

# **Business Survival Toolkit** **for Coronavirus**

**Cumbria Chamber of Commerce**  
in association with  
**Lamont Pridmore**



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## **1. Introduction**

We suggest you discuss this Business Survival Plan for Coronavirus with your accountant, financial adviser and/or business adviser who will advise you on the best methods of implementation for your business.

This plan is specifically written for those directly affected by Coronavirus, but most is equally applicable if your business has been affected indirectly, e.g. if a key supplier or customer(s) is out of action.

## **2. Expected Timescale**

The expected period of disruption will not be the same for everyone, but we recommend that the business should create a fund of cash or bank facilities to be able to operate for at least six months with no or considerably reduced sales. Make an estimate of how long your business will be out of action for and/or how long your customers/suppliers will be affected.

## **3. Keeping Your Business Going**

Prepare a Coronavirus policy to keep you, your staff, their families and your customers safe. Make sure you communicate with your staff as soon as possible – and keep communicating with them. This will extend the operation of your business for as long as possible during the pandemic. If the virus does impact on staff developing home working or double shifts to cope with the situation may be required. *(See appendix 1 for a draft Coronavirus policy statement).*

*You may need to consider how to operate your business within social distancing guidelines, perhaps at reduced capacity to ensure staff can adhere to health and safety procedures. Once the national lockdown restrictions begin to be lifted, you may need to consider how your customers or suppliers can access your business when still enforcing social distancing recommendations.*

## **4. Current Government Guidelines for Individuals**

To keep up to date with current guidelines, please see:

<https://www.gov.uk/government/collections/coronavirus-covid-19-list-of-guidance>

- Only go outside for food, health reasons or work (but only if you cannot work from home).
- If you go out, stay 2 metres (6ft) away from other people at all times.
- Wash your hands as soon as you get home.
- Do not meet others, even friends or family from another household.
- Everyone should avoid gatherings and crowded places, with the following places now officially closed - pubs, clubs, restaurants, cinemas, theatres, hairdressing salons, places of worship and non-essential shops. A full list of the businesses and venues the Government instructed to close can be found here -

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/880098/300320\\_Revised\\_Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/880098/300320_Revised_Guidance.pdf)

- Everyone should practice ‘social distancing’ to avoid being close to or touching other people who may be infectious.
- Those with the most serious health conditions must be “largely shielded from social contact for 12 weeks”.
- If a person in any household has a persistent cough or fever, everyone living there must stay at home for 14 days. Those people should, if possible, avoid leaving the house, even to buy food or essentials but they may leave the house for exercise, and in that case, at a safe distance from others.
- People who should be particularly stringent in minimising their social contact are: those over the age of 70; adults who would normally be advised to have a flu vaccine (such as those with chronic disease); pregnant women.

### **5. Customers, Suppliers and Marketing**

Analyse your likely sales over various markets, considering not only the direct impact of your business but also any impact on your customers and suppliers as they may also have been affected.

The assessment needs to be realistic and not over optimistic because very important decisions will be taken based on this information. Look at:

- which, if any customers, you can continue to supply
- what you need to do to be able to supply other customers
- whether there are new channels you could use to sell to your existing and/or new customers e.g. online sales, home deliveries/supply, working with another business
- which customers will be so badly affected that their sales are likely to cease forever?
- which customers will be affected until they recover from the virus, how long is this likely to be and to what extent (will they not buy at all or will they buy less?)
- which customers won’t be affected as much?
- whether there are new customers/markets you could target
- whether your suppliers are affected, how long this is likely to be the case for, and where, if necessary, you can source alternative supplies.

Make sure you communicate with your customers as soon as possible – and keep communicating with them. Let them know your situation, how it affects them and what you are doing to maintain/restart supplies to them. If appropriate think about how you could access new supplies quickly or provide services to them in a different venue – so that they aren’t forced to go elsewhere. Keep them up to date with the situation as it evolves. When you’re able to get back to normal you might think about how to reward customers who’ve stayed loyal e.g. thank you card, special opening offer, opening event for customers.

### **6. Credit Control Procedures**

It’s vital for your cash flow that you have stringent credit control procedures in place with any new customers (especially if they may be seeking alternative suppliers as their credit

lines dry up) and with existing customers possibly seeking extended credit periods. These are difficult business decisions. You may have opportunities to create new relationships which will develop the business in the future but at the same time you may create additional financial strain on your own business in the very near future or it may even create a bad debt which will cause you serious financial problems in the future.

### **7. Your Contract Terms**

Review the contractual terms of your business to ensure that you understand the legal status of the various clauses, both for your customers and for your suppliers. If applicable you will need to take a commercial decision on your policy on cancellation of orders, bearing in mind your current financial situation and the potential lifetime value of that particular customer in future years. The more difficult your own current financial situation the more difficult the decision will be on whether you can accept the cancellation or whether you need to pursue a legally binding order. A similar situation will arise when you are considering cancelling orders with your suppliers.

