

Summary of COVID-19 Support for UK Businesses

The UK Government has announced measures, including loans, tax relief, and cash grants, to support businesses impacted by COVID-19. In addition, to help protect jobs, the UK Government announced a temporary plan to support employers and the self-employed who have been affected by the pandemic. Further updates have been made to the measures previously announced together with the introduction of two new schemes on April 20, 2020 namely the Coronavirus Future Fund and Coronavirus Bounce Back Loan.

See below for a summary of the updated support measures available to UK businesses as of April 30, 2020.

Measure	Nature	Eligibility
<u>Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLG)</u>	This support will take the form of two grant funding schemes, the SBGF and the RHLG.	<p>Under the SBGF all eligible businesses in England in receipt of either Small Business Rates Relief or Rural Rates Relief in the business rates system will be eligible for a payment of £10,000.</p> <p>Under the RHLG eligible businesses in England in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) with a rateable value of less than £51,000 will be eligible for a cash grant of £10,000 or £25,000 per property.</p>

Measure	Nature	Eligibility
		<p>Businesses with a rateable value of £51,000 or over are not eligible for this scheme.</p> <p>Businesses which are not ratepayers in the business rates system are not included in this scheme.</p>
<u>Coronavirus Statutory Sick Pay (SSP) Rebate Scheme</u>	<p>The Coronavirus SSP Rebate Scheme will repay employers the current rate of SSP that they pay to current or former employees for periods of sickness starting on or after March 13, 2020.</p> <p>The repayment will cover up to two weeks starting from the first day of sickness, if an employee is unable to work because they either:</p> <ul style="list-style-type: none"> • Have coronavirus • Cannot work because they are self-isolating at home • Are shielding in line with public health guidance 	<p>An employer can use the scheme if:</p> <ul style="list-style-type: none"> • They're claiming for an employee who's eligible for sick pay due to coronavirus • They had a PAYE payroll scheme that was created and started on or before February 28, 2020 • They had fewer than 250 employees on February 28, 2020 <p>Any claim amount should not be above the maximum €800,000 of state aid under the EU Commission temporary framework. This is when combined with other aid received under the framework. There is a lower maximum for agriculture at €100,000 and aquaculture and fisheries at €120,000.</p>

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		<p>The scheme covers all types of employment contracts, including:</p> <ul style="list-style-type: none"> • Full-time employees • Part-time employees • Employees on agency contracts • Employees on flexible or zero-hour contracts <p>Connected companies and charities can also use the scheme if their total combined number of PAYE employees are fewer than 250 on or before February 28, 2020.</p>
<u>Business rates holiday for retail, hospitality and leisure businesses</u>	<p>100% business rates reliefs for eligible businesses in the 2020 to 2021 tax year.</p> <p>Businesses do not need to take any action to access the scheme. Local authorities may have to reissue bills to provide this support.</p>	<p>Businesses will be eligible for the business rates holiday for the 2020 to 2021 tax year if:</p> <ul style="list-style-type: none"> • The business is based in England • The business is in the retail, hospitality and/or leisure sector <p>Properties that will benefit from the relief will be occupied properties that are wholly or mainly being used:</p>

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		<ul style="list-style-type: none"> • As shops, restaurants, cafes, drinking establishments, cinemas and live music venues • For assembly and leisure • For hospitality, as hotels, guest & boarding premises or self-catering accommodation <p>The government does not consider properties being used for the provision of the following services to be eligible for the purpose of this relief:</p> <ul style="list-style-type: none"> • Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers) • Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors) • Professional services (e.g. solicitors, accountants, insurance agents/financial advisers) <p>It is however for local authorities to determine whether particular properties are broadly similar in nature to those set out above and, if so, to consider their eligibility for the relief under their local scheme.</p>

