



CHARTERED ACCOUNTANTS
& CHARTERED TAX ADVISERS

COVID-19 Update

30 March 2020

Disclaimer –The enclosed guidance has been provided in good faith, based on the communication issued by the Government. Government advice is constantly evolving and changing and this must be taken into consideration. Hodge Bakshi expressly disclaims all liability for any loss or damage of whatever kind which may arise from any person or business acting on any information and opinions contained in this document. Prior to making any decisions, we strongly recommend seeking professional advice across all areas especially with regards to Employment Law.

Financial Support for Businesses and Staff

9. SELF-EMPLOYMENT INCOME SUPPORT SCHEME

- Support up to 80% of trading profits up to a maximum of £2,500 per month

8. RETAIL, HOSPITALITY AND LEISURE

- Business Rate holiday for retail, hospitality and leisure businesses for 2020/21 tax year
- £25,000 grant if rateable value <£51k

7. HMRC TIME TO PAY

- Time to Pay arrangements available 0800 0159 559

6. MORTGAGE PAYMENT HOLIDAY

- for up to 3 months

5. VAT & INCOME TAX

- VAT payments deferred for 3 months to 30 June
- July Self assessment payment for Income Tax delayed until January 2021



1. JOB RETENTION SCHEME – FURLOUGHED EMPLOYEES

- Support up to 80% of salaries to a max of £2,500 per month only for designated furloughed workers
- Submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal

2. BUSINESS INTERRUPTION LOANS

- Loans of up to £5m

3. GRANT SUPPORT

- £10k for smallest businesses eligible for SBRR via local authority

4. STATUTORY SICK PAY

- If <250 employees can reclaim Statutory Sick Pay (SSP) for max two weeks per employee

1 JOB RETENTION SCHEME – FURLOUGHED EMPLOYEES



Coronavirus Job Retention Scheme – ‘Furloughed Employees’ (as at 26 March 2020)

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Hodge Bakshi is focusing extensively on all the new government initiatives during this difficult time. Much of the detailed guidance is not yet available and the situation is continuously evolving. We expect to provide further updates in due course and we do understand your anxiety at this uncertain and unprecedented time. We appreciate your patience.

Notwithstanding the critical financial aspects, we strongly advise our client employers to continue to follow government advice and mandates when it comes to the safety and security of your employees.

As part of an extensive government support package to help protect jobs and income during the current coronavirus crisis, on Friday, 20th March 2020, the Chancellor announced a new *Coronavirus Job Retention Scheme*. This document now contains updated guidance following a further missive from the government on 26 March 2020. UK employers will be able to continue paying part of their employees’ salary for those individuals who would otherwise have been made redundant because of the direct and catastrophic effect the virus has had on its business.

Overview:

- Any UK employer will be eligible for the scheme (businesses, charities, agencies, public authorities).
- Employers will be able to contact HMRC for a grant to cover some of the wages of workers who are not working but are instead Furloughed (i.e. retained - see below explanation) and kept on the payroll.
- Employees included as ‘Furloughed employees’ can be on any type of contract, including:
 - full-time employees
 - part-time employees

Insurance - Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers. Most businesses are unlikely to be covered, as standard business interruption insurance policies are dependent on damage to property and will exclude pandemics.

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- employees on agency contracts
- employees on flexible or zero-hour contracts
- The scheme also covers employees who were made redundant since 28 February 2020, if they are rehired by their employer.
- The grant covers 80% of the salary up to £2,500 a month. Employers can top up salaries further if they choose to. The grant covers the 80% (or £2,500 if lower) PLUS the additional associated employer's costs (i.e. Employers National Insurance/pension contributions).
- The workers can thus retain their job (even if their Employer cannot afford to pay them).
- The scheme is temporary, expected to be up and running by the end of April, and will be backdated to March 1st 2020 and will be open initially for at least three months – extended by the Government as necessary.
- To be eligible the worker must be on Payroll from 28 February 2020 and their status changed to Furlough. The employer must have a UK bank account.
- The scheme is not intended to be a widespread wage subsidy but is aimed at stopping workers being dismissed.
- HMRC will need to create a new 'portal' system to run the scheme. It is not yet clear how this will interact with current software but employers can use this scheme anytime during this period.
- Guidance thus far suggests that employers can choose to top-up pay (for the unfunded 20% or amounts above £2,500 for higher earners), but this is optional and will receive no relief under this scheme.
- Expect the government to counter abuse within its systems with tight controls, probably based upon historical levels of pay as would be the case for statutory payments like Maternity Pay.
- The scheme operates a reimbursement policy (Employer pays, HMRC reimburses).
- Furloughed salaries are taxable, pensionable and NIC'able in the usual way. All employers remain liable for associated Employer National Insurance contributions and minimum automatic enrolment employer pension contributions on behalf of their furloughed employees.
- HMRC will issue more guidance on how employers should calculate their claims for Employer National Insurance Contributions and minimum automatic enrolment employer pension contributions, before the scheme becomes live.