### **8. Insurance Cover**

Check your business insurance policy to establish whether there is any relief under the business interruption and consequential loss sections.

Ask your insurance company exactly what you can claim for and what actions you need to take. Ask them also about an interim payment to help your business start trading as soon as possible to minimise your loss.

### **9. Other Income Opportunities**

Explore every possible income opportunity to establish whether new income streams can be created:

- new products/services that could be developed quickly
- other ways of getting your product or service to customers
- employment for a short while to increase income
- claiming any benefits that may be due to you
- government support announced in the Budget 2020 and recent updates and announcements

### **10. Government Support**

The current government support as announced in the 2020 March Budget together with recent updates and announcements up to 27<sup>th</sup> April 2020 are set out fully in the Appendices but in summary:

- SME's with fewer than 250 employees will be supported by the government.
- The **Self-Employed Income Support Scheme (SEISS)** will pay self-employed individuals an amount equivalent to up to 80% of their average monthly trading projects, capped at £2,500, to cover at least 3 months from March 20. (See appendix 4 for the full guidance.)
- The **Coronavirus Job Retention Scheme** provides Government Grants of 80% of salary of PAYE employees up to a maximum of £2,500 per month, who would

otherwise be laid off during the crisis and are then designated 'furloughed'. (See appendix 3 for the full guidance.)

- The next quarter of VAT Payments deferred until the end of June 2020 and the business will then have until the end of March 2021 to settle any accumulated liabilities
- Income Tax payments due on 31 July 2020 will be deferred until 31 January 2021 and this will be automatic without the need to apply
- Universal credit for the self employed will be at the same rate as statutory sick pay.
- Rates for retail, hospitality and leisure businesses at 100% discount for the coming year.
- A £25,000 grant per property to retail, hospitality and leisure businesses operating from smaller premises with a rateable value between £15,000 and £51,000.
- Small business grant of £10,000 for those businesses eligible for small business rate relief or rural rate relief.
- Rates holidays and Cash Grants will be administered by Local Authorities and should be delivered automatically, without the need to claim.
- The Government has announced significant revisions to the **Coronavirus Business Interruption Loan Scheme (CBILS)** that came into effect from Monday 6 April 2020, opening the scheme up to a wider range of businesses. The Scheme provides UK-based SMEs with turnovers of up to £45 million access to facilities of between £1,000 and £5 million interest-free for 12 months, backed by an 80 per cent guarantee from the Government. (See Appendix 5 for full details).
- The **Bounce Back Loans Scheme (BBLs)** for small businesses was announced on 27<sup>th</sup> April and will allow small businesses to borrow up to 25 per cent of their turnover, from £2,000 up to a maximum of £50,000. The scheme is due to go live from 4 May 2020. The BBLs will be 100% backed by a Government guarantee, unlike the Coronavirus Business Interruption Loan scheme (CBILS) and will offer an interest-free period for 12 months. (See Appendix 6 for full details.)
- **COVID-19 Corporate Financing Facility** for those larger businesses 'making a material contribution to the UK economy' administered through the Bank of England by the Bank purchasing commercial paper to finance working capital.
- Mortgage borrowers and Tenants can apply for a 3-month payment holiday.
- Insurance claims if you have cover for pandemics or government-ordered closures but policies differ significantly regarding the cover offered.
- Refund of the two weeks SSP per employee relating to self-isolation as a result of the coronavirus amounting to £94 per week.
- Time to pay: HMRC will look favourably on agreeing payment plans for VAT, PAYE/NIC, CIS, Machine Gaming Duty, Income Tax and Corporation Tax liabilities. For more guidance, call the HMRC dedicated help line on 0800 0159 559.
- Applying to defer bank loan capital repayments on existing borrowings for the next 6 months.

Be aware these support packages can change and will be updated on a regular basis and can be found on the government website.

<https://www.gov.uk/government/news/coronavirus-covid-19-guidance-for-employees-employers-and-businesses>

## 11. Cost and Cash Control

Clearly there will be several urgent demands on your time but taking steps to cut costs and improve cash flow are vital.

The first course of action is to turn off as quickly as possible all non-essential cash outflow. This may be business or private expenditure, revenue or capital. Review all standing orders and direct debits, whether business or private, and consider cancelling any non-essential payments. The quicker this is done, the longer the business will be able to survive and the more likely it will have the necessary funds to support its recovery.

