

## Coronavirus (COVID-19) support measures - Spring 2021

The Coronavirus (COVID-19) outbreak has impacted almost every aspect of life in the UK since early 2020 and has prompted Government to impose various restrictions in an attempt to control the rate of infection. The effects on the UK economy have been enormously disruptive and far-reaching.

In an attempt to support individuals and businesses adversely affected, the Government created a number of support grants and loan arrangements. This factsheet outlines the major schemes and measures currently available and has been updated following the Spring Budget 2021.

### Coronavirus job retention scheme (CJRS)

The CJRS commonly known as the furlough scheme is open to all UK employers to access support to continue paying part of their employees' salary for employees that would otherwise have been laid off during this crisis. The CJRS was launched at the start of the coronavirus pandemic and was due to end on 31 October 2020.

The end date for CJRS has been extended multiple times since the scheme was launched and in the Spring Budget 2021, the Chancellor announced an extension until 30 September 2021.

Employees will receive up to 80% of their salary for hours not worked. Employers will be required to contribute 10% towards wages for hours not worked from July 2021, rising to 20% in August and September 2021 as Government support for the scheme reduces. For employees, there will be no change to the terms of the scheme until it ends.

A bullet-point summary of the main details of the CJRS extension is set out below:

- People who are unable to work will receive up to 80% of their wages. This payment is subject to a monthly maximum amount of £2,500 per employee (for hours not worked).
- Employers will have the discretion to top up the payments if they so wish.
- The scheme applies across the UK, in England, Wales, Scotland and Northern Ireland even where the regions are subject to different lockdown restrictions.
- Employers have to cover employers' employees' NIC and pension costs for the hours the employee does not work.
- Flexible furloughing, whereby employers can bring back employees to work part-time is allowed. Employers have to pay employees for the hours they work but can still use the scheme to cover any normal hours where employees are furloughed.
- For periods ending on or before 30 April 2021, employees must have been registered on their employers PAYE payroll by 23:59 on 30 October 2020. The employer must have made a PAYE real time information (RTI) submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee.
- For periods ending on or after 1 May 2021, employees must have been registered on their employers PAYE payroll by 23:59 on 2 March 2021. The employer must have made a PAYE RTI submission to HMRC between 20 March 2020 and 2 March 2021, notifying a payment of earnings for that employee.
- All employers with a UK bank account and UK PAYE schemes can claim the grant. Neither the employer nor the employee needs to have previously used the CJRS.
- Claims for furlough days must be submitted by 11.59pm 14 calendar days after the month you are claiming for. For example, claims for March 2021 must be made by 14 April 2021. If the 14th day falls on the weekend or a bank holiday then claims should be submitted on the next working day.
- Employers do not need to have previously claimed for an employee before the 30 October 2020 to claim.

The Job support scheme and the job retention bonus have both been put on hold until the end of the extended CJRS.

## **Self employed income support scheme (SEISS)**

The Government has also confirmed that there will be additional help for the self-employed. The SEISS has been extended and will apply until 30 September 2021 for a fourth and fifth grant.

The self-employed will receive 80% of average trading profits for the fourth grant covering February, March and April 2021. This will mean a maximum grant for the three months of £7,500 made available to those who meet the eligibility requirements. The claim window for the fourth grant will open from late April 2021 until 31 May 2021.

This level of support is based on similar terms and conditions to the support offered to employees. A fifth and final grant covering May to September 2021 will be made available from late July. Self-employed persons whose turnover has fallen by more than 30% will continue to qualify for the 80% grant. Those with decreases in turnover of less than 30% will be restricted to a 30% claim.

Newly self-employed people who had previously been excluded from claims because they commenced their trade during the 2019-20 tax year will now be eligible to claim the fourth and fifth SEISS grants as long as their tax return for 2019-20 was filed by midnight 2 March 2021.

## **Cash grants**

It has been announced that businesses in England that are forced to shut as a result of a lockdown will be eligible for grants of up to £3,000 per month payable every two weeks. Businesses can claim after two weeks of closure.

The amount businesses will be able to claim from their local authority depends on their rateable value:

- Small businesses with a rateable value of or below £15,000 will be able to claim £1,334 per month or £667 per two weeks.
- Medium-sized businesses with a rateable value between £15,000 and £51,000 will be able to claim £2,000 per month, or £1,000 per two weeks.
- Larger businesses will be able to claim £3,000 per month, or £1,500 per two weeks.

On 5 January 2021, a one-off top up grant for retail, hospitality and leisure businesses worth up to £9,000 per property was announced. On 3 March 2021, a new one-off restart grant of up to £18,000 to support businesses obliged to close during much of lockdown was announced. These grants are in addition to those previously announced.

## **Government-backed loan schemes**

The application deadline for all the Government-backed loan schemes including the bounce back loan scheme, coronavirus business interruption loans and the future fund is 31 March 2021. A new successor loan guarantee programme will be introduced from 6 April until 31 December 2021. The recovery loan scheme will allow businesses of any size to access loans and other kinds of finance between £25,000 and £10 million.

## **VAT reduction for hospitality and tourism sector**

The temporary reduced rate of 5% for hospitality, holiday accommodation and attractions first announced in the summer economic update will be extended until 30 September 2021. This will be followed by the introduction of a new reduced rate of 12.5% from 1 October 2021 that will be in effect until 31 March 2022 at which point VAT for the sector will revert to the 20% standard rate.

## **Support for businesses paying tax and VAT**

All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's time to pay service. VAT registered businesses had the option to defer any VAT payments due between 20 March 2020 and 30 June 2020. There was no application process required to defer the relevant payment. However, businesses could still choose to pay any VAT due as normal. If you chose to defer your VAT, the

payment was due to be paid in full to HMRC by 31 March 2021. A second option is to use the new VAT deferral payment scheme to make between 2 and 11 equal monthly interest-free payments.

### **Self-assessment payment deadlines**

Taxpayers that were due to make their second payment on account for the 2019-20 tax year had the option to have the payment due date deferred until 31 January 2021. There is also an option to set up an online time to pay payment plan to spread the cost of tax due on 31 January 2021 for up to 12 months. This option is available for debts up to £30,000 and the payment plan needs to be set up no later than 60 days after the due date of a debt. Interest will be payable.