

OCTOBER 2020

CORONAVIRUS (COVID-19)

A SUMMARY OF THE UK GOVERNMENT'S GUIDANCE AND ASSISTANCE

The UK government has announced a stimulus package to help support individuals and businesses in the wake of the COVID- 19 outbreak. These measures have expanded over the last few months and the scenario is subject to constant and rapid change.

The Liberty Church London has set out below a few of the measures which some of our congregation may find useful. The information applicable to England, is current to October 2020 and is to aid with any initial queries you may have.

The information contained in this document is not to be taken as legal advice and we recommend you seek specialist professional advice should you have any enquiries that are pertinent to your circumstances.

SCOPE OF INFORMATION

The information we have provided focuses on 5 main areas

- a) Information for business owners.
- b) Information for employers.
- c) Information for the self-employed.
- d) Information relating to Immigration.
- e) Information relating to tenancies and mortgages.

INFORMATION FOR BUSINESS OWNERS

1. Test and Trace - NEW¹

Businesses are now under a duty to support NHS Test and Trace. From 18 September 2020 certain sectors of business are required to have a system to collect NHS Test and Trace data and keep for 21 days. These sectors include hospitality, tourism and leisure, close contact services like hairdressers, barbershops and tailors and facilities provided by local authorities.

2. Bounce back loan²

¹ <https://www.gov.uk/guidance/maintaining-records-of-staff-customers-and-visitors-to-support-nhs-test-and-trace#sectors-that-this-guidance-applies-to>

² <https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>

Small businesses in the UK can now apply for so-called “bounce back” loans of up to 25% of the business’s annual turn-over capped at £50,000. Under this scheme:

- Companies can borrow from £2,000 to £50,000 up to a maximum of 25% of their turnover for up to **ten** years
- The government will guarantee 100% of the loan and will cover the first twelve months of interest and fees for the loan with no principal payments due in the first 12 months
- The interest rate on the loan will be 2.5%
- The business must self-declare to the lender
 - it is UK based and established by 1 March 2020
 - it has been adversely affected by coronavirus
 - it was not in financial difficulty as at 31 December 2019
 - it is not currently using a government backed coronavirus loan scheme or, if it is, the bounce back loan will refinance that other loan fully
 - it is not currently in liquidation or undergoing debt restructuring
 - it derives more than 50% of its income from its trading
 - it is not in a restricted sector (credit institutions, insurance companies, public sector organisations and state funded schools);

Please note that this new scheme is quite different from the CIBLS described below. It was introduced to counter the complexities of the CIBLS involving adequate security and encountered delays.

It is important to point out that as with any other loan, you remain responsible for payments irrespective of the government’s guarantee and your assets and property remain at risk if you default on the loan.

3. **Annual Accounts**³

Businesses will be given an additional three months to file their annual accounts with Companies House to help companies avoid penalties as they deal with the effect of COVID-19.

4. **Business Rate Relief**⁴

- a) All retail, hospitality and leisure services in England will benefit from a 12-month business rate relief for the period 2020/2021.
- b) It will be applied to the next council bill in April 2021.
- c) It applies to all business premises irrespective of rate able value.
- d) Limited to retail, hospitality and leisure services at present.

5. **VAT**

³ <https://www.gov.uk/government/news/companies-to-receive-3-month-extension-period-to-file-accounts-during-covid-19>

⁴

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875613/Expanded_Retail_Discount_Guidance_25.03.20.doc.pdf

- a) VAT payments payable by all businesses for the period 20 March 2020 – 30 June 2020 is deferred until the end of the tax period for 2020/21 and is not due for payment until 5 April 2021.
- b) There is no need to apply for this deferral, it will apply automatically.
- c) It may be necessary to cancel direct debit payments for any VAT payable for this period.

6. **BUSINESSES WITH OUTSTANDING TAX LIABILITIES**

- a) Businesses in financial distress and with outstanding tax liabilities can benefit from HMRC's "Time to Pay" services.
- b) This is agreed on a case by case basis with possible tax deferrals, agreed installment payments and the suspension of interest accruals.

7. **CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME (CBILS)⁵**

From 23 March 2020, registered Small Medium Sized (SMEs) businesses that are not able to obtain finance on normal lending terms are able to apply for loans under the CBILS facility (whether as an overdraft, term loans or other finance facilities).

The loan will be administered through already existing UK banks and finance houses and the government has agreed to:

- a) Guarantee up to 80% of the outstanding loan, meaning that the lender is more likely to agree to loan the amount;
- b) To pay interest on the loan for the first 12 months.

