

COVID-19

Government relief & other measures (as at 27 March 2020)

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1. Challenges for businesses

.....
Existing turbulence (Brexit, regulatory change, consumer confidence)
.....

Staff welfare concerns and absences prompted by COVID-19
.....

Further businesses and premises required to close
.....

Operational demands that militate against remote working
.....

Reduced footfall as consumers heed/are required to follow Gov. COVID-19 social distancing guidance
.....

Wider impact of COVID-19 on economy / consumer confidence - reducing sales
.....

High cost base (rents, payroll)
.....

Uncertainty – duration, Gov. support etc.
.....

Stock availability as a result of COVID-19 supply chain interruptions
.....

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2. Weathering the storm

- Supporting colleagues (incl. any lobbying to extend support across particular sectors)
- Communicating with customers and trading partners
- Reducing costs:
 - negotiations on potential rent arrears etc.
 - reviewing supply-chain resilience at all levels and mapping resilience of financing and supply
- Seeking business partner support
- **Understanding and securing Gov. (incl. Local Authority - LA) support – targeted measures**
- Insurance
- Guidance & more information

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3. Summary of relief measures (1)

- Coronavirus Job Retention Scheme
- 12-month business rates holiday for all retail, hospitality and leisure businesses in England
- Grant funding of £25,000 for retail, hospitality and leisure businesses - for property with a rateable value between £15,000 and £51,000
- BoE corporate financing facility
- Coronavirus Business Interruption Loan Scheme to support long-term viable businesses who may need to respond to cash-flow pressures by seeking additional finance

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4. Summary of relief measures (2)

- Small business grant funding of £10,000 for all business in receipt of small business rate relief or rural rate relief
- Deferring VAT and income tax payments
- Statutory sick pay relief package for SMEs
- HMRC Time To Pay Scheme
- Protection from eviction for commercial tenants
- Financial aid for the self-employed
- Other – insurance, advisory etc.

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5. Coronavirus Job Retention Scheme

- The Job Retention Scheme (JRS) applies to all UK employers, including public sector organisations
- The scheme is expected to be functional by the end of April
- Employers can recoup up to 80% of employees **usual monthly wage costs**, up to £2,500 per month, but fees, commissions and bonuses are excluded from these wage costs
- In addition to basic wages, employers can claim back employer NICs and minimum automatic enrolment pension contributions
- Employers should get agreement to furlough leave from their employees; employees cannot insist on being put on furlough leave
- Only employees who were on the employer's payroll at 28 February will be covered by the scheme
- All types of contracts are covered, including agency contracts and zero-hour contracts
- Furlough leave must be for a minimum of three weeks, although an employee can be put on furlough leave more than once
- When deciding who to furlough, an objective criteria must be followed; equality and discrimination laws will apply in the usual way
- Employees must not do any work for their employer whilst furloughed. However, they can undertake training or voluntary work
- Collective consultation obligations **do apply** if more than 20 employees are offered furlough leave as the leave amounts to a change of terms and conditions of employment, and could result in dismissals by reason of redundancy if furlough cannot be agreed
- Employers will self-certify how much they are claiming but this will be subject to audit by HMRC
- For further guidance, see TLT insight: <https://www.tltsolicitors.com/insights-and-events/insight/the-job-retention-scheme---more-detail-published/> , [employer guidance](#) and [employee guidance](#)

