

UK Government financial support for business, employees and self-employed

Originally produced 25 September 2020

Updated 12 October 2020

Updated 22 October 2020

Updated 2 November 2020

Updated 3 November 2020

In the Budget 2020 on Wednesday 11 March, the Chancellor announced significant support for businesses and individuals to financially survive the coronavirus pandemic. This evolved throughout the summer with more support and schemes extended.

On 24 September 2020, Rishi Sunak announced the Government's Winter Economy Plan designed to continue to help businesses and individuals in light of the re-introduced social restrictions and the rising coronavirus cases.

On 9 October 2020, Rishi Sunak said that the Job Support Scheme will be expanded to protect jobs and support businesses required to close their doors as a result of coronavirus restrictions.

On 22 October 2020, in response to rising coronavirus cases and forced closures of some regional businesses due to local lockdowns, the Chancellor extended the financial support through the recently announced winter support schemes.

On 31 October 2020, it was announced that England would go into a national lockdown from Thursday 5 November 2020 to Wednesday 2 December 2020. As a result, the Coronavirus Job Retention Scheme has been extended and improved and the new Job Support Scheme has been temporarily put on hold.

In addition, the terms of the Self-employment Income Support Scheme (SEISS) have been extended to align with the Coronavirus Job Retention Scheme and all of the loan schemes have been extended to 31 January 2021.

You can find more details of the latest announcement below.

Please note this guide is intended to inform you and your clients about the financial support packages available. We know that some businesses may not qualify for some of the support and you should check with the relevant authorities for your own business and your clients individually.

Extended Coronavirus Job Retention Scheme

- The Coronavirus Job Retention Scheme is being extended until 2 December 2020.
- The level of the grant will mirror levels available under the Scheme in August. So, for hours not worked by the employee, the government will pay 80% of wages up to a cap of £2,500. The grant must be paid to the employee in full.
- Employers will pay employer NICs and pension contributions and should continue to pay the employee for hours worked in the normal way.
- As with the current Scheme, employers are still able to choose to top up employee wages above the scheme grant at their own expense if they wish.
- As under the current Scheme, flexible furloughing will be allowed in addition to full-time furloughing.
- All employers with a UK bank account and UK PAYE schemes can claim the grant. Neither the employer nor the employee needs to have previously used the Scheme.

- To be eligible to be claimed for under this extension, employees must be on an employer's PAYE payroll by 23:59 30th October 2020. This means a Real Time Information (RTI) submission notifying payment for that employee to HMRC must have been made on or before 30th October 2020.
- Further details, including how to claim this extended support through an updated claims service, will be provided shortly.
- The Job Support Scheme will be introduced following the end of the extended Coronavirus Job Retention Scheme.

Mortgage Payment Holidays (current proposal from FCA)

- Mortgage payment holidays will no longer end at the end of October 2020 as originally intended.
- Borrowers who have not yet had a payment deferral will be eligible for 2 payment deferrals of up to 6 months in total.
- Borrowers who currently have an initial payment deferral, will be eligible for another payment deferral of up to 3 months.
- Borrowers who have resumed repayments after an initial payment deferral will be eligible for another payment deferral of up to 3 months.
- Borrowers have until 31 January 2021 to request a payment deferral.

Business Grants

- Businesses required to close in England due to local or national restrictions will be eligible for the following:
 - For properties with a rateable value of £15,000 or under, grants to be £1,334 per month, or £667 per two weeks
 - For properties with a rateable value of between £15,000 and £51,000 grants to be £2,000 per month, or £1,000 per two weeks
 - For properties with a rateable value of £51,000 or over grants to be £3,000 per month, or £1,500 per two weeks.

SEISS Grant Extension

- The already announced extended Self-employment Income Support Scheme (SEISS) detailed below has been increased.
- To reflect the recent changes to the Coronavirus Job Retention Scheme, the SEISS will provide 80% of average trading profits for November.
- As SEISS grants are calculated over three months, the uplift for November to 80%, along with the 40% of trading profits for December and January, increases the total level of the third grant to 55% of trading profits. The maximum grant will increase to £5,160.
- The claims window has been brought forward to 30 November.

Extension of access to finance schemes

- The government is extending new applications for the following four business loan schemes to 31 January 2021:
 - Coronavirus Bounce Back Loan Scheme
 - Coronavirus Business Interruption Loan Scheme
 - Coronavirus Large Business Interruption Loan Scheme
 - Future Fund
- For individuals who already have a Coronavirus Bounce Back Loan but didn't take out the maximum amount available, they can now top that up to the £50,000 limit.

Expanded Job Support Scheme (currently suspended to end of

- Firms whose premises are legally required to shut for some period over winter as part of local or national restrictions will receive grants to pay the wages of staff who cannot work.
- *The government initially said it would support eligible businesses by paying two thirds of each employees' salary (or 67%), up to a maximum of £2,100 a month.*
- *Businesses would only be eligible to claim the grant while they are subject to restrictions and employees must have been off work for a minimum of seven consecutive days.*
- This has now been extended and reduces the employer contribution to those unworked hours to just 5%, and reduces the minimum hours requirements to 20%, so those working just one day a week will be eligible.
- That means that if someone was being paid £587 for their unworked hours, the government would be contributing £543 and their employer only £44.
- Under the scheme, employers will not be required to contribute towards wages and only asked to cover NICs and pension contributions, a very small proportion of overall employment costs.
- The scheme is expected to begin on 3 December 2020 (when the new national lockdown is expected to be eased) and will be available for six months, with a review point in early 2021. In line with the rest of the Job Support Scheme, payments to businesses will be made in arrears, via a HMRC claims service that will be available later in December or early 2021.
- The scheme is UK wide.

