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OUR COMMENTS ON THE NEW CORONAVIRUS BUSINESS MEASURES

In addition to the Coronavirus Business Interruption Loan Scheme (CBILS), the Coronavirus Job Retention Scheme, and the Statutory Sick Pay (SSP) relief, several other support packages have been announced by HM Government, and an overview of some of these is given in the following document. It may be worth your business considering whether to access of these schemes.

For further information on the CBILS, the Coronavirus Job Retention Scheme, and the SSP relief, please see our Client Briefings on these or contact your usual Rooney Nimmo contact.

In addition to HM Government’s support packages, further support in terms of, for example, training, loans, grants and reliefs can be found from both private and public parties. In particular, it is our understanding from the feedback received from clients that public authorities and lenders are showing a greater willingness to defer repayments of principal, interest payments and even to some extent granting haircuts. As such, it may be worth contacting your lenders and business partners to better understand whether there may be some leeway for improving your liquidity position.

BACKGROUND

On 17 March 2020, HM Government announced a package of £330bn in loan guarantees and a £20bn fiscal intervention including further business rate relief for companies to support businesses affected by the novel coronavirus COVID-19. These measures, which are unprecedented in scale, includes, for example:

- a) the new temporary Coronavirus Business Interruption Loan Scheme (“CBILS”) for small and medium-sized businesses. For more information, please see our Client Briefing on the CBILS and its potential impact on EIS tax relief;
- b) a Coronavirus Job Retention Scheme. For more information, please see our Client Briefing;
- c) a Statutory Sick Pay relief package for SMEs. For more information, please see our Client Briefing;
- d) deferring VAT and Income Tax payments;
- e) a 12-month business rates holiday for all retail, hospitality and leisure businesses in England;
- f) small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief;
- g) grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000;
- h) a new lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans; and
- i) the HMRC Time To Pay Scheme.

This Client Briefing gives a general overview of points d) to i) above. However, please bear in mind that the schemes are still quite novel and may change rapidly as new guidance from HM Government is announced.

AUTOMATIC VAT AND INCOME TAX DEFERRALS

HM Government has announced an automatic deferral of VAT payments for the quarter 20 March to 30 June 2020. The deferral applies to all UK businesses. Businesses will have until 5 April 2021 to pay any deferred VAT.

Similarly, any income tax self-assessment due to be paid by 31 July 2020 will automatically be deferred until 31 January 2021. Where your main source of income is already taxed through employment and other smaller sources of income have been declared, and to the extent that you have already paid your tax bill in January, this will not affect you.

In relation to both the VAT and the Income Tax deferrals, no interest or penalties will be applied.

12 MONTHS BUSINESS RATES HOLIDAY IN ENGLAND

100% of the bill

HM Government announced in the Budget on 29 October 2018 that it would provide a Business Rates Retail Discount, to apply in the years 2019/20 and 2020/21. In response to the coronavirus, in the Budget on 11 March the Government announced that it would increase the discount to 100% and extend it to include the leisure and hospitality sectors.

The total amount of government-funded relief available for each property for 2020/21 under this scheme is 100% of the bill, after mandatory reliefs and, with the exception of the 2020/21 pubs discount, other discretionary reliefs funded by so-called Section 31 Grants have been applied, excluding those where local

authorities have used their wider discretionary relief powers introduced by the Localism Act which are not funded by Section 31 Grants. The 2020/21 pubs discount should be applied after the Expanded Retail discount.

This relief will apply to occupied retail, leisure and hospitality properties in the year 2020/21. There will be no rateable value limit on the relief.

Eligibility

The properties that will benefit from the relief will be occupied hereditaments (i.e. lands or buildings) that are wholly or mainly being used:

- a) as shops, restaurants, cafes, drinking establishments, cinemas and live music venues;
- b) for assembly and leisure; or
- c) as hotels, guest and boarding premises and self-catering accommodation.

These categories are further set out in the Ministry of Housing, Communities & Local Government's guidance, which can be found [here](#).

Calculation of the relief

The eligibility for the discount and the discount itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a chargeable day for a particular hereditament in the financial year 2020/21:

Amount of relief to be granted = V

Where V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding the pubs discount and those where local authorities have used their discretionary relief powers introduced by the Localism Act which are not funded by Section 31 Grants.

This should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

For example, the relief for an occupied shop with a rateable value of £40,000 would be:

Example 1

Gross rates (before any reliefs) = £40,000 x 0.499	= £19,960
Expanded Retail Discount (100%):	= (£19,960)
Rates due (after Expanded Retail Discount):	= £NIL

Where the occupied shop in Example 1 will only be occupied until 30 September 2020, the calculation would instead be:

Example 2

Gross rates (before any reliefs) = £40,000 x 0.499	= £19,960
Expanded Retail Discount (100%):	= (£19,960)
Rates due (after Expanded Retail Discount):	= £NIL
Daily charge while occupied (leap year):	= £NIL per day
Occupied charge 1/4/20 to 30/9/20 (183 days):	= £NIL
Unoccupied property relief (1/10/20 to 1/1/21):	= £NIL
Unoccupied property rates (1/1/21 to 31/3/21), £40,000 x 0.512 ; 91/365	= £5,106
Rates due for the year (after Expanded Retail Discount):	= £5,106

Please note that ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties.

12 MONTHS BUSINESS RATES HOLIDAY IN SCOTLAND

The non-domestic rates reliefs and grant funding measures announced by the Chancellor of the Exchequer applies only in England.

In Scotland, there will be a 100% rates relief offered for retail, hospitality and leisure. All other non-domestic properties will get a 1.6% rates relief. This relief effectively reverses the change in poundage for 2020-21. You do not need to apply for this relief, and it will be applied to your bill by your local council.

These reliefs will apply from 1 April 2020 until 31 March 2021.

SMALL BUSINESS GRANT FUNDING OF £10,000

Applies to businesses based in England which previously received small business rates relief, including those in retail, hospitality or leisure. Each is eligible to receive a cash grant of £10,000. You do not need to do anything. Your local authority will write to you if you are eligible for this grant.

In Scotland, a one-off grant of £10,000 will also be available to small businesses who currently also get Small Business Bonus Scheme Relief or Rural Relief.

RETAIL, HOSPITALITY AND LEISURE GRANT FUNDING OF £25,000

In addition to the 12 months business rates holiday, retail, hospitality and leisure businesses based in England will also receive a cash grant of up to £25,000 per property if their rateable value is between £15k and £51k.

In Scotland, 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. The funding will not be accessible however until April 2020.

You can only apply for one grant even if you own multiple properties.

HMRC TIME TO PAY SCHEME

HMRC's Time to Pay scheme is a framework which allows businesses and those that are self-employed to defer tax payments that are outstanding.

It is generally available to all businesses and self-employed people in financial distress, including those with outstanding tax liabilities. These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

The Time to Pay scheme has been scaled up to meet the challenges of the COVID-19 pandemic.

Please note that you must apply for this scheme by contacting HMRC, and HMRC has set up a dedicated helpline: 0800 0159 559.

GET IN TOUCH

Should you have any questions to the topics covered in this article, please get in touch with your usual Rooney Nimmo contact or any of the persons below.

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