



# CORONAVIRUS

BUSINESS SUPPORT

GUIDE



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The ACCA logo consists of the letters "ACCA" in white, uppercase, sans-serif font, centered within a solid purple square.

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Registered to carry on Audit Work and regulated for a range of investment business activities by the Association of Chartered Certified Accountants

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## Navigating the crisis

The Coronavirus (COVID-19) pandemic and associated shutdown has significantly affected many businesses. We know you may be suffering in terms of cash flow and face enormous uncertainty about the future for your business. We will do all we can to help you.

In this newsletter we have brought together what you need to know about the Government help available for small businesses. HMRC is automatically deferring the next VAT and Income Tax bills, and it will agree extra time for you to pay Corporation Tax and PAYE, but those terms need to be negotiated individually.

Unfortunately, it takes time to set up new systems to provide cash injections directly into businesses, but there are Government grants on their way to the Self employed and employers to cover 80% of profits or wages. We explain who will qualify for these grants.

A large number of businesses will have their Business Rates bill for 2020/21 wiped out, and smaller businesses will be eligible for cash grants of £10,000 or £25,000 from their local authority. Don't be caught out by scammers, all the Government grant money will come through either HMRC or the local authority you pay business rates to. Those organisations will not use email, text messages or phone calls to contact you so don't click on links in any unsolicited communications.

If you are renting your home or business premises and are having difficulty in paying your rent, you should speak to your landlord. The law has been changed to require the landlord to give you at least three months notice to leave the property. All current court proceedings concerning evictions have been paused.

If you are worried that your business has more outgoings than sales and is heading for bust, any of these measures may be able to help you. The Government has temporarily changed the rules on wrongful trading to allow companies to pay staff and suppliers even if the directors fear this could mean the company is made insolvent. Your creditors will not be able to force your business into administration or liquidation for a temporary period during the pandemic. •

## 1 Grants for employers

The aim of the Coronavirus Job Retention Scheme (CJRS) is to enable employers to retain employees who will be needed when the business begins to rebuild in the future (when the pandemic has eased), rather than having to make them redundant. It does so by creating a new category of employment, known as a 'furloughed employee'.

The CJRS is available for any employee who was on the payroll at 28 February 2020. Any UK business, whether small or large, charitable or non-profit, can utilise the scheme.

It will provide a grant (not a loan) to the employer to cover, for each employee:

- 80% of the employee's regular wage (capped at £2,500) per month; plus
- The related employers' NIC and minimum Auto Enrolment Employer Pension Contributions on that wage.

### Furloughed employees

Furloughed members of staff must not work for the employer during the period of furlough. However, furloughed workers can undertake training while they are on furlough.



The furlough can begin from 1 March 2020 (i.e. backdated) and will be available for at least 3 months. An employer will only be eligible to claim the CJRS grant after they have agreed the furlough with their staff and those staff have stopped working for the employer.

The employee remains subject to employment law in the normal way, so will retain normal employment rights (e.g. right to paid holiday). Thus, furloughing will need the agreement of the employee, as will any salary reduction.

Eligible employees are those on the payroll on 28 February 2020. This includes any employee who was made redundant after that date but who was employed on 28 February, where they are re-employed and furloughed.

The scheme is being designed to allow for flexibility, meaning that furloughed staff can be brought back to work, for example to replace those still working who later become sick. However, once furloughed, an employee must remain on furlough for a minimum period of three weeks.

Where an employee has more than one employment, they can do no work at all for the employer who has furloughed them, but any separate employment with a different and unconnected employer will be unaffected.

The intention of the scheme is to allow employers to pay staff who are without work and would otherwise be made redundant. It is currently unclear how HMRC will police this, however it may be a line of enquiry in future HMRC PAYE investigations.

### Administration of the scheme

HMRC is developing a new online portal specifically to deal with grant applications, so it is not yet possible to apply.

Relevant employees must be designated as 'furloughed employees', whom the employer will then pay through the payroll, reporting payments to HMRC in the normal way under Real-Time Information (RTI).

However, the grants are not likely to be received until sometime in June, so businesses with cash-flow problems may need to access the Coronavirus Business Interruption Loan Scheme to support cash flow in the meantime.