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<u>Support for nursery businesses that pay business rates</u>	<p>Nursery businesses based in England will be eligible for the business rates holiday for the 2020 to 2021 tax year.</p> <p>Nursery businesses do not need to take any action to access the scheme. Local authorities may have to reissue bills to provide this support.</p>	<p>Properties that will benefit from the relief will be those:</p> <ul style="list-style-type: none"> • Occupied by providers on Ofsted's Early Years Register • Wholly or mainly used for the provision of the Early Years Foundation Stage.
<u>Coronavirus Business Interruption Loan Scheme (CBILS) for small and medium-sized businesses</u>	<p>CBILS provides eligible businesses with access to loans, overdrafts, invoice finance and asset finance of up to £5 million for up to six years.</p> <p>The government will also make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied fees.</p> <p>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 small and medium-sized businesses.</p> <p>There are 40 accredited lenders able to offer the scheme, including all the major banks.</p>	<p>The following businesses are eligible to apply:</p> <ul style="list-style-type: none"> • Based in the UK • Have an annual turnover of up to £45 million • Have a borrowing proposal which the lender would consider viable, if not for the coronavirus pandemic <p>The following businesses are not eligible to apply:</p> <ul style="list-style-type: none"> • Banks, insurers and reinsurers (but not insurance brokers) • Public-sector bodies • Further-education establishments, if they are grant-funded

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		<ul style="list-style-type: none"> State-funded primary and secondary schools
<u>Coronavirus Large Business Interruption Loan Scheme (CLBILS)</u>	<p>CLBILS will support large businesses, to access loans.</p> <p>All viable businesses with turnover of more than £45 million per year will be able to apply for up to £25 million of finance. Firms with a turnover of more than £250 million will be able to apply for up to £50 million of finance.</p> <p>The government will provide lenders with an 80% guarantee on individual loans for businesses that would be otherwise unable to access the finance they need.</p> <p>Facilities backed by a guarantee under CLBILS will be offered at commercial rates of interest.</p> <p>The scheme is available through a series of accredited lenders, which are listed on the British Business Bank website.</p> <p>This scheme allows lenders to support businesses that were viable before the coronavirus outbreak but now face significant cash flow difficulties that would</p>	<p>The following businesses are eligible to apply:</p> <ul style="list-style-type: none"> Based in the UK Have an annual turnover of over £45 million Can self-certify that your business has been adversely impacted by coronavirus Has not received a facility under the COVID-19 Corporate Financing Facility <p>The businesses must also have a borrowing proposal which the lender:</p> <ul style="list-style-type: none"> Would consider viable, if not for the coronavirus pandemic Believes will enable you to trade out of any short-term to medium-term difficulty <p>The following businesses are not eligible to apply:</p> <ul style="list-style-type: none"> Credit institutions, insurers and reinsurers (but not insurance brokers)

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	otherwise make their business unviable in the short term.	<ul style="list-style-type: none"> • Building societies • Public-sector bodies • Further-education establishments, if they are grant-funded • State-funded primary and secondary schools
<u>COVID-19 Corporate Financing Facility</u>	<p>The Bank of England will buy short term debt from companies which are fundamentally strong, but have been affected by a short-term funding squeeze, enabling them to continue financing their short-term liabilities.</p> <p>The scheme is delivered through commercial lenders, backed by the Bank of England.</p> <p>It will operate for at least 12 months, and for as long as steps are needed to relieve cash flow pressures on firms that make a material contribution to the UK economy.</p>	<p>Non-financial companies – and their finance subsidiaries – that make a material contribution to the UK economy are able to participate.</p> <p>In practice, firms that meet this requirement would normally be:</p> <ul style="list-style-type: none"> • UK incorporated companies, including those with foreign-incorporated parents and with a genuine business in the UK • Companies with significant employment in the UK • Firms with their headquarters in the UK <p>It will also be considered whether the company generates significant revenues in the UK, serves a large number of customers in</p>

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		<p>the UK or has a number of operating sites in the UK.</p> <p>The facility is open to firms that can demonstrate they were in sound financial health prior to the COVID-19 shock. This means companies that had a short or long-term rating of investment grade, as at March 1, 2020, or equivalent.</p>
<u>Coronavirus Future Fund</u>	<p>The Future Fund will provide government loans to UK-based companies ranging from £125,000 to £5 million, subject to at least equal match funding from private investors.</p> <p>These convertible loans may be a suitable option for businesses that rely on equity investment and are unable to access the CBILS.</p> <p>The scheme is to be delivered in partnership with the British Business Bank.</p>	<p>The following businesses are eligible to apply:</p> <ul style="list-style-type: none"> • Based in the UK • Can attract the equivalent match funding from third-party private investors and institutions • Has previously raised at least £250,000 in equity investment from third-party investors in the last five years <p>Full eligibility criteria is to be published shortly and it is expected that the Future Fund will launch in May 2020.</p>
<u>Coronavirus Bounce Back Loan</u>	<p>The Bounce Back Loan scheme will help small and medium-sized businesses to borrow between £2,000 and £50,000.</p>	<p>The following businesses are eligible to apply:</p> <ul style="list-style-type: none"> • Based in the UK

