

COVID-19: ASSISTANCE FOR BUSINESSES (UK)

Last updated: March 25, 2020

RELIEF/LOAN ASSISTANCE

CORONAVIRUS JOB RETENTION SCHEME

- A. Under this scheme, all UK employers will be able to access support to continue paying **part of their employees' salary** for those employees that would otherwise have been laid off during this crisis
- B. **All UK businesses are eligible**
- C. To access this scheme:
 - a. Designate affected employees as **'furloughed workers,'** and notify your employees of this change - changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation
 - b. Submit information to **HMRC** about the employees that have been furloughed and their earnings through a new online portal (HMRC will set out further details on the information required)
- D. HMRC will reimburse **80% of furloughed workers wage costs**, up to a cap of **£2,500 per month**. HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers.

STATUTORY SICK PAY (SSP) REIMBURSEMENT

- A. A refund will be available covering up to **two weeks' SSP** per eligible employee who has been off work because of COVID-19 (due to self-isolation, quarantine, or sickness)
- B. Employers should maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note. If evidence is required by an employer, those with symptoms of COVID-19 can get an

isolation note from [NHS 111 online](#) and those who live with someone that has symptoms can get a note from the [NHS website](#)

C. Eligibility requirements:

- a. The business must be **UK based**
- b. The business must be **fewer than 250 employees** as of 28 February 2020

D. The government will work with employers over the coming months to set up the repayment mechanism and application **"as soon as possible"**

CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (CIBLS)

A. The Coronavirus Business Interruption Loan Scheme supports SMEs with access to **loans, overdrafts, invoice finance and asset finance** of up to **£5m** and for up to **6 years** from a group of accredited lenders

B. There will also be a Business Interruption Payment to cover the first **12 months** of interest payments and any lender-levied fees, so smaller businesses will benefit from no upfront costs and lower initial repayments.

C. The government will provide lenders with a guarantee of **80% on each loan** (subject to pre-lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. The scheme will be delivered through commercial lenders, backed by the government-owned British Business Bank.

- a. There are 40 accredited lenders able to offer the scheme, including all the major banks.

D. Eligibility requirements:

- a. The business must be **UK based** with an annual turnover of **less than £45m**
- b. The application must be for **business purposes**
- c. The business must generate more than **50%** of its turnover from **trading activity**
- d. The loan will be used to support, primarily, **trading in the UK**

E. If you have an existing loan with monthly repayments, you may want to ask for a repayment holiday to help with cash flow

F. Key considerations for the borrower:

- a. Assessing your funding need:
 - i. How much money do I need and for how long?
 - ii. Is borrowing through the scheme the best route for me to take?
 - iii. What collateral do I have available as security?
- b. Engaging with the process:
 - i. Which and how many lenders do I approach?
 - ii. What information will I need and what will I need to have considered?
 - iii. How long does the process take from application to receiving funds?

G. Applications are open and can be accessed through one of the [40 accredited finance providers](#)' websites. Contact any of the accredited lenders as soon as possible to discuss your business plan.

COVID CORPORATE FINANCING FACILITY (CCFF)

- A. The CCFF is aimed at supporting the **liquidity** of **larger corporations** by allowing them to raise short term financing through issuing commercial paper which will be purchased by the Bank of England ("BoE"). This scheme will operate for at least **12 months** and the BoE will provide **6 months' notice** before it withdraws the facility
- B. The **minimum loan amount is £1m**, maximum is TBC by BoE
- C. The primary focus of the scheme is to provide funding to pay wages, suppliers, or a boost to cashflows
- D. Eligibility Requirements:
 - a. Companies that make a 'material contribution to the UK economy:
 - i. UK incorporated companies, including those with foreign-incorporated parents and with a genuine business in the UK
 - ii. Companies with significant employment, or a large number of a operating sites, in the UK
 - iii. Firms with their headquarters in the UK
 - iv. Generates significant revenues in the UK
 - v. Serves a large number of customers in the UK
 - b. Companies that demonstrate sound financial health **prior to** the shock:

- i. Have a short-term credit rating which was **investment grade** as of 1 March 2020 (minimum level of A-3/B-3/F-3, equivalent to BBB L.T. rating).
 - ii. If there is not S.T. rating, BoE may make an assessment based on L.T. rating, or if the Bank can assess an equivalent L.T assessment of credit strength.
- E. To apply, edibility must first be checked with a finance provider. After which, the application forms can be downloaded online, filled and emailed to the BoE. More information and the documentation is available here: <https://www.bankofengland.co.uk/news/2020/march/the-covid-corporate-financing-facility>

TAX DEFERRALS AND RATES REDUCTIONS

DEFERRING VALUE ADDED TAX (VAT) AND INCOME TAX PAYMENTS

- A. VAT payments are being deferred for **3 months** and income tax payments are due in July 2020
- B. All UK businesses and individuals are eligible for this and businesses will **not need** to make a VAT payment during this period

SMALL BUSINESS GRANT SCHEME

- A. 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 (SBRR), Rural Rate Relief (RRR), and tapered relief**.
- B. A one-off grant of **£10,000** will be given to enable businesses to help meet their ongoing business costs.
- C. Eligibility requirements:
 - a. The business is based in England
 - b. The business is a Small Business already receiving SBRR and/or RRR
 - c. The business occupies property

D. Local authorities will write to you if you eligible for this grant,
alternatively you could [find your local authority](#) for more information.

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

