

We are sure that many businesses will welcome the scale of the Government's latest response, as well as the specific support it is offering to some of the worst-affected parts of our economy such as tourism & leisure. The litmus test will be based on whether these measures will get cash to businesses on the front line, fast.

We hope the following is a useful guide of what we know so far. Of course, this is just the start, we expect further measures will be needed to help all businesses and their employees meet this unprecedented challenge.

## **Help for Businesses**

### **Support for businesses paying sick pay**

Legislation is to be brought forward to allow small and medium sized businesses and employers to reclaim Statutory Sick Pay (SSP) paid for sickness due to COVID-19.

The eligibility criteria for this scheme is:

- this refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19
- employers with fewer than 250 employees will be eligible - the size of an employer will be determined by the number of people they employed as of 28 February 2020
- employers will be able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19
- employers should maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note
- the government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible

From a pragmatic point of view, in light of the fact that the mechanism isn't currently in place you may take a view that you will deduct the SSP from your PAYE/NIC liability and let HMRC catch up with the paperwork later!

Please see Appendix 1 for more information.

### **Support for businesses that pay business rates**

A business rates holiday will be introduced for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year.

Also, a £25,000 grant will be provided to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value between £15,000 and £51,000. These will be paid through local authorities.

You can check the rateable value for your premises at the following website:

[www.gov.uk/correct-your-business-rates](http://www.gov.uk/correct-your-business-rates)

Any enquiries on eligibility for, or provision of, the reliefs should be directed to the relevant local authority. Guidance for local authorities on the business rates holiday will be published by 20 March.

There will be additional funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBRR). Furthermore, one-off grant of £10,000 will be provided to businesses currently eligible for SBRR or rural rate relief.

If your business is eligible for SBRR or rural rate relief, you will be contacted by your local authority - you do not need to apply.

Funding for the scheme will be provided to local authorities by government in early April. Guidance for local authorities on the scheme will be provided shortly.

## **Business Interruption Loan Scheme**

A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank is set to launch next week. This will support businesses to access bank lending and overdrafts. Lenders will be provided a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The guarantee will come with no charge and the Scheme will support loans of up to £5 million in value. The government will cover the first 6 months of interest payments.

## **Businesses paying tax**

All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time To Pay service. These arrangements are agreed on a case by case basis and are tailored to individual circumstances and liabilities.

You can call HMRC's dedicated helpline if you are concerned about being able to pay your tax due to COVID-19: 0800 0159 559

## **Insurance**

Businesses that have cover for both pandemics and government-ordered closure should be covered. The government and insurance industry confirmed on 17 March 2020 that advice to avoid pubs, theatres etc is sufficient to make a claim.

## **Cash flow**

Cash flow is going to be critical to business in the coming months, with both volume dropping and payment cycles likely to slow down.

- We understand that a number of funders have indicated that they will consider 3 months repayment holidays on existing finance agreements
- Consider re-financing unencumbered assets
- Consider whether an Invoice Discounting facility may allow you to unlock funds tied up in debtors
- Consider whether you should consolidate and extend existing loans to reduce your monthly outgoings

If you require any help in relation to any of these financing measures please contact Jeff Rimmer and his team at Finance for Business, who will be pleased to assist.

Office 01704 533871; Mobile No. 07795 662245; <mailto:jeff@ffbuk.com>

## **Help for Individuals**

### **Sick Pay**

SSP will be paid from day 1 as opposed to day 4 for those affected by Coronavirus.

## **Mortgage Payments**

Chancellor Rishi Sunak announced a 3 month mortgage payment 'holiday' for people hit hard by coronavirus.

## **Universal Credit**

If the whole family has to stay at home and there is no income coming in, you can apply for Universal Credit.

## **Insurance (empty buildings)**

We have received the following advice from our insurance brokers which may be pertinent to your business if you have to close premises and we would suggest that you liaise with your insurer/broker if that becomes necessary.

- It is a condition of property & business interruption insurance policies that insurers must be notified if the policyholder is planning any unoccupancy.
- If premises, or a **part** of a premises become unoccupied, insurers' standard procedure is to:
  - Insist on compliance with the Unoccupancy Conditions in their policies.
  - Increase premiums.
  - Restrict cover. Most insurers normally limit cover to Fire, Aircraft, Explosion and Earthquake. For example, they look to exclude Riot, Civil Commotion, Malicious Damage, Storm, Tempest, Flood, Burst Water Pipes, Impact by Vehicles, Theft and Accidental Damage. If a site is to become unoccupied, we would negotiate with your insurers to obtain quotations for the widest cover possible.
  - Increase Excesses.
  - Apply additional terms e.g. there may be a requirement for 24 hour security guards.
- To avoid onerous unoccupancy insurance terms, it may be preferable to keep premises occupied during normal business hours with a reduced number of staff.

