



**CORONAVIRUS HELP GUIDE
AT 27 MARCH 2020**

**HELP AND RESOURCES FOR BUSINESS
OWNERS AND THEIR BUSINESS**

Introduction

There has been a lot of information released recently surrounding government assistance during this Coronavirus pandemic. You're probably wondering what on earth is going on and what you can or can't claim. We understand it may be difficult to dissect it all and find out what applies to you, 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 27.03.20 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/resources

We have set up a Corrigan & Co Ltd Business Support group on Facebook for business owners to ask, share and generally help each other, so pop over and join in:

<https://www.facebook.com/corriganandco>

We are also releasing relevant podcasts. These are available on our Corrigan & Co Ltd Facebook page and website.

There is also a telephone number set up by HMRC specifically to help people in financial distress due to Coronavirus. This 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.

New feature

Live Q&A every Friday at 4pm on our Corrigan & Co Ltd Facebook page. All your questions will be answered or best advice given as this is all a work in progress.

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1. Coronavirus Job Retention Scheme (employees)

Note* It is important to remember we are not employment lawyers and you should always seek formal legal advice before taking any action.

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 employees pay that have been furloughed, up to a maximum of £2,500 for 3 months (which may be extended) from 1st March.

Full guidance can be found here:

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

1.2 Who is eligible?

Any UK organisations that have employees are eligible and that includes charities, recruitment agencies and public authorities.

1.3 Which employees can you claim for?

Employees must have been on your PAYE payroll as at 28.02.20 and can be full time, part time, agency workers or on zero hour contracts. It also covers people that were made redundant since 28.02.20 and have been rehired.

1.4 What does furloughed mean?

This is another term for being made redundant temporarily. When furloughed, an employee cannot undertake work for the organisation. An employee who is still working, in any capacity cannot be furloughed. Employees can take part in volunteer work or training whilst furloughed for which they should be paid.

1.5 How do I furlough someone?

You will need to notify the employee in writing and unless your employment contract specifically states that you can lay someone off without pay, you will need to get their agreement to it. It is unlikely employees will refuse as the alternative is redundancy. They 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 the gross pay of the employee per month, up to a maximum of £2,500 and also employers NIC and employers pension contributions on top of this.

1.7 When will I get my money?

HMRC are setting up a portal, in order for the claim to be made and this is expected to be made available by the end of April. You will need the following information to make a claim:

- 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). They are not able to work for the company during the furlough period except for their statutory duties such as filing VAT returns and accounts. If you're unable to stop working you may be able to claim universal credit.

1.9 FAQ's

What happens if my employee was furloughed part way through the month?

You work out their normal basic pay up until the date they're are furloughed and then pro rata the 80% pay from that date.

Do I include bonuses or commission in the 80% calculation?

No only basic pay should be included, fees commission and bonuses should be excluded.

Do I have to pay the extra 20% to my employee?

No you can choose to top up to 100% if you wish or you can just pay 80%, either way you will only get 80% back.

What about employees who's pay varies month to month?

If the employee has been employed for a full twelve months prior to the claim, you 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 the employee has been employed for less than a year, you can claim for an average of their monthly earnings since they started work.

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

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.

What about employees on maternity leave?

If your employee is entitled to SMP then the normal rules apply and they are still entitled to it as usual. The only difference is if you offer enhanced contractual pay to women on maternity leave, in which case you can include this and claim it through the scheme.

What happens to my PAYE and pensions bill?

Pay for furloughed employees is subject to the same tax and National Insurance as normal. This is still due as normal by the usual pay date (19th of the following month for PAYE), you can however call HMRC on the number above, and arrange a payment plan for PAYE to assist you until the reclaim is received.

Do I need to worry about National Minimum/Living Wage Legislation when I furlough someone?

In short no, when furloughed they are not working so NMW doesn't apply. If they are training and you are paying them then the NMW does apply and you need to make sure the 80% amount doesn't drop them below this.

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. You should get legal advice on this.

Can I pay my member of staff more than 100% of their pay?

You can pay your member of staff whatever you like but the claim will only be for 80% of their basic pay capped at £2,500 per month as above.

Can I furlough someone then un-furlough them, then furlough them again?

Whoa that's a lot of the word furlough that none of us had heard of before last week. Yes you can as long as they are furloughed for 3 weeks as a minimum, then that's fine.

Do employees that have been furloughed have employment rights?

