



As ever, we hope everyone is keeping well, particularly now a process for removing restrictions has been set out by the government.

COVID-19 BUSINESS SUPPORT: MARCH UPDATE

Following the Chancellor's Budget statement on 3 March, there is now a raft of new and extended measures to assist businesses in all forms, which we summarise below. More and full details on specifics of any of the below schemes are available on request.

1. JOB RETENTION SCHEME for Furloughed Workers

The furlough scheme has been extended with a new end date of 30 September 2021.

The scheme pays 80% of an employee's usual salary for hours not worked, up to a maximum of £2,500 per month. Employers continue to pay Employers National Insurance Contributions and Employer pension contributions, but there will be a phasing out of the scheme across the summer as follows:

- In July, employers must contribute 10% of the cost of the unworked hours – i.e. the employee receives 80% of wages, the government pays 70% and the remaining 10% must be made up by the business in question.
- In August and September, employers must contribute 20% of the cost of unworked hours.

Any entity with a UK payroll can apply, including businesses, charities, recruitment agencies and public authorities.

For periods ending on or before 30 April 2021, you can only claim for furloughed employees that were employed and on the payroll on **30 October 2020**. This would mean that you must have made a PAYE RTI submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee whom is to be furloughed.

For periods starting on or after 1 May 2021, you can claim for employees who were employed on **2 March 2021**. This is providing the relevant RTI filings have been made.

2. STATUTORY SICK PAY REBATE SCHEME

This support measure continues in perpetuity, with no changes to the scheme following our last Covid-19 support update.

3. SELF-EMPLOYMENT INCOME SUPPORT SCHEME (SEISS)

As expected, further details of a fourth round of SEISS grants were announced by the Chancellor in his Budget statement, and this is extended to include those who submitted their 2019/20 Tax Returns by midnight on 2 March. In addition, details of a fifth round of grants were announced.

The **fourth grant** will be worth 80% of three months' average trading profits, paid out in a single instalment and capped at £7,500 in total. The grant will cover the period February 2021 to April 2021 and can be claimed from **late April**. No further specific date has been given at this time.

The important changes to the qualification criteria for the fourth grant are:

- The tax year 19/20 is now included in the calculation of average profits, which will therefore vary the amount of grant available;
- An individual must have traded in both 19/20 and 20/21, and have submitted the 19/20 tax return by 2 March 2021; and
- There must have been a **significant** reduction in trading profits due to reduced business activity, capacity, demand or inability to trade due to coronavirus.

Those that were eligible for the third grant can claim the fourth; those that claimed the first two may be eligible but should review profit and loss projections before making a claim.

There will be a fifth and final grant covering the period May to September which will be governed by a turnover test. Those whose turnover has fallen by 30% or more will continue to receive a grant worth 80% of three months' average trading profits, capped at £7,500. Those whose turnover has fallen by less than 30% will receive a 30% grant, capped at £2,850. The final grant can be claimed from late July 2021.

4. UNIVERSAL CREDIT (UC)

For those struggling for available funds between now and the next SEISS grant in April, Universal Credit remains available and can be applied for via telephone or online. We would recommend making any applications by telephone on **0800 328 5644** - ignoring any recorded messages about completing online.

5. BUSINESS RATE HOLIDAYS

Business rate holidays have been extended and eligible properties in England will continue to receive 100% relief until 30 June 2021. This will be followed by 66% relief through to 31 March 2022. There is a cap of £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties.

Business Rate Holidays are managed by Local Authorities, who will contact businesses directly to confirm eligibility.

6. VAT DEFERRAL NEW PAYMENT SCHEME

Any business that took advantage of the original VAT deferral on VAT returns from 20 March to 30 June 2020 can now opt to use the VAT Deferral New Payment Scheme to pay that deferred VAT in up to eleven equal payments from March 2021, rather than one larger payment due by 31 March 2021, as originally announced.

Applications must be made online and by 31 March 2021.

7. VAT REDUCTION FOR THE UK'S TOURISM AND HOSPITALITY SECTOR

The temporary reduced rate of 5% VAT for goods and services supplied by the tourism and hospitality sector is extended until 30 September 2021. To transition back to the standard 20% rate, a 12.5% interim rate will apply for the subsequent six months until 31 March 2022.

8. LOCAL AUTHORITY SUPPORT GRANTS

Local Authority support grants remain available, with most of central government funding now being provided this way. We recommend each business contacts their local authority to see what remains available at this time.

9. BOUNCE BACK LOANS

Bounce Back Loans remain available until **31 March 2021** from a number of approved providers, both with High Street lenders and via online operations. These loans are interest free for the first year, with a maximum amount of borrowing available set at £50,000 or 25% of last reported turnover, whichever amount is lower.

10. RECOVERY LOAN SCHEME

From 6 April 2021, the Recovery Loan Scheme will provide lenders with a guarantee of 80% on eligible loans between £25,000 and £10 million. This is designed to take over from the Bounce Back loan scheme and provide support as businesses recover and grow following the disruption of the pandemic and the end of the transition period. The scheme is currently due to close on 31 December 2021, but this is subject to review.

N.B. Those businesses that have received support under the existing COVID-19 guaranteed loan schemes – such as a Bounce Back Loan - will still be eligible to access finance under this scheme, if they meet all other eligibility criteria.

11. RESTART GRANTS

Restart Grants will be provided in England of up to £6,000 per premises for non-essential retail businesses and up to £18,000 per premises for hospitality, accommodation, leisure, personal care and gym businesses.

According to government guidance, your business may be eligible if it:

- Is based in England;
- Occupies property on which it pays business rates and **is** the ratepayer;
- Has been **required to close** because of the national lockdown from 5 January 2021 onwards, or between 5 November and 2 December 2020;
- Has been unable to provide its usual in-person customer service from its premises.

Restart Grants will be managed by Local Authorities, with specific application terms being confirmed by these entities.

12. TIME TO PAY OPTIONS FOR PERSONAL TAX LIABILITIES

HMRC have made provision to offer a payment plan that allows an individual to pay personal tax liabilities in instalments, over a period of up to 12 months.

This service is available until 1 April 2021, though if you do not keep up with your payments, the balance will be due in full.

13. TEMPORARY STAMP DUTY LAND TAX CUT

The temporary increase in the residential SDLT Nil Rate Band to £500,000 in England and Northern Ireland is extended until **30 June 2021**.

From 1 July 2021, the Nil Rate Band will reduce to £250,000 until 30 September 2021; before returning to £125,000 on 1 October 2021. In Scotland and Wales, the equivalent taxes are administered by the devolved administrations.

14. MORTGAGE GUARANTEE SCHEME

The government will introduce a new mortgage guarantee scheme in April 2021. This scheme will provide a guarantee to lenders across the UK who offer mortgages to people with a deposit of just 5% on homes with a value of up to £600,000. Under the scheme all buyers will have the opportunity to fix their initial mortgage rate for at least five years should they wish. The scheme, which will be available for new mortgages up to 31 December 2022.

We hope you find the above summary useful. As ever, please do not hesitate to contact us if you have any questions regarding any of the points mentioned above. 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 – while the Alresford office is currently home to skeleton staff, the full Butler & Co team are still working from home and are able to answer any questions or queries you may have.

Best regards and stay well