



Covid 19:
The latest grants,
loans and breaks
for businesses and
individuals

23 March 2020

Our summary of the Government's latest announcements

At the end of last week, the Prime Minister announced the anticipated measure of closing all pubs, bars, restaurants, cafes, clubs, theatres, gyms and leisure centres from Friday night (20 March).

Rishi Sunak made an announcement which he described as "the most unprecedented economic intervention in the history of the British State". In addition to the raft of business loans and breaks for individuals announced earlier last week, Sunak described the combination of support as "one of the most comprehensive in the world".

The focus of Friday's announcement related to the protection of people's jobs, in light of the announced closure of public outlets. The key announcements were as follows:

Introduction of a new Coronavirus job retention scheme

Any employer in the country, small or large business, charitable or non-profit, will be eligible for a grant to pay 80% of the gross pay of retained workers unable to work due to the Covid-19 pandemic, up to a total of £2,500 per employee per month. This is just above the median income, with employers able to top up the salary if they choose to. This is an attempt to encourage employers to retain employees on the payroll rather than release existing employees. Grants will be backdated to 1 March and open initially for 3 months, with the potential for extension to the time limit and with "no limit" on the amount available to fund the scheme, which will be run by HMRC. The government expect the first grants to be paid within weeks, and before the end of April.

Consideration needs to be taken as to how the scheme will apply

to your business. This only covers 'furloughed workers' (workers who would otherwise be laid off as a result of no work (cash) being available to continue paying them). Therefore, if your business is continuing to trade, you need to carefully decide which staff will still have duties to perform, as the scheme will not cover payments to those.

Note: the government are currently being heavily lobbied by various parties to offer an earnings pledge to the self-employed, equivalent to employees under the above job retention scheme. We will update you of any further developments.

Extension of the Coronavirus business interruption loan scheme interest free period

The interest free period for the repayment of loans under the scheme has been extended from 6 to 12 months, with loans available from today. Further measures are also to be announced during the week which will ensure medium and larger sized businesses can also access the necessary credit.

If you are a business owner looking to apply for this scheme, you will need to have a business plan, evidence of previous financial performance, a cashflow forecast and a detailed plan of the steps you are going to take to get through the next 6-12 months.

Cashflow support through the tax system

The next quarter of VAT payments have been deferred from now until the end of June, with businesses permitted until the end of the financial year to repay the bills; a direct injection of over £30billion of cash to businesses, equivalent to 1.5% of GDP.

The ability to defer tax payments is a big boost to business in the

management of short term cashflow difficulties. However, you will need to ensure you factor these deferrals into your cashflow forecasts, as they will be easy to overlook.

For further information on this arrangement and a more sympathetic time to pay arrangement, [read more here](#).

Increase to the Universal Credit standard allowance by £1k pa

As well as an increase in the working tax credit basic element by the same amount.

Suspension of the minimum income floor

In order to provide support for the self-employed, all can now access full Universal Credit at a rate equivalent to Statutory Sick Pay for employees. However, for most self-employed workers now without work and no access to a cash grant, this is not likely to be sufficient to cover outgoings. Workers that fall into this category will be hoping for further support from the Chancellor in the coming days.

Self-assessment payments will be deferred to January 2021

Providing additional support for the self-employed.

£1bn support for renters through increases to the housing benefit and Universal Credit

The local housing allowance will cover at least 30% of market rents.

Related articles

[The impact on payroll](#)

One of our specialists looks at the impact of Friday's announcements on payroll.

[The view from an insolvency specialist](#)

One of our turnaround, recovery and insolvency specialists gives his opinion on the current situation.

[The deferral of VAT payments](#)

Further information, advice and guidance on the impact of deferring your VAT payments under the new arrangement.

Other support

[Covid-19: Support for businesses](#)

The Chancellor has set out a package of temporary measures to support public services, people and businesses.

[World Health Organisation: Country & Technical Guidance](#)

Various technical guidance and publications by topic.

[Control your cashflow](#)

The biggest impact your business will face will be a reduction in cashflow, therefore you need to take action now to mitigate the possible impact.



Next steps

We will be continuing to provide our summaries of the Government announcements as they relate to you and your business. If you have any queries or concerns in relation to any of the points above, or just generally in relation to your way forward through this coming period, please speak to your usual UHY contact, or reach us centrally at enquiries@uhy-uk.com or contact your nearest office location: www.uhy-uk.com

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