



COVID-19 Guidance issued on behalf of
BWM Chartered Accountants
Peter Taaffe - Managing Partner
0151 236 1494 // www.bwm.co.uk

Here is the latest synopsis – again please accept this is based on our latest understanding, and further information and clarification is coming through all the time: We will try to keep you abreast of this.

- VAT holiday until June which represents a cash injection of £30bn.
- 12-month interest free loans for businesses starting on Monday will provide much needed relief and we will seek clarification on how businesses can access this and offer them support as and when they need it.
- The Coronavirus Job Retention Scheme a grant to cover the wages of those who are not working but kept on payroll rather than being laid off – on furlough. **The** scheme will cover 80% of wages up to a total £2,500/month, back dated to 1 March for at least 3 months and it will be extended for longer if needed.

Don't forget that unless it's a grant, this is just kicking the can down the road – the payments will need to be met which is why effective planning and forecasts will be critical to your decision making – and the loan applications below. We can assist with this, please do get in touch. Clients are already being asked for forecasts in support of loan applications so this does need doing.

We are hoping to be able to circulate a furlough letter signed off by an employment lawyer – if you choose to use this, please be aware that to the fullest extent we accept no responsibility for any issues arising. If this is used, it can and must remain your sole responsibility. We are not employment solicitors, and this will be offered in good faith to assist in a crisis. If in the slightest doubt, don't use it.

Coronavirus Job Retention Scheme

HMRC is working urgently to set up a portal for reimbursement, we understand existing systems are not set up to facilitate payments to employers. Business that need short-term cash flow support may benefit from the VAT deferral announced below and may also be eligible to apply for a Coronavirus Business Interruption Loan.

Under the new Coronavirus Job Retention scheme, government grants will cover 80% of the salary of PAYE employees who would otherwise have been laid off during this crisis. The scheme, open to any employer in the country, will cover the cost of wages backdated to 1 March 2020 and will be open before the end of April. It will continue for at least three months and can include workers who were in employment on 28 February.

To claim under the scheme employers will need to:

- designate affected employees as 'furloughed workers' and notify employees of this change. Changing the status of employees' remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation.



COVID-19 Guidance issued on behalf of
BWM Chartered Accountants
Peter Taaffe - Managing Partner
0151 236 1494 // www.bwm.co.uk

- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal. HMRC will set out further details on the information required.
- HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month.

The Coronavirus Job Retention Scheme will be backdated until 1st March 2020, and available for at least three months, with the Chancellor confirming that this period will be extended if required, and that unlimited funding will be made available for the scheme. He advised that the first grants will be paid within a matter of weeks, and at the very latest before the end of April.

Coronavirus Business Interruption Loan Scheme

- When the website is up & running, for small and medium-sized businesses, a new Coronavirus Business Interruption Loan Scheme (CBILS), delivered by the British Business Bank, will provide support for businesses to access a wide range of funding facilities including overdrafts, loans, asset finance and invoice finance.
- The government will provide lenders with a partial guarantee of 80% on each loan to give lenders further confidence in continuing to provide finance to SMEs. The government will not charge businesses or banks for this guarantee, and the scheme will support loans of up to £5 million in value. The first 12 months of these loans will be interest and fee free, as the Government will cover these payments.
- Businesses will be able to get finance under the scheme from a large number of providers, including the main high street banks, this hasn't gone live yet, again a question of watching this space and bank websites.
- To be eligible for the scheme the business must be based in the UK, with turnover on no more than £45m per year. There is a quick [eligibility checklist](#) on the British Business Bank website to help businesses understand if they are eligible to apply for a CBILS-backed facility, More information on the scheme can be found on the [website of the British Business Bank](#).

Key details:

Amount: £25,001 - £5m

Purpose: CIBL can be offered to fund ongoing payment of expenses, overheads & ongoing creditor payments for a short term period of disruption arising directly from COVID-19 in the UK.

Term: The maximum term is 6 years offering a 6 to 12-month Capital Repayment Holiday.



COVID-19 Guidance issued on behalf of
BWM Chartered Accountants
Peter Taaffe - Managing Partner
0151 236 1494 // www.bwm.co.uk

Interest: The Government will cover the first 12 months of interest payments, so businesses will benefit from lower initial repayments. The business remains liable for repayments of the capital. There is no arrangement fee or government premium and no early repayment fees.

Security: £25k - £100k = Short Form Guarantee / £100k - £250k = Short Form Guarantee + Debenture / +£250k = Full Personal Guarantee + Debenture

Eligibility: Presently, it would appear all business sectors are eligible except for commercial real estate.

Any funding requirements must take into vat deferral, furloughing etc and provide last set of full annual accounts (P&L + BS), year-to-date management accounts, pre-Covid-19 forecast performance (if available) and an assessment of the impact of Covid-19 (over the next 6 months).