### Maximum grant claimable

The maximum grant will be calculated per employee and is the lower of:

- 80% of an employee's 'regular wage'; and
- £2,500 per month; plus the associated employers' NIC on this amount; and the minimum automatic enrolment employer pension contributions on that wage (unless the employee has opted out). Fees, commission and bonuses are excluded.

This gives a maximum grant per employee per month of (using 2019/20 rates) £2,500 + £246 (employers' NIC) + £59 (pension contribution) = £2,805. For 2020/21, this figure will become £2,803.

The salaries paid remain deductible for tax purposes by the employer and the grant will be taxable income of the employer.

### Employee's regular wage

For full-time and part-time employees, the base for the 80% calculation is the employee's actual salary as of 28 February 2020.

For employees whose pay varies, HMRC guidance advises the following:

- If the employee has been employed (or engaged by an employment business) for a full twelve months prior to the claim, you can claim for the higher of either: the same month's earnings from the previous year; or average monthly earnings for the year.
- If the employee has been employed for less than a year, claim for an average of their monthly earnings since they started work.
- If the employee only started in February 2020 use a pro-rata for their earnings so far to claim.

**Example 1**

Isolator Ltd employs Eric, who has opted out of auto enrolment, at a salary so £2,000 per month. Eric currently receives net pay of £1,655, after deducting PAYE of £191 and employee's NIC of £154. Isolator Ltd pays employers' NIC of £177. The available grant for the employer is the lower of

- 80% of £2,000 = **£1,600**, and
- £2,500 plus employers' NIC on this amount (£121)

So, Isolator Ltd claims a grant of £1,600 plus £121 = £1,721. The net amount of cash required by Isolator Ltd to furlough Eric, based on maintaining the existing salary, is £2,000 + £177 - £1,721 = **£456 per month**.

**Note** that, under the furloughing scheme, there is no requirement for the employer to 'top up' the remaining 20% of salary. However, it is likely that a contract of employment will require the full salary to be paid, unless employees and employers agree to a different arrangement during the furlough.

**Example 2**

Seesaw Ltd employs Greta, who has opted out of auto enrolment, at a salary of £3,250 per month. Each month, Greta currently receives net pay of £2,504, which is after deducting PAYE of £442 and employee's NIC of £304. Seesaw Ltd pays employers' NIC of £349. The available grant for the employer is the lower of

- 80% of £3,250 = £2,600, and
- £2,500** plus employers NIC, £246, on this amount

So, Seesaw Ltd claims a grant of £2,500 plus £246 = £2,746. The net amount of cash required by Seesaw Ltd to furlough Greta, based on maintaining the existing salary, is £3,250 + £349 - £2,746 = **£853 per month**.

**Owner-managed companies**

Many director/shareholders pay themselves small salaries and the balance of their income as dividends from their companies. The CJRS does not cover the payment of dividends; only the salary paid under PAYE is eligible for the grant available under the scheme.

A sole director of their own company can be furloughed, but they must not provide any services or generate any income for their business while they are furloughed. However, the business owner can continue with administrative tasks, such as filing tax returns, and carry out their statutory duties as a director.

Directors of their own companies are not eligible for help under the Covid-19 Self-employment Income Support Scheme (SEISS).

**Example 3**

Louise is MD and majority shareholder in her company. She pays herself £12,500 per year. Her husband (who is also a director) and son also work part-time for the company, earning £10,000 a year each.

Providing all the necessary procedures are gone through to furlough them (e.g. amendment of contract terms, ceasing to do any work for the company), there seems to be no reason why Louise's company could not claim grants to get reimbursement of 80% of the wage costs of all three family members. Louise and her husband must only undertake administrative duties for the company as directors and not generate any income for the company while on furlough.

**Other matters**

The impact on job sharing employees will be a matter both for negotiation with staff and employment law.

Eligible employees include apprentices and agency workers.

An employee does not have to accept furlough if offered, but the employer could make the employee redundant instead, as long as the appropriate employment law procedures are followed.

While employees are on furlough they are not working and the National Minimum Wage does not apply during that period, so if their pay is reduced to what would be below the NMW/NLW rate while on furlough that is not an issue.

**2 Grants for the self-employed**

The Government will provide funds directly into the bank accounts of Self employed individuals whose businesses have been adversely affected by the COVID-19 pandemic.

This self-employment income support scheme (SEISS) will pay 80% of the average monthly profits over the last three years, up to £2,500 per month. This grant is expected to be payable for up to three months. It will be paid in one lump sum for three months and will be available from early June.

