

6th May 2020

# Coronavirus Pandemic

## Insights on NI Covid-19 Supports & Employee Retention

 InterTradeIreland



# OVERVIEW OF COVID-19 FINANCIAL SUPPORTS

- Cash Grants
- HMRC TAX Deferral Schemes
- Coronavirus Job Retention Scheme
- Self Employment Scheme
- Coronavirus Business Interruption Scheme
- InterTradeIreland COVID-19 support
- Other

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# POLL 1

**Have you had to cease all or part of your operations?**

*Yes or No*

# £10k SMALL BUSINESS SUPPORT GRANT

- Available to:
  - Businesses in receipt of Small Business Rate Relief (SBRR)

More recently:

- Businesses with a Net Annual Value (NAV) of £15k or below and who benefit from Industrial Derating
  - NAV is noted on your 2<sup>nd</sup> page of rates bill / For Reval2020 NAV check here: <https://www.finance-ni.gov.uk/topics/property-valuation/valuation-lists>
  - Annual Value is what you would expect to achieve if you leased your property out.

**Key Question:** With Reval2020, my rateable value is now above £15k. Does this mean I am not entitled to the Small Business Grant of £10k? The new non-domestic Valuation List (Reval2020) came into effect on 1 April 2020. To ensure that no individual business is disadvantaged by the change, businesses will be awarded the grant on the basis of whichever valuation list would benefit them the most.

# £10k SMALL BUSINESS SUPPORT GRANT CONT'D

Do you think you are eligible but haven't received your grant yet?

- Head of DFP confirmed if you pay rates by DD – you should have received your grant
- If you pay in full / Quick Pay card – ensure you apply online and supply your bank details at:
- <https://www.covid-19smallbusinessgrants.economy-ni.gov.uk/>
- Business with 3 or less premises will only be eligible for one grant of £10k in total
- CLOSING DATE: 20 May 2020
- Helpline: 0300 200 7809 (Mon – Fri 9am to 5pm)



# £10k SMALL BUSINESS SUPPORT GRANT FOR RENTAL PROPERTIES AND PROPERTIES WITH A TOTAL NAV OF £1,590 OR BELOW

A new online form has been made available for rental properties with a SOLE TENANT and properties with a Total Net Annual Value (NAV) of £1,590 or below.

Current legislation stipulates that in respect of non-domestic rental properties with a total NAV of £1,590 or below, the landlord is liable for the rates.

To ensure the small business, which occupies the property, benefits from the grant and not the landlord or agent, the Department for the Economy, (DfE) require additional information.

You may be eligible for a £10k grant if:

- Your business is the **sole tenant** of a rental property where the landlord receives the rate bill
- Your business is the sole tenant of a rental property and the business receives the rate bill
- Your business owns the property that it occupies and the property has a total NAV of £1,590 or below.

# £10K SMALL BUSINESS SUPPORT GRANT FOR RENTAL PROPERTIES AND PROPERTIES WITH A TOTAL NAV OF £1,590 OR BELOW

To apply go to:

<https://www.covid-19smallbusinessgrants.economy-ni.gov.uk/RentalPropertiesandNAVBelow1590>

## Observation:

A hairdresser rents a space within a hotel and pays rent and rates to the landlord (the hotel).

If the hotel just gets one rates bill – i.e. has one rates account – the areas are shared i.e. > one tenant and, at the minute, deemed ineligible for the £10k grant.

Unless there is a separate rates account for the space the hairdresser occupies – guidance stipulates the hairdresser cannot claim the £10k grant.

# £25k RETAIL, HOSPITALITY, TOURISM AND LEISURE GRANT

- Available to:
  - Businesses with a Net Annual Value (NAV) of between £15,001 and £25,000 within the retail, hospitality, tourism and leisure sectors.
    - NAV is noted on your 2<sup>nd</sup> page of rates bill / For Reval2020 NAV check here: <https://www.finance-ni.gov.uk/topics/property-valuation/valuation-lists>
    - Payments are **NOT** automatic, you must apply

**Key Question:** With Reval2020, my rateable value is now above £15k. Does this mean I am eligible for the £25k Grant? The new non-domestic Valuation List (Reval2020) came into effect on 1 April 2020. To ensure that no individual business is disadvantaged by the change, businesses will be awarded the grant on the basis of whichever valuation list would benefit them the most.

