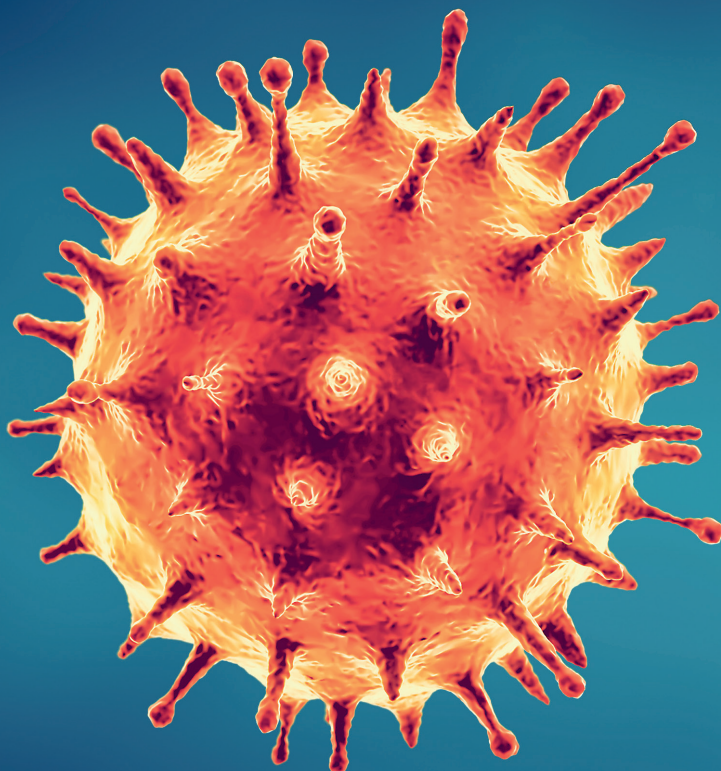




Orange Genie

Contractor Management Outsourcing

Accountancy



A Guide to Coronavirus Support

For Limited Company Contractors and the Self Employed

Introduction

In recent weeks our lives have changed dramatically. On a daily basis we receive more updates and guidance from the Government in response to the current Coronavirus pandemic and you are probably left wondering what on earth is going on and what you can or can't claim. We understand that it is difficult to keep up with all the announcements and to work your way through the pages of official guidance, so we have compiled this guide to help you find out what you will be entitled to.

At the time of writing this guide we are including all the latest information, but please understand that updates are being released all the time. This is the information we currently have as at 15 April 2020 and we hope you find it useful.

Please do get in touch with us if you need any clarification or any more help.

Extra help and resources

Our team at Orange Genie are here to help. If you have any questions please contact us on
01296 468 185

HMRC have also established a Coronavirus Helpdesk. Their number is 0800 024 1222 and is for people that are in business or self-employed and are concerned about paying their tax due to Coronavirus. Opening hours are Monday to Friday 8am to 4pm.

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1. Coronavirus Job Retention Scheme (Employees)

1.1 What is it?

The Coronavirus Job Retention Scheme (JRS) is a temporary measure and has been introduced to help employers keep employees on, rather than laying them off in this difficult time. The Government will reimburse 80% of a furloughed employee's pay, up to a maximum of £2,500 from any time after the 1st March.

1.2 Who is eligible?

Any UK organisations that have employees are eligible and that includes charities, public bodies, recruitment agencies, Umbrella Companies and sole director/shareholder companies (PSC).

1.3 Which employees can you claim for?

You and your employees must have been on your payroll as at 28th February 2020 and can be full or part time.

1.4 What does furloughed mean?

If you are furloughed you must not undertake any income generating work for your company.

1.5 How do I furlough someone?

The employee who is to be furloughed must be informed in writing and unless their employment contract specifically states that the employer can lay someone off without pay, they will need to get the employee's agreement to it. The employee must be furloughed for a minimum of 3 weeks at a time.

1.6 How much can I claim?

As an employer you can claim back 80% of your employees' wages per month, up to a maximum of £2,500 and also employers NIC and employer's pension contributions on top of this. This level of support is available until the end of July 2020.

From August 2020, employers will be expected to cover the Employers NIC and pension costs and the Government will reduce its contribution to Gross salary costs. An 80% contribution will remain for August 2020, reducing to 70% in September and 60% in October. The scheme closes on 31 October 2020.