We can assist you with the management accounts, forecast & impact assessment – please do get in touch.

VAT payments

The next quarter of VAT payments will be deferred, so businesses will not need to make VAT payments until the end of June 2020. Businesses will then have until the end of the 2020-21 tax year to settle any liabilities that have accumulated during the deferral period. The deferral applies automatically, and businesses do not need to apply for it. VAT refunds and reclaims will be paid by the government as normal. Presumably if so you don't need to cancel the direct debit if you want to take advantage of this. If you feel that there is a risk that the VAT might be taken because HMRC hasn't caught up on all this, then you might want to cancel the direct debit – it's a very difficult time to know what needs to be done for best.

Income Tax payments

Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021. Income Tax Self-Assessment payments due on the 31 July 2020 will be deferred until the 31 January 2021. This is an automatic offer with no applications required. No penalties or interest for late payment will be charged in the deferral period. The small print does suggest that this might be limited to the tax on self employed earnings, but we will clarify this when the information becomes clearer.

Universal credit

Self-employed people can now access full universal credit at a rate equivalent to statutory sick pay.



HMRC Time to Pay

HMRC's Time to Pay scheme can enable firms and individuals in temporary financial distress as a result of Covid-19 to delay payment of outstanding tax liabilities. HMRC's dedicated Covid-19 helpline provides practical help and advice on 0800 0159 559. As long as the liability appears on the HMRC website they will delay your payments of employment taxes once you explain your financial difficulties. Sue Stephens and her team are available to assist.

Business Rates holidays and cash grants

No rates payable for the 2020-2021 tax year for any business in the retail, hospitality or leisure sectors. In those sectors, if your ratable value is between £15K and £51k, you'll also receive a cash grant of up to £25,000 per property. Any business which gets small business rates relief, including those in the retail, hospitality or leisure sectors, will receive a cash grant of £10,000 (increased from £3,000 announced in the 11 March Budget). The rates holiday and cash grants will be administered by local authorities and should be delivered automatically, without businesses needing to claim.

COVID-19 corporate financing facility

To support larger firms, the Bank of England has announced a new COVID-19 Corporate Financing Facility to provide a quick and cost-effective way to raise working capital via the purchase of short-term debt. This will support companies which are fundamentally strong, but have been affected by a short-term funding squeeze, enabling them to continue financing their short-term liabilities. It will also support corporate finance markets overall and ease the supply of credit to all firms.

The Government will very soon be announcing further information on this facility.

Mortgage and rent holiday

Mortgage borrowers can apply for a three-month payment holiday from their lender. Both residential and buy-to-let mortgages are eligible for the holiday. It is important to remember that borrowers still owe the amounts that they don't pay as a result of the payment holiday. Interest will continue to be charged on the amount they owe.

Tenants can apply for a three-month payment holiday from their landlord. No one can be evicted from their home or have their home repossessed over the next three months.

Insurance claims

You should check to see if you have Business Interruption Cover in your commercial insurance policy which would cover you for loss of earnings, and then to see if you are covered for Notifiable Diseases within this. 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 as long as all other terms and conditions are met. Insurance policies differ significantly, so businesses should check the terms and conditions of



COVID-19 Guidance issued on behalf of
BWM Chartered Accountants
Peter Taaffe - Managing Partner
0151 236 1494 // www.bwm.co.uk

their specific policy and contact their providers. How insurers react to the inevitable raft of claims remains to be seen but there is widespread concern they will duck liability under the small print. Speak with your insurance company to find out the exact terms of your policy, what you are covered for now, and what you can retrospectively add now. There isn't huge confidence around such claims being met but there is no discernible downside to trying!

Statutory Sick Pay (SSP)

If you're a director of a limited company with less than 250 employees, you can pay yourself two weeks of SSP if you need to self-isolate subject to meeting the minimum payroll requirement for SSP. The government will refund £94 per week, maximum £188, to your company. It will also refund SSP for staff of businesses with less than 250 employees for up to two weeks

Customer Invoicing

Increasing sales will potentially bring cash into your business in 3 months' time, when what you may need is cash in your business now. Large PLCs have been asked to pay small businesses without delay and Morrisons have led the way on this making immediate payments to 3,000 small suppliers. It may seem callous but chase your debtors for immediate payment and issue invoices quickly. This is all about managing cashflow right now and you should be on top of it.

Discuss invoice discounting with us. It might bring cash in now rather than waiting to be paid.

Grants & Hardship Funds

£500m have been allocated to local authorities to support vulnerable people. No further definition is yet available, but it is hoped this definition will include the self-employed and small businesses in distress as well as individuals. Check your own local authority website for details, which are now starting to appear.

Companies House

It sounds like accounts may be filed up to 2 months late without penalty.