

Coronavirus - Bulletin 3

Business Financial Support Guide

Special Bulletin

This bulletin outlines the Government's latest additional measures to support businesses during the crisis. For more details go to: <https://www.gov.uk/coronavirus/business-support>

Version 3.0 - The information here is correct as at 5 June 2020.

Coronavirus Bounce Back Loan

The Bounce Back Loan scheme is available for small to medium-sized businesses, such as smaller members of the SLC, to help them recover from the COVID-19 pandemic.

Businesses can borrow between £2,000 and £50,000, for a loan term of up to six years. Loan repayments can start after the first year.

The process is easy and straight forward, and the loans carry 0% interest for 12 months and are government guaranteed. It can be paid off early with no repayment costs. You might be eligible for this loan if your business is negatively affected by Coronavirus and wasn't an 'undertaking in difficulty' on 31 December 2019.

Business interruption insurance

Most commercial insurance policies are unlikely to cover pandemics or unspecified notifiable diseases, such as COVID-19.

However, businesses that have an insurance policy that covers government-ordered closure and pandemics or unspecified notifiable disease should be able to make a claim (subject to the terms and conditions of their policy). Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers.

The Financial Conduct Authority is seeking court clarification on whether insurers' policies allow them to refuse business claims related to the coronavirus pandemic. The hearing is scheduled for late July. Multiple insurers have admitted they are liable to pay company owners under business interruption insurance policies after the City regulator challenged them to prove in court that their policies did not apply to the coronavirus pandemic.

Protection from eviction

Commercial tenants in England, Wales and Northern Ireland who can't pay their rent because of COVID-19 are protected from eviction until 30 June 2020. The government may extend this period if needed. These measures will mean no business will automatically forfeit their lease and be forced out of their premises if they miss a payment up until 30 June 2020. This isn't a rental holiday. All tenants are still liable for rent.

SEIS - self-employed income support

The Self-employment Income Support Scheme (SEISS) supports self-employed individuals (including members of partnerships) who've lost income due to COVID-19.

The scheme enables you to claim a taxable grant worth 80 percent of your trading profits up to a maximum of £2,500 per month for the next three months. This may be extended. HMRC will use data from your 2018/2019 Income Tax Self-Assessment tax return to identify those eligible. They won't take into account any changes made to submitted returns after 26 March 2020, when working out your eligibility or amount of the grant.

You must have filed your return for the 2018/2019 tax year by 23 April 2020. If you're eligible for the scheme, HMRC will invite you to apply for the grant online. You can only claim using the GOV.UK online service.

On 29th May 2020 the Chancellor announced an extension of the SEISS scheme for a further 3 months to cover June, July & August. Applications for the first SEISS grant can be made at any time until 13 July.

The second grant will open in August and will be a taxable grant worth up to 70% of average trading profits capped at a total of £6,570. The eligibility criteria is the same for both grants. It is believed that the SEISS will cease after the second claim.

Additional funding for small business

Additional funding was announced on 2 May 2020 to include small businesses with ongoing fixed property-related costs.

You are eligible if:

- You have fewer than 50 employees
- You can demonstrate that there's been a significant drop of income due to Coronavirus restriction measures.

There will be three levels of grant payments, including a maximum payment of £25,000 and grants of £10,000. Payments of less than £10,000 can be made at the discretion of the local authority.

Government is asking local authorities to prioritise the following small businesses:

- Businesses in shared spaces
- Regular market traders
- Small charity properties that would meet the criteria for Small Business Rates Relief
- Bed and breakfasts that pay council tax rather than business rates



CJRS Furlough extension - summary table

	July	August	September	October
Government Contribution: Employer NICs and pension contributions	Yes	No	No	No
Government Contribution: Wages	80% up to £2500	80% up to £2500	70% up to £2187.50	60% up to £1875
Employer Contribution: Employer NICs and pension contributions	No	Yes	Yes	Yes
Employer Contribution: Wages	0	0	10% up to £312.50	20% up to £625
Employee Receives	80% up to £2500 per month	80% up to £2500 per month	80% up to £2500 per month	80% up to £2500 per month

CJSR Furlough scheme extended

The scheme has been extended until October but employers will have to contribute.

The table above shows you roughly how this will work. HMRC will be issuing more guidance on this on the 12th June.

The 10th June 2020 is the last day that employers can place employees on furlough to allow for the 3-week furlough period to be completed by 30th June. Employers will have until 31st July to make any claims in respect of the period to 30th June.

From 1st July, employers can bring back to work employees that have previously been furloughed for any amount of time and any shift pattern, while still being able to claim CJRS grant for their normal hours not worked.

When claiming the CJRS grant for furloughed hours; employers will need to report and claim for a minimum period of a week.

The scheme will close to new entrants from 30 June 2020. From this point onwards, employers will only be able to furlough employees that they have furloughed for a full 3-week period prior to 30 June.

Employers will be required to submit data on the usual hours an employee would be expected to work in a claim period and actual hours worked.

Employees who believe they are not getting their 80% share can also report any concerns to the HMRC fraud hotline.

HMRC may take action against those found to be abusing the scheme.

Corporate Insolvency and Governance Bill

This bill was introduced to Parliament on 20 May, Nothing will change until the legislation is passed. Brief details of the new measures are as follows:

Moratorium

The Bill gives struggling businesses a formal breathing space to pursue a rescue plan. It creates a moratorium during which no legal action can be taken against a company without leave of the court.

Restructuring plan

The restructuring measures allow the court to sanction a plan that binds creditors to a restructuring plan if it is fair and equitable and in the interests of creditors.

Prohibition of termination clauses

The Bill will mean suppliers will not be able to use contractual terms to stop supplying goods to firms in difficulty.

The suspension of wrongful trading liability

The Bill will temporarily remove the threat of personal liability arising from wrongful trading for directors who continue to trade a company through the crisis with the uncertainty that the company may not be able to avoid insolvency in the future.

Statutory demands and winding-up petitions

The Bill helps struggling businesses by temporarily removing the threat of winding-up proceedings where debt is unpaid due to Covid-19. It introduces temporary provisions to void statutory demands issued against companies during the emergency.

For more detail on each of the provisions download the government's factsheets from:

<https://www.gov.uk/government/publications/corporate-insolvency-and-governance-bill-2020-factsheets>

