

Midlothian & East  
Lothian Chamber  
of Commerce

# **Coronavirus (COVID-19) Business Survival Guide**

## **Financial Support Schemes For Businesses**

# JOB RETENTION SCHEME

## WHAT IS THE CORONAVIRUS JOB RETENTION SCHEME?



- Under the Coronavirus Job Retention Scheme, all UK employers will be able to access support to continue paying part of their employees' salary for those employees that would otherwise have been laid off during the crisis;
- All UK businesses are eligible, regardless of size;
- HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month; and
- HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers so further details can be found in the below link.

- Businesses will need to:
- Designate affected employees as 'furloughed workers,' and notify your 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;
- Submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal; and
- HMRC will set out further details on the information required in the coming days.



## HOW TO ACCESS THE SCHEME

Further information from HMRC can be located [here](#).

# SELF-EMPLOYMENT INCOME SUPPORT

## WHAT IS THE SUPPORT AVAILABLE FOR SELF-EMPLOYED PEOPLE?



- The scheme will allow self-employed persons to claim a taxable grant worth 80% of any trading profits, up to a maximum of £2,500 per month, for the next 3 months. This may be extended if needed;
- People will get a taxable grant, which will be 80% of the average profits from the tax years (where applicable) 2016-2017, 2017-2018 and 2018-2019;
- To work out an average, HMRC will add together the total trading profit for the number of tax years applicable, then divide by the number of years applicable, and use this to calculate a maximum monthly amount of £2,500 per month for 3 months;
- Company owners who pay themselves a salary and dividends are not covered and should review the job retention scheme to see if applicable;
- The grant will be paid grant directly into your bank account, in one backdated instalment; and
- If you started trading between 2016-19, HMRC will only use those years for which you filed a Self-Assessment tax return.

People can apply if they are a self-employed individual or a member of a partnership and:

- Have submitted an Income Tax Self Assessment tax return for the tax year 2018-19;
- Traded in the tax year 2019-20 and are trading when you apply, or would be except for COVID-19; and
- Intend to continue to trade in the tax year 2020-21, and have lost trading/partnership trading profits due to COVID-19.

Peoples self-employed trading profits must also be less than £50,000 and more than half of their income comes from self-employment. This is determined by at least one of the following conditions being true:

- Having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income; and
- Having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period.



## WHO CAN APPLY?

**People cannot apply for this scheme yet. HMRC will contact individuals if they are eligible for the scheme and invite them to apply online. Individuals do not need to contact HMRC now and doing so will only delay the urgent work being undertaken to introduce the scheme.**

# NON-DOMESTIC RATES/GRANTS



## WHAT SUPPORT IS AVAILABLE?



- All non-domestic properties in Scotland will receive a 1.6% rates relief, effectively reversing the change in poundage for 2020-21;
- Businesses do not need to apply for this relief and it will be applied to their bill automatically by your local Council;
- Retail, hospitality and leisure businesses will receive 100% rates relief. To receive this relief, a property has to be occupied;
- The Scottish Government are working with Scotland's 32 Councils to make sure this relief is administered in the most effective way; and
- If a business is struggling to pay its current non-domestic rates bill then you should contact your local Council and ask about possible re-payment options.

- Retail, hospitality and leisure businesses with a rateable value between £18,000, and up to and including £51,000, will be able to apply for a one-off grant of £25,000.
- A one-off grant of £10,000 will also be available to small businesses who currently receive:
  - Small Business Bonus Scheme
  - Rural Relief
- Businesses can also get this grant if they have applied for Nursery Relief or Disabled Relief but are eligible for the Small Business Bonus Scheme; and
- Businesses can only apply for one grant, even if they own multiple properties.



## WHAT GRANTS ARE AVAILABLE?

**Businesses wishing to apply from Midlothian Council (Via Edinburgh), should [click here](#).**

**Businesses wishing to apply from East Lothian Council, should [click here](#).**

# CBILS SCHEME

## WHAT IS THE CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME?



- CBILS is a new scheme that can provide facilities of up to £5m for smaller businesses across the UK who are experiencing lost or deferred revenues, leading to disruptions to their cashflow.
- CBILS supports a wide range of business finance products, including term loans, overdrafts, invoice finance and asset finance facilities.
- The scheme provides the **lender** with a government-backed guarantee, potentially enabling a 'no' credit decision to become a 'yes';
- Smaller businesses from all sectors can apply for the full amount of the facility. To be eligible for a facility under CBILS, an SME must:
  - Be UK based in its business activity, with turnover of no more than £45m per year; and
  - Have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender.
- If the lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so.

- **Up to £5m facility:** The maximum value of a facility provided under the scheme will be £5m, available on repayment terms of up to 6 years.
- **80% guarantee:** The scheme provides the lender with a government-backed, partial guarantee (80%) against the outstanding facility balance, subject to an overall cap.
- **No guarantee fee for SMEs to access the scheme:** No fee for smaller businesses.
- **Interest and fees paid by Government for 12 months:** The Government will make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will benefit from no upfront costs and lower initial repayments.
- **Finance terms:** Finance terms are up to six years for term loans and asset finance facilities. For overdrafts and invoice finance, terms will be up to 3 years.
- **Security:** At the discretion of the lender, the scheme may be used for unsecured lending for facilities of £250,000 and under.
- **The borrower always remains 100% liable for the debt.**



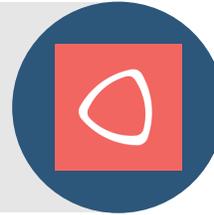
## SCHEME FEATURES

To apply and further information – [click here](#).