Please exercise caution:

- c) The guarantee is only to the lender, which means you as the borrower remain responsible for paying 100% of the loan amount as well as any interest after the 12-month period;
- d) If your company has other debt facilities it may be curtailed or restricted from incurring additional debt.

The decision on whether a borrower is eligible will be taken by the partner bank, but basic eligibility criteria are:

- e) The borrower having a borrowing proposal which were it not for the pandemic, would be considered viable by the lender AND for which the lender believes the provision of the finance will enable the business to trade out of any short to medium term difficulties;
- f) Company must be UK based with 50% of its income coming from trading activity;
- g) The funds being applied for business purposes and will continue to support trading in the UK;
- h) The borrower (whether a sole trader or freelancers so long as the business is operated through a business account) not having a turnover of more £45m (turn over measure likely to be 12 months to December 2019);

⁵ <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/>

- i) The borrower not being any of the following: banks, building society, part of public sector, membership organization (including but not limited to professional, religious or political).

8. GRANTS FOR BUSINESSES⁶

The UK government will provide two grants to businesses based on their business rate banding.

- a) Small Business Grant - £10,000 to all businesses regardless of sector currently eligible for small business rate relief (i.e. rateable value less than £15,000).
- b) RHL Business Grant - £25,000 to all retail, leisure and hospitality businesses operating out of smaller premises with a rateable value of between £15,000 - £51,000).

The payment will be made to the person who was the rate payer as at 11 March 2020. It is not available for properties occupied for personal use or for recipients who are in liquidation or dissolved as at 11 March 2020.

Businesses do not need to apply for the Small Business Grant – your local authority will contact you. For the RHL Business Grant you will need to actively contact your local authority.

INFORMATION FOR EMPLOYERS

1. Coronavirus Job Retention Scheme⁷

NEW: The Coronavirus Job Retention Scheme will end on 31 October 2020.

The government has provided a schedule of changes leading to the end of the scheme as set out below:

- a) From 1 July – employers could bring furloughed employees back to work for any amount of time and shift pattern, whilst still being able to claim CJRS for the hours not worked.
- b) From 1 August – the level of grant was reduced each month. To be eligible for the grant employers must pay furloughed employees 80% of their wages up to a cap of £2500 per month for the time they are furloughed. Employers will pay ER NICs and pension contributions for the hours the employee is on furlough.
- c) For September – the government will pay 70% of wages up to a cap of £2187.50 for the hours the employee is furloughed. The employer will have to pay ER NICs and pension contributions and top up employees wages to ensure they receive 80% of their wages up to a cap of £2500, for the time they are on furlough.
- d) For Oct, the government will pay 60% of wages up to a cap of £1875 for the hours the employee is on furlough. Employers will pay ER NICs and pension contributions and top up wages to ensure they receive 80% of their wages up to a cap of £2500, for the time they are on furlough.

2. Statutory Sick Pay

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875348/small-business-grant-fund-and-retail-guidance-v2.pdf

⁷ <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

Generally, businesses are required to pay a minimum amount of statutory sick pay (SSP) for employees who are off sick for up to 28 weeks and is currently payable from the 4th day of sickness absence.

As a response to COVID-19, the government has introduced legislation to change the rules from 13 March 2020 so that employees that self-isolate can receive SSP.

To be eligible to claim back SSP:

- a) The employer must be UK based and have fewer than 250 employees;
- b) Employer must retain a record of staff absences;
- c) The employee must be eligible for SSP and is off as a result of COVID-19.

Please note it will not cover any enhanced sickness pay offered by employers and the companies will still be required to fund this element.

INFORMATION FOR THE SELF EMPLOYED⁸

1. Self – Employed Income Support Scheme (Second Grant) - NEW

If you are self-employed or part of a partnership and have lost income due to coronavirus you may be able to benefit from the Self-Employed Income Support Scheme.

The government has provided another opportunity to receive taxable grants under the above scheme. The first grant offered expired on 13 July 2020.

A second taxable grant worth 70% of your average monthly trading profits is now available until 19 October 2020. It is paid out in a single instalment covering three months' worth of profits and capped at £6570.

You can make an application under this grant even if you did not do so for the first provided that you can show that your business has been affected by the pandemic on or after 14 July 2020.