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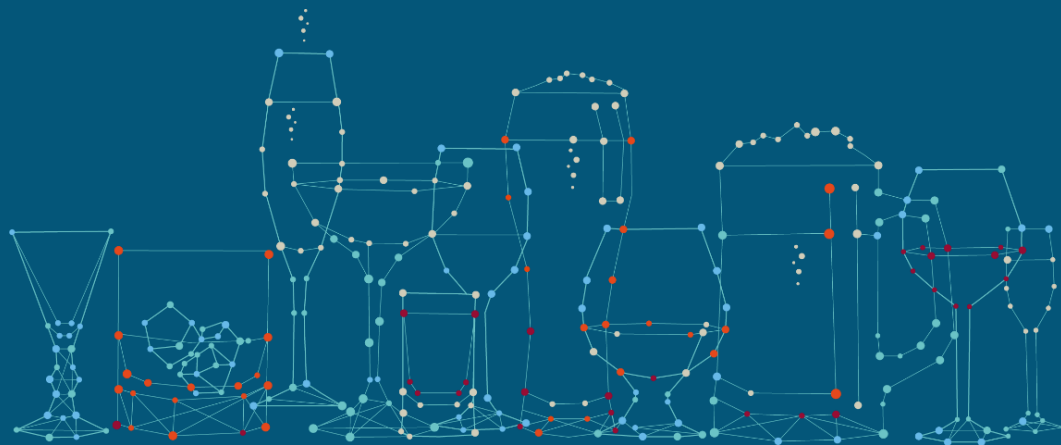
6. Business rates holiday

- Gov. to introduce a business rates retail holiday for **all** retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year
 - Originally for properties with a rateable value below £51k, so mainly of benefit to SMEs. **Now scheme is open to all**
 - For businesses with multi use sites, businesses may seek to argue that relief applies to whole site (as predominantly retail, hospitality and leisure)
- Businesses that received the retail discount in 2019 to 2020 tax year will be rebilled by Local Authority (LA) asap
- Enquiries on eligibility for, or provision of, reliefs to be directed to the relevant LA
- Further guidance for local authorities is available in the [expanded retail discount guidance](https://www.gov.uk/government/publications/business-rates-retail-discount-guidance#history): <https://www.gov.uk/government/publications/business-rates-retail-discount-guidance#history>
- HM Treasury may be pressed for further guidance

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7. Grant funding of £25k (retail, hospitality & leisure businesses)

- A £25,000 grant will be provided to retail, hospitality and leisure businesses in England operating from smaller premises, with a rateable value between £15,000 and £51,000
- LAs will write to businesses if they are eligible for this grant
- For further guidance for LAs on the scheme:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875348/small-business-grant-fund-and-retail-guidance-v2.pdf



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8. BoE Corporate Financing Facility

- New scheme (over coming 12 months) for large firms - launched by the BoE - to help affected businesses bridge Coronavirus disruption to their cash flows through loans
- Intended for companies that are basically strong - which would ordinarily seek market-based finance - but which have been affected by short-term funding squeeze
- The Covid Corporate Financing Facility (CCFF) will provide funding to businesses by purchasing commercial paper (unsecured, short-term debt) of up to one-year maturity
- Terms comparable to those prevailing in markets before COVID-19 event
- Eligibility will be based on firms' credit ratings before COVID-19 event (short or long-term investment grade ratings)
- Businesses do not need to have previously issued commercial paper to participate
- Further information on participation: <https://www.bankofengland.co.uk/news/2020/march/the-covid-corporate-financing-facility>

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9. Coronavirus Business Interruption Loan Scheme

- Temporary Coronavirus Business Interruption Loan Scheme, delivered by British Business Bank, to support SMEs to access bank lending and overdrafts
- Eligibility: an SME must be UK based, with turnover of no more than £45m per year. If it were not for the current pandemic, business proposal must be considered viable by the lender. If the lender can offer finance on normal commercial terms without the need to make use of the scheme, they will do so
- Scheme features:
 - Up to £5m facility available on repayment terms of up to six years
 - 80% guarantee against the outstanding facility balance, subject to an overall cap per lender
 - No guarantee fee for SMEs to access the scheme. Lenders will pay a fee to access the scheme
 - Interest and lender-levied fees paid by Gov. for 12 months
 - Finance terms are up to 6 years for term loans and asset finance facilities, and up to 3 years for overdraft and invoice finance facilities
 - Security: the scheme may be used for unsecured lending for facilities of £250,000 and under (at discretion of lender). For facilities above £250,000, the lender must establish a lack or absence of security prior to businesses using scheme
 - The borrower always remains 100% liable for the debt
- For full details, please see: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>