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General Options open to the Employee

- Become Furloughed and receive 80% of your pay (up to £2,500 per month).
- Stay at home and take unpaid leave.
- Be made redundant.

What does Furlough mean?

- Furlough is not a familiar term but refers to a temporary lay-off, ordinarily due to a down-turn in business (employees on a leave of absence).
- To be eligible for the subsidy, when on furlough, an employee cannot undertake work for or on behalf of the organisation. This includes providing services or generating revenue.
- If an employee is working, but on reduced hours, or for reduced pay, they will not be eligible for this scheme and you will have to continue paying the employee through your payroll and pay their salary subject to the terms of the employment contract you agreed.
- The affected employee will be identified and become a designated 'Furloughed Employee' and will acquire a new employment 'status'.

How do you change an Employee's status to Furlough?

- You will need to take professional legal advice in this respect but a general understanding is that you will need a contractual clause to rely on, or, via a consultation and a negotiated, a mutual agreement with Employees. The decision to Furlough must be reached via consultation and agreement with both Employer and Employee.
- When employers are making decisions in relation to the process, including deciding who to offer furlough to, equality and discrimination laws will apply in the usual way.
- To be eligible for the subsidy employers should write to their employee confirming that they have been furloughed and keep a record of this communication.
- Employees hired after 28 February 2020 cannot be furloughed or claimed for in accordance with this scheme.
- You do not need to place all your employees on furlough.

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- It is not clear whether directors and shareholders of owner-managed companies can designate themselves as 'Furlough'. We would expect there to be anti-avoidance and anti-abuse provisions in place to stop, for example, controlling Directors manipulating remuneration packages to take advantage of the scheme; or for employees' pay to suddenly increase.
- The government has confirmed that director owned companies may qualify for the scheme but given the statutory, fiduciary and administrative duties still performed by the director, it is possible that the individual cannot be furloughed as they are thus technically still 'working for the company'. This is to be confirmed.

How do you agree the Furlough status with your Employee(s):

- Arrange a meeting with your Employee.
- Discuss the need to change their employment status to Furlough and follow up the discussion in writing.
- If sufficient numbers of staff are involved, it may be necessary to engage collective consultation processes to procure agreement to changes to terms of employment.

Public sector organisations:

- The government expects that the scheme will not be used by many public sector organisations, as the majority of public sector employees are continuing to provide essential public services or contribute to the response to the coronavirus outbreak.

Claims Process

- You can only submit one claim at least every 3 weeks, which is the minimum length an employee can be furloughed for. Claims can be backdated until the 1 March if applicable.
- What you'll need to make a claim:
 - your PAYE reference number (inc. e-PAYE)
 - 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

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- You will need to calculate the amount you are claiming. HMRC will retain the right to retrospectively audit all aspects of your claim.
- Once HMRC have received your claim and you are eligible for the grant, they will pay it via BACS payment to a UK bank account.
- You should make your claim in accordance with actual payroll amounts at the point at which you run your payroll or in advance of an imminent payroll.
- You must pay the employee all the grant you receive for their gross pay, no fees can be charged from the money that is granted. You can choose to top up the employee's salary, but you do not have to.
- Once the scheme has been closed by the government, HMRC will continue to process remaining claims before terminating the scheme.

Frequently Asked Questions (much of the below relates to Employment Law so professional advice must be sought):

1. How does the business pay Employees on Furlough if they don't have the money?

Further details need to be released by the Government but in the absence of clarity from HMRC, we propose contacting your Bank for a short-term loan or consider the Coronavirus Business Interruption Loan Scheme.

2. If your employee is on unpaid leave?

Employees on unpaid leave cannot be furloughed, unless they were placed on unpaid leave after 28 February.