Essentials	Non-Essentials
Materials and direct costs of production to meet anticipated sales	Reduce stocks of raw materials
Key staff	Subcontractors
Light, heat and power	Non-essential repairs and maintenance (DIY)
Insurance	Motor repairs and service
Telephone system and internet	Telephone calls (if appropriate)
Marketing? (depends on your circumstances)	Printing and stationery
Agree rent deferrals	Marketing (if appropriate to your circumstances)
Business Rates 100% discount or deferral	Cleaning & laundry (DIY)
Taxes (PAYE, NIC, income tax, VAT) – defer for 6 months by calling HMRC	Heating
Essential living costs	Pension contributions (suspend)
Repairs to your property	Investments and savings plans (review)
Accountancy Fees (by agreement)	Capital expenditure
	Bank loan repayments (agree repayment holiday)
	Leasing & HP payments (agree repayment holiday)
	Non-essential personal expenditure
	Apply for a 3-month mortgage or rent holiday

## 12. Staffing levels

Regrettably it's vital to cut staffing levels as quickly as possible (in days) to those necessary to meet current or expected sales levels. But you should first consider the Coronavirus Job Retention Scheme with Government Grants covering 80% of the salary of PAYE employees up to a maximum of £2,500 per month for those who would otherwise have been laid off during this crisis. Once you have decided on these key workers needed to open the business once the pandemic is over then you move on to consider the position of the remaining staff:

- Review Contracts of Employment
- Consider varying terms and conditions such as negotiating amended hours, salary reductions or unpaid leave with staff
- Ask staff to take any holidays now
- Defer the start date for any new recruits
- Check notice periods to be given to put people on short time working or to make people redundant and any costs this would involve. Find more information here <https://www.gov.uk/staff-redundant/layoffs-and-shorttime-working>
- Consider laying off staff. Find more information here <https://www.gov.uk/lay-offs-short-timeworking>

You may decide to take a different approach for different groups of staff, depending on your needs now and in the future.

Make sure you follow the correct processes when carrying out any of these changes and take account of any contractual and legal requirements.

ACAS offer a free service on these issues – ring 0845 057 3170 or <https://archive.acas.org.uk/index.aspx?articleid=1639>. Cumbria Chamber of Commerce members have access to free legal and HR support, see [www.cumbriachamber.co.uk](http://www.cumbriachamber.co.uk) or call 0845 226 0040.

### **13. Quantify the Problem**

Reduce costs and financial outgoings of the business to a minimum as quickly as possible (within days). Once you have done this calculate how much money is needed to meet the level of costs and outgoings for the next six months or however long realistically you will be affected.

### **14. Cash Flow Management**

Once you've quantified the problem the business will need to amass the necessary resources to meet these outgoings, whether this is in cash, credit facilities, bank overdraft, sale of surplus assets, introduction from your own resources or loans from friends or relatives, etc to meet these needs. Marshall all your assets and create a war chest for the battle ahead.

### **15. Own Resources**

The business may need an injection of some of your own resources or those of your family or friends to help meet commitments. You should also keep back say another two months of outgoings as a contingency fund in case you are severely affected for longer than expected.

You may need to give notice of withdrawal from some designated bank or building society accounts and this should be done straightaway. Once you know how much you can introduce into the business from your own resources you will need to work out how you are going to find the balance.

## **16. Sale of Surplus Assets**

To fund your business, you should consider selling any personal or business assets that are surplus to requirements. Trading stocks should be reduced to anticipate the non-existent or quieter trading period.

## **17. Banks, Building Societies, Hire Purchase, Leasing and Other Funders**

It's vital that you discuss the situation with your banker or funder as soon as you have a draft financial plan in mind. The relationship that you've developed with your banker over the past few years will now become an important asset. Your banker should be understanding and supportive but may need to obtain authority from regional office for capital and interest holidays or increased facilities, so timing of the funding application will be very important.

## **18. Suppliers**

Discuss delayed or deferred payment with suppliers. This is a good source of funding.

## **19. Tax Authorities**

Discuss with your accountant/financial adviser a strategy to arrange for the delay or deferment of PAYE, NIC, VAT, Corporation Tax and Income Tax payments. The Budget 2020 has already updated that HMRC will be receptive to these applications.

## **20. Tax Payment 31 July and Change of Accounting Date**

For self employed businesses, consider changing your financial year end to 31 March to relieve the financial losses as early as possible for tax purposes. This is a complex decision which should not be taken without advice from your accountant/financial adviser.

To maximise your cash flow, a claim should be submitted to reduce the tax payment due to 31 July 2020 to nil and defer until 31 January 2021. Consult your accountant/financial adviser on the best course of action.

If you trade as a company you should consider immediately stopping drawing a salary as this will reduce the national insurance and PAYE liabilities. The drawings you need to live on can be taken either by withdrawal from your loan account, by dividend or through the creation of a loan account from the company. These actions will considerably reduce the regular outgoings from the business. This is a complex area and you should consult your accountant/financial adviser before taking action.

## **21. Detailed Action Plan and Milestones**

Draw up an action plan for the next six months covering the following:

- financial projections for the next six months
- sales target
- marketing strategy and plan
- revenue expenditure budget including staffing strategy
- capital expenditure budget
- personal expenditure budget
- funding strategy and plan



- tax plan

The plan should be reviewed weekly then monthly to confirm that you are on track, and if you are not on target identify what further action(s) you need to take.

It's important that you keep your accountant/financial adviser and your bank manager or funder informed of developments, together with the actions you are taking. This will ensure that they are in a position to help if needed.

