

PATTERDALE PARISH Covid -19 Financial Support Information

As at 10th July 2020

Here is an update of the recent changes in grants, loans, furlough and other financial support as relevant to Eden District.

This note is one person's understanding of the position at a particular point in a situation that is changing all the time. It is intended to be a general guide to assist people to make their own enquiries and to take their own advice as necessary, and not a definitive statement of the law.

GENERAL GOVERNMENT BUSINESS SUPPORT <https://www.gov.uk/browse/business/finance-support>

The link to a Q&A to find your way <https://www.gov.uk/business-coronavirus-support-finder>

THE SUMMER STATEMENT:

- Job Retention bonus – If furloughed employees are kept on a payroll until January employers will receive a £1,000 bonus per employee. No more detail yet.
- Eat Out to Help Out Discount (which runs for Mon – Wed in August – not yet). Meals and Non alcoholic drinks consumed at any participating business will receive a discount of 50% up to a maximum of £10 per head. Businesses will be able to register through a **website launching on Monday 13th July** . Firms will be able to claim money back to have it in their accounts within 5 working days – we are told.
<https://www.gov.uk/guidance/register-your-establishment-for-the-eat-out-to-help-out-scheme>
- VAT reduction to 5% for hospitality and tourism (including food, accommodation and attractions) – from 8th July to 12th January 2021. No more detail yet.
- From 1st August TV Licence is only free for the over 75s who are on pension credit..

SELF EMPLOYED INCOME SUPPORT SCHEME (SEISS)

DEADLINE TO APPLY FOR PHASE 1 IS **13TH JULY 2020**. As a reminder the eligibility criteria for **PHASE 1** were:

- you're a self-employed individual or a member of a partnership
- 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 coronavirus
- intend to continue to trade in the tax year 2020 to 2021
- **have lost trading profits due to coronavirus** incl. you've had to scale down or temporarily stop trading because:
 1. your supply chain has been interrupted
 2. **you have fewer or no customers or clients**
 3. your staff are unable to come in to work

All these schemes have people who '**fall through the cracks**'. In this scheme you will not qualify if any of these apply:

1. You started self-employment after March 2019

2. You complete the '**Property Income**' pages of Self Assessment rather than the 'Self Employment' pages.
3. You are paid through a **Limited Company** and therefore are on PAYE
4. Your self-employed income is **less than 50%** of your total income
5. Your trading profits are **more than £50,000**. The calculation for this and (3) is based on either the tax year 2018 to 2019 or the average of the tax years 2016 to 2017, 2017 to 2018, and 2018 to 2019

Full details of how they will calculate Trading Profits and Total Income is here: [Link](#)

There is now a deadline for applications for the first phase of this grant: 13th July 2020. Here is the link for PHASE 1 (March to end of May) to start your claim if you haven't already: [Link](#).

- **Must make claim yourself – not your Accountant**

To claim you'll need your:

- Government Gateway user ID and password - if you do not have a user ID, you can create one when you check your eligibility or make your claim
- Your UTR (Unique Taxpayer Reference) – found on the front page of your tax return
- National Insurance Number
- UK bank details (only provide bank account details where a Bacs payment can be accepted) including:
 - bank account number, sort code, name on the account
 - your address linked to your bank account

You'll have to confirm to HMRC that your business has been adversely affected by corona virus

The first grant will be worth 80% of your average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits, and capped at £7,500 in total. The online service will tell you how we've worked your grant out.

PHASE 2

Those eligible under Phase 1 of the SEISS scheme, will be able to claim a **second and final grant** from **17th August**. The grant will be worth **70%** of their average monthly trading profits, paid out in a single instalment covering three months' worth of profits, and **capped at £6,570** in total.

The eligibility criteria are the same for both grants, and individuals will need to confirm that their business has been **adversely affected by coronavirus on or after 14 July 2020**. An individual does not need to have claimed the first grant to receive the second grant: for example, they may only have been adversely affected by COVID-19 in this later phase. Scheme will be open for Applications in August – do not contact HMRC before then.

THE CORONA VIRUS JOB RETENTION (FURLOUGH) SCHEME

Furlough Scheme extension – announced 29th May

Employers can start flexible furloughing of employees **from 1 July** onwards. **They can decide the hours and shift patterns they work to suit the needs of the business**

From 1 July, employers can bring back to work employees who have previously been furloughed for any amount of time and any shift pattern, while still being able to claim CJRS grant for their **normal hours not worked**. When claiming the CJRS grant for furloughed hours; employers will need to report and claim **for a minimum period of a week**. Those making claims for longer periods such as those on monthly or two weekly cycles will be able to do so.