3. Full time and part time employees – pay basis?

For full time and part time salaried employees, the employee's actual salary before tax, as of 28 February should be used to calculate the 80%. Fees, commission and bonuses should not be included.

4. If your employee does volunteer work or training?

A furloughed employee can take part in volunteer work or training, as long as it does not provide services to or generate revenue for, or on behalf of your organisation. However, if workers are required to for example, complete online training courses whilst they are furloughed, then they must be paid at least the NLW/NMW for the time spent training, even if this is more than the 80% of their wage that will be subsidised.

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5. How is the scheme affected by the National Minimum/Living Wage?

Individuals are only entitled to the National Living Wage (NLW)/National Minimum Wage (NMW) for the hours they are working. Therefore, furloughed workers, who are not working, must be paid the lower of 80% of their salary, or £2,500 even if, based on their usual working hours, this would be below NLW/NMW. However, if workers are required to for example, complete online training courses whilst they are furloughed, then they must be paid at least the NLW/NMW for the time spent training, even if this is more than the 80% of their wage that will be subsidised.

6. Variable Pay Employees – pay basis?

If the employee has been employed (or engaged by an employment business) 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, use a pro-rata for their earnings so far to claim. Once you've worked out how much of an employee's salary you can claim for, you must then work out the amount of Employer National Insurance Contributions and minimum automatic enrolment employer pension contributions you are entitled to claim.

7. If your employee is on Maternity Leave, contractual adoption pay, paternity pay or shared parental pay

Individuals who are on or plan to take Maternity Leave must take at least 2 weeks off work (4 weeks if they work in a factory or workshop) immediately following the birth of their baby. This is a health and safety requirement. In practice, most women start their Maternity Leave before they give birth.

If your employee is eligible for Statutory Maternity Pay (SMP) or Maternity Allowance, the normal rules apply, and they are entitled to claim up to 39 weeks of statutory pay or allowance.

Employees who qualify for SMP, will still be eligible for 90% of their average weekly earnings in the first 6 weeks, followed by 33 weeks of pay paid at 90% of their average weekly earnings or the statutory flat rate (whichever is lower). The statutory flat rate is currently £148.68 a week, rising to £151.20 a week from April 2020.

If you offer enhanced (earnings related) contractual pay to women on Maternity Leave, this is included as wage costs that you can claim through the scheme. The same principles apply where your employee qualifies for contractual adoption, paternity or shared parental pay.

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8. What happens if the Employee has a period of booked annual leave during the Furlough?

There is no clear guidance yet.

9. We have already cut salaries; would the Furlough subsidy cover the difference?

If the Employee's status has been changed to Furloughed, then they would be eligible to receive 80% of their contractual pay and so reversing the pay cut prior to the change of status to Furlough may be appropriate. Document the justification for this decision in case you need to justify any decisions to HMRC later.

10. Does an Employee continue to accrue annual leave during a Furlough?

The specific issue of accrued annual leave is not yet clear. Nevertheless, employees that have been furloughed have the same rights as they did previously. That includes Statutory Sick Pay entitlement, maternity rights, other parental rights, rights against unfair dismissal and to redundancy payments.

11. Can a Furloughed Employee be brought back for a day to help in the business?

There is no clear definitive answer. Please seek the advice the an employment law expert should this apply to your business.

12. How do I choose who to Furlough and who remains at work?

Unfortunately, you may need to make some tough decisions. Ensuring your decision is fair and follows the same rationale as selecting an Employee for redundancy, should mitigate risks of discrimination. As with voluntary redundancy, you could start by ask for volunteers to remain at work. If you do not receive enough volunteers, you will need to utilise a fair selection process as with the redundancy process. Ensure you document your rationale to be able to defend any claims at a later stage.

13. Can an Employee on Furlough, take a second job?

If your employee has more than one employer they can be furloughed for each job. Each job is separate, and the cap applies to each employer individually.

14. What happens if a Furlough Employee finds an alternative job? Do they resign?

There is no guidance on this.

15. We have already applied a salary pay cut for Employees. Would the subsidy cover the difference?

There is no guidance on this.