## **22. Disaster Recovery Plan - for “next time”**

The last thing you want to think about right now is this happening again, However, there are lots of disasters that can hit your business so every business should have a recovery plan. Disaster Recovery Plans usually cover fire, flood, storm, electricity interruption, computer system failure or data corruption, and other potential disasters such as pandemic flu, foot & mouth disease and other human/animal diseases.

Further guidance is available through [www.cumbriagrowthhub.co.uk](http://www.cumbriagrowthhub.co.uk).

As part of this you will need to regularly check the updated government guidance as the situation progresses. More guidance is available at:

<https://www.gov.uk/government/topical-events/coronavirus-covid-19-uk-government-response>.

## **23. Further Guidance**

Contact Cumbria Business Growth Hub on 0844 257 8450 for advice. Advisers are available, free of charge, to help you implement your immediate recovery plan and a range of specialists are available to help with things like marketing and finance. The Growth Hub will also be able to signpost you to other help.

Your accountant or financial/business adviser will be familiar with your business. It is advisable to work with them and with any other relevant professionals. Funding may be available to support this.

### **Disclaimer:**

Before taking any action we recommend you contact your accountant or financial or business advisers. Care has been taken in the preparation of this Business Survival Toolkit but Cumbria Chamber of Commerce and Lamont Pridmore accept no responsibility for any loss arising to any person as a result of action or inaction based on this information.

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## Appendix 1: Draft Coronavirus Policy & Guidance for all Employees

### Employees who are sick or display symptoms of the virus

Employees who have symptoms of acute respiratory illness are recommended to stay home and not come to work until they are free of fever, signs of a fever, and any other symptoms for at least 24 hours, without the use of fever-reducing or other symptom-altering medicines (e.g. cough suppressants). Employees should notify their supervisor and stay home if they are sick.

Any employee who appears to have acute respiratory illness symptoms (i.e. cough, shortness of breath) upon arrival to work or become sick during the day should be separated from other employees and be sent home immediately.

### What to do if you think you have coronavirus?

All employees are reminded not to attend their GP surgery if they think they have symptoms of the virus. The NHS guidance is to call 111 or access their online NHS service <https://111.nhs.uk/service/covid-19> to find out what to do next.

### Employees Returning from travelling abroad

All employees are encouraged to keep themselves updated with information on the Government website on effected areas:

- Hubei province in China in the last 14 days, even if you do not have symptoms
- Iran, [lockdown areas in northern Italy](#) or [special care zones in South Korea](#) since 19 February, even if you do not have symptoms
- other parts of mainland China or South Korea, Hong Kong, Japan, Macau, Malaysia, Singapore, Taiwan or Thailand in the last 14 days and have a cough, high temperature or shortness of breath (even if your symptoms are mild)
- other parts of northern Italy (anywhere north of Pisa, Florence and Rimini), Cambodia, Laos, Myanmar or Vietnam since 19 February and have a cough, high temperature or shortness of breath (even if your symptoms are mild)

We strongly suggest all employees do not return to work for the governments recommended self-isolation period following their return from any travel, abroad or within the UK

### Employees who need to self-isolate

If an employee has been in a place where there is a spread of coronavirus, has been in contact with a confirmed case of coronavirus or has developed symptoms of coronavirus in the last 14 days you need to stay indoors and avoid contact with other people for 14 days.

It is important to follow the advice for the whole period, even if you do not have any symptoms.

### Do

- ✓ stay at home
- ✓ separate yourself from other people – for example, try not to be in the same room as other people at the same time
- ✓ only allow people who live with you to stay
- ✓ stay in a well-ventilated room with a window that can be opened

- ✓ ask friends, family members or delivery services to carry out errands for you, such as getting groceries, medicines or other shopping
- ✓ make sure you tell delivery drivers to leave items outside for collection if you order online
- ✓ clean toilets and bathrooms regularly
- ✓ think about a bathroom rota if a separate bathroom is not available, with the isolated person using the facilities last, before thoroughly cleaning the bathroom themselves
- ✓ use separate towels from anyone else in the household
- ✓ wash crockery and utensils thoroughly with soap and water; dishwashers may be used to clean crockery and cutlery
- ✓ stay away from your pets – if unavoidable, wash your hands before and after contact

### Don't

- ✗ do not invite visitors to your home or allow visitors to enter
- ✗ do not go to work, school or public areas
- ✗ do not use public transport like buses, trains, tubes or taxis
- ✗ do not share dishes, drinking glasses, cups, eating utensils, towels, bedding or other items with other people in your home

### Salary payments during self-isolation or sickness

All employees will be paid full pay during any periods of sickness or self-isolation. This also applies to any colleagues who may need to stay at home to care for a sick family member.

### Working from home

If an employee who is self-isolated but has no symptoms of the virus and is able to work, we can arrange for work equipment (laptops/desktops) to be made available.

