



What does COVID-19 mean for your business?

At Business Control, we believe in providing straightforward accounting advice to business owners and over the past few weeks we've been creating a dedicated library of resources relating to COVID-19.

We've put together this smart guide to answer your most pressing questions, with the following at-a-glance summaries included:

- Grants for the self employed
- Business support explained
- Furloughing essentials

Read on for your essential briefing from the Business Control accounting team.

Your SEISS flowchart

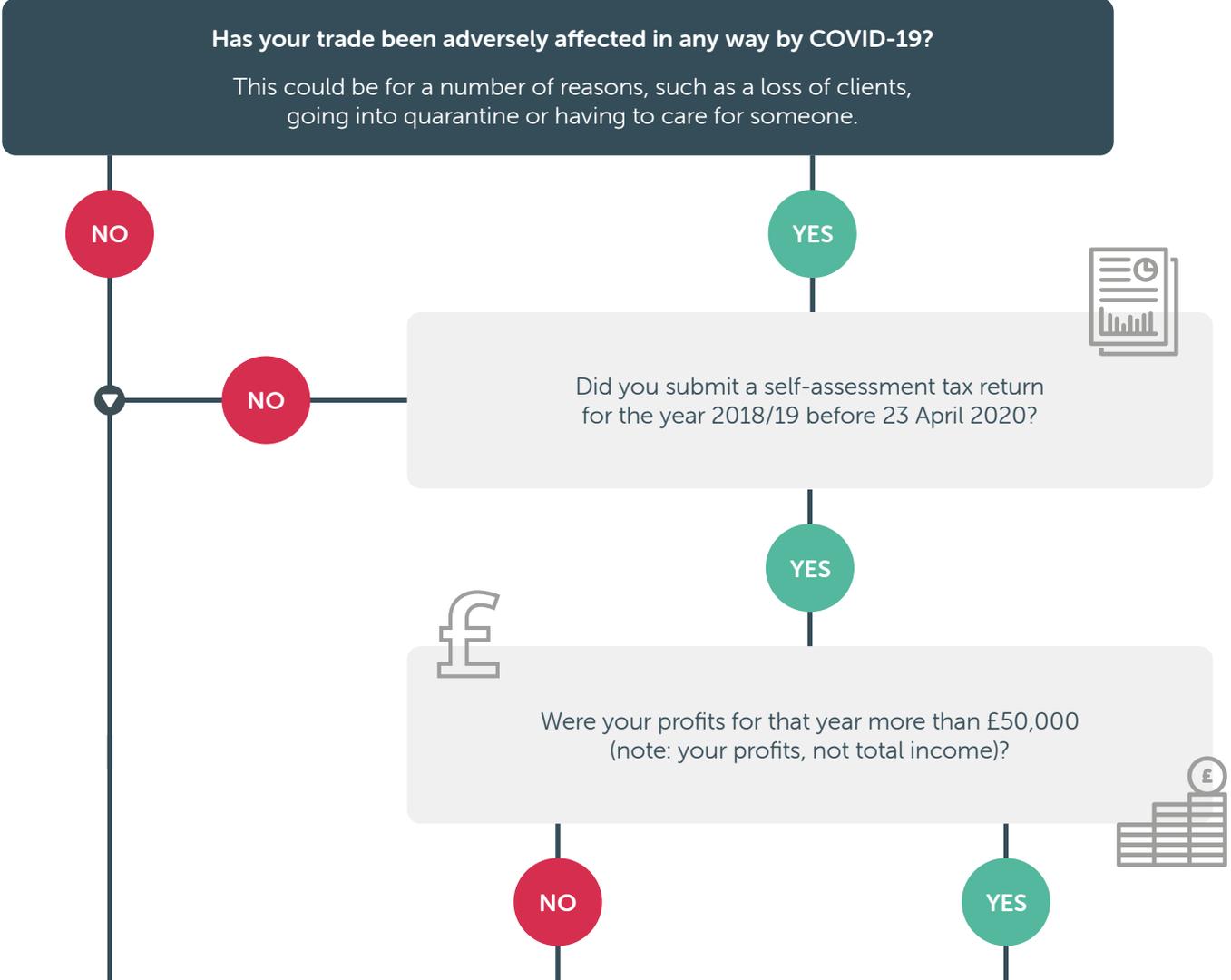
I'm self-employed. What help can I access?