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- 16. We have already placed Employees at risk of redundancy because we do not foresee there being an upturn in business in the foreseeable future. What can we do?**
It seems that this may be a genuine redundancy business case. However, you could consider pausing the redundancy process and converting the affected Employees' status to Furlough and then wait to see what happens within the next couple of months. When the government ends the scheme, you must make a decision, depending on your circumstances, as to whether employees can return to their duties. If not, it may be necessary to consider a termination of employment (redundancy).
- 17. Can Furlough be applied in different stages to the workforce? For example, can we assign half of our workforce to Furlough now and if there is no work in a few weeks' time, can we then Furlough the other half of our Employees?**
There is no specific guidance on this but it would be reasonable to Furlough your workforce in different tranches as the business requirements evolve. Document and justify your decision should you require it for HMRC queries later.
- 18. We have an employee on Statutory Sick Pay because they have needed to self-isolate due to having a vulnerable health condition. Can we Furlough them instead?**
Employees on sick leave or self-isolating should get Statutory Sick Pay, but can be furloughed after this. Employees who are shielding in line with public health guidance can be placed on furlough.
- 19. Once becoming a furloughed employee, can that individual return to work, then subsequently be furloughed again?**
There is no guidance on this.
- 20. Does the scheme apply to partially active employees or where there is a reduced workload?**
There is no clear guidance on this.
- 21. When will the scheme pay out?**
Initial guidance suggests the end of April at the latest.
- 22. Will particular businesses or sectors be prioritised?**
There is no guidance on this.

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23. Can an employer delay making payment to employees until they receive funding from the scheme?

This would depend on the terms set within the employment contract.

24. Can employees whose contracts were terminated prior to the scheme (but on or after 1 March) be rehired?

It would depend on the reason for the termination. There is no guidance on this but the scheme covers employees who were made redundant since 28 February 2020, if they are rehired by their employer.

25. Will a Time to Pay arrangement be possible for the Employer costs (PAYE, NIC etc) not forming part of the subsidy?

There is no guidance on this.

26. Tax Treatment of the Coronavirus Job Retention Grant

Payments received by a business under the scheme are made to offset these deductible revenue costs. They must therefore be included as income in the business's calculation of its taxable profits for Income Tax and Corporation Tax purposes, in accordance with normal principles. Businesses can deduct employment costs as normal when calculating taxable profits for Income Tax and Corporation Tax purposes.

Details of the Government communications can be accessed:

Updated guidance:

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

Employees guidance:

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

Employer guidance:

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

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Background

- The new Coronavirus Business Interruption Loan Scheme supports SMEs with access to working capital (including loans, overdrafts, invoice finance and asset finance) of up to £5 million in value and for up to 6 years.
- The government will pay to cover the first 12 months of interest payments and any lender-levied fees, so smaller businesses will not face any upfront costs and will benefit from lower initial repayments.
- The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs.
- This scheme is being delivered through commercial lenders, backed by the British Business Bank.

Eligibility

You are eligible for the scheme if:

- your business is UK based, with turnover of no more than £45 million per year
- your business meets the other British Business Bank eligibility criteria

How to access the scheme

- The scheme is now open for applications. To apply, you should talk to your bank as soon as possible, to discuss your business plan. You can find out the latest on the best ways to contact them via their websites.
- All major banks are offering this scheme. If you have an existing loan with monthly repayments you may want to ask for a repayment holiday to help with cash flow.
- The full rules of the scheme and the list of accredited lenders are available on the British Business Bank Website.

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Support for businesses that pay little or no business rates

- The government will provide additional Small Business Grant Scheme funding for local authorities to support small businesses that already pay little or no business rates because of Small Business Rate Relief (SBBR), Rural Rate Relief (RRR) and tapered relief. This will provide a one-off grant of £10,000 to eligible businesses to help meet their ongoing business costs.

Eligibility

You are eligible if:

- your business is based in England or Wales
- you are a small business and already receive SBBR and/or RRR – broadly a rateable value of £12,000 or less
- you are a business that occupies property

How to access the scheme

- You do not need to do anything. Your local authority will write to you if you are eligible for this grant.
- Guidance for local authorities on the scheme will be provided shortly.
- Any enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority.

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Coronavirus and Statutory Sick Pay

The guidance is changing on a daily basis and this update applies at 23 March 2020. For the most up to date information and guidance from the government, please regularly review the government response page: <https://www.gov.uk/statutory-sick-pay>

With respect to the coronavirus, who is entitled to receive SSP?

Employees will be entitled to receive statutory sick pay (SSP) if they need to self-isolate due to:

- having coronavirus;
 - having symptoms of coronavirus;
 - someone in their household having coronavirus; and
 - being advised to self-isolate by a medical professional.
- If someone is experiencing symptoms, all members of their household must self-isolate for 14 days. Individuals who live alone must self-isolate for 7 days.

