



COVID-19 BUSINESS SUPPORT: LOCKDOWN SUPPORT MEASURES FURTHER NOVEMBER UPDATE

Hot on the heels of Monday's update, the Government have confirmed a further extension of both the Coronavirus Job Retention Scheme [CJRS] and the Self Employment Income Support Scheme [SEISS]. **These extensions now replace the previous advice given.** The full terms of the extensions are given below.

NOTE: Both the Job Support Scheme [JSS] and the £1,000 Job Retention Bonus [JRB] have been shelved until at least the end of March 2021 and should be removed from future planning.

1. CORONAVIRUS JOB RETENTION SCHEME [CJRS] EXTENSION

The key points of the extension are as follows:

- The CJRS for furloughed workers will remain open until **31 March 2021**.
- For claim periods running to January 2021, employees will receive **80% of their usual salary** for hours not worked, up to a maximum of £2,500 per month. *NB: The £2,500 cap is proportional to the hours not worked.*
- Employers NI and Pension Contributions will be met by Employers directly. The grant itself is only to cover gross wage costs.
- Employers have flexibility to use the scheme for employees for any amount of time or shift pattern and will be able to vary the hours worked in agreement with the employee [i.e. Flexible Furlough].
- Applications for the grants will be made online, via the existing CJRS portal system
- The government will review the support scheme in January, to decide whether things are improving enough to ask employers to contribute more.

Revised Qualification Criteria:

- Employers **do not** need to have used the CJRS previously.
- Employers can claim for employees who were employed and **on their PAYE payroll on 30 October 2020**.
- Employees do not need to have been furloughed in a previous period in order to claim the grant.
- When employees are on Furlough, they cannot do any work for their employer that makes money or provides services for their employer or any organisation linked or associated with their employer.
- There is **no minimum** furlough period.
- To be eligible for the grant, employers must have **confirmed to their employee in writing** that they have been furloughed or flexibly furloughed.
- Employers must:

- make sure that the agreement is consistent with employment, equality, and discrimination laws
- keep a written record of the agreement for 5 years
- keep records of how many hours their employees work and the number of hours they are furloughed for 6 years

If anyone requires further details of the full terms and conditions of this scheme, including sample calculations, please do not hesitate to contact us.

2. SELF EMPLOYMENT INCOME SUPPORT SCHEME [SEISS] UPDATE

The government has now outlined the changes to the SEISS scheme for the next three months, and these are detailed below:

Qualification: As a reminder, those who have previously been eligible for the first and second grant (a previous claim is not necessary) remain eligible for the latest payment. This is providing they still meet the original terms of the support scheme (published back in April 2020), but also now including a declaration that must be made alongside this – each individual must declare that:

- Their business will continue to trade following the pandemic; and
- Either: **(1)** the business is currently actively trading but are impacted by reduced demand due to coronavirus – i.e. loss of contracts or fall in monthly sales; or **(2)** were previously trading but are temporarily unable to do so due to the pandemic.

Amount of Payment: The next SEISS grant will cover a three-month period from 1 November 2020 until 31 January 2021. The Government will provide a taxable grant covering **80% of average monthly trading profits** (matching the first grant paid in May/June 2020), paid out in a single instalment covering 3 months' worth of profits, and capped at £7,500 in total. The grant has been increased from the previously announced levels of 40% and 55%.

Application process: Once again, the application for the SEISS will be made online, with the system now going live on **Monday 30 November 2020** and not 14 December as previously reported.

Again, if anyone requires further details of the full terms and conditions of this scheme, please do not hesitate to contact us.

3. OTHER POINTS FOR CONSIDERATION

In terms of practical points for planning for the coming months, this is particularly important with the new lockdown period which has started, we again strongly recommend consideration is given by all businesses to the following, to help with short term planning and business continuation:

- **Produce a set of management accounts for the year-to-date** –this will allow you to assess the financial health of your business at this point in time, any losses that are accruing, please let us know, as we can then use this information to reduce potential payments-on-account of income tax due in January 2021. There is also the possibility of claiming some of these losses earlier in the 19/20 return, although this will need to be reviewed by our tax team on an individual basis.
- **Produce a cashflow forecast for the next six months** – identify the areas where expenses are necessary and ensure there is enough cash reserves to cover these. The need for the Bounce Back Loan or other sources of funds may be highlighted during this exercise.

- **Review spending in light of potentially reduced income** – if there are some repairs/renewals or other projects that can be deferred, this might be necessary to ensure trading continues in the medium to long term.
- **Investigate extending loan and credit terms** – contact banks or other lenders now if cashflow is likely to become tight and check whether interest only periods for any existing loans or borrowings can be implemented or extended. The sooner lenders are contacted, particularly in the current environment, the more options they have in assisting your business.
- **If cashflow looks marginal at any stage, consider taking a Bounce Back Loan or extending other sources of finance**, such as overdrafts etc. The government supported loan schemes (Bounce Back Loans and Coronavirus Business Interruption Loans) are available until 31 January 2021, so these are available if cashflow pressures become unmanageable.
- **Use of tax allowances** - With the autumn budget having been cancelled there is some concern and even speculation about the subsequent March 2021 Budget, including the possibility of increased tax charges in order to cover the cost of the ongoing COVID support.

With a possible rise in taxes, one approach for now is to make sure the current tax allowances are maximised and basic rate bands – for example, drawing maximum dividends from personal companies, and/or using the CGT allowances before 5 April 2021, to ensure businesses are structured as tax efficient as possible. While this is a more medium-term planning point, as part of the planning for going forward this should be reviewed to ensure the financial make-up of businesses is as tax efficient as possible. The tax team at Butler & Co are available for further discussions of these points, please do not hesitate to get in touch.

As ever, please do not hesitate to contact us if you have any questions regarding any of the points mentioned above. While we are back to skeleton staff in the office on a daily basis, the Covid-19 Business Support Co-ordinator, Russell Nash [russell@butler-co.co.uk] remains available, alongside your regular primary contact(s), across the working week to answer anything arising.