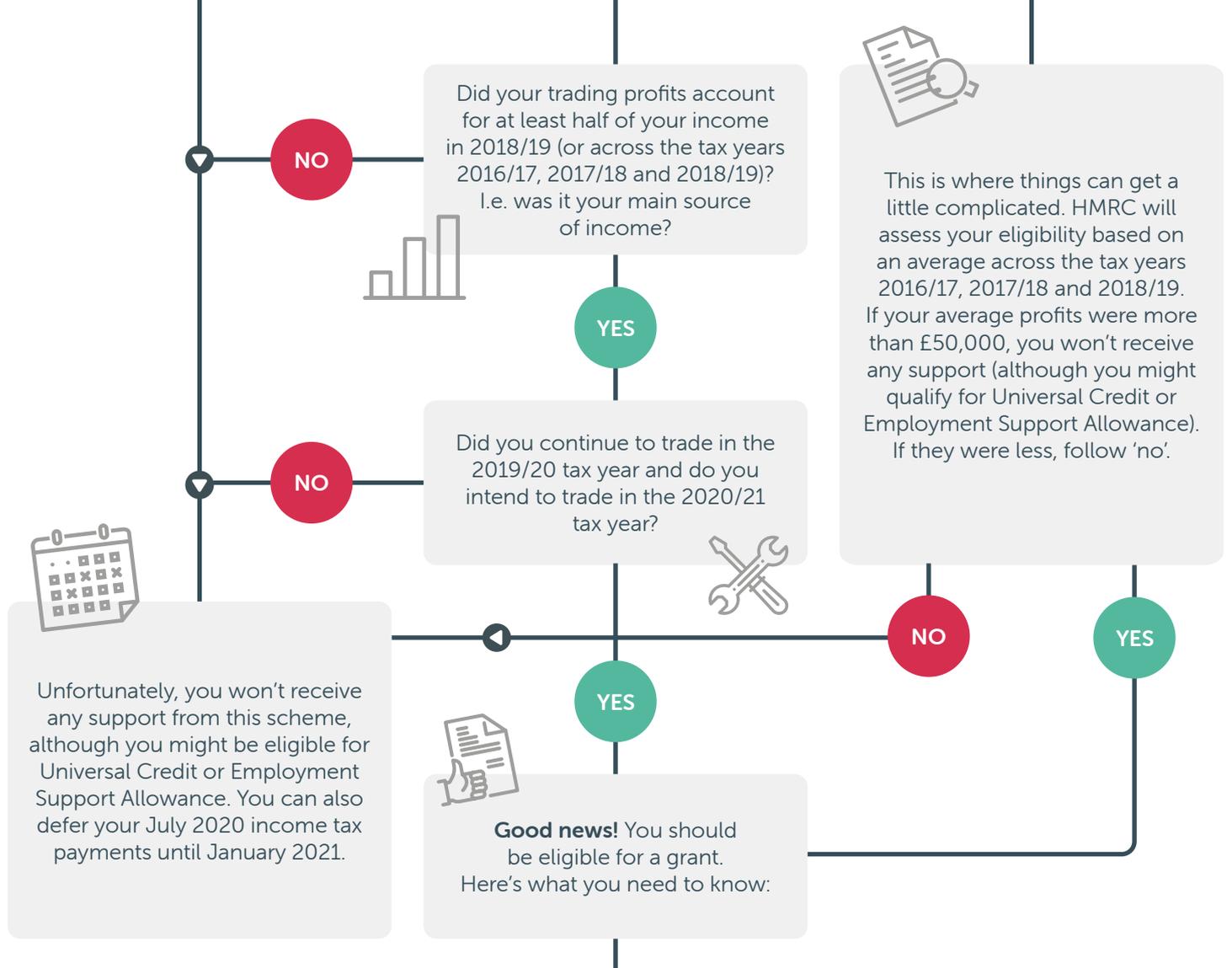
You might have heard a lot of talk about government help for the self-employed. This is mostly around the Self-Employment Income Support Scheme (SEISS).