**Observation:** Applicants started to receive grants from Monday 27 April 2020



# £25k RETAIL, HOSPITALITY, TOURISM AND LEISURE GRANT

- Businesses with multiple premises meeting the criteria will only be eligible for one grant
- If you have received the £10k but have an additional property which meets the £25k criteria – you are eligible to apply for £25k grant too
- Received the £10k grant but think under Reval2020 you should qualify for £25k – you could get a £15k top up
- **CLOSING DATE:** 20 May 2020
- Helpline: 0300 200 7809 (Mon – Fri 9am to 5pm)

## POLL 2

**Have you been able to access cash grants?**

*Yes or No*

# NI EXECUTIVE

## Rates Relief

The Northern Ireland Executive announced:

- 3 month Rates Holiday for ALL business ratepayers (excluding public sector and utilities).
- This holiday will cover the period April, May and June 2020
- This amount does not need to be repaid
- Rates bill will not be issued until June 2020
- Support applied automatically – Direct Debits will adjust automatically

## Footnote:

- NI Budget 2020 reduced the Non-Domestic NI Regional Rate by a further 12.5% - to take account of Reval 2020, net effect will be a reduction of 18% on 2019/20 rates for Business Ratepayers

# HMRC SUPPORTS

## Deferment of VAT Payments

- All VAT registered businesses can benefit from a UK government announcement that all VAT payments are postponed for February, March and April 2020 until end of June 2020.
- In reality this means, that the requirement to pay VAT for VAT periods ending February, March and April 2020 can be deferred until 2021. This is an automatic relief, no application necessary. In addition taxpayers will be given until the end of tax year 2020/21 to pay any VAT liabilities that have accumulated during the deferred period.

## Time to Pay Arrangements

HMRC have set up a helpline to help those who are unable to pay their taxes due to Covid-19

HMRC will discuss specific circumstances to explore:

- Agreeing an instalment arrangement
- Suspending debt collection proceedings
- Cancelling penalties and interest where you have administrative difficulties contacting or paying HMRC immediately.
- **Helpline No: 08000159559 (Mon – Fri 8am – 8pm & Sat 8am – 4pm)**

# HMRC SUPPORTS

## **Making Tax Digital Extension**

HMRC have announced a one-year extension of Making Tax Digital (MTD) to facilitate a VAT soft landing period in response to the COVID-19 pandemic. This means that all businesses now have until their VAT Return period starting on or after 1 April 2021 to put digital links in place.

## **COVID-19: R&D Tax Credits Repayments**

HMRC have switched resources so that they can make tax repayments quickly to help businesses struggling in the face of the COVID-19 pandemic. One of the biggest sources of tax repayments is claims for R&D tax credits. This applies to all sizes of businesses, small as well as big.

# CORONAVIRUS JOB RETENTION SCHEME (CJRS)

## Highlights of the Scheme:

- Aim – To Support Employee Retention through Furloughing
- Support extended for 1 month from 1 March 2020 to 30 June 2020
- Covers: 80% of Gross Wage up to max of £2,500 plus E'er NIC and Pension of employees paid via PAYE who were on payroll on or before 19 March 2020 (extended from 28 Feb 2020)

**Footnote:** Those employees who are furloughed **cannot undertake** work for, or on behalf, of the organisation or any linked or associated organisation. Furloughed employees can undertake training and do volunteer work, provided they do not provide services to or make any money from their employer



## **POLL 3**

**What percentage of staff, if any, have you furloughed at present?**

# CORONAVIRUS JOB RETENTION SCHEME – CONT'D

## Steps to Furlough Employees:

1. Employers to discuss with staff to be furloughed.
2. When choosing who to furlough, employers to note equality and discrimination laws apply in same way – Rosemary Connolly will refer to later.
3. Employers to make necessary changes to employment contract – Rosemary Connolly will refer to later.
4. Employers to confirm in writing to employees that they have been furloughed. There needs to be a written record, but the employee **does not have** to provide a written response. Record of communication must be held for 5 years.
5. Staff must be furloughed for minimum period of 3 consecutive weeks and can be furloughed multiple times.
6. One furlough period can follow straight after an existing furlough period, for as long as the scheme is open.
7. It is not necessary to place all staff on furlough.
8. Employers should consider allocating critical business tasks to those not furloughed.