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10. Sick pay

- SMEs to be allowed to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. The eligibility criteria for the scheme will be as follows:
 - refund will cover up to 2 weeks' SSP per eligible (COVID-affected) employee
 - employers with <250 employees (@28/02/20) will be eligible
 - employers able to reclaim expenditure for any employee who has claimed SSP (according to the new eligibility criteria) as a result of COVID-19
 - employers should maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note
 - eligible period for the scheme will commence the day after legislation on the extension of Statutory Sick Pay to those staying at home comes into force
 - Gov. will work with employers over the coming months to set up the repayment mechanism for employers as soon as possible

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11. Deferring VAT and Income Tax

- **VAT:** Gov. will support businesses by deferring VAT payments for 3 months:
 - Deferral will apply from 20 March 2020 until 30 June 2020
 - All UK businesses are eligible
 - Automatic offer – no applications required
 - Taxpayers given until end of 2020 to 2021 tax year to pay any liabilities that have accumulated during the deferral period
- **Income tax:** for income tax self-assessment, payments due on 31 July 2020 will be deferred until 31 January 2021
- These tax offers are helpful in dealing with cashflow, but do not amount to any absolute savings and so businesses will still need to make sure they have the right level of resources to make the tax payments when they eventually become due
- For further guidance: <https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19>

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12. HMRC Time to Pay

- Businesses 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
- To be agreed on a case-by-case basis and are tailored to individual circumstances and liabilities
- Gov. has indicated that HMRC will look favourably on claims related to COVID-19
- HMRC has set up a dedicated helpline - 0800 0159 559



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13. Protection from eviction for commercial tenants

- Commercial landlords' forfeiture rights for non payment of rent will be suspended until at last 30 June under measures contained in the Coronavirus Act 2020
- All commercial tenants in England, Wales and Northern Ireland are eligible
- These measures will mean no business will automatically forfeit their lease and be forced out of their premises if they miss a payment up until 30 June
- There is the option for the government to extend this period if needed
- All commercial tenants will still be liable for the rent. Commercial tenants are protected from eviction if they are unable to pay rent
- For further information: <https://www.tltsolicitors.com/insights-and-events/insight/commercial-landlords-banned-from-exercising-forfeiture-rights-for-non-payment-of-rent/>
- and <https://www.tltsolicitors.com/insights-and-events/insight/coronavirus-is-your-landlord-still-providing-services/>

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14. COVID-19 Self-employment Income Support Scheme

- Self-employed individuals or members of a partnership can apply if they have lost trading/partnership trading profits due to COVID-19 and they have submitted an Income Tax Self Assessment tax return for the tax year 2018-19
- Self-employed trading profits must be less than **£50,000** and more than half of income must come from self-employment
- Individuals will get a taxable grant which will be 80% of the average profits from the following tax years (where applicable): 2016 to 2017; 2017 to 2018; and 2018 to 2019
- It will be up to a maximum of £2,500 per month for 3 months
- Applications for this scheme can not be made yet. HMRC will contact individuals who are eligible for the scheme and invite them to apply online
- For further guidance: <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

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15. Finance generally

- Gov. expects banks to take a sympathetic approach to business (particularly SMEs) during the crisis
- Businesses encouraged to communicate with finance providers across a range of potential areas to alleviate pressure points, including:
 - refinancing
 - new credit facilities such as overdrafts or loans
 - payment holidays on existing commitments
 - other temporary relaxation of loan terms e.g. if business has covenants it's in danger of breaching



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16. Insurance

- Most commercial insurance policies are unlikely to cover pandemics or unspecified diseases, such as COVID-19
- If the policy covers government ordered closure and pandemics or government ordered closure and unspecified notifiable disease, businesses may be able to make a claim (subject to the terms of the policy)
- Business interruption insurance policies differ significantly, so businesses are encouraged to check the terms and conditions of their policy and contact their insurers or brokers
- Further information can be accessed at - <https://www.abi.org.uk/products-and-issues/choosing-the-right-insurance/business-insurance/business-interruption-insurance/> - but remember this is issued from an insurance industry perspective
- Finally, check: key person insurance (that pays out if a senior executive is unable to work); event abandonment or cancellation cover; and liability insurance, to see whether the business is insured against any claims from employees, customers and the public related to the virus
- For further information on notifiable diseases, government ordered closure and event coverage, see commercial insurance section: <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#commercial-insurance>