We would follow our home working policy and ensure the employee had the correct set-up at home and is able to log on to our secure systems from home.

Any equipment which has been used at the employees' home will require a period of isolation and deep cleaning on return to the office.

### Visiting Client Premises on Company business

We recommend any employees who are scheduled to attend client premises during these special measures take extra precautions to mitigate any risk to themselves or to the visiting clients /company.

A courtesy call is made in advance of your visit to check the client's current circumstances with regards to any special measures they may have in place, or any requests they may have for employees to follow

### Increased Office hygiene

Each office will replace hand towels in all washrooms with disposable paper towels

We encourage all employees to clean their hands often with an alcohol-based hand sanitizer, or wash hands with soap and water for at least 20 seconds.

Posters illustrating the recommended hand washing procedure are displayed in all washrooms

All offices to place hand rubs/sanitizer in multiple locations or in conference rooms to encourage hand hygiene.

We encourage staff to clean their work surfaces frequently, we will provide disposable wipes so that commonly used surfaces (for example, doorknobs, keyboards, remote controls, desks) can be wiped down by employees before each use.



## Hand-washing technique with soap and water



1 Wet hands with water



2 Apply enough soap to cover all hand surfaces



3 Rub hands palm to palm



4 Rub back of each hand with palm of other hand with fingers interlaced



5 Rub palm to palm with fingers interlaced



6 Rub with back of fingers to opposing palms with fingers interlocked



7 Rub each thumb clasped in opposite hand using a rotational movement



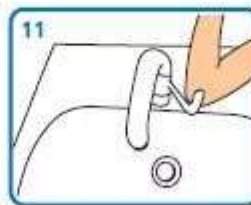
8 Rub tips of fingers in opposite palm in a circular motion



9 Rub each wrist with opposite hand



10 Rinse hands with water



11 Use elbow to turn off tap



12 Dry thoroughly with a single-use towel



13 Hand washing should take 15–30 seconds



## **Appendix 2: COVID-19 Summary of the practical business help announced by the Chancellor 20<sup>th</sup> March 2020**



**The business support measures announced by the Chancellor yesterday have exceeded expectations. However, business owners now must make some vital strategic decisions to protect their businesses and support employees.**

### **Coronavirus Job Retention Scheme (See updated guidance in Appendix 3)**

Under the new Coronavirus Job Retention scheme, government grants will cover 80% of the salary of PAYE employees who would otherwise have been laid off during this crisis. The scheme, open to any employer in the country, will cover the cost of wages backdated to 1 March 2020 and which opened on 20<sup>th</sup> April. It will continue for at least four months, and can include workers who were in employment on 19<sup>th</sup> March. (Please note that you need to have run your payroll through RTI on or behalf the 19<sup>th</sup> March.)

To claim under the scheme employers will need to:

- designate affected employees as ‘furloughed workers, and notify employees of this change. Changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation; and
- submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal. HMRC will set out further details on the information required.
- HMRC will reimburse 80% of furloughed workers wage costs, up to a cap of £2,500 per month.

While HMRC is working urgently to set up a system for reimbursement, we understand existing systems are not set up to facilitate payments to employers. Business that need short-term cash flow support, may benefit from the VAT deferral announced below and may also be eligible to apply for a Coronavirus Business Interruption Loan.

### **VAT payments**

The next quarter of VAT payments will be deferred, meaning businesses will not need to make VAT payments until the end of June 2020. Businesses will then have until the end of the 2020-21 tax year to settle any liabilities that have accumulated during the deferral period.

The deferral applies automatically and businesses do not need to apply for it. VAT refunds and reclaims will be paid by the government as normal.

### **Income Tax payments**

Income Tax payments due in July 2020 under the Self-Assessment system will be deferred to January 2021.

Income Tax Self-Assessment payments due on the 31 July 2020 will be deferred until the 31 January 2021. This is an automatic offer with no applications required. No penalties or interest for late payment will be charged in the deferral period.

### **Universal credit**

Self-employed people can now access full universal credit at a rate equivalent to statutory sick pay.

### **HMRC Time to Pay**

HMRC's Time to Pay scheme can enable firms and individuals in temporary financial distress as a result of Covid-19 to delay payment of outstanding tax liabilities. HMRC's dedicated Covid-19 helpline provides practical help and advice on 0800 0159 559.

### **Business Rates holidays and cash grants**

- No rates payable for the 2020-2021 tax year for any business in the retail, hospitality or leisure sectors.
- In those sectors, if your rateable value is between £15K and £51k, you'll also receive a cash grant of up to £25,000 per property.
- Any business which gets small business rates relief, including those in the retail, hospitality or leisure sectors, will receive a cash grant of £10,000 (increased from £3,000 announced in the 11 March Budget).
- The rates holiday and cash grants will be administered by local authorities and should be delivered automatically, without businesses needing to claim.