If you're a sole trader or in a partnership, the guide below will tell you if you're eligible, how much money you could get and when you'll get it.

If you're registered as a limited company, this scheme won't affect you – see our guide to furloughing.

Start here.





SEISS at-a-glance

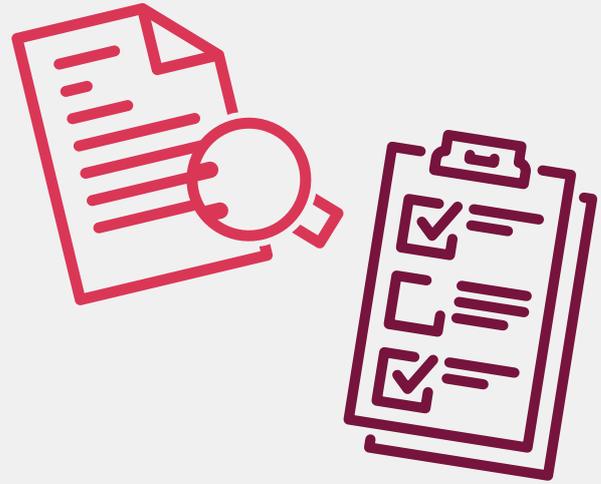
- Firstly, don't worry too much about all the eligibility criteria. If you are eligible, HMRC should contact you by the end of May asking you to apply. Please do not contact HMRC - they've got enough on their hands.
- The grant will be 80% of your average profits across the tax years 2016/17, 2017/18 and 2018/19 - or for the tax years you were trading.
- The grant will cover three months (for now) and be paid in one lump sum. This is capped at £7,500 (i.e. £2,500 a month).
- Frustratingly for some, HMRC won't pro-rata their calculations. So, for example, imagine you began trading on 1 July 2018 and made £24,000 in profits in 2018/19, 80% of which is £19,200. To get a monthly average, HMRC won't divide your total profits by the nine months you were trading but 12 months, so your total payment would be £4,800 and not £6,400.
- Be aware! You will have to pay income tax and National Insurance on the grant.
- You might also be eligible for Universal Credit.
- You can also defer your July 2020 income tax payments until January 2021.
- More good news! If you get the grant, you can continue to earn money or volunteer. And if you end up having a 'good year' the government won't ask for the money back.



Straight talk: Furloughing FAQs

The word 'furlough' has never been used so frequently as it has in the last few months but that doesn't mean people understand exactly what it means in the current context.

Here are the biggest questions we're being asked at Business Control – and some helpful answers.



Why is everyone talking about furloughing?

Because of the government's Coronavirus Job Retention Scheme, which is aimed at preventing job losses in businesses affected by COVID-19.



What is furloughing?

It's basically putting jobs that can't be done (or be afforded) at the moment on hold, rather than making the people who do those jobs redundant.

How is the scheme helping businesses?

By providing a grant that covers 80% of affected employees' wages up to a maximum of £2,500 per month (plus any associated pension and Employer National Insurance costs). These employees must have been on your payroll before 19 March.

Do employers have to pay the other 20%?

They can if they want to, but they don't have to.

When can we use it?

It's a temporary scheme that, at the time of writing, will last until the end of October. However, employers can use the scheme at any point while it's running. Any employee furloughed must be so for at least three weeks.