As an employer, how much SSP do I need to pay?

The normal qualifying rules for SSP will apply. An employee will be entitled to SSP if they:

- have done some work under their contract; and
- have average weekly earnings of £118 per week (19/20 tax year), increasing to £120 per week from 6 April 2020.
- SSP will be paid from the first day of absence for anyone self-isolating due to coronavirus from 13 March 2020.

SSP rates are as follows:

- £94.25 per week for 19/20 tax year; and
- £95.85 per week for 20/21 tax year.

Note: the weekly rate of SSP applies regardless of the number of days an eligible employee works (working days are known as qualifying days).

What medical evidence do I need to obtain from my employee?

The government has confirmed that employees will not need to provide a fit note in order to receive SSP when self-isolating due to coronavirus. From Friday 20 March onwards, those who have COVID-19 or are advised to self-isolate will be able to obtain an “isolation note” by visiting NHS 111 online and completing an online form, rather than visiting a doctor.

Reclaiming SSP

The government is allowing small and medium sized employers to reclaim SSP paid for sickness due to coronavirus.

How much can I reclaim?

Employers can reclaim two weeks of SSP per employee who have been absent due to coronavirus; and employers with 250 employees or less will be able to reclaim SSP – the size of an employer will be determined by the number of people they employed as of 28 February 2020.

Does this apply to the Self-employed or those not eligible for SSP?

No. If you are not eligible for SSP – for example if you are self-employed or earning below the Lower Earnings Limit of £118 per week – and you have COVID-19 or are advised to self-isolate, you can now more easily make a claim for Universal Credit (UC) or new style Employment and Support Allowance.

<https://www.gov.uk/universal-credit>

<https://www.gov.uk/guidance/new-style-employment-and-support-allowance>.

FAQ's**1. Do we have to pay statutory sick pay (SSP) if we have our own sick pay scheme?**

Not if your scheme is as generous as (or more generous than) the statutory scheme. SSP should be deemed to be included in what you pay.

2. Under what circumstances should I pay more than SSP?

There is no legal obligation to pay more than SSP unless employers have their own sick pay schemes which replace or top up sick pay and which will be covered in the contract of employment and/or company handbook.

3. Do I pay it gross, or do I deduct tax and National Insurance contributions (NICs)?

You deduct tax and NICs.

4. How long do I have to carry on paying statutory sick pay (SSP)?

You can stop paying SSP when your employee's incapacity for work ends or, for example, when the employee's contract ends or when your employee has been due 28 weeks' SSP in a 'period of incapacity for work'. There other cut-off points depending on the employee's circumstances.

5. Do part-timers qualify for sick pay, and if so, at the full rate or pro-rata?

Providing that the part-timers earn the same as or more than the lower earnings limit, they qualify for statutory sick pay (SSP) at the normal weekly rate. Short-termers (temporary workers), agency and casual workers are also entitled to SSP, providing they meet the qualifying criteria.

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VAT Payment Deferral

Background

- Valued Added Tax (VAT) payments will be deferred for 3 months.

Eligibility

- All UK businesses are eligible.

How to access the scheme

- This is an automatic offer with no applications required.
- Businesses will not need to make a VAT payment during the period from 20 March 2020 until 30 June 2020.
- Taxpayers will be given until the end of the 2020/21 tax year to pay any liabilities that have accumulated during the deferral period.
- VAT refunds and reclaims will be paid by the government as normal.
- Customers who normally pay by direct debit should cancel their direct debit with their bank if they are unable to pay. Please do so in sufficient time so that HMRC do not attempt to automatically collect on receipt of your VAT return.
- HMRC have also scaled up their 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.

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Income Tax Payment Deferral for Self Employed Individuals

Background

- Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021.

Eligibility

- All individuals who prepare Self Assessment Tax Returns are eligible for the July 2020 payment on account deferral.
- The deferment is optional. If you are still able to pay your second payment on account on 31 July you may wish to do so.

How to access the scheme

- This is an automatic offer with no applications required.
- No penalties or interest for late payment will be charged in the deferral period – from 31 July 2020 to 31 January 2021.
- Claims can still be made to reduce payments on account if you know that your profits have reduced.
- HMRC have also scaled up their 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.

