

Coronavirus: Economic Reliefs Update



An additional series of financial measures have been announced to provide support to businesses and individuals impacted by coronavirus. This note consolidates all of the information so far released on economic reliefs as they are likely to apply to rural businesses in both England and Scotland.

Impact of Economic Lockdown

As the spread of coronavirus has extended across the UK, Prime Minister Boris Johnson has now asked all citizens to avoid leaving their homes other than for essential purposes. All pubs, bars, public venues, non-food shops, public spaces and schools in England and Scotland have now been asked to close¹, resulting in the widest curfew in UK peacetime. The Chancellor Rishi Sunak has prepared a 'war package' of at least £330 billion of support to UK businesses and individuals through the coronavirus outbreak, plus a new legal power to offer whatever further financial support is necessary.

Financial Support Schemes for Business

- 1. Coronavirus Business Interruption Loan Scheme (CBILS):** this Scheme is now open to offer small and medium businesses in any sector loans of up to £5 million with an interest-free period of 12 months. CBILS applies to UK businesses with a turnover below £45 million per year where more than 50% turnover is generated from trading activity. Eligible businesses can apply for finance to cover a borrowing proposal that would have been considered viable by the lender if not for coronavirus and where the lender believes the provision of finance will allow the business to trade out short-to-medium term business disruption. Loans, asset finance, invoice finance and overdrafts are available through UK lenders accredited by the British Business Bank, which includes most high street lenders and finance specialists. The scheme provides the lender with a government-backed partial guarantee of 80% against the facility balance, with an overall cap for each participating lender. Interested businesses are advised to contact their bank or finance company in the first instance. Decision-making on eligibility is full devolved to the lender. For further details, contact your lender or see www.british-business-bank.co.uk
- 2. Commercial Tenancy Protection:** Government confirmed a new amendment to the Coronavirus Bill late on Monday 23rd to confirm that commercial tenants unable to pay rent in the next three months as a result of coronavirus will be protected from eviction. Rent will still fall due but no action for eviction can take place from now until 30 June (as may be extended). The new amendment applies to all commercial tenants in England, Wales and Northern Ireland only – Scotland is yet to confirm that it will do the same. The impact on owners of commercial property is to be closely monitored.
- 3. VAT Deferral:** All UK businesses are eligible for a three month VAT deferral from 20 March 2020 to 30 June 2020. Eligibility is automatic, with no applications required. Payment of VAT accrued during the deferral period will be due before the end of the 2020/21 tax year as usual. Businesses that are struggling with other taxes have been advised to use the government's 'Time to Pay' service.
- 4. Business Rates Relief:** Business rates are a devolved matter administered by local authorities and so questions around eligibility need to be directed to the relevant authority. The current grants and exemptions largely apply to leisure businesses impacted by social-distancing restrictions. It remains to be seen whether reliefs will be extended to other businesses impacted by the new 'lockdown' restrictions.

England

The Chancellor confirmed that for major events with suitable insurance in place, the Prime Minister's social distancing announcement was sufficient to allow them to claim on that policy. Further specific measures include:

- **Business rates holiday:** All hospitality, retail, leisure and nursery businesses irrespective of rateable value have been granted a 12-month business rate holiday for the whole tax year 2020-2021. This applies for each eligible property. Central government will be reimbursing local authorities directly for

¹ For a full list see:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/874732/230320_-_Revised_guidance_note_-_finalVF.pdf

the cost of the relief. Government has provided a list of the types of businesses that it expects to be caught by the relief in its Business Rates Retail Discount guidance². As for other reliefs, properties need to be used wholly or mainly for one of the qualifying purposes and a detailed but not exhaustive list is included. Reassuringly, the guidance states that for the avoidance of doubt, any hereditament that has closed temporarily due to the government's advice on coronavirus should be treated as occupied for purposes included within this relief. Most scenarios included in the guidance result in nil business rates being due, other than where a property becomes and remains unoccupied during this financial year, at which unoccupied property rates become due from 01/01/21 to the end of the financial year. There is no need to apply for the relief as it will be applied to April 2020 business rates bills, but bills should be checked carefully to ensure that this has occurred.

- **Small business grants:** grants of £10,000 are available for all businesses currently in receipt of small business rate relief or rural rate relief. Local authorities will be contacting eligible businesses directly, so there is no need to apply.
- **Retail, hospitality and leisure grants:** Additional grant funding of £25,000 is available for retail, hospitality and leisure businesses working out of smaller premises with a rateable value of between £15,000 and £51,000. Guidance on how to apply has yet to be made available, but it is likely that local authorities will contact eligible businesses directly once the scheme is operational in April.