HMRC will contact those self-employed people who qualify and there will be an online form on gov.uk for claiming the grant. The scheme will only be available through gov.uk and you will have to follow the usual security checks to log into your business tax account with HMRC. Do not click on links in texts or emails which purport to be from HMRC.

In order to receive this taxable grant, you must meet all these conditions:

- have traded as Self employed in 2019/20 and are still trading (or would trading if it were not for the business disruption caused by COVID-19)
- you expect to continue to trade in 2020/21
- you receive more than half of your taxable income from self-employment, even if you also hold an employed position

- you are registered with HMRC as Self employed and submitted a tax return for the tax year 2018/19; if you haven't submitted your 2018/19 tax return yet, you can still qualify if you submit it by 23 April.
- your average taxable profits must be less than £50,000 per year; if your profits are £50,000 or more you will receive no SEISS grant at all.

HMRC will work out how much grant you will receive based on your tax returns for the three years to 2016/17 to 2018/19. If you started trading during that period HMRC will only use the periods for which you traded to calculate the grant.

This scheme will not cover anyone who started trading on or after 6 April 2019.

The scheme is unlikely to be available to people who let furnished holiday lettings as their main source of income, as that income is generally not regarded as trading income. HMRC may issue further clarification on this point and on other details of the scheme over the next few weeks.

If you work through your own company you do not qualify for the SEISS, but you may qualify for a CJRS grant to replace wages you have paid yourself, taxed under PAYE, up to a maximum of £2,500 per month.

### 3 Deferral or reduction of Income Tax

The next big Income Tax payment deadline is 31 July 2020.

If you pay at least £1,000 of tax with your Self assessment tax return, the payment due on 31 July is half of your estimated tax bill for 2019/20. But this year you can defer that payment until 31 January 2021, without being charged interest for late paid tax!

You don't have to apply to HMRC, as it won't be demanding the tax due. However, if you normally pay your Income Tax by direct debit, you should cancel that direct debit with your bank, as HMRC can't do that for you. If the direct debit remains in place, the tax will be collected as shown on your tax statement.

This tax payment deferral applies to anyone who has to make payment of Income Tax on account by 31 July 2020, including employees who need to pay tax on other income such as rent or dividends.

If you don't want to delay paying the tax due on 31 July, you don't have to, you can pay by electronic transfer or direct debit as normal. Paying the tax now will avoid a larger amount becoming due by 31 January 2021.

Where your profits for 2019/20 are likely to be much lower than for 2018/19, you can ask HMRC to reduce the tax payable for 2019/20 through your personal tax account, or we can do this for you. Where your income has dropped considerably you may be able to get a repayment of some of the tax paid on 31 January 2020.

If you pay your tax by weekly or monthly amounts to HMRC through a budget payment plan, you should

contact HMRC and ask for the payment plan to stop, or even request a refund.

If the disruption to your business means you have made a loss for 2019/20, you may be able to claim a refund of tax paid for 2018/19 by setting that loss against your profits for that earlier year. To do this we need to prepare your accounts on the accruals basis rather than the cash basis, that some businesses normally use.

We would also encourage you to send us your tax records as soon as possible after 5 April, so your tax return for 2019/20 can be submitted without delay.



### 4 Deferral of VAT

All VAT registered businesses can enjoy an automatic deferment of their VAT payable in the period from 20 March to 30 June, to help them manage cash flow during the pandemic.

The VAT due to be paid between those dates does not have to be paid until the end of the financial year (31 March 2021). HMRC has not said exactly when the deferred VAT will be payable but we expect this to depend on when the VAT payments for the business normally become due for the last quarter in the year.

Where your business pays VAT by Direct Debit (DD), you must cancel that DD to take advantage of the VAT deferment. This needs to be done at least 5 working days before the payment is due to be taken. HMRC cannot cancel the DD from their end, and the VAT reported on the VAT return will be taken automatically if the DD is not cancelled.

HMRC may extend the deferral period if the lockdown continues for some months, so don't be in a rush to reinstate your DD.

If you normally pay your VAT by electronic transfer you can simply not make the payment due in the period to 30 June. You don't have to inform HMRC why the payment is not made.

HMRC's systems should be adjusted so that default penalty surcharges are not triggered by payments not arriving in the period from 20 March to 30 June. HMRC will not charge interest on the deferred VAT payments.