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Coronavirus and Mortgage Payments Holidays

The guidance is changing on a daily basis and this update applies at 24 March 2020. For the most up to date information and guidance from the Financial Conduct Authority, please regularly review their response page:

<https://www.fca.org.uk/news/press-releases/new-guidance-mortgage-providers-lenders-coronavirus>

Overview

- Homeowners and landlords can now apply for a three-month mortgage payment holiday by contacting their lender.
- A mortgage payment holiday is when your monthly mortgage repayments are paused for a set period of time.
- Mortgage payment holidays are available to all homeowners who are up to date on their mortgage payments.
- They're also available to buy-to-let landlords whose tenants have been financially affected by the coronavirus. Landlords who take payment holidays are expected to pass on this relief to their tenants.
- Homeowners who are in arrears on their mortgage should contact their lender, who will review any changes to their circumstances and discuss their options.
- The Financial Conduct Authority (FCA) has provided new guidance for mortgage lenders urging them to not consider repossessing properties unless they can 'demonstrate clearly that the customer has agreed it is in their best interest'.
- Do I need to have the coronavirus? You don't need to have contracted or have been tested positive for the coronavirus to apply for a payment holiday. Payment holidays are available to any homeowners who are concerned about their ability to meet their mortgage repayments, for example due to a loss of work or other changes in their circumstances.
- Will I pay more in interest? Yes. You'll still owe the bank the same capital amount as you do now, but interest will continue to accrue on this. This means it will take you longer and cost you a little more to clear your mortgage. With this in mind, homeowners who aren't concerned about their ability to pay should continue with their repayments as normal.
- New FCA guidelines published on 20 March clarified that lenders shouldn't charge any additional fees to set up a payment holiday.
- Will I need to go through affordability tests? No. Your lender will not require you to provide any documentation or undergo any affordability tests. Instead, homeowners will simply need to self-certify that their income has been directly or indirectly affected by the coronavirus.
- If you're a landlord, you'll need to self-certify that your tenant's income has been affected by the outbreak.

- What happens after the three months? After three months, your lender will contact you to assess your circumstances and agree on a manageable way for you to make up the deferred payments. Lenders will provide a range of options, which may include extending your mortgage term or altering your monthly payments if it's affordable to do so.
- Will deferring my payments affect my credit score? The trade body UK Finance, which represents banks and building societies, says mortgage providers will make 'every effort' to ensure payment holidays do not impact on your credit score. The credit referencing agency Experian told Which? that banks shouldn't register payment holidays as missed payments on your credit report, but ultimately that the responsibility lies with the individual lender.
- How do I get a payment holiday? To get a payment holiday or discuss your options, you need to contact your lender directly on their customer service phone number.
- Your lender may also offer other options if they are more appropriate for your circumstances, and where it is in your best interest.
- If you are behind with your mortgage payments, you can potentially still have a payment holiday. You will need to discuss this with your lender.
- How long do I have to apply for a mortgage holiday? If you think you may experience payment difficulties and may need a payment holiday, you should speak to your lender in good time before the next payment is due.

Repossessions

- Lenders are expected to temporarily stop repossession actions. This applies to all mortgage borrowers at risk of repossession, whether or not their incomes are affected by coronavirus. Many lenders have already committed to this.
- If you already have a repossession order on your home. We would not expect the lender to go ahead with the repossession, unless you want them to. Please contact it to discuss your situation.
- You may choose for your home to be repossessed if you believe it's in your best interest. Please contact your lender to discuss this.

The FCA has said that it expects all regulated mortgage lenders and administrators to comply with its guidance. However, where there are companies which are unregulated (and technically out of scope of FCA guidance) which make decisions that affect mortgage borrowers, given the current emergency, the FCA expects them to adopt this guidance on a voluntary basis as an appropriate response.

Help to Buy homeowners affected by Covid-19

Homeowners who are struggling to pay interest fees on their Help to Buy equity loans will be offered payment holidays. Help to Buy: Equity Loans are interest-free for the first five years. Therefore, help will be given to those who took out the loan before 31 March 2015.

The Help to Buy contact numbers:

Equity Loan administrator 0345 848 0236 or Target.HCA@targetgroup.com

<https://www.gov.uk/government/news/payment-holidays-offered-to-help-to-buy-homeowners-affected-by-covid-19>

Disclaimer – Government guidance, including guidance from HMRC and the Financial Conduct Authority is being continually updated. The above guidance has been provided in good faith, based on the communication issued by the Chancellor of the Exchequer and other government statements. Prior to making any decisions, we strongly recommend contacting us to ensure you are receiving the most up-to-date information; or ensure that you review the latest government guidance.