### **Coronavirus Business Interruption Loan Scheme**

- These should be available from Monday 23 March and are delivered by lenders that partner with the British Business Bank, including all the major banks. The lender receives a guarantee of 80% of the loan amount from the government.
- They are available for UK-based businesses with turnover of no more than £45 million and can provide for a facility up to £5 million. The borrower remains liable for 100% of the debt.
- No interest will be charged for the first 12 months.

### **COVID-19 corporate financing facility**

The Bank of England has set up a scheme to finance working capital by purchasing commercial paper from larger business 'making a material contribution to the UK economy'. Businesses do not need to have previously issued commercial paper in order to participate. The scheme will operate for at least 12 months.

### **Mortgage and rent holiday**

Mortgage borrowers can apply for a three-month payment holiday from their lender. Both residential and buy-to-let mortgages are eligible for the holiday. It is important to remember that borrowers still owe the amounts that they don't pay as a result of the payment holiday. Interest will continue to be charged on the amount they owe.

Tenants can apply for a three-month payment holiday from their landlord. No one can be evicted from their home or have their home repossessed over the next three months.

### **Insurance claims**

Businesses that have cover for both pandemics and government-ordered closure should be covered. The government and insurance industry confirmed on 17 March 2020 that advice to avoid pubs, theatres, etc, is enough to make a claim as long as all other terms and conditions are met. Insurance policies differ significantly, so businesses should check the terms and conditions of their specific policy and contact their providers.

### **Statutory Sick Pay (SSP)**

- If you're a director of a limited company with less than 250 employees, you can pay yourself two weeks of SSP if you need to self-isolate subject to meeting the minimum payroll requirement for SSP.
- The government will refund £94 per week, maximum £188, to your company.
- It will also refund SSP for staff of businesses with less than 250 employees for up to two weeks.

### **More information**

You can read the latest advice and guidance from government for businesses on its Coronavirus pages - <https://www.gov.uk/government/collections/financial-support-for-businesses-during-coronavirus-covid-19>

If you feel you need to discuss this information and how it will affect your business please **contact us** on 0800 2346978 or [info@lamontpridmore.co.uk](mailto:info@lamontpridmore.co.uk).

## Appendix 3: Coronavirus Job Retention Scheme

HM Revenue & Customs (HMRC) has launched its portal for the Coronavirus Job Retention Scheme (CJRS) and thousands of businesses are now registering for this, having furloughed their employees.

The process and detailed guidance for applying for the CJRS and furloughing employees can be found on our <https://www.lamontpridmore.co.uk/about-us/covid-19-business-support-hub/>

To help you with the application process we have provided a helpful spreadsheet covering the information you will need to submit, which can be downloaded from our website here - <https://www.lamontpridmore.co.uk/wp-content/uploads/2020/04/20.04.19-Furlough-capture-form.xlsx>

We recommend completing this spreadsheet before you start the application process, along with reading HMRC's useful own step-by-step guide to the CJRS portal, which can be found here - [https://www.lamontpridmore.co.uk/wp-content/uploads/2020/04/20.04.19-Coronavirus\\_Job\\_Retention\\_Scheme\\_step\\_by\\_step\\_guide\\_for\\_employers.pdf](https://www.lamontpridmore.co.uk/wp-content/uploads/2020/04/20.04.19-Coronavirus_Job_Retention_Scheme_step_by_step_guide_for_employers.pdf).

For further guidance, you can also watch HMRC's free webinar, which covers many of the points of the scheme and the application process. This can be found here - <https://www.lamontpridmore.co.uk/coronavirus-covid-19-job-retention-scheme/>

### Here to Help

If the Lamont Pridmore team currently manage your payroll, then we will be happy to submit your claim to HMRC on your behalf. If you manage your own payroll and need any additional support with the Coronavirus Job Retention Scheme and your furlough applications, then please contact us on 0800 2346978 or [info@lamontpridmore.co.uk](mailto:info@lamontpridmore.co.uk).

### HMRC Coronavirus Job Retention Scheme – Detailed Guidance

The guidance confirms a number of points including:

- To be eligible for CJRS an employer must agree with the employee that they are a 'furloughed worker'.
- Employees must be notified that they have been furloughed.
- Employees must be furloughed for a minimum of three weeks.
- The employee cannot do any work for the employer that has furloughed them.
- You can claim 80% of wages up to a maximum of £2,500 per month per furloughed employee.
- A separate claim is needed for each PAYE scheme.
- You can only claim for furloughed employees that were on your PAYE payroll on or before 19 March 2020.
- An RTI submission notifying payment in respect of that employee to HMRC must have been made on or before 19 March 2020.
- You must have a UK bank account.
- The scheme covers full-time and part-time employees, employees on agency contracts and employees on flexible or zero-hour contracts.