1.7 When will I get the money?

HMRC are setting up a portal, in order for the claim to be made and this is expected to live from Monday 20th April. If your accountant is registered as your Agent for PAYE they can make the claim on your behalf. In order to make the claim the following information is needed:-

- Your PAYE reference number
- The number of employees being furloughed
- The claim period (start and end date)
- Amount claimed (per the minimum length of furloughing of 3 weeks)

- Your bank account number and sort code
- Your contact name
- Your phone number

1.8 How does it work for directors?

It has been confirmed that directors can furlough themselves and claim 80% of their pay (salary only not dividends). You will not be able to perform any income generating activities for your company whilst furloughed but you can continue to undertake all your statutory duties as a director including filing of VAT returns and accounts

1.9 FAQ's

Q. What about employees who's pay varies month

If you have been employed for a full twelve months prior to the claim, the employer can claim for the higher of either:

- The same month's earning from the previous year
- Average monthly earnings from the 2019-20 tax year

If you have been employed for less than a year, the employer can claim for an average of your monthly earnings since you started work.

If the employee only started in February 2020, work it out on a pro rata basis from when they started.

Q. If an employee is receiving SSP can they be furloughed?

Employees who are on sick leave or self-isolating should get SSP but can be furloughed after this. They can't have both. Employees who are shielding in line with public health guidance can be furloughed.

Q. How can it be backdated to 1st March when we only heard about furloughing recently?

Realistically you can only furlough someone from when it was announced (Friday 20th March onwards) but if an employee was made redundant prior you may be able to switch them to furlough from 1st March by re-hiring them.

Q. Can an employer furlough someone then un-furlough them, then furlough them again?

Yes, they can as long as they are furloughed for 3 weeks as a minimum each time.

Q. Do employees that have been furloughed have employment rights?

Yes they have the same employment rights as they did previously.

Full guidance can be found here:

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

2. Coronavirus Self Employment Income Support Scheme

2.1 What is it?

The scheme is to help self-employed people whose income has been adversely affected by Coronavirus.

2.2 Who is eligible?

You can apply for the scheme if you are self-employed or a member of a partnership and:

- You have submitted your tax return for 2018-19
- Traded in the tax year 2019-20
- Are trading when you apply (Coronavirus aside)
- Intend to continue to trade into 2020-21
- Have lost trading profits due to Coronavirus

To qualify for the scheme one of the following must be true:

- You had trading profits of less than £50,000 in 2018-19 and these profits are more than half your total taxable income or,
- You have average trading profits of less than £50k in 2016-17, 2017-18 and 2018-19 and these profits are more than half of your average taxable income in the same period

2.3 How much can I claim?

An initial grant is available for the three months to June 2020. This will be a taxable grant of 80% of the average profits from the tax years 2016-17, 2017-18 and 2018-19. It will be up to a maximum of £7,500. This initial grant must be claimed on or before 13 July 2020.

A second grant will be available in August 2020. This will be for a further 3 month period but will be 70% of the average profits to a maximum of £6,570. Details of how to claim this second grant have not yet been published.

2.4 How do I claim?

Applications for the first grant are open and can be claimed through the Governments site [here](#).

Details of how to claim this second grant have not yet been published.

2.5 When will I get the money?

Grants are usually paid within 6 -10 days of a successful claim.

2.6 FAQs

Q. I only went self-employed in May 19, can I still claim?

Unfortunately not, only those that were self-employed prior to 5th April 2019 and are still self-employed can claim. It will be worth checking to see if you may be entitled to universal credit.

Q. If I haven't been self-employed for the whole three years how will they work out my average profits?

They will use whatever period you have been self-employed for and divide it by the number of months to get an average profit.

Q. My tax return for 2018/19 is overdue will I still get the grant?

No, but the government has allowed a 4 week extension for you to submit your return. You must file your return before 23rd April 2020 in order to qualify for support.

Full guidance can be found here:

<https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

3. Statutory Sick Pay (SSP)

3.1 What is it?

You may be able to claim Statutory Sick pay if you are unwell or self –isolating due to Coronavirus. In some cases you may be able to reclaim the cost of SSP.