Disclaimer – this guidance is not intended to and does not constitute mortgage advice. In all matters related to the borrowing and lending of money or mortgages in general, please seek the appropriate advice from your bank, building society, mortgage provider or suitably experienced, licensed and qualified professional.

Disclaimer – this guidance is not intended to and does not constitute legal advice. In all matters related to property law, the financing, repossession, purchasing or selling of land or property, please seek the appropriate advice from your legal advisor, bank, building society, mortgage provider or other suitably experienced, licensed and qualified professional.

Insurance - Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers. Most businesses are unlikely to be covered, as standard business interruption insurance policies are dependent on damage to property and will exclude pandemics.

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Coronavirus and Time to Pay

The guidance is changing on a daily basis and this update applies at 24 March 2020. For the most up to date information and guidance from the government, please regularly review the government response page:

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-paying-tax-time-to-pay-service>

Support for businesses paying tax: Time to Pay service

All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time-To-Pay service. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

Eligibility

You are eligible if your business:

- Pays tax to the UK government; and
- Has outstanding tax liabilities

How to access the scheme

If you have missed a tax payment or you might miss your next payment due to COVID-19, please call HMRC's dedicated helpline: 0800 0159 559 (Monday to Friday; 8am to 8pm; Saturday, 8am to 4pm). If you're worried about a future payment, please call HMRC closer to that time.

The above support is in addition to the usual Time-to-Pay arrangements:

<https://www.gov.uk/difficulties-paying-hmrc>

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Business Rates Holiday

Background

- There will be a business rates holiday of 100% for retail, hospitality and leisure businesses in England and Wales.
- This rates holiday will apply for the 2020/21 tax year – ended 5 April 2021.

Eligibility

You are eligible for the business rates holiday if:

- your business is based in England or Wales
- your business is in the retail, hospitality and/or leisure sector

Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas and live music venues
- for assembly and leisure
- as hotels, guest & boarding premises and self-catering accommodation

How to access the scheme

- There is no action for you. This will apply to your next council tax bill in April 2020. However, local authorities may have to reissue your bill automatically to exclude the business rate charge. They will do this as soon as possible.
- Any enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority.

Insurance - Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers. Most businesses are unlikely to be covered, as standard business interruption insurance policies are dependent on damage to property and will exclude pandemics.

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Cash Grants for Retail, Hospitality and Leisure Businesses

Background

- The Retail and Hospitality Grant Scheme provides businesses in the retail, hospitality and leisure sectors with a cash grant of up to £25,000 per property.
- For businesses in these sectors with a rateable value of under £15,000, they will receive a grant of £10,000.
- For businesses in these sectors with a rateable value of between £15,001 and £51,000, they will receive a grant of £25,000.

Eligibility

You are eligible for the grant if:

- your business is based in England or Wales
- your business is in the retail, hospitality and/or leisure sector

Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:

- as shops, restaurants, cafes, drinking establishments, cinemas and live music venues
- for assembly and leisure
- as hotels, guest and boarding premises and self-catering accommodation

How to access the scheme

- You do not need to do anything. Your local authority will write to you if you are eligible for this grant.
- Guidance for local authorities on the scheme will be provided shortly.
- Any enquiries on eligibility for, or provision of, the reliefs and grants should be directed to the relevant local authority.

Insurance - Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers. Most businesses are unlikely to be covered, as standard business interruption insurance policies are dependent on damage to property and will exclude pandemics.

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Self-employment Income Support Scheme - 26 March 2020

Hodge Bakshi continues to focus extensively on all the new government initiatives during this difficult time. Some of the finer detail is not yet available and we expect to provide further updates in due course. Information concerning the mechanics of how schemes are implemented and administered is continually being updated. We do understand your anxiety at this uncertain and unprecedented time and we appreciate your continued patience.

As part of an extensive government support package to help protect livelihoods and income during the current coronavirus crisis, on Thursday 26 March 2020, the Chancellor announced a new *Coronavirus Self-employment Income Support Scheme*. Many sole-traders and partners will be able to claim a grant where their normal trading income has been impacted by the coronavirus. More recently self-employed individuals will not be able to access funds.