# CORONAVIRUS JOB RETENTION SCHEME – CONT'D

## Furlough and 2<sup>nd</sup> jobs

- **Employees with more than one employer can be furloughed in each job**
- **Each job is separate – the 80% / £2,500 cap applies to each employer individually**
- Employees can be furloughed in one job and receive a furloughed payment and can continue to work for another employer and receive their normal salary
- If contractually allowed, employees are permitted to work for another employer or carry out volunteering activities whilst on furlough. Employees must be in a position to return for the employer who placed them on furlough when requested.



# CORONAVIRUS JOB RETENTION SCHEME – CONT'D

## Directors of Limited Companies

- Director's salary can be a combination of both dividends and salary via PAYE. The salary through PAYE scheme is eligible for support under the Job Retention Scheme at 80% of Gross Salary up to a maximum of £2,500 per month if the director was on the PAYE scheme as of 19 March 2020.

In relation to the balance of income which is extracted via dividends, this is not supported via the Job Retention scheme or the Self-employment Income Support Scheme (SEISS) which is not extended to directors of limited companies.

Unlike other employees placed on furlough, Directors can do small amounts of work where necessary to comply with their statutory duties.

## IR35 Contractors

- IR35 Contractors working for Public Sector organisations through personal service companies, who are unable to carry on working due to the Covid-19 pandemic are now eligible for CJRS. This could include Nurses, Doctors, Pharmacists and IT contractors working on Strategic IT project.



# CORONAVIRUS JOB RETENTION SCHEME – CONT'D

## Claw Back

**Suitable even if uncertainty as to whether current levels of staff can be maintained after the Job Retention Scheme closes.**

There is no obligation to bring an employee back to work after the period of furlough.

Note employees will maintain rights against unfair dismissal and to redundancy payments during the period of furlough.

## **What about employees who do not want to come to work?**

Some people might feel they do not want to go to work if they're afraid of catching coronavirus.

An employer should listen to any concerns staff may have. If there are genuine concerns, the employer must try to resolve them to protect the health and safety of their staff – i.e. could offer flexible working.

If an employee still does not want to go in, they may be able to arrange with their employer to take the time off as holiday or unpaid leave. The employer does not have to agree to this. If an employee refuses to attend work, it could result in disciplinary action.

# CORONAVIRUS JOB RETENTION SCHEME – CONT'D

## Can businesses rotate staff out and in

An employee can be placed on furlough more than once during the of the life of the scheme. However, an individual's furlough must always be for a minimum of 3 weeks. One furlough period can follow straight after an existing furlough period, for as long as the scheme is open. The scheme will be open for at least 3 months.

In terms of periods of being brought back into work – there does not appear to be any stipulations as to how long these have to be, so you could bring them back for what ever period is required.



# CORONAVIRUS JOB RETENTION SCHEME – CONT'D

## Steps to making a claim:

- HMRC are running step by step webinars on how to make your claim
- Payment in respect of claims are to received 6 working days after making an application. To receive payment prior to end of May 2020 – your claim will have to be submitted on or before 22 May, Claims can be made 14 days in advance.
- Important that you are fully prepared prior to making claim - applications to be completed in one session with no save and return option and session timing out after 30 minutes of inactivity.
- Auditing of furloughed businesses – this is likely to occur – employers to ensure payroll systems and personnel files are maintained.
- Holiday Leave, SSP, Maternity Leave, redundancy etc. will be covered later by Rosemary Connolly LL.B.

# SELF EMPLOYMENT INCOME SUPPORT SCHEME (SEISS)

The SEISS allows self-employed individuals or members of partnerships to claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 per month for 3 months.

## To be eligible:

- Must be a self-employed individual or a member of a partnership **and**;
- have submitted your Income Tax Self Assessment tax return for the tax year 2018-19 traded in the tax year 2019-20
- are trading when you apply, or would be except for COVID-19
- intend to continue to trade in the tax year 2020-21
- have lost trading/partnership trading profits due to COVID-19

## Recently Self Employed

If you were not self-employed in the 2018/19 tax year and so did not submit a 2018/19 tax return showing any self-employed income then you are not eligible for this scheme

# SELF EMPLOYMENT SCHEME

## Continue to Work

Unlike the Job Retention scheme, self employed individuals/member so partnerships can continue to work or take on other employment including voluntary work and still remain eligible for the grant.

