and similar premises, as well as hotel and holiday accommodation, and admissions to attractions. The reduced rate will have effect from 15 July 2020 to 12 January 2021.</p> <p>If an eligible business has received payments or issued invoices before 15 July 2020 for services that are provided on or after that date, VAT will be due at the new, lower rate of 5%. The business must correct the existing VAT invoice by issuing a credit note.</p> <p><a href="#">Click here for Government guidance.</a></p>	<p>The reduced rate is automatically applicable from 15 July 2020 to 31 March 2021 to all eligible supplies. Businesses must simply account for VAT at 5% for supplies made during this period.</p> <p>The reduced rate is applicable to the following:</p> <ul style="list-style-type: none"> <li>• Food and non-alcoholic drinks either for consumption on the business' premises or hot food and non-alcoholic beverages to takeaway;</li> <li>• Accommodation in a hotel or similar establishment; accommodation used for catering; caravan pitches; tent pitches; and</li> <li>• Admission fees to attractions, including shows, theatres, circuses, amusement parks, concerts, museums, cinemas and exhibitions. (NB: the reduced rate expressly does not apply to sporting events).</li> </ul>	This applies automatically with no application required.
<b>Stamp Duty Land Tax 'holiday'</b>	<p>Stamp Duty Land Tax ("<b>SDLT</b>") rates have been reduced for the purchase of residential properties made from 8 July 2020 until 31 March 2021. The 'nil rate' threshold, below which no SDLT is due, has been increased from £125,000 to £500,000 for purchases with an effective date within the applicable period. Above the 'nil rate' threshold, the existing rates continue to apply.</p> <p><a href="#">Click here for Government guidance.</a></p>	The increased threshold applies to all residential property transactions, to both individual and corporate buyers, whether the buyer is buying their first home or has owned property before.	This applies automatically with no application required.

<i>Category</i>	<i>Details</i>	<i>Comments</i>
<b>Crisis-driven changes to trading activities</b>	<p>HMRC has published guidance in its Business Income Manual ('BIM') on the implications of crisis-driven, namely COVID-19, changes to trading activities.</p> <ol style="list-style-type: none"> <li>1. <u>Nature of trade:</u> <ul style="list-style-type: none"> <li>• BIM states that when a business starts carrying out an entirely new trade, completely unrelated to its previous activities, this should normally be</li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>• Many businesses will have suffered a temporary cessation of trading, or will have restructured their existing business. This guidance is intended to provide some certainty as to how losses resulting from the crisis can be used and how HMRC will treat new activities.</li> <li>• The guidance gives the example of a restaurant which starts</li> </ul>

treated as the commencement of a separate trade.

- However, if a business starts carrying out a new activity that is broadly similar to its existing trade then this should not be treated as the commencement of a separate trade. Its profits or losses should be merged with those of the existing trade.
  - HMRC set out that this will be assessed on a fact-specific basis.
2. Temporary breaks in trading activity:
- This does not constitute a permanent cessation of a trade for tax purposes, provided that when trading activities resume they are similar to or the same as those before the temporary break.
3. Income received:
- This could have been a donation in return for which goods / services to the value of the donation are supplied, this will be taxable as miscellaneous income
4. Revenue expenditure:
- Donation of goods and services: the cost of gifts and donations are generally disallowable expenses. However, the following COVID-19 related allowable and disallowable examples are set out in the changes to the BIM:
  - **Allowable:**
    - stock donations to a charity;
    - partial refunds offered to customers (e.g. gym memberships and other subscription services/ policies);
    - staff seconded to charities and educational establishments;
    - company donation of medical supplies or equipment from trading stock for humanitarian purposes; and
    - incidental costs of packaging and distribution.
  - **Disallowable:**
    - sole trader or partnership donations of medical supplies and equipment from trading stock; and
    - donations to a non-charitable business, body or individual,
- the market value rule applies, but does not apply to services provided. NB this will apply despite severe disruption of stock distribution chains, market outlets, and willing buyers in 'lockdown' period.

[Click here for HMRC's guidance.](#)

manufacturing gowns and face masks. It states that this would be considered commencement of a separate trade. However, if a clothing manufacturer starts to make gowns and masks, this would be treated as an extension of the same trade, and not the commencement of a new trade.

- Some points remain unclear or may result in unexpected outcomes for businesses. We would therefore recommend that any business which has changed its model during the pandemic reviews these rules carefully.

[Please see Bird & Bird's detailed commentary on these changes here.](#)

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