Main Job Support Scheme

- This effectively replaces the Coronavirus Job Retention Scheme (more commonly referred to as the "furlough" scheme) which was due to end on 31 October 2020 (now extended to 2 December 2020).
- The Job Support Scheme will be introduced from 3 December 2020 and is expected to last for 6 months.
- The new Scheme applies to all small and medium sized businesses. For larger businesses, they will only be eligible where their turnover has fallen and the government expects that large employers will not be making capital distributions (such as dividends), while using the scheme.
- Businesses are eligible even if they have not previously used the "furlough" scheme.
- Employees will need to work a minimum of 33% of their usual hours.
- For every hour not worked the employer and the government will each pay one third of the employee's usual pay, and the government contribution will be capped at £1,541.75 (up from 697.92 per month under the original rules).
- Employees using the scheme will receive at least 77% of their pay, where the government contribution has not been capped.
- The employer will be reimbursed in arrears for the government contribution.
- The employee must not be on a redundancy notice.
- The Scheme does not cover pension contributions and national insurance contributions payable by the employer.
- Details on how employers should calculate the auto-enrolment pension contributions (both employer and employee) under new Jobs Support Scheme will be provided in the next few days.

Local Lockdown Business Grants (currently superseded by the National Lockdown Grants for November)

- In addition to expansion of the Job Support Scheme, the government is increasing the cash grants to businesses in England shut in local lockdowns to support with fixed costs. These grants will be linked to rateable values, with up to £3,000 per month payable every two weeks, compared to the up to £1,500 every three weeks which was available previously.
- The latest announcement extends these grants to support businesses in high-alert areas which are not legally closed, but which are severely impacted by the restrictions on socialising (this is mainly for hospitality, hotel, B&B and leisure businesses).
- For properties with a rateable value of £15,000 or under, grants of £934 per month.
- For properties with a rateable value over £15,000 and below £51,000, grants of £1,400 per month.
- For properties with a rateable value of exactly £51,000 and over, grants of £2,100 per month.
- This is equivalent to 70% of the grant amounts given to legally closed businesses.
- The devolved administrations in Scotland, Wales and Northern Ireland will benefit from a £1.3 billion increase to their guaranteed funding for 2020-21 - allowing them to continue their response to coronavirus including through similar measures if they wish.

SEISS Grant Extension

- The existing Self-employment Income Support Scheme (SEISS) is being extended.
- The new grant will be limited to self-employed individuals who are currently eligible for the existing scheme and are actively continuing to trade but are facing reduced demand due to coronavirus (although they do not have to have claimed the previous grants).
- Therefore, individuals who have claimed under the existing scheme's first grant but have not yet claimed the second grant and are eligible, should do so.
- The new scheme will be introduced from 1 November 2020 and will last for 6 months
- The extension will be in the form of two taxable grants. The first grant will cover a three-month period from the start of November 2020 until the end of January 2021. This initial grant will cover 80% for November and 40% for December and January (up from the original 20%) of average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits and capped at £5,160 (up from an original £1,875) in total.
- The second grant will cover a three-month period from the start of February 2021 until the end of April 2021. The government will review the level of the second grant and set this in due course.

VAT deferral "New Payment Scheme"

- If you're a UK VAT registered business and had a VAT payment due between 20 March 2020 and 30 June 2020, you had the option to:
 - defer the payment until a later date
 - pay the VAT due as normal
- Over half a million businesses deferred VAT payments
- The government will now these give businesses the option to spread their payments over the financial year 2021-2022.
- Rather than paying in full at the end of March 2021, businesses will be able to choose to make 11 equal instalments over 2021-22.

Enhanced Time to Pay for Self-Assessment taxpayers

- If you were due to pay a self-assessment payment on account by 31 July 2020, then you were able to defer payment until January 2021.
- The government will now give the self-employed and other taxpayers more time to pay taxes due in January 2021.
- Taxpayers with up to £30,000 of Self-Assessment liabilities due will be able to use HMRC's self-service Time to Pay facility to secure a plan to pay over an additional 12 months.
- This means that Self-Assessment liabilities due in July 2020 will not need to be paid in full until January 2022.

Extension of access to finance schemes

- The government is extending new applications for the following four business loan schemes to 31 January 2021:
 - Coronavirus Bounce Back Loan Scheme
 - Coronavirus Business Interruption Loan Scheme
 - Coronavirus Large Business Interruption Loan Scheme
 - Future Fund

Pay as you Grow

- The government will give all businesses that borrowed under the Coronavirus Bounce Back Loan Scheme the option to repay their loan over a period of up to ten years.
- This will reduce their average monthly repayments on the loan by almost half.
- UK businesses will also have the option to move temporarily to interest-only payments for periods of up to six months (an option which they can use up to three times), or to pause their repayments entirely for up to six months (an option they can use once and only after having made six payments).

CBILS loan extension

- The government intends to allow Coronavirus Business Interruption Loan Scheme lenders to extend the term of a loan up to ten years.