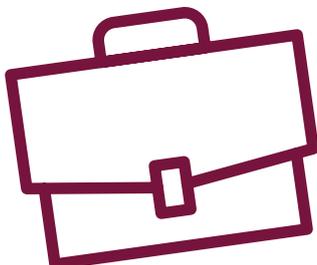
What if we laid workers off before the scheme began?

It's not necessarily too late. If these employees stopped working for you after 28 February, you can re-employ them, put them on furlough and claim for their wages through the scheme.

Do we need to consult employees?



In short, yes. You have to notify them and (unless there's an express lay-off clause in their contract) they'll need to agree to be furloughed – and be paid 80% of their salary while this happens. To formally agree this, both parties will have to sign a Furlough Leave Agreement.



How is the money paid?

It's the employer's responsibility to first pay furloughed workers and then claim the money back from the government.



Are directors eligible?

If they're on the PAYE payroll, yes, but it should be formally adopted as a decision of the company, noted in the company records and communicated in writing to the director(s) concerned. Also, you'll only get 80% of your salary or fee (up to £2,500 per month) and not dividends.

But how will the company function if we do that?

If furloughed directors need to carry out duties to fulfil the statutory obligations, they're "able to do so provided they do no more than would reasonably be judged necessary for that purpose". In other words, they can help the company fulfil its tax or legal obligations, but they can't, for example do anything that's revenue-generating, unless it's chasing money owed.



What if an employee's wages fluctuate each month?

If an employee has been employed for at least 12 months and their wages include commission, you can claim whichever is the highest of:

- The same month's earning from the previous year, or
- Their average monthly earnings for the 2019-2020 tax year

If the employee has been employed for less than 12 months, you can claim for 80% of their average monthly earnings since they started work.



Do we need to retain furloughed workers when the scheme ends?

That's your decision to make.

Can employees be made redundant while on furlough?

Yes.

Can those workers take other jobs while they're furloughed?



It's complicated. As it stands, they can but not during the time they would have been working for you. So if they worked 9 to 5 for you, they could have an evening or weekend job.

What if I'm self-employed and registered as a limited company. Can I furlough myself?

It seems that way. And it also looks like you can carry on earning money. As with directors of larger companies, you'll only get 80% of what you pay yourself as a salary (up to £2,500 per month) and not dividends. You can also look at getting benefits such as Universal Credit or applying for other financial aid for businesses such as Bounce Back Loans (see our guide on the following pages).

Can employees or directors get any other financial help?

They might be eligible for benefits such as Universal Credit or Employment Support Allowance.



How do you claim?

You claim online at: <https://www.gov.uk/guidance/claim-for-wages-through-the-coronavirus-job-retention-scheme>

Business support explained: are you making the most of the help available?

SME or self-employed? Here's our rundown of the government assistance.



Coronavirus Business Interruption Loan Scheme (CBILS)

This scheme helps SMEs affected by COVID-19 to access private loans and other financial packages (such as overdrafts) up to £5 million. The business must be based in the UK with an annual turnover of up to £45 million (large businesses have their own aid packages available). You have to prove that your business has been adversely affected by the coronavirus pandemic, that it would be viable if it weren't for the pandemic, and – if you're borrowing over £30,000 – that it wasn't classified as a 'business in difficulty' on 31 December 2019.

The government guarantees 80% of the loan and pays any interest and fees for the first 12 months. Overdrafts and invoice finance facilities can be for up to three years, loans and asset finance facilities for up to six years.

You can apply here: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/for-businesses-and-advisors/>

Bounce Back Loan Scheme (BBLs)

The government's latest scheme is for small business loans from £2,000 to £50,000 or 25% of turnover for UK companies and sole traders affected by COVID-19. The government guarantees 100% of the loan which can be for up to six years and there's no interest or payments from you for the first year. The money comes from private lenders (e.g. banks and building societies) but the interest rate is a reasonable 2.5% fixed.

You don't need to show any future viability but it's important to note that you won't be eligible if your business was in financial trouble on 31 December 2019. Nor can you apply if you already have assistance through CBILS, although any loans from that scheme can be transferred to a Bounce Back Loan.

