

CHAVEREYS

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On Monday last week we set out the initial measures announced to help businesses through the crisis created by the restrictions on movement imposed to control the spread of COVID-19. We sent a further update on Wednesday 18 March.

On Friday 20 March the following were announced:

Coronavirus Job Retention Scheme

To persuade businesses to keep workers in employment, rather than make redundancies, the Government has pledged to reimburse employers for 80% of the wage costs for workers that have been “furloughed” (temporarily laid off) up to a cap of £2,500 per month. The support is pledged from 1 March 2020 and will last for an initial 3 month period, with a promise to extend if necessary.

Crucial detail is awaited to confirm: what precisely is meant by the term “furloughed”; which employees will qualify; when the payment to employers will commence and whether the arrangement can be flexible, enabling businesses to flex their work force to respond to changes in demand, whilst remaining protected from bearing the cost of keeping employees on.

The payments will be made to employers by H M Revenue & Customs and the scheme is promised to be in place by the end of April. There is no limit on the amount of funding for this scheme.

It is suggested that, if you believe Furloughing of staff is necessary, the matter is approached in a similar manner to redundancy procedures; considering employment law and your business’ employment contracts before any action is taken.

Coronavirus Business Interruption Loan Scheme (CBILS)

Loans made under this scheme will now be interest free for an initial 12 months (extended from 6). However, it should be noted that current guidance from the British Business Bank is that: “... agriculture businesses may not qualify for the full interest and fee payment [from the Government].” We are seeking clarification on this.

Our previous messages have provided information on this scheme. Loans are available via partner banks which includes most high street banks. The business must approach the lender directly with a request for a finance facility of up to £5m. The facility term can be anything from 3 months to 10 years. The Government provides the lender with security for the debt, so encouraging the lender to make the loan.

The scheme is expected to be in place during the week commencing 23 March, however, at the time of writing the main banks are still promising to release details of how they will operate the scheme.

Deferment of VAT payments

All VAT payments due between 20 March and 30 June 2020 are deferred until 5 April 2021.

There has been no specific statement on interest but it is anticipated that the deferral will be interest free. VAT repayments will continue to be paid by HMRC as normal.

Deferral of Self Assessment tax payments

The second payments on account for the 2019/2020 tax year, due on 31 July are now deferred until 31 January 2021. It is understood that this covers all self assessment tax payments and not just those for individuals that are self employed, so landlords and other high earners will also benefit from the measure. Clarity is being sought.

No interest will be charged on the deferred amount.

We will be issuing a consolidated document detailing all help available to businesses and we will update this with details of eligibility and how to apply as soon as this detail is published.