We will endeavour to keep you informed of measures as matters develop in what are clearly unprecedented times for business.

Kind regards

## **Advance**

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## **Appendix 1**

### **Coronavirus SSP update**

Please note the guidance is changing on a daily basis. For the most up to date information and guidance from the Government, please regularly review the Government response page:

<https://www.gov.uk/government/topical-events/coronavirus-covid-19-uk-government-response>

### **Who is entitled to receive SSP?**

Employees will be entitled to receive statutory sick pay (SSP) if they need to self-isolate due to:

- Having coronavirus
- Having symptoms of coronavirus
- Someone in their household having coronavirus
- Being advised to self-isolate by a medical professional

If someone is experiencing symptoms, all members of their household must self-isolate for 14 days. Individuals who live alone must self-isolate for 7 days.

### How much SSP do I need to pay?

The normal qualifying rules for SSP will apply. An employee will be entitled to SSP if they:

- Have done some work under their contract
- Have average weekly earnings of £118 per week (19/20 tax year), increasing to £120 per week from 6 April 2020

SSP will be paid from the first day of absence for anyone self-isolating due to coronavirus from 13 March 2020. SSP rates are as follows:

- £94.25 per week for 19/20 tax year
- £95.85 per week for 20/21 tax year

Please remember that the weekly rate of SSP applies regardless of the number of days an eligible employee works (working days are known as qualifying days). Please review the below to obtain the daily rates of SSP for reference:

Unrounded daily rates	Number of qualifying days in week	1 day to pay	2 days to pay	3 days to pay	4 days to pay	5 days to pay	6 days to pay	7 days to pay
13.6928	7	13.70	27.39	41.08	54.78	68.47	82.16	95.85
15.9750	6	15.98	31.95	47.93	63.90	79.88	95.85	
19.1700	5	19.17	38.34	57.51	76.68	95.85		
23.9625	4	23.97	47.93	71.89	95.85			
31.9500	3	31.95	63.90	95.85				
47.9250	2	47.93	95.85					
95.85	1	95.85						

### What medical evidence do I need to obtain from my employee?

The Government has confirmed that employees will not need to provide a fit note in order to receive SSP when self-isolating due to coronavirus.

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-who-are-paying-sick-pay-to-employees>

### Reclaiming SSP

The Government is allowing small and medium-sized employers to reclaim SSP paid for sickness due to coronavirus.

- Employers can reclaim 2 weeks of SSP per employee who has been absent due to coronavirus

- Employers with 250 employees or less will be able to reclaim SSP – the size of an employer will be determined by the number of people they employed as of 28 February 2020

There has been no guidance published in regards to whether employers in a group of companies can reclaim their SSP, or if this is based on a PAYE reference basis. We are advising our clients that it will be in line with small employers' relief for advanced funding of SMP, and therefore we are advising that this is based on a PAYE reference basis, not on the size of a group of companies.

You will not reclaim SSP through your RTI submissions when processing payroll. The government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible.

Please see the full eligibility criteria as published by GOV.UK here <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>

### **If the employers need to close the workplace**

Please refer to the below guidance from ACAS around options for employers relating to lay-offs and short-time working and using holiday pay – <https://www.acas.org.uk/coronavirus>

#### **“Lay-offs and short-time working**

In some situations, an employer might need to close down their business for a short time or ask staff to reduce their contracted hours.

If the employer thinks they'll need to do this, it's important to talk with staff as early as possible and throughout the closure.

*Unless it says in the contract or is agreed otherwise, they still need to pay their employees for this time.*

Employees who are laid off and are not entitled to their usual pay might be entitled to a 'statutory guarantee payment' of up to £29 a day from their employer.

This is limited to a maximum of 5 days in any period of 3 months. On days when a guarantee payment is not payable, employees might be able to claim Jobseekers Allowance from Jobcentre Plus.

#### **Using holiday**

Employers have the right to tell employees and workers when to take holiday if they need to. For example, they can decide to shut for a week and everyone has to use their holiday entitlement. If the employer does decide to do this, they must tell the staff at least twice as many days before as the number of days they need people to take. For example, if they want to close for 5 days, they should tell everyone at least 10 days before.

This could affect holiday staff who have already booked or planned. So, employers should:

- explain clearly why they need to close
- try and resolve anyone's worries about how it will affect their holiday entitlement or plans”