The rule of eligibility for the second grant is as set out for the first and so you can apply if you are self - employed or part of a partnership, provided:

- a) You have submitted your income tax self-assessment return for the period 2018/2019;
- b) Traded in the year 2019/20
- c) Are trading when you applied or would have been save for COVID – 19;
- d) Intend to continue to trade in the tax year 2020/21;
- e) Have lost trading profits due to COVID-19;
- f) Your self-employed trading profits is less than £50,000 and more than half of your income comes from your being self-employed;
- g) To determine (f) one of the conditions below must be true:

⁸ <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

- having trading profits/partnership trading profits in 2018-19 of less than £50,000 and these profits constitute more than half of your total taxable income
- having average trading profits in 2016-17, 2017-18, and 2018-19 of less than £50,000 and these profits constitute more than half of your average taxable income in the same period

Exclusions

Those who pay themselves a salary and dividends through their own company are not covered by the scheme but will be covered for their salary by the Coronavirus Job Retention Scheme if they are operating PAYE system.

2. The Bounce - back Loan Scheme (BLS)

The bounce – back loan scheme enables smaller businesses to access finance more quickly during this pandemic. Please see section 1 above.

INFORMATION RELATING TO IMMIGRATION⁹

The Home Office has published guidance on GOV.UK on immigration provisions for those affected by travel restrictions associated with COVID-19. A dedicated email address has been set up for you to send your enquiries C1H@homeoffice.gov.uk

1. Visa holders in the UK

New

If you had a visa that expired between 24 Jan 2020 and 31 July 2020, you were able to request an extension if you were unable to return home because of travel restrictions.

Now travel restrictions are lifting globally you will no longer be able to request an extension on this basis and you are now expected to do all that you can to return to your country of origin or apply to regularize your stay.

If you intend to leave the UK but have not been able to do so and you have a visa or leave that expires between 1 September and 31 October 2020 you may request additional time to stay, also known as 'exceptional assurance', by [contacting the coronavirus immigration team \(CIT\)](#).

If you are granted 'exceptional assurance' it will act as a short-term protection against any adverse action or consequences after your leave has expired. If conditions allowed you to work, study or rent accommodation you may continue to do so during the period of your exceptional assurance. Exceptional assurance does not grant you leave.

2. Student Visa Holders in the UK

⁹ www.gov.uk Coronavirus (COVID – 19) advice for UK visa applicants and temporary UK residents

Typically Tier 4 students are not permitted to undertake distance learning, however due to current circumstances related to COVID-19, it will not be deemed a breach of sponsorship rules if these are offered to Tier 4 students in the UK or those who have chosen to return to their countries overseas but who wish to continue their studies.

3. Workers in the UK

Many workers sponsored under Tier 3 and Tier 5 routes are now working from home instead of their places of work. As a result of the current circumstances relating to COVID – 19, sponsors are not required to notify of this change if such change is as a result of the COVID – 19 out-break. Please note other changes must still be reported as usual.

TENANCIES AND MORTGAGES

1. Protection for private tenants

From 26 March 2020 landlords will give all renters 3 months' notice if they intend to seek possession – this means the landlord cannot start the court process until after this period. This buffer period will apply until 30 September 2020 and both the end point and the 3-month period can be extended.

The protection covers most tenants in the private and social rented sectors in England and Wales.

From 27 March 2020, the court service will suspend all ongoing housing possession actions – this means that neither the cases currently in the system or any about to go in can progress to the stage where someone could be evicted. This suspension of housing possession action will last for 90 days but can be extended if necessary.

Please note, tenants are still liable for their rent and should pay this as usual. If you face financial hardship in this regard, speak to your landlord in the first instance. You may also be entitled to support under one of the schemes mentioned in this document.

2. Protection from eviction for commercial tenant¹⁰

The government has confirmed that landlords of commercial tenants will be prevented from taking steps to forfeit and recover possession of those premises if a tenant fails to pay rent. The legislation will provide protection for non-payment of rent, service charges, insurance contributions and other sums due under the business tenancy.

This will apply from the day the Coronavirus Bill is passed into law (expected to be April 2020) and will be in place till 30 June 2020. Please note that the law will not apply retrospectively so any enforcement action underway will not be affected.

10

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/876500/Consolidated_Landlord_and_Tenant_Guidance_COVID_and_the_PRS_v4.2.pdf

It is important to note that the landlord can still forfeit lease for reasons other than those relating to non-payment of rent.

3. Mortgage Payment holidays¹¹

Under the government's policy, homeowners and landlords (including buy to let landlords) can now apply for a mortgage payment holiday of up to 3 months. Landlords who take payment holidays are expected to pass this relief to their tenants. The homeowner doesn't need to have contracted or have tested positive for the virus to apply for a payment holiday.

Homeowners who are in arrears on their mortgage should contact their lender, who will review any changes to their circumstances and discuss their options.

Please note that interest will continue to accrue and so you will pay more interest as it will take you longer and cost you more to pay off your mortgage.

¹¹ <https://www.fca.org.uk/firms/mortgages-coronavirus-guidance-firms>