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17. Risk assess cost reductions

- When assessing non-essential cost reduction, it is advisable to also consider risk and impact to future mobilisation
- Review supply-chain resilience at all levels. A supplier at the 'nth' level of your supply chain could be a critical future dependency
 - Some key and critical suppliers may be at a higher level of risk of failure
 - Ensure you know your supplier dependencies at every tier level
 - Identify supplier and category level failure risks and assess and quantify potential impact
 - Consider which areas may present a risk at future mobilisation / ramp-up

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18. Manage and mitigate future supply-chain risks

- Map the resilience of your supply-chain, and its ability to finance
- In particular, assess suppliers at the 'nth' tier level who are; niche, difficult, slow or expensive to replace, slow or expensive mobilise, or particularly at risk
- Consider support measures required to assure future performance from key suppliers
 - This could include measures to help them to also 'weather the storm'
- **Communicate with key and critical suppliers, influential partners and sub-contractors**
- **Listen to the concerns of your supply chain at all levels. Be open to consider alternative support measures**

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19. Professional advice

- Seek early advice on relevant issues – from contractual terms (force majeure, frustration of contract etc.) to HR challenges
- No two businesses will be the same situation, particularly as regards their workforce. For example, employers are tending to:
 - Ascertain what functions can be carried out remotely
 - Look at ways of agreeing absences with staff whilst operations are impacted. This can include employees taking annual leave, working reduced hours for reduced pay or taking furlough leave
 - Where contractually provided for some employers are putting people on short time work or lay off (under the statutory scheme), and paying statutory guarantee pay (very limited in value and duration and not really an option for 99% of employers). It may be that using furlough leave would be more beneficial
 - Managing staffing costs in this emergency. Business may have to consider terminating some employment (e.g. staff with <2 years' service (subject to contractual notice))
 - Look at redundancies if the measures above will not have sufficient impact, subject to utilising the furlough scheme where available

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20. Corporate law issues

- AIM companies can apply for a three-month extension to the reporting deadline for the publication of their annual audited accounts under Rule 19 AIM Rules. Further information: <https://www.londonstockexchange.com/companies-and-advisors/aim/advisors/inside-aim-newsletter/inside-aim-coronavirus-audited-accounts.pdf>
- Reporting timetable for listed companies: FCA, FRC and FCA have published a joint statement permitting a delay in the publication of audited annual financial reports from 4 to 6 months from the end of the financial year. See [Joint statement](#)
- Companies House emergency measures:
 - If a company's accounts will be late because it is affected by COVID-19, it can apply for an automatic and immediate 3 month extension to file its accounts. See [here](#) for more information
 - HMRC has introduced an electronic service to temporarily replace their usual Stamp Duty process
- Companies House is updating its guidance daily: <https://www.gov.uk/guidance/coronavirus-guidance-for-companies-house-customers-employees-and-suppliers>

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21. Other regulatory issues

- Certain businesses and premises must remain closed. For more guidance see: <https://www.gov.uk/government/publications/further-businesses-and-premises-to-close/further-businesses-and-premises-to-close-guidance#business-support>
- Coronavirus Act 2020
- Duty of care under the Health and Safety at Work Act – employees/others
- Premises and operations - Coronavirus risk assessment
- Health and Safety Executive and Public Health England's role (divergence in Wales/Scotland/NI)
- Guidance for employers and businesses on COVID-19: <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/guidance-for-employers-and-businesses-on-coronavirus-covid-19>

For more updates see:

- <https://www.tltsolicitors.com/insights-and-events/hot-topics/coronavirus/>

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Key contacts



Miles Trower
Partner, Competition

T: +44 (0)333 006 0574
miles.trower@tltsolicitors.com



Daniel Sweeney
Partner, Real Estate

T: +44 (0)333 006 0309
daniel.sweeney@tltsolicitors.com



Jon Stewart
Partner, Banking & Restructuring

T: +44 (0)333 006 0786
jon.stewart@tltsolicitors.com



Esther Smith
Partner, Employment

T: +44 (0)333 006 0966
esther.smith@tltsolicitors.com

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