You can apply here: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/>

Future Fund

Launching in May, these are government loans, ranging from £125,000 to £5 million, to UK businesses. But the loans must be at least matched by private investment and your business has to have raised at least £250,000 in equity investment from third-party investors in the last 5 years.



Self-Employment Income Support Scheme (SEISS)

This scheme helps self-employed people who are sole traders or in partnerships by giving them a grant to cover 80% of their average profits. However, there are strict eligibility criteria and limits applied. To see if you qualify and how much you could get, please see our SEISS flowchart on pages 2 and 3.



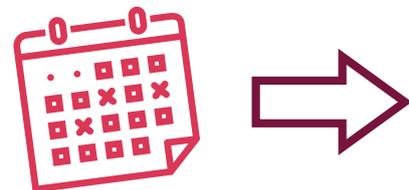
Coronavirus Job Retention Scheme

You might know this better as furloughing. Its aim is to prevent job losses in businesses affected by COVID-19 by helping those businesses put jobs 'on hold' with the aid of a grant. For more details, see our Furloughing FAQs on pages 4 and 5.



Income Tax Deferral

If you have payments due to HMRC in July 2020 you can defer these to January 2021. Though, of course, you still have to pay them. This is an automatic offer so you don't need to apply.



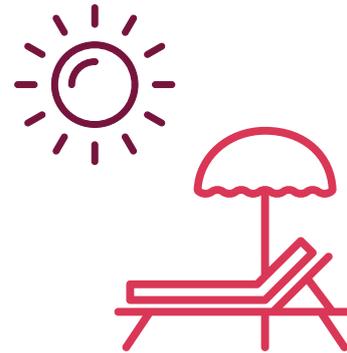
VAT Deferral

UK VAT registered businesses have the option to defer VAT payments due between 20 March 2020 and 30 June 2020 until 31st March 2021. There will be no interest or fees added. Eligible payments are: quarterly and monthly VAT returns' payments for the periods ending February, March and April; payments on account due between 20 March 2020 and 30 June 2020; annual accounting advance payments due between 20 March 2020 and 30 June 2020.



Business Rates Holiday

Businesses in the retail, hospitality and leisure sectors in England will not have to pay business rates for the 2020/21 tax year. This includes: shops, restaurants, cafés, bars or pubs, cinemas or live music venues, assembly or leisure property (e.g. gym or spa), or a hospitality property (e.g. guest house). You don't need to apply; the council will do everything automatically.



Retail and Hospitality Grant Scheme

Some businesses in the retail, hospitality and leisure sectors - and who pay business rates - will get a cash grant of up to £25,000 per property. The grants are staged and you don't need to apply. Businesses with a property that has a rateable value of up to £15,000 will receive a grant of £10,000; those with a rateable value of between £15,000 and £51,000 will receive a grant of £25,000. Above £51,000 and there's no grant.



Small Business Grant Scheme

A one-off £10,000 grant given to small businesses based in England that already pay low or no business rates due to small business rate relief (SBBR), rural rate relief (RRR) or tapered relief. Head to your local authority's website to claim your grant.



Statutory Sick Pay (SSP)

If you had fewer than 250 employees on 28 February, you can claim back up to 14 days' SSP (per employee) paid out for absences after 13 March. That's if these absences were because an employee has coronavirus, can't work because they're self-isolating or are shielding "in line with public health guidance". They don't need a doctor's note for you to pay them and it covers all kinds of employees, including agency and zero-hours contracts.

You can't claim back yet, unfortunately, but when you can, you'll do it here: <https://www.gov.uk/guidance/claim-back-statutory-sick-pay-paid-to-employees-due-to-coronavirus-covid-19>



For our entire library of Accounting for COVID19 blogs, articles and resources, head to: www.businesscontrol.co.uk/knowledge-centre/blog and if you'd like to contact the team directly, we can be reached on hello@businesscontrol.co.uk or by calling **01225 840538**

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