The scheme will close to new entrants from 30 June. From this point onwards, employers will only be able to furlough employees that they have already been furloughed for a full 3 week period prior to 30 June. This means that the final date by which an employer can furlough an employee **for the first time will be 10 June**, in order for the current 3 week furlough period to be completed by 30 June. Employers will have until 31 July to make any claims in respect of the period to 30 June.

The number of employees an employer can claim for in any claim period cannot exceed the maximum number they have claimed for under any previous claim under the current CJRS.

Employees working part time must be paid 100% of their wages for the days they work.

To be eligible for the grant, employers must agree with their employee any new flexible furloughing arrangement and confirm that agreement in writing. The timetable for changes to the scheme is set out below. **Wage caps are proportional to the hours an employee is furloughed.** For example, an employee is entitled to 60% of the £2,500 cap if they are placed on furlough for 60% of their usual hours.

- For June and July, the government will pay 80% of wages up to a cap of £2,500 for the hours the employee is on furlough, as well as employer National Insurance Contributions (ER NICs) and pension contributions. **Employers will have to pay employees for the hours they work.**
- For August, the government will pay 80% of wages up to a cap of £2,500 for the hours an employee is on furlough and **employers will pay all the ER NICs and pension contributions.**
- For September, the government will **pay 70% of wages up to a cap of £2,187.50** for the hours the employee is on furlough. **Employers** will pay ER NICs and pension contributions and **top up employees' wages** to ensure they receive 80% of their wages up to a cap of £2,500 per month, for time they are furloughed.
- For October, the government will pay **60% of wages up to a cap of £1,875** for the hours the employee is on furlough. Employers will pay ER NICs and pension contributions and top up employees' wages to ensure they receive 80% of their wages up to a cap of £2,500, for time they are furloughed.

Employers will continue to be able to choose to top up employee wages above the 80% total and £2,500 cap for the hours not worked at their own expense if they wish. Employers will have to pay their employees for the hours worked.

Wage caps are proportional to the hours not worked.

	July	August	September	October
Government contribution: employer NICs and pension contributions	Yes	No	No	No
Government contribution: wages	80% up to £2,500	80% up to £2,500	70% up to £2,187.50	60% up to £1,875
Employer contribution: employer NICs and pension contributions	No	Yes	Yes	Yes
Employer contribution: wages	-	-	10% up to £312.50	20% up to £625
Employee receives	80% up to £2,500 per month			

Employers will be required to submit data on the usual hours an employee would be expected to work in a claim period and actual hours worked. **Employees** who believe they are not getting their 80% share can also report any concerns to the HMRC fraud hotline. HMRC will not hesitate to take action against those found to be abusing the scheme.

<https://www.gov.uk/government/publications/find-examples-to-help-you-work-out-80-of-your-employees-wages/example-of-a-full-calculation-for-an-employee-who-is-flexibly-furloughed>

The Chancellor declared that **'Employees see no change between now and the end of October** but then this Furlough scheme will cease completely'.

BOUNCE BACK LOANS

Applications are open now for the new 'Bounce Back Loans' for Limited Companies, Sole Traders and Partnerships.

Eligibility criteria:

- For small and medium sized businesses (SMEs), who are engaged in trading or commercial activity in the UK and were established by 1 March 2020
- You can apply for a loan which is **up to 25% of your turnover in calendar year 2019**, from a minimum of £2,000, up to a maximum of £50,000. If your business was established after 1 January 2019, you should apply the 25% limit to your estimated annual turnover from the date you started your business.
- You must **not** have been in trading difficulties at 31st December 2019 – definitions: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/faqs-for-small-businesses/#f23>
- You must have suffered a loss of business due to the corona virus pandemic.
- They are administered by the major banks and other lending institutions. It will be easier to go through a bank you already have an account with. HSBC are offering loans to those who do not bank with them: [full bank-by-bank list](#).
- The funds can **only** be used for business purposes **but** it appears that **Bounce back loans can be used to repay existing finance and to provide your usual income. More detail here from Martin Lewis:** <https://www.moneysavingexpert.com/news/2020/05/small-business-boost-as-bounce-back-loans-launched/#bankbybank>
- The government will pay the interest and fees for the first year to the lending provider on your behalf. You have to agree to this.
- The interest rate from 2021 will be 2.5% and the maximum term is 6 years. They can be repaid at any time.
- **Bounce back loans DON'T affect your eligibility for other Government personal support.** You can still apply for a bounce back loan and get the self-employment income support grants, and you may still be eligible for universal credit (because it is a LOAN not a grant).
- The scheme is intended to run for six months from May – October 2020
- The government are providing a 100% guarantee to the lender so you will not have to give personal guarantees. However, **if you fail to make your repayments on time, from 2021**, they may also disclose information about you and the conduct of your loan to credit reference agencies (which may make it more difficult for you to borrow in future).....