You must still submit your VAT return on time, using MTD compatible software where appropriate. All businesses where VATable turnover is above the compulsory registration threshold must now be submitting VAT returns with MTD compatible software.

The MTD regulations also require the business to keep their VAT accounts in a digital format and transfer accounting information within the business via digital links and not manually. The use of digital links was to be compulsory from 1 April 2020, but this aspect of the MTD regulations now won't be enforced until April 2021.

Where your business is due a VAT repayment, it is important to get your VAT return in on time, as the repayment to your business will be accelerated.

## 5 Sick pay support for employers

Statutory sick pay (SSP) must be paid by employers to their employees who qualify, both on the basis of minimum earnings (at least £118 per week, rising to £120 from 6 April 2020) and because they have been unable to work.

SSP is normally payable from the fourth day the employee is unable to work, at the rate of £94.25 per week (£95.85 from 6 April 2020), pro rated per day.



Employers may pay out under a company sick pay scheme from an earlier day of sickness, and at a higher rate of pay, but they are not obliged to pay anything other than the SSP rate.

The conditions for SSP have been changed due to the requirement for people to self-isolate to prevent the spread of COVID-19 virus from the first sign of illness and to isolate if anyone in the household has symptoms of COVID-19.

Employers are now required to pay SSP from the first day the employee is unable to work, rather than from the fourth day. This applies for periods of absence from work beginning on or after 13 March 2020.

SSP is also payable to employees who are self-isolating, even if they are not sick themselves, for

example, where a member of their household displays COVID-19 symptoms.

Employees can self-certify absences up to seven days. To relieve burdens on GPs, from 20 March 2020 people can obtain an 'isolation note' by visiting <https://111.nhs.uk/> and completing an online form. This replaces the 'fit note' employees are normally required to produce for absences from work which exceed seven days.

Employers should maintain records of staff absences and payments of SSP, which is treated as part of normal pay and is taxable. It should be paid through the payroll, and subject to PAYE and NIC as appropriate. Employers generally bear the cost of paying SSP, with no refund from the Government.

However, for periods of sickness from 13 March 2020, some employers will be able to claim a refund of some of the SSP paid. The system for claiming this refund has not been set up yet but the following conditions will apply:

- The employer must have had fewer than 250 employees on the payroll as at 28 February 2020.
- The amount of SSP refunded will be capped at 14 days per employee.
- The refund will only cover SSP paid because the employ has been off work due to COVID-19; any SSP paid for other reasons will not be refunded.

It is important that employers who are paying SSP for COVID-19 absences keep records of the staff absences and of the SSP paid to support refund claims once these are available.

## 6 More time to pay taxes

The Government has introduced an immediate deferral of upcoming VAT and Income Tax payments due in the next three months, but the other business taxes such as PAYE and Corporation Tax remain payable on the due dates.

HMRC is willing to enter 'Time to Pay' (TTP) arrangements where businesses or individuals are struggling to pay tax bills on their due dates. There are no set rules as each TTP agreement is arranged on a bespoke basis. However, HMRC must be confident that the arrears will eventually be paid; it will not enter a TTP agreement if it thinks that the taxpayer will never be able to pay the arrears of tax.

Generally, TTP arrangements involve tax liabilities being deferred, without penalties, and paid over a period of up to a year, with fixed, agreed repayment schedules. It is imperative that the payment dates are not missed. If they are, the TTP arrangement is likely to be ended by HMRC, with the full amount of tax outstanding becoming immediately due and, potentially, penalties may be payable.

TTP arrangements lasting over a year are only agreed in exceptional circumstances, although the Coronavirus pandemic may mean that HMRC will be more amenable to such longer scheduling of repayments.

In the current situation, all businesses and Self employed people in financial distress with outstanding tax liabilities may be eligible to receive support.

You are eligible to apply for TTP if your business pays tax to the UK Government and has outstanding tax liabilities. If you have missed a tax payment or you might miss your next payment due to COVID-19, you can call HMRC's dedicated helpline: 0800 024 1222 for practical help and advice.

If you're worried about a future payment, HMRC has requested that you call them nearer the time.

