

## COVID-19 (Coronavirus) Assistance for UK Businesses

The government has announced several substantial financial packages and schemes in order to ease the financial impact on UK businesses during the COVID-19 outbreak.

Here is a breakdown of what the government has announced over the past fortnight and how you might be able to get assistance with your business finances.

### Coronavirus Business Interruption Loan Scheme (CBILS)

The British Business Bank (BBB) will be providing guarantees (up to 80%) on loans of between £1,000 and £5m per business through the CBILS, which will temporarily replace the Enterprise Finance Guarantee (EFG). This is the existing government-backed scheme which guarantees lending from banks and other institutions on facilities such as **overdrafts, invoice and asset finance** to business borrowers with little or no security. Facilities are **interest free for 12 months**, with the interest in that period paid by the government.

The scheme **was launched on 23 March 2020**. Businesses should contact one or more of the BBB's [accredited lenders and partners](#) to find out how to apply. General eligibility and application guidance can be found on the BBB's site, [here](#).

CBILS will be offered by lenders as an option to successful applicants if they cannot provide finance on normal commercial terms. Applicant should have a '**sound borrowing proposal**' but might lack sufficient security to meet the normal lender requirements.

#### Key points to note on CBILS

- Will be offered **primarily to SMEs** (250 employees or fewer). The government has not distinguished between the different types of business vehicle (i.e. limited company, sole trader, partnerships etc.);
- **Initial eligibility 'checklist':**
  - Loan must be **for business purposes only**;
  - **UK-based SME** with **annual turnover of up to £45m**;
  - **Primarily trading in the UK**;
  - Generates **more than 50% of its turnover from trading activity**; and
  - Has not received *de minimis* **state aid beyond €200,000 equivalent** over the current and previous two fiscal years.
- The following businesses **cannot apply**:
  - Banks, Building Societies, Insurers and Reinsurers (but not insurance brokers);
  - Public sector, including state funded primary and secondary schools;
  - Employer, professional, religious or political membership organisation or trade unions.
- Terms **up to six years** for term loans and asset finance; **up to three years** for overdrafts and invoice finance;
- **Up to 80% guarantee on each loan** (depending on loan size). The **guarantee is to the lender**, not the business. **Borrower is liable for 100% of the facility, and any interest following the initial 12 month period.**
- **Unsecured lending on facilities of £250,000 and under**; **Facilities above £250,000**, lender must establish a **lack or absence of security**;
- Government has **removed the guarantee fee** normally payable under the EFG.

## Covid Corporate Financing Facility (CCFF)

The **CCFF** is a way that larger, non-financial firms - including subsidiaries of overseas companies - affected by a short-term funding squeeze (but were otherwise strong before the crisis) can deal with their short-term liabilities such as wages and paying suppliers.

The CCFF will support corporate finance markets overall and help to free up credit for SMEs from banks. The scheme will be **available from the week commencing 23 March**.

The scheme will run "for at least 12 months and for as long as steps are needed to relieve cash flow pressures on firms that make a material contribution to the UK economy."

Some features of the CCFF:

- **Minimum loan sizes of £1m** (max. TBC) with offers rounded to the closest £0.1m;
- Financing on "comparable terms to those prevailing in the market pre COVID-19".
- To provide **funding to pay wages, suppliers, or to boost cash flow**.

A list of the banks participating in the CCFF and related information about applying can be found [here](#).

## Coronavirus Job Retention Scheme

A significant government announcement on 20 March was around jobs protection. The Coronavirus Job Retention Scheme (CJRS) will be available for **any employer**, who will be **reimbursed for 80% of the salary of employees who cannot work, up to £2,500 per month**, with the employers having the option to top this up. This can be **backdated to 1 March 2020**:

- Will mean that **workers in any part of the UK can retain their job**, even if employers can't pay their salary;
- The CJRS will be **open for at least 3 months** and could be extended if needed, with no limit on funds;
- The first grants will be **paid before the end of April**;
- Charity sector businesses will also be covered by CJRS measures;
- The CJRS will **cover everybody on the PAYE scheme** - i.e. those with a set of regular earnings - in the hope that it will cover as broad a range of people as possible.

**\*\*HMRC is working urgently to set up a system for reimbursement\*\***

## Statutory Sick Pay (SSP) Rebates

The government will also be providing support by way of rebates on SSP for staff members who decide to self-isolate. An extra £2billion is being made available to up to 2 million businesses with **fewer than 250 employees as at 28 February 2020**.

The rebates will cover the **first two weeks of SSP per eligible employee who has been off work because of COVID-19**. SSP is currently £94.25 per week, subject to changes the government will make over the coming days and weeks.

SSP will be available to staff required to self-isolate, without the requirement to obtain a sick note from a doctor and even if they are not displaying symptoms. After seven days of absence, staff will be able to obtain an **"isolation note" via the NHS 111 online service**. This can be obtained [here](#).

The mechanism for rebates is yet to be decided, but the government will be working with businesses to work this out over the coming months.

<b>Business Rates Reliefs and Grants (England)</b>
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- **Business Rates discount** - All businesses in the **leisure, retail and hospitality and nursery sectors** will pay **no business rates for 12 months**;
- **Retail and Hospitality Grant Scheme** - A **grant of up to £25k** will be available for small businesses in the leisure, hospitality and retail sectors;
  - This will be businesses with a rateable property value of between £15k and £51k;
- **Small Business Grant Scheme** - Additional funding will be provided to local authorities to support small businesses that already pay little or no Business Rates (under £15k) because of small business rate relief (SBRR), rural rate relief (RRR) or tapered relief.
  - A **one-off grant of up to £10,000** to around 700,000 businesses currently eligible for SBRR or RRR, to help meet ongoing business costs;

**The grants require the properties to be occupied and wholly or mainly being used:**

- **As shops, restaurants, cafes, drinking establishments, cinemas and live music venues;**
- **For assembly and leisure;**
- **As hotels, guest & boarding premises and self-catering accommodation.**

<b>Other reliefs and support for businesses and workers</b>
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- **Protection against eviction for commercial tenants** - the government announced on 23 March that **no businesses will be forced out of their premises if they miss a payment in the next three months**. The government is also considering the impact on commercial landlords' cash flow and will build in support for them also. Key points TBC as part of the Coronavirus Bill currently going through parliament;
- **VAT payment deferral** - No VAT will be payable from now until the end of the quarter. This means a direct injection of £30bn (1.5% of GDP) until end of financial year. **The deferral will apply from 20 March until 30 June 2020.**
- **Insurance claims** - businesses (such as venues, pubs etc.) will **now be able to claim** under business interruption insurances which cover pandemics due to the government's actions/policies;
- For **self-employed workers** - Minimum Income Floor (MIF) suspended for the purposes of Universal Credit calculations. This means that self-employed workers will now be **able to access Universal Credit in full. The next self assessment payment has been deferred to January 2021.**
- **Time To Pay service** - all businesses and self-employed people in financial distress (and with outstanding tax liabilities) could be eligible to receive support with their tax affairs from HMRC.
  - These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities. HMRC's dedicated helpline - 0800 0159 559.
- **Research and Development (R&D) cash acceleration** - Companies can obtain between 10% and 33% in cash from HMRC on qualifying R&D spend. There are also specialist lenders who will provide finance against the credits which will assist in generating and maintaining cash flow.