Overview:

- This scheme allows the self-employed to claim a taxable grant worth 80% of trading profits up to a maximum of £2,500 per month for the next 3 months (potentially extended if needed).
- The self-employed (individual or a member of a partnership) can claim if they:
 - have submitted a Self-assessment tax return for the tax year 2018-19
 - traded in the tax year 2019-20
 - are trading when the grant is applied for, or would be except for COVID-19
 - intend to continue to trade in the tax year 2020-21
 - have lost trading/partnership trading profits due to COVID-19
- Trading profits must also be less than £50,000;
- More than half of income must come 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 total taxable income; or
 - 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 average taxable income in the same period.

Insurance - Insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their specific policy and contact their providers. Most businesses are unlikely to be covered, as standard business interruption insurance policies are dependent on damage to property and will exclude pandemics.

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- If trade started between 2016-19, HMRC will only use those years for which a Self-Assessment tax return was filed;
- If the 2018-9 tax return is currently outstanding, it must be filed on or before 23 April 2020.
- HMRC will use data on 2018-19 returns already submitted to identify those eligible and will risk assess any late returns filed before the 23 April 2020 deadline in the usual way (i.e. apply extra scrutiny to those returns filed last minute to seemingly facilitate a claim).

The Grant – how much is available?

- The grant (which is taxable) will be 80% of the average profits from the tax years (where applicable) – 2016-17, 2017-18 and 2018-19.
- To work out the average HMRC will add together the total trading profit for the 3 tax years (where applicable) then divide by 3 (where applicable), and use this to calculate a monthly amount.
- The grant will be a maximum of £2,500 per month for 3 months, paid directly into the trader's bank account, in one instalment.

How to apply

- The Scheme cannot yet be accessed or applied for.
- HMRC will contact the individual directly with an invitation 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.
- HMRC stress that if someone texts, calls or emails claiming to be from HMRC, saying that the individual can claim financial help or is owed a tax refund, and asks that individual to click on a link or to give personal information such as a name, credit card or bank details, it is a scam.
- Once HMRC has received a claim (and assessed that the individual is eligible for the grant), it will make contact to inform the individual how much they will get and the payment details.
- If the individual is already claiming tax credits, they will need to include the grant in the claim as income.

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The deferral of Self-assessment income tax payments due in July 2020 and VAT payments due from 20 March 2020 until 30 June 2020 is unaffected, as will be the grants scheme for businesses that pay little or no business rates; increased amounts of Universal Credit or the Business Interruption Loan Scheme.

HMRC have confirmed that directors of their own limited company and paid through PAYE, are not regarded as self-employed with respect to the Self-employment Income Support Scheme and will not thus qualify. They may instead be able to get support using the Job Retention Scheme (JRS). This would imply that the director could 'self-furlough' under the JRS to receive around 80% of their normal salary (excluding dividends). However, in the absence of further clarification to the contrary, our view is that the director, as an officer, would continue to provide services to and on behalf of the company in line with their statutory, fiduciary and administrative duties. This would appear, therefore, to preclude them from become 'furloughed' as they could no longer work under that status, and will most likely be able to carry out some work, in part at least. Conversely, it is unclear if the entire trade or profession must have been wiped out for the Self-employment Income Support Scheme to be claimed (implying that some trade activity could be acceptable – this needs to be clarified).

Details of the Government communication and claims guidance can be accessed:

<https://www.gov.uk/government/speeches/chancellor-outlines-new-coronavirus-support-measures-for-the-self-employed>

<https://www.gov.uk/government/news/chancellor-gives-support-to-millions-of-self-employed-individuals>

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

***Disclaimer** - You will please appreciate that this information pack is provided in good faith, based on the communication issued by the Chancellor of the Exchequer and at a time of great uncertainty. It is your responsibility in all cases ensure that any use you make of this information meets with all of your statutory or non-statutory compliance and regulatory obligations as the document may not contain all the necessary detail to facilitate a successful, qualifying claim to the "Self-employment Income Support Scheme". Further guidance, details and clarification will hopefully be provided by the government in due course. Prior to making any decisions and completing any claims forms, we strongly recommend contacting us to ensure you are receiving the most up-to-date information. By using this information pack, those doing so accept without reservation that in no event will Hodge Bakshi or its Directors or its employees or its members be liable for any loss or damage whatsoever including without limitation, indirect or consequential loss or damage suffered as a result of a breach of the agreement, contract, claim, loan, charge or covenant for which this pack is intended to create, sanction, ratify or endorse.*

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