

# WINTER ECONOMY PLAN

**24 September 2020**

**ROBSON / LAIDLER**  
ACCOUNTANTS

## **Job Support Scheme**

To support viable UK employers who face lower demand due to COVID-19, and to keep their employees attached to the workforce, the government will be introducing a new Job Support Scheme from 1 November 2020.

Employees will need to work a minimum of 33% of their usual hours. For every hour not worked the employer and the government will each pay one third of the employee's usual pay, and the government contribution will be capped at £697.92 per month.

Employees using the scheme will receive at least 77% of their pay, where the government contribution has not been capped. The employer will be reimbursed in arrears for the government contribution. The employee must not be on a redundancy notice.

The scheme will run for six months from 1 November 2020 and is open to all employers with a UK bank account and a UK PAYE scheme. All Small and Medium-Sized Enterprises (SMEs) will be eligible; large businesses will be required to demonstrate that their business has been adversely affected by COVID-19, and the government expects that large employers will not be making capital distributions (such as dividends), while using the scheme.

## **SEISS Grant Extension**

The grant will be limited to self-employed individuals who are currently eligible for the SEISS and are actively continuing to trade but are

facing reduced demand due to COVID-19. The scheme will last for 6 months, from November 2020 to April 2021.

The extension will be in the form of two taxable grants. The first grant will cover a three-month period from the start of November until the end of January. This initial grant will cover 20% of average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits, and capped at £1,875 in total. The second grant will cover a three-month period from the start of February until the end of April. The government will review the level of the second grant and set this in due course.

## **Extending the temporary VAT reduced rate for hospitality and tourism**

The government is extending the temporary reduced rate of VAT (5%) from 12 January to 31 March 2021. This will continue to apply to supplies of food and non-alcoholic drinks from restaurants, pubs, bars, cafés and similar premises, supplies of accommodation and admission to attractions across the UK.

## **Extension of access to finance schemes**

The government is extending four temporary loan schemes, which have helped over a million businesses to date, to 30 November 2020 for new applications:

- ***Bounce Back Loan Scheme (BBLs)***

Loans are between £2,000 and £50,000, capped at 25% of turnover, with a 100% government guarantee to the lender to provide them with the confidence they need to support the smallest businesses. The borrower does not have to make any repayments for the first twelve months, with the government covering the first twelve months' interest payments. Under the new Pay as you Grow options (see below), Bounce Back Loan borrowers will all be offered the choice of more time and greater flexibility for their repayments.

- **Coronavirus Business Interruption Loan Scheme (CBILS)**  
The scheme provides loans of up to £5 million with an 80% government guarantee to the lender, giving lenders the confidence to provide finance to SMEs. The government does not charge businesses for this guarantee and also covers the first twelve months of interest payments and fees.
- **Coronavirus Large Business Interruption Loan Scheme (CLBILS)**  
The scheme provides loans of up to £200 million (to a maximum of 25% of turnover), with an 80% government guarantee to the lender
- **Future Fund**  
Businesses that have already accessed a Future Fund convertible loan cannot apply for another one.
- **Pay as you Grow**  
The government will give all businesses that borrowed under the BBLS the option to repay their loan over a period of up to ten years. This will reduce their average monthly repayments on the loan by almost half. UK businesses will also have the option to move temporarily to interest-only payments for periods of up to six months (an option which they can use up to three times), or to pause their repayments entirely for up to six months (an option they can use once and only after having made six payments). These changes will provide greater flexibility to repay these loans over a longer period and in a way that better suits businesses' individual circumstances.
- **CBILS loan extension**  
The government intends to allow CBILS lenders to extend the term of a loan up to ten years, providing additional flexibility for UK-based SMEs who may otherwise be unable to repay their loans.

## VAT deferral ‘New Payment Scheme’

The government will give businesses which deferred VAT due in March to June 2020 the option to spread their payments over the financial year 2021-2022. Rather than paying in full at the end of March 2021, businesses will be able to choose to make 11 equal

instalments over 2021-22. All businesses which took advantage of the VAT deferral can use the New Payment Scheme. Businesses will need to opt in, but all are eligible. HMRC will put in place an opt-in process in early 2021.

### **Enhanced Time to Pay for Self-Assessment taxpayers**

The government will give the self-employed and other taxpayers more time to pay taxes due in January 2021, building on the Self-Assessment deferral provided in July 2020. *Taxpayers with up to £30,000 of Self-Assessment liabilities due will be able to use HMRC's self-service Time to Pay facility to secure a plan to pay over an additional 12 months.* This means that Self-Assessment liabilities due in July 2020 will not need to be paid in full until January 2022. Any Self-Assessment taxpayer not able to pay their tax bill on time, including those who cannot use the online service, can continue to use HMRC's Time to Pay Self-Assessment helpline to agree a payment plan

Correct as of 24<sup>th</sup> September 2020