## 7 Business rates holiday

If your business occupies premises in England in any of the following sectors, you are entitled to a business rates holiday on your entire business rates bill for 2020/21, whatever the size of your business premises:



- Retail, including all types of shops: opticians, post offices, car and caravan showrooms, petrol stations, car hire, garden centres, hairdressers, beauty salons, nail bars, travel agents, dry cleaners, funeral directors, letting agents and estate agents.
- Hospitality, including: restaurants, cafes, takeaways, sandwich shops, pubs, bars, and live music venues.
- Leisure, including: cinemas, hotels, bed and breakfast or self-catering accommodation, caravan parks, theatres, museums, art galleries, stately homes and historic houses, nightclubs, tourist attractions, gyms, casinos, bingo halls, sport grounds and sports clubs.
- Child nurseries

If you have closed your building temporarily because of the COVID-19 pandemic it will still be treated as occupied for the purpose of this relief.

You should not have to do anything to enjoy this business rates holiday, as your local authority will automatically reissue business rates bills for 2020/21. If you have any questions about this

business rates holiday, contact the local authority which issues the business rates demands.

Sectors which do not qualify for a business rates holiday on their business premises are:

- Medical services, including: doctors, dentists, vets, osteopaths, chiropractors
- Professional services, including: solicitors, accountants, insurance agents and financial advisers
- Financial services, including: banks, building societies, loan providers, cash points and bureaux de change.

As business rates are a devolved tax, the details of business rates discount schemes or holidays for premises in Scotland, Wales, and Northern Ireland may differ in those regions, see section 13.

## 8 Grants based on rateable values

Small businesses who pay business rates may receive a grant from their local authority to help them through the COVID-19 pandemic. There are two levels of grant: £10,000 and £25,000.

Businesses that qualify for the business rates holiday described above will receive a grant of £25,000 if their business premises has a rateable value of between £15,000 and £51,000. If the business premises has a rateable value of less than £15,000 the business will receive a cash grant of £10,000.

In addition, all businesses in any sector in England which qualify for small business rates relief, or rural rates relief, qualify for a grant of £10,000.

Businesses located in England do not have to apply for any of these grants as the local authority will write to the businesses concerned.

Where the business is located in Scotland, Wales or Northern different funding schemes are in place and the business may have to apply for the grant funding, see section 13.

## 9 Loans for businesses

Even where a business is able to access one or more of the Coronavirus schemes made available by the Government (e.g. a grant under the CJRS to cover wages), there may be a significant time lag in that help being delivered. In the meantime, with a big drop in income occurring, the business may not have the funds to meet its ongoing costs.

In order to help businesses through this difficult time, the new Coronavirus Business Interruption Loan Scheme (CBILS), delivered by the British Business Bank, has been launched. It is a temporary scheme to support, primarily, small and medium-sized businesses in accessing bank lending and overdrafts.

The Government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders confidence in continuing to provide finance to SMEs. The Government will not charge businesses or banks for this guarantee.

### Eligibility and terms

The scheme will support loans of up to £5 million, with repayment terms of up to 6 years. Businesses can access the first 12 months of that finance interest-free and charge-free, as the Government will cover the first 12 months of interest payments and any lender-levied charges.

The loans can be in the form of term loans, overdrafts, invoice finance or asset finance.

You are eligible for the scheme if your business:

- is UK based; and
- has turnover of no more than £45 million per year; and
- meets the other British Business Bank eligibility criteria.

**The borrower remains fully liable for the debt**, but there will be no personal guarantees as security for lending below £250,000. Personal guarantees may still be required, at a lender's discretion, for facilities above £250,000, but they exclude the Principal Private Residence. Recoveries under these guarantees are capped at a maximum of 20% of the outstanding balance of the CBILS facility, after the proceeds of business assets have been applied

For all facilities, including those over £250,000, CBILS can now support lending to smaller businesses even where a lender considers there to be sufficient security, making more smaller businesses eligible to receive the Business Interruption Loan.

### How to access the scheme

The full rules of the scheme and a list of accredited lenders is available here: <https://tinyurl.com/ujhq5k9>.

All the major banks are offering the scheme and there are 40 accredited providers in all, which include high street banks, challenger banks, asset-based lenders and smaller specialist local lenders.

You should talk to your bank or finance provider (not the British Business Bank) as soon as possible and discuss your business plan with them. If one lender turns you down, you can still approach other lenders within the scheme.

Be aware that there is high demand for CBILS facilities. Phone lines are likely to be very busy and branches may not be able to handle enquiries in person.