For more details and the Application Process here's the link:

<https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>

BUSINESS INTERRUPTION INSURANCE

BUSINESSES: For the many small businesses that have not been able to claim on their '**Business Interruption Insurance**' help may be on the way: The FCA (Financial Conduct Authority) is taking the case of policyholders to court. They have begun an action at London's High Court. The process is complicated but here is the latest discussion on the issue:

<https://www.fca.org.uk/firms/business-interruption-insurance> The 8 day court hearing is expected to take place between 23rd and 30th July.

TIME TO PAY SERVICE

The self-employed and small businesses can delay payment of taxes:

VAT

You have been able to defer a quarterly **VAT payment** for a period ending in **February, March and April** for up to a year. **YOU STILL NEED TO COMPLETE YOUR VAT RETURNS ON TIME.** You do not need to inform HMRC if you wish to defer payment. **You opt in to the deferral simply by not making VAT payments due in this period.** If you pay by direct debit you should have cancelled this with your bank. HMRC will not charge interest or penalties on any amount deferred but the amount deferred must be paid by 31 March 2021.

The VAT payment deferral period **ends on 30 June 2020**. This means you'll need to:

- Re-install cancelled direct debits in enough time for HMRC to take payment
- submit VAT returns as normal, and on time
- pay the VAT in full on **payments due after 30 June**

Full information : [Link Here](#)

Any VAT payments you have deferred between **20 March and 30 June** should be paid in full on or before 31 March 2021. **You can make additional payments with subsequent returns.**

You can [apply online](#) to move to monthly returns to improve your cashflow if you're in a repayment position.

Self Assessment Payment on Account

You can **delay** making your second payment on account for the 2019 to 2020 tax year if you're:

- registered in the UK for Self Assessment and
- finding it difficult to make your second payment on account by 31 July 2020 due to the impact of coronavirus

You can still make the payment by 31 July 2020 as normal if you're able to do so.

HMRC will not charge interest or penalties on any amount of the deferred payment on account, provided it's paid on or **before 31 January 2021.**

If you choose to defer, you do not need to tell HMRC that you're deferring your payment on account, simply stop the direct debit. Choosing to defer will not stop you from being entitled to other coronavirus support that HMRC provides. You can check payments you need to make towards your next tax bill by [signing in to your online account](#).

Self Assessment Payment Helpline

Telephone: 0300 200 3822

Monday to Friday, 8am to 4pm

WECHAT: Advisers can only talk to you about problems paying your taxes due to coronavirus (COVID-19). This could be:

- Self Assessment
- VAT
- employers' PAYE
- Corporation Tax [Speak to an adviser](#).

Telephone: **0800 024 1222**

RENT SUPPORT

The UK government has extended measures to prevent struggling **companies from eviction** over the summer.

The extension, until the end of September, comes alongside further support to help local businesses plan for economic recovery following the coronavirus pandemic. A new [code of practice](#) has been developed with leaders from the retail, hospitality and property sectors to provide clarity for businesses when discussing rental payments and to encourage best practice so that all parties are supported. The code is voluntary for businesses and is relevant to all commercial leases held by businesses in any sector which have been impacted by the coronavirus pandemic.

It **encourages tenants** to continue to pay their rent in full if they are in a position to do so and advises that others should pay what they can, whilst acknowledging that **landlords should provide support to businesses** if they too are able to do so.

OTHER FINANCIAL ASSISTANCE:

- Deferring mortgage payments –. Lloyds, Barclays, HSBC and Nat West are offering deferrals, ‘holidays’, interest - only options. Contact your mortgage provider directly. Recently extended for another 3 months.
- Deferring Council tax payments – contact counciltax@eden.gov.uk
- The Financial Conduct Authority (FCA) freeze on loan and credit card repayments has been **extended to 31st October** but you need to ask your finance provider for these: FCA website [Link Here](#) . Beware that interest will still mount up.
- From 6 April 2020 your employer can pay you up to £6 a week (£26 a month) to cover your additional costs if **you have to work from home**. For previous tax years the rate is £4 a week (£18 a month). <https://www.gov.uk/tax-relief-for-employees/working-at-home> or you can claim back the tax paid on £6 a week via form P87.
- Free professional support offered now for legal, professional and accountancy matters:
<https://www.enterprisenation.com/freesupport/>