# THIRD SECTOR RESILIENCE FUND



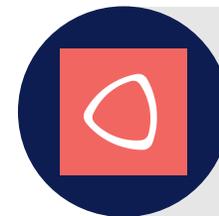
## WHAT IS THE THIRD SECTOR RESILIENCE FUND?



- The Third Sector Resilience Fund (TSRF) is a £20m emergency fund for charities, community groups, social enterprises and voluntary organisations working in Scotland.
- The fund will support organisations that already deliver services and products but find themselves in financial difficulties directly as a result of the coronavirus pandemic.
- The primary intention of the fund is to help third sector organisations to stabilise and manage cash flows over this difficult period.
- The Fund will be delivered by Firstport, Social Investment Scotland and the Corra Foundation and will provide grants between £5,000-£100,000.
- In addition there will be up to a further £5m available in fully flexible, 0% interest loans starting at £50,000.
- The fund will be complemented by specialist business advice from Just Enterprise to help grant recipients maximise the impact of the financial support.

To be eligible, interested organisations must be:

- A charity, social enterprise or voluntary organisation based in Scotland and/or primarily delivering services/activities in Scottish communities;
- Already delivering those products or services prior to March 2020;
- Needing funding to stabilise cashflows directly as a result of the impact of COVID-19, as opposed to pre-existing financial difficulties,
- Interested applicants are encouraged to read the fund's guidance notes and FAQs prior to starting an application;
- In order to apply, organisations must complete a short eligibility checker to assess their suitability for the fund; and
- Based on the answers provided, interested applicants will be directed to the correct application form depending on their needs or signposted to other sources of relevant funding/support.



## WHO IS ELIGIBLE

To find out if your organisation could be successful in gaining support from this fund please [click here](#).

# DEFERRING VAT AND INCOME TAX

## WHAT IS THE AVAILABLE SUPPORT FOR VAT?



- HMRC will support businesses by deferring Valued Added Tax (VAT) payments for 3 months;
- For VAT, the deferral will apply from 20 March 2020 until 30 June 2020;
- Businesses will not need to make a VAT payment during this period;
- VAT refunds and reclaims will be paid by the government as normal;
- All UK businesses are eligible; and
- This is an automatic offer with no applications required.

- If a person is self-employed, Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021;
- Taxpayers will be given until the end of the 2020 to 2021 tax year to pay any liabilities that have accumulated during the deferral period;
- If you are self-employed you are eligible;
- This is an automatic offer with no applications required; and
- No penalties or interest for late payment will be charged in the deferral period.



## WHAT IS THE AVAILABLE SUPPORT FOR INCOME TAX

**HMRC has also scaled up its [Time to Pay offer](#) to all firms and individuals who are in temporary financial distress as a result of Covid-19 and have outstanding tax liabilities.**

# PAYING SICK PAY TO EMPLOYEES

## WHAT IS THE AVAILABLE SUPPORT FOR EMPLOYERS PAYING SICK PAY?



- HMRC will bring forward legislation to allow small-and medium-sized businesses and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19;
- You are eligible for the scheme if:
  - Your business is UK based;
  - Your business is a small or medium-sized; and
  - Employs fewer than 250 employees as of 28 February 2020.
- A rebate scheme is being developed; and
- Further details will be provided in due course once the legalisation has passed.

- This refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19;
- 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. If evidence is required by an employer, those with symptoms of coronavirus can get an isolation note from NHS 111 online and those who live with someone that has symptoms can get a note from the NHS website; and
- Eligible period for the scheme will commence the day after the regulations on the extension of SSP to those staying at home comes into force.



## WHAT IS THE ELIGIBILITY CRITERIA

**The government will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible which we will share.**

# CCFF SCHEME

## WHAT IS THE COVID CORPORATE FINANCING FACILITY SCHEME?



- This scheme is designed for companies, and banks acting on behalf of companies, that would like to participate in the HM Treasury and the Bank of England's CCFF scheme;
- The facility is designed to support liquidity among larger firms, helping them to bridge coronavirus disruption to their cash flows through the purchase of short-term debt in the form of commercial paper;
- Commercial paper is an unsecured, short-term debt instrument issued by a company; and
- The Facility will purchase sterling-denominated commercial paper, with the following characteristics:
  - Maturity of one week to twelve months;
  - Where available, a credit rating of A-3 / P-3 / F-3 / R3 from at least one of Standard & Poor's, Moody's, Fitch and DBRS Morningstar as at 1 March 2020; or
  - Issued directly into Euroclear and/or Clearstream.

- Companies - and their finance subsidiaries - that make a material contribution to the UK economy are able to participate in the facility. Companies must do this via a bank.
- In practice, firms that meet this requirement would normally be:
  - UK incorporated companies, including those with foreign-incorporated parents and with a genuine business in the UK;
  - Companies with significant employment in the UK; and
  - Firms with their headquarters in the UK.
- BOE will also consider whether the company generates significant revenues in the UK, serves a large number of customers in the UK or has a number of operating sites in the UK;
- The facility is open to firms that can demonstrate they were in sound financial health prior to the shock, allow the bank to look through temporary impacts on firms' balance sheets and cash flows from the shock itself; and
- Companies need to have had a short or long-term rating of investment grade, as at 1 March 2020, or equivalent.



## WHO CAN USE CCFF?

For further information – [click here](#).