Although this scheme provides an attractive option for helping with cash flow, many businesses will be wary of taking on extra debt in these uncertain times, when they cannot even be sure when their business will be fully operational again.

If you have an existing loan with monthly repayments, you may want to ask for a repayment holiday to help with cash flow, before accessing more loan finance.

### Business with turnover of £45m - £500m

The Treasury is also planning a new loan scheme for businesses with revenue between £45m and £500m,

following criticism that medium-sized businesses were missing out, being too large to apply for the CBILS and too small for a government debt-buying programme for larger companies.

The new Coronavirus Large Business Interruption Loan Scheme (CLBILS) will also provide a government guarantee of 80%, enabling banks to make loans of up to £25m to firms with an annual turnover of between £45m and £500m. At the time of publication, formal details of this scheme have not been announced.

## 10 Protection for tenants

### Commercial properties

Many tenants of commercial buildings will have just missed the payment of rent due on 25 March and may be unable to make payments in forthcoming quarters, should the current business shutdown continue throughout most of the summer. These tenants will be worried about being evicted while their business is shuttered.

### New protection

Under the new Coronavirus Act 2020, no business will be forced out of their premises if they miss a rent payment in the next three months. This means that landlords will not be able to exercise any right of forfeiture on tenants that cannot pay rent during this period. Commercial tenants will still be liable for the rent arrears after this period ends though.

The Government has said that it will actively monitor the impact on commercial landlords' cash flow.

Clearly, this measure will ease immediate cash flow problems for tenants. However, as the tenant will still be liable for the rent, this arguably is only delaying the problem rather than solving it.



**Who is affected?**

This applies to all commercial tenants of leases in England, Wales and Northern Ireland. It is expected to last until 30 June 2020 but could potentially be extended if deemed necessary.

**Residential properties**

From 26 March 2020, landlords must give their tenants three months' notice that they want to end the tenancy. This means the landlord can't apply to the court to start an eviction process until after this three-month period.

This protection covers most tenants in the private and social rented sectors in England and Wales, and all grounds of evictions. The extended notice period will remain in place until 30 September 2020, and may be extended if need be.

All ongoing housing eviction actions in the courts are suspended and will not resume until the end of June 2020 at the earliest. This will protect all private and social housing tenants, as well as those home owners with mortgages which are in default.

**Mortgage protection**

Mortgage lenders have agreed to offer payment holidays of up to three months where this is needed due to COVID-19, including for buy-to-let mortgages. The sum owed remains and mortgages continue to accrue interest during this period.

Where a tenant is unable to pay their rent, the landlord should discuss this with their lender, with a view to putting a mortgage payment holiday in place.

**Have a conversation**

In these unprecedented times, landlords who seek to exercise a right of forfeiture (once they are able to) on a tenant may find a lack of new tenants ready and waiting to enter into leases. Whether you are a landlord or a tenant, it is clearly sensible to try to communicate in a constructive way and try to find mutually agreeable terms on which the relationship may continue, without causing undue hardship to either party.

**11 Cancelling your VAT registration**

If your business has stopped making sales it is tempting to deregister for VAT as soon as possible, but that is not necessarily the best thing to do.

If your trade has diminished due to the COVID-19 shutdown, but you are still making some sales (perhaps only home deliveries), you can ask HMRC to cancel your VAT registration if you believe your total VATable sales in the next 12 months will be less than £83,000. However, once you have deregistered, you will not be able to reclaim VAT on any business purchases you make.

Where you have suspended all of your trading for 30 days or more, but do expect to resume trading again, HMRC will not cancel your VAT registration,



even if your sales for the next 12 months are expected to be less than £83,000.

If you believe your business has ceased to trade completely and you will not be able to operate again, you should ask HMRC to cancel your VAT registration from the last day of trading. You can do this using form VAT 7, or we can help you. There is some flexibility in the day you choose to cancel your VAT registration as you may want to reclaim VAT on some final invoices you receive.

When you deregister for VAT, you need to take account of the value of stock and fixed assets you have on hand on the last day of VAT registration. If you have reclaimed VAT on those items, you may have to repay some or all of that VAT to HMRC. Where the total VAT on these stocks and assets is less than £1,000 it is ignored.

A similar problem can arise if you own a commercial property on which you paid VAT and reclaimed it through your business.

Don't rush into VAT deregistration, talk to us first to understand the full implications.