Scotland

Scottish Economy Secretary Fiona Hyslop confirmed that the Scottish government would replicate the same measures for Scottish businesses, adding that an agreed economic framework with the UK government was critical to be able to deliver help rapidly to those who needed it. Detail on the grants and reliefs is available from www.mygov.scot/non-domestic-rates-coronavirus/.

a) Reliefs

- All non-domestic properties in Scotland will get a 1.6% rates relief, effectively freezing the poundage rate next year. This relief will be applied automatically.
- Scottish retail, hospitality and tourism businesses have been granted 12 months rates relief on occupied properties, which includes for example fishing huts. These reliefs should be available automatically, but the Scottish government has confirmed that it is working with the 32 local councils in Scotland to ensure a common approach.

b) Grants

- Small business grants of £10,000 will be available to all small businesses who qualify for Small Business Bonus Relief or Rural Relief.
- For retail, hospitality and leisure businesses with a rateable value between £18,000 and £51,000, a one-off grant of £25,000 will be available. Application details for the grants are yet to be made available.

UK Reliefs for Employers:

1. **Covid Job Retention Scheme:** A new scheme to prevent redundancies has been launched from 1 March for a period of three months, and will reimburse employers for part of the cost of salaries for jobs impacted by coronavirus. Any affected employer in the UK will be eligible and can use the scheme to continue paying salary to those employees that would otherwise have been laid off. The employer has to designate the employee as a 'Furloughed Worker' (FW) – a new term which essentially means that the worker has been laid off on a temporary basis only. This can only happen with the employee's consent, and the employer must notify the employee of the change to their status. The new scheme will enable HMRC to reimburse 80% of the FW's wage up to £2,500 per calendar month. It is not yet clear if this includes pension and NI contributions.

Employees cannot undertake any work while designated as a FW, and the employer can choose to withhold the balance of the employee's wage (the 20%) with the employee's consent. The changes are subject to the

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873622/Expanded_Retail_Discount_Guidance.pdf

usual UK employment law provisions, which means that there may be the possibility for negotiations to take place. It seems unlikely that most employees would refuse to be classified as a FW or to consent to the salary reduction in exchange for the continuation of their role, as the alternative outcome could be redundancy. Details of FWs will need to be submitted via a new HMRC portal that has yet to be launched, although government has stated that it intends for the scheme to be operating by April. Businesses facing short-term cash flow issues are advised to use the CBIL credit facility.

2. **Reimbursement of Statutory Sick Pay:** The Government has committed to refund the cost of Statutory Sick Pay (SSP) for all UK based small businesses with up to 250 employees (as on 28 Feb 2020) for up to two weeks of coronavirus-related leave per employee. This is either following a diagnosis of coronavirus, or due to being unable to attend work due to self-isolation. In addition, SSP will be payable from day one of sick leave rather than day four, and the weekly rate has increased slightly to £95.85. This change will apply retrospectively from 13 March 2020, but details of how the cost will be reclaimed has yet to be determined. Employers will need to maintain a record of staff absences and SSP claims made, but evidence of illness can be obtained as an 'isolation note' from NHS 111 rather than as a Doctor's 'fit note'.
3. **Planning permission relaxation:** The Chancellor has announced that planning restrictions on pubs and restaurants would be relaxed in order to allow them to start providing a takeaway service without having to apply for planning permission. This has been echoed in Scotland.

UK Reliefs for Workers:

1. **Renters:** The government has announced £1 billion of support for renters through Universal Credit, so that the local housing allowance will now cover at least 30% of market rents. This will apply to all private renters who are new or current claimants of the housing benefit element of Universal Credit who are struggling to meet rent payments as a result of coronavirus. Universal Credit is partially devolved, with the Scottish government making specific choices on how the housing element is paid in Scotland by the Department for Work and Pensions. To this end, the new increase in Universal Credit and housing support will apply across the UK. Renters will also benefit from new protections on eviction proceedings. Emergency legislation is to be introduced to prevent landlords starting legal proceedings to evict tenants for at least three months as a result of coronavirus. To protect landlords, the three month mortgage holiday for homeowners is also to be extended to landlords of tenants who are struggling to pay rent. Landlords will be obliged under an extended 'pre-action protocol' to reach out to tenants to understand what financial situation they are in, prior to proceedings taking pace. The Welsh Government is adopting the same measures as England, whilst in Scotland the eviction notice period for Private Residential Tenancies is being temporarily increased from three months to six months, and a three month mortgage payment holiday is available to landlords. Renters in England and Scotland claiming Universal Credit or housing benefit but who are still struggling to pay housing costs may be eligible for a Discretionary Housing Payment.
2. **Self-employed:** Income Tax Self-Assessment payments due on 31 July 2020 will be deferred to 31 January 2021. Anyone classed as self-employed will be eligible and no application is required. The self-employed are now also more easily able to access Universal Credit and Employment and Support Allowance.
3. **Seasonal labour:** Access to labour is likely to be an urgent concern for many food businesses relying on seasonal migrant labour, and efforts are being made to open these roles to people previously working in hospitality or tourism who may now be under-employed. Farm businesses advertising for seasonal workers have reportedly been inundated with offers.

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