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

Is the money received back from the Government taxable?

Yes afraid so.

Can we amend February's payroll to bump the figure up?

No, this is fraud.

2. Coronavirus Self Employment Income Support Scheme

2.1 What is it?

The scheme is to help self-employed people who's income has been adversely affected by Coronavirus. Full guidance can be found here:

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

2.2 Who is eligible?

You can apply for the scheme if you're self-employed or the 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

Your trading profits must also be less than £50,000 and more than half your income must be from self-employment. Basically 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?

You will get 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 £2,500 per month for 3 months.

2.4 How do I claim?

You can't apply yet and HMRC will contact you if you are eligible for the scheme and then you will be able to apply online. You will access the scheme through the gov.uk website. The money will be paid into your bank account.

2.5 When will I get the money?

Realistically it's not likely to be paid to you until June.



2.6 FAQ's

I only went self-employed in May 2019, can I still claim?

Unfortunately not, only those that were self-employed prior to 5th April 2019 and are still self-employed can claim. You may be entitled to universal credit so it is worth checking.

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.

I'm a sole director of my limited company, but I used to be self-employed. Can I claim?

No unfortunately not, please see chapter 1.8 for more information on this.

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

No, but the government has allowed a 4 week extension from now for you to submit it, so hurry.

What if I have 2 self-employments?

The guidance doesn't mention this but we'd assume you just combine them to work out the average profit.

3. Coronavirus Business Support Grantfunding

3.1 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 support grant scheme (SBRR)
The retail, Hospitality and Leisure Grant Fund (RHLGF)

3.2 Who is eligible?

You need to have met the criteria as at 11.03.20. The government have published detailed guidance for local authorities to determine who will be entitled to the grant, this can be found here:

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

3.3 How much will I get?

For the SBRR all businesses in N. Ireland who currently get small business rates will get a payment of £10,000 – automatic for direct debit rate payers.

For the RHLGF all businesses in N. Ireland with a rateable value of between £15,000 and £51,000 will get a one-off grant of £25,000. See the guidance above.

3.4 When will I get the money?

This will depend on your local authority, but we're expecting the payments to be made in early April. The local authority will contact you if you qualify.

3.5 FAQ's

I have rental properties, will I still get it?

The scheme is designed to benefit small businesses and not the landlord who is responsible for paying the rates. No grants are being automatically issued. A separate claim for these may be available in the coming days/weeks.

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

No, one grant only.

I have a home office can I claim?

No.

4. Coronavirus Business Interruption Loan Scheme (CBILS)

4.1 What is it?

Yes OK, this is a loan so does have to be repaid. But the government have agreed to back part of them. 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/>

4.2 Who is eligible?

Anyone can apply that has a business, is UK based, has an annual turnover of less than £45million, and has a borrowing proposal which the lender would consider viable were it not for Coronavirus, and it believes will help you continue short term.

4.3 How much will I get?

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

4.4 FAQ's

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 the business that applies.

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.



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.

5. 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 April 2021.

This is an automatic thing, you don't need to claim it just don't pay your VAT if you wish to take advantage of the deferral. Cancel your VAT direct debit if you have one set up to collect the VAT.

6. Payment on account deferral

Those people that have a payment on account of personal tax due by 31.07.20, can defer this payment until 31.01.21. This is automatic you don't need to claim it just don't make your payment if you want to take advantage of this offering.

7. 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 through 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.

8. Business rates holiday

A three-month rates holiday for all NI business ratepayers, i.e. no rates will be charged for April, May and June 2020. This will be shown as a 25% discount on the annual rate bill for business ratepayers. Access is automatic, no application required.

9. Statutory sick pay

This refund will cover up to 2 weeks' statutory sick pay per eligible employee who has been off work because of COVID-19. You must apply to access it when UK government repayment system is available.

10. Companies filing date extended

If the accounts are likely to be late because of COVID-19 and the deadline for filing the company accounts has not yet passed, the client can apply for a 3 month extension.

11. Business insurance

Check with your insurance company to see if both pandemic and Government shutdown is covered.

12. Summary from Eamonn Corrigan

In essence I would say that everyone needs to look at their cash position, and forecast the next 3-6 months. Try to reduce any outgoings that are a luxury not a necessity and ensure you claim for anything you are entitled to (that needs claiming i.e. not automatic).

Speak to us if you need any help or advice at this difficult time, we are here to help.
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