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	<p>The government will guarantee 100% of the loan and there won't be any fees or interest to pay for the first 12 months.</p> <p>Loan terms will be up to six years. No repayments will be due during the first 12 months. The government will work with lenders to agree a low rate of interest for the remaining period of the loan.</p> <p>The scheme will be delivered through a network of accredited lenders.</p>	<ul style="list-style-type: none"> • Has been negatively affected by coronavirus • Was not an "undertaking in difficulty" on December 31, 2019 <p>The following businesses are not eligible to apply:</p> <ul style="list-style-type: none"> • Banks, insurers and reinsurers (but not insurance brokers) • Public-sector bodies • State-funded primary and secondary schools • If they are already claiming under the CBILS <p>If the business has already received a loan of up to £50,000 under CBILS and would like to transfer it into the Bounce Back Loan scheme, this can be arranged with the lender until November 4, 2020.</p> <p>The Bounce Back Loan scheme will launch on May 4, 2020 and more information about the scheme is expected to be published shortly.</p>

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<u>Planning permission service speed up: hot food or takeaway service</u>	<p>The government will introduce a time limited permitted development right to allow the temporary change of use of a pub (A4 - drinking establishment) and a restaurant (A3 – restaurants and cafes) to a hot-food take away for a period of up to 12 months.</p> <p>Businesses will be required to tell the local planning authority when the new use begins and ends.</p> <p>Further details to be announced.</p>	<p>The measures will apply to hot food and drinks.</p> <p>Serving of alcoholic drinks will continue to be subject to existing licensing laws.</p> <p>Further eligibility to be announced.</p>
<u>Reform of IR35</u>	<p>The government announced on March 17, 2020 that the reform to the off-payroll working rules (commonly known as IR35) - will be delayed for one year from April 6, 2020 until April 6, 2021.</p>	<p>Applies to those contracting their services to large or medium-sized organizations outside the public sector.</p>
<u>Claims on insurance</u>	<p>The government asked a number of different businesses and venues to remain closed from March 21, 2020 onwards.</p> <p>Insurers have agreed that this advice is sufficient for businesses covered for COVID-19 losses to make a claim (if the only barrier to them making a claim was a lack of clarity on whether the government had ordered businesses to close).</p>	<p>Businesses which have insurance policies that cover government ordered closure and pandemics, or government ordered closure and unspecified notifiable disease should be able to make a claim (subject to the terms and conditions of their policy).</p>

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	<p>Some businesses will have purchased add-ons for their insurance that cover for “unspecified notifiable diseases.” The government has added COVID-19 to its list of notifiable diseases and this ensures that businesses with unspecified notifiable disease cover are able to make a claim – subject to the terms and conditions in their policy.</p> <p>Businesses should check the terms and conditions of their specific policy and contact their providers if in doubt.</p>	
<p><u>Valued Added Tax (VAT) deferral</u></p>	<p>Businesses may defer VAT payments for 3 months. If you’re a UK VAT registered business and have a VAT payment due between March 20, 2020 and June 30, 2020, you have the option to:</p> <ul style="list-style-type: none"> • Defer the payment until a later date (you must pay the VAT due on or before March 31, 2021) • Or pay the VAT due as normal. 	<p>UK VAT registered businesses.</p> <p>Only the following payments are eligible to be deferred:</p> <ul style="list-style-type: none"> • Quarterly and monthly VAT returns’ payments for the periods ending in February, March and April 2020 • Payments on account due between March 20, 2020 and June 30, 2020 • Annual accounting advance payments due between March 20, 2020 and June 30, 2020