If you have other employment as a director or employee which is paid through PAYE your employer may be able to get support using the Job Retention Scheme.

# SELF EMPLOYMENT SCHEME

The grant will be 80% of average trading profits, divided by 12 which will give a monthly amount. HMRC will pay this or up to a maximum of £2,500 a month, whichever is lower.

## To calculate what you are due

Grant, which are taxable, will be based on average trading profits over the 3 tax years:

- 2016 to 2017
- 2017 to 2018
- 2018 to 2019 will work out the average trading profit by adding together your total trading profits / losses for the 3 tax years then divide by 3.

The grant will be subject to Income Tax and National Insurance contributions but does not need to be repaid.

**If you have not submitted Self Assessment tax returns for all 3 years** HMRC will work out your average trading profit based on continuous periods of self-employment, which will be either:

- the tax years 2017 to 2018 and 2018 to 2019
- the tax year 2018 to 2019 only, **even if** you were self-employed in the tax year 2016 to 2017

# SELF EMPLOYMENT SCHEME

## To Claim SEISS

*“We will contact you – don’t contact us”*

- HMRC have started contacting self-employed from 4 May
- Online service to make SEISS claim, available from 13 May
- Those eligible for the SEISS will have money paid into their bank account by 25 May 2020, or within 6 working days of completing claim
- Claims will be paid in one lump sum
- Self employed must process claims themselves and cannot use their accountant / tax agent. You will require a Government Gateway User ID and password

## In the interim:

- Self Employed individuals can make a claim for Universal Credit (the amount depends on household income and savings)
- SA income tax payments due 31 July 2020 have been deferred to 31 January 2021
- Self employed individuals with a business account may be eligible to apply for support through the Coronavirus Business Interruption Loan Scheme

# CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME

The CBILS supports small and medium-sized businesses with access to loans, overdrafts, invoice finance and asset finance of up to £5 million and for up to six years. Government provide lender (via British Business Bank) with 80% government backed guarantee and cover the first 12 months interest charged.

## **On 3<sup>rd</sup> April 2020, Scheme was expanded to include:**

- Those who were eligible to secure additional finance under normal commercial terms are now eligible
- No personal guarantees for facilities under £250k
- Personal guarantees may still be required for facilities above £250k, at a lender's discretion, but recoveries under these are capped at a maximum of 20% of the outstanding balance of the CBILS facility after the proceeds of business assets have been applied.
- A Principal Private Residence (PPR) cannot be taken as security to support a personal guarantee or as security for a CBIL backed facility.



# CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME

## 23 NI Providers to include:

- Bank of Ireland
- Ulster Bank
- Danske
- Barclays
- Santander
- AIB (added to scheme on 27 April 2020)



## Minimum Assistance:

Typically £25k, however at the discretion of each participating bank on the scheme

# CORONAVIRUS BUSINESS INTERRUPTION LOAN SCHEME

To secure, advised that initially contact is made with relationship manager at your Bank and understand if you qualify for the scheme and what information you will need to furnish

Typically loan providers will want to see:

- Evidence business was viable pre Covid-19
- Provision of latest available financial information to include financial statements and management accounts
- Evidence that business owners are incurring pain
- Details of funding required to support sustainability of the business and over what term
- Bank may request 12 month emergency cashflows and brief bank proposal
- Sustainability in medium term and ability to repay loan
- Completed application form

# BOUNCE BACK LOAN SCHEME

- This is the newest loan announced on 27 April 2020 and is a fast track finance scheme designed to help small and medium sized businesses affected by Covid-19.
- It covers loans of between £2,000 - £50,000 (up to max 25% of turnover) and the government will guarantee 100% of the loan. There will be no repayments, fees or interest payable during the first 12 months.
- Interest Rates are fixed at 2.5%, with terms of up to 6 years. No early repayment fees
- To be eligible, businesses must be based in the UK, been negatively affected by Covid-19 and not an 'undertaking in difficulty' on 31 December 2019.
- Note: Businesses who secured support under the CBILS cannot apply but may transfer the CBILS to the Bounce Back Scheme if the CBILS loan was £50,000 or less. This can be arranged with the lender up until 4 November 2020.
- The scheme was open for applications from 4 May 2020. Applications, which are online from the various providers, are short and standardised with only 7 questions with funds awarded within 48 hours of applying. To apply, you need to be an existing customer and have a business bank account.

