

## MARCH 2021 BUDGET: COVID-19 RELATED SUPPORT MEASURES FOR BUSINESSES, EMPLOYERS AND THE SELF-EMPLOYED

4 March, 2021

The March 2021 Budget contained announcements of new government support measures, and the extension of existing measures, aimed at protecting jobs and preserving livelihoods and business going forward. In this briefing we look at how Government support is to be provided to businesses, employers and the self-employed.

### **Employer Support**

#### **The Coronavirus Job Retention Scheme (CJRS)**

- This scheme has been extended to September 2021 across the whole of the UK.
- It will continue in its current form until the end of June 2021, with the Government continuing to pay 80% of the wages of furloughed employees for the hours they do not work, up to a cap of £2,500 per month.
- Up to 30 June 2021, no employer contributions are required to the employees' furlough pay, but employers must continue to pay Employer National Insurance contributions and pension contributions.
- From 1 July 2021 to 30 September 2021, employers will be required to continue to pay furloughed employees 80% of their normal wages, although government contributions for unworked hours will reduce, with employers being required to make up the difference:
  - In July 2021, CJRS grants will cover 70% of employees' usual wages for the hours not worked, up to a cap of £2,187.50.
  - In August and September, this will then reduce to 60% of employees' usual wages up to a cap of £1,875.
- The contributions from employers are intended to reflect the recovery of business as the economy begins to re-open.
- Employers can also top up wages above the 80% if they wish, but they are not required to do so.

#### **CJRS eligibility from May 2021**

- For periods from 1 May 2021 onwards, employers will be able to claim for eligible employees on their payroll at 2 March 2021. The employer must have made a PAYE Real Time Information (RTI) submission to HMRC between 20 March 2020 and 2 March 2021.
- Employees who have not previously benefitted from CRJS are eligible.

## Statutory Sick Pay

- Small and medium-sized employers (fewer than 250 employees) across the UK will continue to be able to reclaim up to two weeks of eligible SSP costs per employee.
- This temporary relief is on-going until changes are announced by the Government in due course.

## New Apprentice Payments

- Employers hiring a new apprentice between 1 April 2021 and 30 September 2021 will receive £3,000 per hire.
- This is an increase on the payments of £1,500/£2,000 under the previous scheme.
- The £3,000 payment is in addition to the existing £1,000 payment from the Government for new 16 to 18-year-old apprentices.
- The employer must set up an apprenticeship service account before the apprentice starts.
- The incentive payment can only be applied for after the employer has added new apprentices to its account.

## Support for the Self-Employed

### The Self Employment Income Support Scheme (SEISS)

#### *To the end of April 2021*

- The SEISS will now run until September 2021.
- Until now, the scheme has been open only to the self-employed who submitted a 2018/19 tax return, effectively excluding those who started self-employment after 5 April 2019 from receiving any support through this scheme.
- The scheme has now opened up to all those who filed a 2019/20 tax return by midnight on 2 March 2021, making 600,000 more people able to claim for the first time.
- The fourth SEISS grant will be worth 80% of three months' average trading profits (for up to four tax years between 2016 to 2020), paid out in a single instalment and capped at £7,500 in total. The grant will cover the period February to April 2021, and can be claimed from late April.
- All other eligibility criteria will remain the same as the third grant, i.e. trading profits must be no more than £50,000 and at least equal to non-trading income.
- In addition, the individual must have experienced a significant financial impact from coronavirus between February 2021 and April 2021.

#### *From May to September 2021*

- The fifth and final SEISS grant will cover the period from May to September 2021.
- The value of the grant will be determined by a turnover test. Those whose turnover has fallen by 30% or more will continue to receive the full grant worth 80% of three months' average trading profits, capped at £7,500.

- People whose turnover has fallen by less than 30% will receive a 30% grant, capped at £2,850. The final grant can be claimed from late July. Further details will be published in due course.
- Guidance on how to evidence a fall in turnover and make the appropriate claim has yet to be issued by the Government.

## **Business Support**

### **Restart Grants**

- The government will provide 'Restart Grants' in England of up to £6,000 per premises for non-essential retail businesses.
- Hospitality, accommodation, leisure, personal care and gym businesses will be entitled to up to £18,000 per premises giving them the cash certainty they need to plan ahead and safely relaunch trading over the coming months.
- These payments are 'one offs' intended to provide business with the cash-flow required to relaunch in a sustainable and low-risk way.
- The business eligibility criteria are as follows:
  - The business is based in England.
  - It occupies property on which it pays business rates (and is the ratepayer).
  - It has been required to close because of the national lockdown from 5 January 2021 onwards, or between 5 November and 2 December 2020.
  - It has been unable to provide its usual in-person customer service from its premises.
- Applications must be made through the local council website.

### **Recovery Loan Scheme**

- The Recovery Loan Scheme has been developed to replace the Coronavirus Business Interruption Loan and Bounce Back Loan Schemes after they close.
- Launching on 6 April 2021 the Recovery Loan Scheme will provide lenders with a guarantee of 80% on eligible loans between £25,000 and £10 million to give them confidence in continuing to provide finance to UK businesses.
- The scheme provides some significant benefits to users:
  - Term loans and overdrafts will be available between £25,001 and £10 million per business.
  - Invoice finance and asset finance will be available between £1,000 and £10 million per business.
  - Finance terms are up to six years for term loans and asset finance facilities.
  - For overdrafts and invoice finance facilities, terms will be up to three years.
  - No personal guarantees will be taken on facilities up to £250,000, and a borrower's principal private residence cannot be taken as security.
- The scheme will be open to all businesses who meet the eligibility criteria as stated below, including those who have already received support under the existing COVID-19 guaranteed loan schemes:
  - The business must be trading in the UK.

- The business must be able to show that it is viable or would be viable were it not for the pandemic.
- Has been impacted by the coronavirus pandemic.
- Is not in collective insolvency proceedings.
- Loans will be available through a network of accredited lenders, whose names will be made public in due course.
- Details of how to apply will be made public by the Government in due course.

## Business Rates Relief

- Eligible retail, hospitality and leisure properties in England will continue to qualify for 100% business rates relief from 1 April 2021 to 30 June 2021.
- From 1 July 2021 to 31 March 2022 the rate of relief will reduce to 66%, capped at £2 million per business whose properties were required to be closed on 5 January 2021.
- From 1 July 2021 to 31 March 2022 the relief is capped at £105,000 per business for other eligible properties.

## Reduced Rate of VAT

- The 5% VAT rate applicable to the hospitality, accommodation and attraction industry will be extended until 30 September 2021.
- From 1 October 2021 until 31 March 2022 this rate will be increased to 12.5%.
- It is implied that the 12.5% rate is part of a transition to return to the standard 20% rate in April 2022.

## Further Assistance and Information

Verfides will endeavour to keep all clients updated as soon as further information becomes available or additional measures are announced. In the meantime, please speak to your usual Verfides contact for further assistance, or email or call the Tax Team: [tax\\_team@verfides.com](mailto:tax_team@verfides.com); call +44 20 7930 7111.

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