**12 Claiming Universal Credit**

If you don't qualify for a Government grant under the Self Employed Income Support Scheme (SEISS), or your employer has stopped paying your wages, you should consider claiming Universal Credit.

This is a state benefit which is gradually replacing all current claims for Working and Child Tax Credits, but it also covers housing benefit and job seekers allowance.

You can claim Universal Credit if you are under state pension age and living in Great Britain. The initial claim is made online ([www.gov.uk/apply-universal-credit](http://www.gov.uk/apply-universal-credit)), but if you are claiming as a Self employed person you will also need to attend an interview with a work coach. However, during the Coronavirus shutdown this interview will be conducted by telephone.



The amounts paid under Universal Credit are being increased from 6 April 2020 by £20 per week. All Self employed claimants are normally assumed to make a minimum amount of income from their business which is referred to as the 'minimum income floor'. However, this minimum has been temporarily suspended for all claimants affected by the Coronavirus shutdown.

This means that every Self employed person can now access Universal Credit at a weekly rate equivalent to Statutory Sick Pay received by employees.

The Universal Credit claim will be paid in respect of the first day of the claim, but the money may still take up to five weeks to start to arrive. In this period you can apply for an advanced payment, which will be deducted from the benefit when it does arrive.

## 13 Business rates and grants: Regional variations

### Scotland

#### Business rates

Businesses in the retail, hospitality and leisure sectors, plus Scottish airports and handling services for scheduled passenger flights, qualify for a 100% business rates holiday for 2020/21. The local authority will automatically apply this relief to business rate bills, it does not have to be applied for.

#### Business grants

Businesses in the retail, hospitality and leisure sectors will be able to apply for a grant of £25,000 if their business premises has a rateable value of between £18,001 and £51,000.

In addition, all businesses in any sector in Scotland can qualify for a grant of £10,000 if they also qualify under one of these schemes:

- small business bonus scheme relief
- rural relief
- nursery relief
- business growth accelerator relief
- disabled relief
- fresh start

Businesses that let self-catering accommodation for 140 days or more a year, and the income makes up at least one third of the ratepayer's annual income can also apply for a £10,000 grant.

#### Applying for a grant and getting paid

To apply, you'll need to complete an application form. You can find this form on your local council website. Councils will aim to make payment within 10 working days of receiving a grant application form.

### Wales

#### Business rates

Unlike in England where there is no upper limit on the rateable value of a property which qualifies for the business rates holiday, only properties in the

retail, leisure and hospitality sectors with a rateable value of £500,000 or less will qualify for the relief for the financial year 2020/21. It appears that child nurseries do not qualify for the business rates holiday in Wales.

The business does not have to claim the business rates relief as the local authority will write to those who qualify.

#### Business grants – based on rateable value

Businesses that qualify for the business rates holiday described above can apply to their local authority for a grant of £25,000 if their business premises has a rateable value of between £12,001 and £51,000.

Where the business premises has a rateable value of £12,000 or less and the business is eligible for small business rates relief, it can apply to the local authority for a cash grant of £10,000. This grant can be paid to businesses operating in any sector.

#### Economic Resilience Fund

Businesses can also benefit from:

- grants of £10,000 for micro-businesses employing up to nine people. This includes sole traders employing staff. Qualifying businesses will be able to apply by mid-April.
- grants of up to £100,000 for small and medium sized firms with between 10 and 249 employees. Qualifying businesses will be able to apply by mid-April.
- support for larger Welsh companies, which are of critical social or economic importance to Wales. This element will be open to qualifying businesses within the next two weeks.

The details of how to apply for these grants have not been released yet.

### Northern Ireland

#### Business rates

All private businesses in Northern Ireland, except for utilities, will be given a three month business rates holiday for the period from 1 April to 30 June 2020.

In addition, hardship rates relief is available to any business which is suffering from a temporary crisis. This relief must be applied for.

#### Business grants

Any small businesses which is eligible for the Small Business Rate Relief scheme (SBRR) is eligible for a grant of £10,000. The SBRR applies to occupied business premises with a rateable value below £15,000. Where the business pays its rates by direct debit the grant will be paid automatically, in other cases it must be applied for.

Another grant of £25,000 is to be provided to companies in the hospitality, tourism and retail sectors with a rateable value from £15,000 up to £51,000. The business will have to apply for this grant.