**Guidance for Employers on the HMRC Website:**

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

**Guidance for Employees on the HMRC Website:**

<https://www.gov.uk/guidance/check-if-you-could-be-covered-by-the-coronavirus-job-retention-scheme>

**How your monthly earnings are calculated:**

If you've been employed (or engaged by an employment business in the case of agency workers) for a full year, employers will claim for the higher of either:

- the amount you earned in the same month last year
- an average of your monthly earnings from the last year

If you've been employed for less than a year, employers will claim for an average of your monthly earnings since you started work. The same arrangements apply if your monthly pay varies such as if you are on a zero-hour contract.

If you started work in March 2020, your employer will pro-rata your earnings from that month.

Bonuses, commissions and fees are not included as part of your monthly earnings.

## **Appendix 4: Coronavirus Self Employed Income Support Scheme (SEISS)**

The Self-Employed Income Support Scheme (SEISS) will pay self-employed individuals an amount equivalent to up to 80 per cent of their average monthly trading profits, capped at £2,500, to cover at least the three months from March. The amount will be paid in a single lump-sum and will be based upon tax returns from 2016-17, 2017-18 and 2018-19.

Crucially, self-employed individuals will still be able to do business while they are in receipt of a grant from the scheme.

To qualify for the scheme, a self-employed individual must have trading profits of no more than £50,000 and must receive the majority of their income from self-employment. They must also have submitted a Self-Assessment Tax Return for 2018-19. Anyone who has missed the deadline will have four weeks from 26 March 2020 to do so before they become ineligible for the scheme.

People who pay themselves a salary and dividends through their own company will not be eligible for the scheme but could be eligible for the Coronavirus Job Retention Scheme if they use PAYE.

HMRC will contact everyone eligible for the scheme directly, inviting them to apply for the support via an online portal. The Chancellor said that the first payments will be made at the beginning of June 2020.

The full criteria for qualification for the scheme are:

- Be self-employed or a member of partnership;
- Have lost trading/partnership trading profits due to COVID-19;
- File a tax return for 2018-19 as self-employed or a member of a trading partnership. Those who have not yet filed for 2018-19 will have an additional 4 weeks from this announcement to do so;
- Have traded in 2019-20; be currently trading at the point of application (or would be except for COVID 19) and intend to continue to trade in the tax year 2020 to 2021
- Have trading profits of less than £50,000 and more than half of your total income come from self-employment. This can be with reference to at least one of the following conditions:
  - Your trading profits and total income in 2018/19
  - Your average trading profits and total income across up to the three years between 2016-17, 2017-18, and 2018-19.

Further details are available here - <https://www.gov.uk/guidance/claim-a-grant-through-the-coronavirus-covid-19-self-employment-income-support-scheme>

## Are you eligible for the Self-Employment Income Support Scheme (SEISS)



Are you self-employed, a sole trader or a partner in a partnership?

NO

**X**  
Not eligible to claim

YES

Can you answer YES to ALL of the following questions?

- Have you submitted a self-assessment tax return for the tax year ending 5 April 2019, or will have done so by 23 April 2020\*?
- Have you traded in the tax year 2019/20?
- Are you trading at the date of application, or would be except for the current situation regarding COVID-19?
- Do you intend to continue to trade in the tax year 2020/21?
- Have you lost trading or partnership profits because of COVID-19?

NO

**X**  
Not eligible to claim

YES

Are your self-employed trading profits less than £50,000 AND more than half of your total income?\*

NO

**X**  
Not eligible to claim

YES

### ✓ What to do if you meet the eligibility criteria

- The scheme allows you to claim a taxable grant worth 80 per cent of your taxable trading profits up to £2,500 per month for the next three months (from 1 March 2020 to 31 May 2020), although this may be extended.
- The monthly value of your grant is calculated by taking 80 per cent of your trading profit figure (either from 2018/19 where only one year is applicable, or the average from the years 2016 – 2019) and dividing by 12, and is capped at a maximum of £2,500.
- Grants will be paid in one instalment, with HMRC aiming for this to be done in June.
- You can't apply for the scheme yet, so please **DO NOT** contact HMRC. You will be contacted by HMRC if you are eligible, who will invite you to apply online.

\*Returns submitted between 1 February 2020 and 23 April 2020 will be subject to further risk assessment, which could delay or prevent a grant claim.

\*\*This is determined by either of the conditions below being true:

- Your trading profits in 2018/19 are less than £50,000 and represent more than half of your taxable income.
- Your average trading profits from 2016/17, 2017/18 and 2018/19 are less than £50,000 and represent more than half of your taxable income in this three-year period.

## **Appendix 5: Coronavirus Business Interruption Loan Scheme (CBILS)**

The Government has announced significant revisions to the Coronavirus Business Interruption Loan Scheme (CBILS) that come into effect from Monday 6 April 2020, opening the scheme up to a wider range of businesses.

The Scheme provides UK-based SMEs with turnovers of up to £45 million access to facilities of between £1,000 and £5 million interest-free for 12 months, backed by an 80 per cent guarantee from the Government.

However, until now, CBILS has only been open to businesses that were unable to access a facility on normal commercial terms.

