



CLIENT BRIEFING

Coronavirus – Seven Things the UK Government’s Measures Will Do to Help Businesses

25 March 2020

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INTRODUCTION

The UK government has announced a set of temporary measures to support people and businesses through the period of economic uncertainty caused by COVID-19. The measures make up a significant part of the £330bn rescue package (although the total cost to the UK Treasury may be significantly more), an unprecedented peacetime intervention in the UK economy by the Treasury and Bank of England.

While the exact details of how various of the measures will be accessed and/or delivered, some of the notable provisions are set out below.

1. Coronavirus Job Retention Scheme

The Coronavirus Job Retention Scheme (“CJRS”) is open to all UK businesses for at least 3 months starting from 1 March 2020, and will see HMRC reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month. The measure should help business retain staff who may otherwise require to have their engagement terminated, while also helping business defray the costs of continued employment.

The online service HMRC is setting up to make claims is not available yet, and it is anticipated it will not be available until the end of April 2020. Companies should plan accordingly. Once HMRC have established a claim is eligible, payment will be made by BACS into a UK bank account.

It would appear based on the available guidance (which is limited) that those furloughed workers are unable to undertake any activities (even on a voluntary basis) for their employer.

Rooney Nimmo have produced a separate guidance note on this, available [here](#).

2. Deferring VAT and Self-Assessment payments

Valued Added Tax (VAT) payments may be deferred for 3 months. For UK VAT registered business that have a VAT payment due between 20 March 2020 and 30 June 2020, companies have the option to (i) defer the payment until a later date, or (ii) pay the VAT due as normal.

Self-assessment payments on account due in July 2020 under the Self-Assessment system will be deferred to January 2021.

No applications are necessary to access these measures.

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.

3. Statutory Sick Pay (SSP) relief package for small and medium sized businesses (SMEs)

The government will refund cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19. Companies with fewer than 250 employees will be eligible, calculated as of 28 February 2020.

The interaction between contractual sick pay and SSP is a potentially complex one. Please see our guidance note [here](#) for more details.

4. Coronavirus Business Interruption Loan Scheme

The Coronavirus Business Interruption Loan Scheme ("CBILS") [offers loans](#) of up to £5 million for SMEs through the British Business Bank. The loans are available to UK based businesses, with turnover of no more than £45 million per year, that also meet British Business Bank eligibility criteria.

There are currently [40 accredited providers of loans](#) under CBILS.

The interplay between CBILS and various of the UK venture capital reliefs is currently unclear and should be considered by any company in receipt of venture capital reliefs or those thinking of applying. Further information may be found at [here](#).

Anecdotally, it appears that loans under CBILS are being made available only to those companies that would have qualified for a loan from the relevant finance provider prior to the outbreak of COVID-19. As such, businesses that may have expected access to CBILS may find loans harder to access than anticipated, although loans up to £250,000 appear easier to access but clearly do not provide the same buffer.

5. COVID-19 Corporate Financing Facility

Under this facility the Bank of England ("BoE") will buy short term debt from larger companies in order to allow them to finance their short-term liabilities. The BoE will also support corporate finance markets overall and ease the supply of credit to all firms.

The facility is available to companies that: make a material contribution to the UK economy; are fundamentally strong but are experiencing severe disruption to cashflows; and can demonstrate they were in sound financial health prior to the impact of Coronavirus.

Commercial paper purchased under the facility must also meet the following criteria:

- 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.
- Issued directly into Euroclear and/or Clearstream

6. Commercial insurance

The government has added COVID-19 to its list of notifiable diseases, which should assist companies who have insurance policies that cover government ordered closure and pandemics or government ordered closure and unspecified notifiable disease. The government has also ordered various businesses across the UK to close, and insurers have agreed that this advice is sufficient for businesses covered for COVID-19 losses to make a claim.

In each case, the terms of the insurance policy will need to be carefully reviewed to see whether any claim is possible.

In addition to the above, specific reliefs are also available for:

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- the retail, hospitality and leisure sectors.
 - small businesses in receipt of small business rate relief or rural rate relief.

7. Self-employment Income Support Scheme

The Self-employment Income Support Scheme (“SEISS”) offers support to self-employed individuals (including members of partnerships) who have lost income due to coronavirus (COVID-19).

This scheme will allow individuals to claim a taxable grant worth 80% of their trading profits up to a maximum of £2,500 per month for the next 3 months (and may be extended further).

Our Comments

At this time much of the available guidance has been quickly produced and so is lacking in important details. Taxation, state aid rules, and employment law are complex and technical areas of law, and the available government guidance has not been drafted in the same way as primary legislation as a result of the need to quickly implement these measures. There is much that is unclear in terms of how HMRC, employment tribunals and other relevant entities will implement the rules, but existing case law and legislation may provide a helpful guide.

The measures, while imperfect, are still welcome and show the UK government willingness to intervene to support both the SME and larger corporate sectors.

Get in Touch

Should you have any questions to the topics covered in this article, please get in touch with [Edward Sloan](#) or your usual Rooney Nimmo [contact](#).

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