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		The deferral does not cover payments for VAT MOSS or import VAT.
<u>Deferring Self-Assessment payments on account</u>	<p>If you're due to pay a self-assessment payment on account by July 31, 2020 but the impact of COVID-19 causes you difficulty in making payment by that date, then you may defer payment until January 31, 2021.</p> <p>The deferment is optional. If you are still able to pay your second payment on account on July 31, 2020 you should do so.</p>	You are eligible if you are due to pay your second self-assessment payment on account on July 31, 2020. You do not need to be self-employed to be eligible for the deferment.
<u>Coronavirus Job Retention Scheme</u>	<p>The Coronavirus Job Retention Scheme is a scheme designed to support employers to retain their employees and protect the UK economy.</p> <p>This is a temporary scheme in place for four months starting from March 1, 2020, but it may be extended if necessary and employers can use this scheme anytime during this period.</p> <p>If you cannot maintain your current workforce because your operations have been severely affected by COVID-19, you can furlough employees and apply for a grant that covers 80% of their usual monthly wage costs, up to £2,500 a month, plus the associated Employer National Insurance contributions and pension contributions (up</p>	<p>The scheme is open to all UK employers that have:</p> <ul style="list-style-type: none"> • Created and started a PAYE payroll scheme on or before March 19, 2020 • Enrolled for PAYE online • A UK bank account <p>Any entity with a UK payroll can apply, including businesses, charities, recruitment agencies and public authorities.</p> <p>To be eligible:</p>

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	to the level of the minimum automatic enrolment employer pension contribution) on that subsidised furlough pay.	<ul style="list-style-type: none"> • An employer must agree with the employee that they are a 'furloughed worker' • Employees must be notified that they have been furloughed • Employees must be furloughed for a minimum of three weeks • The employee when on furlough cannot undertake work for, or on behalf, of the employer or any linked or associated organization. This includes providing services or generating revenue
<u>Support for self-employed through the Self-employment Income Support Scheme</u>	<p>If you are eligible this scheme allows you to claim a taxable grant worth 80% of your average trading profits from the three tax years 2016 to 2017, 2017 to 2018 and 2018 to 2019 (where applicable) up to a maximum of £2,500 per month for 3 months. The scheme may be extended.</p> <p>The grant will be subject to Income Tax and National Insurance contributions but does not need to be repaid.</p>	<p>You can apply if you are a self-employed individual or a member of a partnership and you:</p> <ul style="list-style-type: none"> • Have submitted your Self-Assessment tax return for the tax year 2018 to 2019 • Traded in the tax year 2019 to 2020 • Are trading when you apply, or would be except for COVID-19

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	<p>Claims cannot be made yet and HMRC aims to contact those eligible for the scheme by mid May 2020.</p> <p>Individuals are urged not to contact HMRC at this time as doing so will only delay the urgent work being undertaken to introduce the scheme.</p>	<ul style="list-style-type: none"> • Intend to continue to trade in the tax year 2020 to 2021 • Have lost trading profits due to COVID-19 <p>Trading profits must also be no more than £50,000 and more than half of the individuals total income for either:</p> <ul style="list-style-type: none"> • The tax year 2018 to 2019 • The average of the tax years 2016 to 2017, 2017 to 2018, and 2018 to 2019 <p>If you have not submitted your Self-Assessment tax return for the tax year 2018 to 2019, you must do this by April 23, 2020 or you will not be able to claim.</p> <p>You will need to confirm to HMRC that your business has been adversely affected by COVID-19. HMRC will use a risk based approach to compliance.</p>
<p><u>Protection from eviction for commercial tenants</u></p>	<p>Commercial tenants who cannot pay their rent because of COVID-19 will be protected from eviction.</p> <p>These measures will mean no business will automatically forfeit their lease and be forced out of their premises if they miss a</p>	<p>All commercial tenants in England, Wales and Northern Ireland are eligible.</p>

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	<p>payment up until June 30, 2020. There is the option for the government to extend this period if needed.</p> <p>This is not a rental holiday. All commercial tenants will still be liable for the rent. Commercial tenants are protected from eviction if they are unable to pay rent.</p>	

If you have any questions regarding the above, please contact Michael Thompson, Partner, at mthompson@steptoe.com or Farzana Rao, Partner, at frao@steptoe.com