



We trust this communication finds everyone keeping well.

COVID-19 BUSINESS INFORMATION: THE CHANCELLOR'S SUMMER STATEMENT

Today's updates concern the statement made by the Chancellor, Mr Rishi Sunak, on Wednesday 8 July 2020. There are a number of important points to be aware of:

- 1. The Coronavirus Job Retention Scheme [CRJS] will not be extended beyond October**
- 2. A Job Retention Bonus of £1,000 will be available for returning employees**
- 3. The Hospitality Industry will see VAT cut to 5% for 6 months**
- 4. Stamp Duty Land Tax £nil rate threshold will be increased to £500,000 until 31 March 2021**
- 5. There are various funding options for new kick-start, trainee or apprentice employees**
- 6. A one-month 'meals out' 50% discount on Mondays to Wednesdays will be available throughout August**

More details on each point, as we understand at the present time, are as follows:

1. CORONAVIRUS JOB RETENTION SCHEME [CJRS] WILL END ON 31 OCTOBER 2020

As previously communicated, the CJRS for furloughed employees will be wound down during August and September, and will completely cease on 31 October 2020.

- ⇒ **Action:** Businesses should therefore plan and budget for this eventuality and be ready to welcome back furloughed workers at the latest from 1 November 2020.

2. JOB RETENTION BONUS

The government will introduce a one-off payment of £1,000 to UK employers for every furloughed employee who remains continuously employed from 1 November 2020 through to 31 January 2021. Employees must earn above the Lower Earnings Limit (£520 per month) on average between the end of the CJRS and the end of January 2021 in order to qualify. Payments will be made from February 2021. Further details as to how this scheme will operate will be published before the end of July 2020.

- ⇒ **Action:** Employers should keep records of all those who have been furloughed and are still employed at the end of January 2021, in order to have the evidence ready to claim this grant. Employers also need to ensure that lower paid workers meet the average by working enough hours during the three month period, if they intend to claim the grant available.

3. HOSPITALITY INDUSTRY: CUT IN VAT TO 5%

The Chancellor announced there would be a temporary VAT cut to 5% for sales of Food, Non-Alcoholic drinks, Accommodation and Attractions, from 15 July 2020 to 12 January 2021.

The reduced (5%) rate of VAT will apply to supplies of food and non-alcoholic drinks from restaurants, pubs, bars, cafés and similar premises across the UK. Similarly, the 5% rate will also apply to sales made by accommodation provision in hotels, B&Bs, campsites and caravan sites, and entries to attractions like cinemas, theme parks and zoos. Furnished Holiday Lets (FHLs) may be included within the accommodation provision, but at this stage there has been no confirmation made.

The rate reduction applies to sales from the above establishments only and not to purchases made by these businesses or other industries.

- ⇒ **Action:** Businesses within the hospitality sector should ensure they are familiar with the new rules and are charging the right amount of VAT during the right period, starting next Wednesday. If anyone is concerned and wishes to double check which rate they should charge, please contact us as a matter of priority.

4. TEMPORARY REDUCTION IN STAMP DUTY LAND TAX (SDLT)

There has been a temporary increase of the Nil Rate Band of Residential SDLT - in England and Northern Ireland only - from £125,000 to £500,000. This will apply from 8 July 2020 until 31 March 2021 and will save purchasers up to £15,000 per property transaction within this price bracket.

- ⇒ **Action:** Those considering moving house should ensure the transaction is completed before 31 March 2021 to ensure they qualify for the reduced SDLT rate.

5. NEW EMPLOYEE FUNDING

The government has announced a number of funding measures designed to encourage employers to take on new staff members. These include:

1. **Kickstart Scheme** - aimed at those aged 16-24 currently receiving Universal Credit. Funding is available for each new, additional job, which will cover 100% of the relevant National Minimum Wage for 25 hours a week, plus the associated employer NICs and pension contributions, as well as making a small payment towards overheads. On average, the grant will be worth around £6,500.
2. **Trainees** - the government will also fund employers who provide trainees aged 16 - 24 with work experience, at a rate of £1,000 per trainee.
3. **Apprentices** – the government will also introduce a new payment of £2,000 to employers in England for each new apprentice they hire aged under 25, and a £1,500 payment for each new apprentice they hire aged 25 and over, from 1st August 2020 to 31st January 2021.

- ⇒ **Action:** Businesses that are looking to expand should investigate whether any of the above programmes would be suitable, as the additional government funding will make the costs of increasing the workforce significantly cheaper in the short-term.

6. MEALS OUT DISCOUNT

Finally, the government has announced a scheme that will entitle every diner (including children) to a 50% discount of up to £10 per head on their meal, at any participating restaurant, café, pub or other eligible food service establishment. The discount can be used unlimited times and will be valid **Monday to Wednesday** on any eat-in meal - including on non-alcoholic drinks - for the entire month of August 2020. Participating establishments will be fully reimbursed for the 50% discount.

- ⇒ **Action:** Businesses that could offer the discount need to investigate the sign-up options and ensure they are properly registered for the government programme before offering this discount to potential customers.

As per usual, please do not hesitate to contact us if you have any questions regarding the above or anything further relating to the government's Covid-19 business support initiatives. Your primary contact or our Covid-19 Business Support Co-ordinator, Russell Nash [russell@butler-co.co.uk] remain available across the working week to answer any queries arising.

Please do contact us as soon as possible should you require any further assistance.

Best regards and Stay Well