## POLL 4

**Have you prepared your emergency cashflow and  
business continuity plan?**

*Yes or No*

## POLL 5

**Have you accessed additional Bank support?**

*Yes or No*

**INVEST NI**





# INTERTRADEIRELAND EMERGENCY BUSINESS SUPPORTS

InterTradeIreland have made available emergency funding to ensure businesses can avail of essential support to respond to the COVID-19 pandemic.

## 1. E-Merge

**£2500/€2800 fully funded consultancy support & advice to help your business develop online sales & ecommerce solutions including:**

E-Marketing- How to promote and sell online

Website updates/ design

Promotion through social media

SEO optimisation

Identification of sectoral e-markets

Advice on online payment systems/ retail/ billing/ security

## 2. Emergency Business Solutions

**£2000/€2250 fully funded consultancy support & advice to address key business challenges in areas such as:**

Guidance and direction to relevant government supports and help in applying where feasible

Emergency Cash flow, People, Supply Chain

Completion of lending applications for loan supports

HR and People related issues



# INTERTRADEIRELAND EMERGENCY BUSINESS SUPPORTS

## **Who can avail of this support:**

InterTradeIreland have extended this support with applications invited from SMEs from the manufacturing and tradeable service sector registered on the island of Ireland (North or South)

No previous involvement with ITI is required

To qualify, businesses must:

1. Trade cross border on the island of Ireland, i.e. have customers or suppliers in the opposite jurisdiction from where they are based
2. Have a satisfactory trading history (min 18 months and established turnover
3. Have the capacity to deliver the project
4. Have less than 250 employees and annual turnover of less than £40m

To apply for the Emergency Business Solutions support the application form can be found here:

<https://www.surveymonkey.co.uk/r/GMPCJKC>

To apply for the E-Merge Programme the application form can be found here:

<https://www.surveymonkey.co.uk/r/DT2M56K>

Availability is limited, it is recommended that you apply early to secure support from ITI.

# OTHER SPECIFIC SECTOR SUPPORTS

- Fishing Industry
- Charity Sector
- Community Sector
- Sporting Organisations
- Tourism NI

# OTHER SUPPORTS

## Compliance Related Support

Companies House have outlined a number of supports for business during the Covid-19 pandemic

- **Three Month Extension of Filing of Accounts**

From 25th March 2020, businesses will be able to apply for a three-month extension for filing their accounts. The joint initiative is between the UK Government and Companies House and will mean businesses can prioritise managing the impact of the Coronavirus. As part of the agreed measures, while companies will still have to apply for the three-month extension to be granted, those citing issues around COVID-19 will be automatically and immediately granted an extension.

- **Strike-off**

Companies House will temporarily pause the strike-off process to prevent companies being dissolved

- **Late Filing Penalties**

Companies issued with a late filing penalty due to Covid-19 will have appeals treated sympathetically.

- **AGM**

New legislation to be introduced to ensure those companies required by law to hold Annual General Meetings (AGMs) will be able to do so safely, consistent with the restrictions on movement and gatherings introduced to address the spread of coronavirus

Companies will temporarily be extended greater flexibilities, including holding AGMs online or postponing the meetings.

# OTHER SUPPORTS

## Individual Supports

- **3 Month Mortgage Payment Holiday**

Mortgage lenders have agreed that they will support customers through mortgage payment holidays of up to 3 months

- **Universal Credit**

The minimum income floor for access to universal credit has been suspended for self-employed people affected by the economic impact of coronavirus

Universal credit standard allowance increasing by £1,000 for the next 12 months

## POLL 6

**What percentage, if any, do you expect turnover to fall by in 2020?**

# DISCLAIMER

We have made every effort to ensure that the information provided in this seminar is accurate, but we cannot accept responsibility for the consequences of any action you take in reliance on its contents. If following the seminar you have any matters which you would like to discuss, please contact Feargal McCormack at [f.mccormack@pkffpm.com](mailto:f.mccormack@pkffpm.com)



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