3.2 Who is eligible?

To qualify for SSP you must :

- Be classed as an employee and have done some work for your employer
- Earn an average of at least £118 per week

SSP is extended to all who are ill or advised to self-isolate during the Coronavirus outbreak.

3.3 How much can I claim?

You will receive £94.25 per week from your employer if you are unwell.

3.4 How do I claim?

You will need to notify your “employer” that you are unwell or self-isolating. You will pay your SSP through the payroll. The rules around sickness certificates have been relaxed although it is a good idea to retain a copy of this if you have it.

3.5 When will I get the money?

SSP due to the Coronavirus outbreak will now be paid from day 1 of being unwell rather than the usual day 4.

3.6 FAQ's

Q. I am self-employed, can I get SSP?

Unfortunately not, but you can now more easily make a claim for Universal Credit or new Employment and Support Allowance.

Q. Can my company re-claim the cost of SSP?

If you have fewer than 250 employees, you will be able to reclaim Statutory Sick Pay for employees unable to work because of coronavirus. This refund will be for up to 2 weeks per employee.

Full guidance can be found here:

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

4. Universal Credit and Other Benefits

4.1 What is it?

Universal Credit (UC) is a payment to assist with living costs when you are experiencing reduced income or are out of work.

4.2 Who is eligible?

If you are self-employed and unable to work due to being off sick or self-isolating you may be able to claim UC. You may also be able to claim UC if you do not qualify for the SEISS.

4.3 How much can I claim?

A single Universal Credit claimant (aged 25 or over) can receive up to the £409.89 per month.

4.4 How do I claim?

You will need to apply for Universal Credit on line. <https://www.gov.uk/apply-universal-credit>

All face to face interviews in relation to claiming benefits have been suspended.

4.5 When will I get the money?

The usual waiting time is around 5 weeks after your online application has been successful but the Government are working to process claims much faster during this time.

4.6 FAQs

Q. Can I claim anything other than Universal Credit?

Employment Support Allowance can be paid in addition to SSP or Universal Credit where you are under state pension age and suffering from a disability or health condition that prevents you from working.

[You can find out more here https://www.gov.uk/employment-support-allowance/eligibility](https://www.gov.uk/employment-support-allowance/eligibility)

Full guidance can be found here:

<https://www.understandinguniversalcredit.gov.uk/>

[coronavirus/](#)

5. Coronavirus Business Support Grant Funding

5.1 What is it?

Basically this is support for small businesses with premises and also those in the retail, hospitality and leisure sectors. There are two types of grants potentially available for business owners that have commercial premises:

- The small business Grants Fund (SBGF)
- The retail, Hospitality and Leisure Grant Fund (RHLGF)

5.2 Who is eligible?

You will be eligible if you occupied business premises as at 11 March. The government have published detailed guidance for local authorities to determine who will be entitled to the grant.

5.3 How much will I get?

If you do occupy business premises and received small business rate relief, you will receive a payment of £10k.

For the RHLGF all businesses in England in receipt of the Expanded Retail Discount with a rateable value of less than £51k, will get either £10k or £25k depending on their rateable value.

5.4 When will I get the money?

This will depend on your local authority, but we're expecting the payments to begin in April. Many local authorities have now opened up the process for applications. Check your local authorities website for more details.

5.5 FAQs

Q. I just rent a room from a friend, I'm not on an actual lease will I still get it?

You needed to be claiming small business rates relief as at 11 March, so check with your landlord and/or the local authority.

Q. I have more than 1 premises, will I get more than one grant?

In theory yes as long as the premises qualify for the grant.

Q. I have a home office can I claim?

No.

6. Coronavirus Business Interruption Loan Scheme (CBILS)

6.1 What is it?

British Business Bank operates CBILS via its accredited lenders. There are over 40 of these lenders currently working to provide finance. They include:

- High-street banks
- Challenger banks
- Asset-based lenders
- Smaller specialist local lenders

A lender can provide up to £5 million in the form of:

- Term loans
- Overdrafts
- Invoice finance
- Asset finance

More information can be found here:

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption- loan-scheme-cbils-2/>

6.2 Who is eligible?

Anyone running a business can apply for a loan. You just need to be UK based with an annual turnover of less than £45million, and have a borrowing proposal which the lender would consider viable were it not for Coronavirus, and it believes will help you continue short term.

6.3 How much will I get?

You can apply for any amount up to £5million.

6.4 FAQs

Q. What's the difference between this and a normal bank loan?

The scheme provides the lender with a government backed partial guarantee. The government will also make a payment to cover the first 12 months of interest payments and any charges. There are no guarantee fees for your business at application stage.

Q. Will the bank try to get me to take out a normal business loan?

If the lender can offer normal finance it will do so. They can choose to use the scheme for unsecured lending of £250k and under.

Q. How do I apply?

Choose a lender from the list:

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/current-accredited-lenders-and-partners/>

Apply directly with them, if one lender turns you down you can still approach others within the scheme.

7. Coronavirus Bounce Back Loan

7.1 What is it?

The Bounce Back Loan is designed to provide vital cash injections to small businesses in order to help them continue to operate during the Covid-19 crisis. The loan scheme will be operated via accredited lenders.

7.2 Who is eligible?

Any small or medium sized business based on the UK can apply for the loan if they have:

- Been negatively affected by coronavirus and
- Were not an 'undertaking in difficulty' on 31 December 2019

7.3 How much will I get?

You can apply for a loan between £2,500 and £50,000.

7.4 What do I have to repay?

The loan is interest free for twelve months and no repayments are due in the first year. The maximum term of the loan is 6 years. The Government are offering a guarantee on the loan up to 100% .

7.5 FAQs

Q. I have already applied for a Coronavirus Business Interruption loan (CBIL), can I apply?

No. If you have already applied and received a CBIL you cannot apply for a Bounce Back Loan. However, if your CBIL loan is £50,000 or less you can ask to convert it to a Bounce Back Loan.

Q. When are the loans available?

Loans are available from 4th May 2020.

Full guidance can be found here:

<https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>

8. VAT Payment Deferral

If your VAT payment is due between now and 30th June, you can choose to defer it and will not be penalised with interest or penalties. You will need to make the payment of unpaid VAT by 31 March 2021.

VAT Deferral is automatically available, you do not need to apply. Simply complete your VAT return and submit as normal. If you wish to take advantage of the deferral you can simply miss the payment. Remember to cancel your direct debit if you are set up to pay your VAT that way.

9. Payment on Account Deferral

If you have a payment on account of personal tax due by 31 July 2020, can defer this payment until 31 January 2021. This is automatic you don't need to claim it just don't make your payment if you want to take advantage of this deferral.

10. Mortgage and Rent Payment Break

The Government announced mortgage lenders had agreed to support customers experiencing personal financial difficulties as a result of Coronavirus, including payment holidays, among other options. We would recommend you contact your lender to see if you can get a payment break for 3 months if this would help your situation.

Also, landlords will not be able to evict anyone not paying their rent for the next three months due to Coronavirus. Landlords are being asked to negotiate sensible payment plans with tenants during this time. Mortgage holidays have been extended to Buy to Let mortgages to assist.

11. Cashflow Management

As well as the support available from Government there are some simple steps you can also take to ease cash flow at this time.

How Healthy is your business cash flow?

- Ensure that you have invoiced for all outstanding work
- Are your customers up to date with payments? Talk to them and make sure you know when you will be paid.
- Can you change the way you work? Are you able to offer your services or different services remotely?
- Are there any business overheads that can be reduced or temporarily suspended?
- Do you have Key Man or Income Protection policy? Now would be a good time to check the terms and see if the policy will pay an income to your business, or you.

What can I do to improve personal cash flow?

- If you don't have one, create a simple budget. Consider the minimum income you need to cover your bills. Remember there may be some cost savings during this time, for instance travel and eating out costs are likely to fall considerably. Do you have income and or savings that will cover this?
- Review regular expenditure. Is there any that can be cancelled in the short term to assist with cash flow?
- If you pay your Council Tax over 10 months, many local authorities are prepared to move your April and May 2020 payments to February and March 2021.
- If you have outstanding personal finance or credit card bills talk to your lender. The Financial Conduct Authority (FCA), have called on lenders to use flexibility in their rules to support customers, depending on individual circumstances.

**IF YOU HAVE ANY QUESTIONS
OR IF WE CAN HELP IN ANY WAY,
PLEASE CALL OUR EXPERT TEAM
ON **01296 468 185** OR EMAIL
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