HM Treasury has now confirmed that from Monday 6 April 2020 any businesses that meet the main criteria must be considered for a CBILS facility, even if they would otherwise qualify for a commercial facility.

### **Am I eligible?**

The British Business Banks says that businesses that meet the following conditions must be considered for CBILS:

- Be UK-based in its business activity
- Have an annual turnover of no more than £45 million, of which more than 50 per cent is generated through trading activities
- Have a borrowing proposal which the lender would consider viable, were it not for the current pandemic
- Self-certify that it has been adversely impacted by the coronavirus (COVID-19).

Full details of eligibility and an FAQ link to the British Business Bank can be found [here](#).

### **What finance can I access?**

Funding can be in the form of loans, overdrafts, invoice financing or asset finance, although each lender will be able to choose which elements of the scheme it supports.

Facilities are available from £1,000 to £5 million, subject to a lender's criteria. CBILS will be interest-free for the first 12 months, as the Government has guaranteed to cover these payments during this period.

The Government and the British Business Bank, which is helping to administer CBIL, have confirmed that no setup fee will be charged.

### **Am I liable for all of the debt?**

The borrower will remain 100 per cent liable for the debt. An 80 per cent guarantee offered by Government is simply to provide some recourse for the lender in the event of a borrower defaulting on their debt.

### **Do I need to provide a personal guarantee?**

The British Business Bank has confirmed that the lender can only require personal guarantees for facilities of £250,000 or more. However, where personal guarantees are required:

- they exclude the Principal Private Residence (PPR), and
- 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

### **I've previously been turned down for a CBILS facility because I qualified for a commercial loan, can I re-apply?**

Yes, the British Business Bank is encouraging businesses in this situation to contact their lender again following the change in the rules.

### **How do I apply?**

The scheme will be delivered through existing commercial lenders, backed by the Government-owned British Business Bank. There are currently 40 accredited lenders able to offer the scheme, but more are being added regularly.

These are the steps that you should take in applying for a loan:

1. Decide which form of finance you require and identify which accredited lenders can offer it. This can be done by using the British Business Bank's filter tool by [clicking here](#).
2. This filter allows you to put in the region where your business is based and the type of loan you require and will provide you with a list of suitable lenders.
3. Research what each lender is offering via their website and decide how much funding you require.
4. Collate all necessary information to make an application, including an up to date business plan, cash flow forecasts, business plans, historic accounts and details of assets.
5. Make an application with your chosen lender that suits your requirements. The loan application process is likely to differ from lender to lender.

The British Business Bank has indicated that it may be beneficial to seek finance first through a lender that you have an existing relationship with.

To help you with this process we have prepared a helpful infographic, which can be [downloaded](#) and shared.

# Apply for the Coronavirus Business Interruption Loan Scheme (CBILS)

1

## Identify the most suitable lender

The British Business Bank offers a tool on its website to help you identify the best lender to approach:  
<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/accredited-lenders/>

## Identify the form of lending that would benefit your business

The options available under the scheme include revolving credit (overdrafts), term loans, asset finance, and invoice finance. Not all accredited lenders offer all of the forms of finance available through CBILS.

2

## Choose how much finance you wish to apply for

Facilities under the scheme range from £1,000, up to a maximum of £5 million.

3

## Prepare your application to the lender

Criteria vary by lender, but all are likely to require a business plan, up-to-date accounts, management accounts and financial projections.

4

## Submit your application

The lender will consider your application and let you know the outcome.

5

## **Appendix 6: Bounce Back Loans Scheme (BBLs) for small businesses**

On 27<sup>th</sup> April, the Chancellor has announced a new loans measure, known as the Bounce Back Loans Scheme (BBLs), which will allow small businesses to borrow up to 25 per cent of their turnover, up to a maximum of £50,000.

The BBLs will be 100% backed by a Government guarantee, unlike the Coronavirus Business Interruption Loan scheme (CBILS) and will offer an interest-free period for 12 months.

Businesses will be able to apply online via a short and simple two-page self-certification form and because the loan is entirely Government-backed it is hoped that lenders will have the confidence to offer finance without the lengthy and complex red tape associated with CBILS and other loan schemes.

Importantly, firms applying for the new loans will only have to prove that they were viable in the past before the crisis, not that they will remain viable after the crisis. This future viability criteria been a major issue with CBILS.

There remains some concern that banks will still wish to assess the latest financials through a 'cash available to service debt' calculation. Where there isn't sufficient cash to service the debt then there are fears that the loan may still not be granted despite the Government guarantee. Further clarification is expected soon.

The scheme has been designed specifically for small firms, including sole traders, that require 'vital cash injections' to help them operate during these challenging times. It will launch for applications from 9am on Monday 4 May and the loans will be provided through a network of accredited lenders.

The Government said that loans will be "advanced as quickly as possible" and that they will "agree a low standardised level of interest for the remaining period of the loan."

For further information and updates see <https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan>

## Appendix 7: Template Letters

Letter 001	Business rates deferment
Letter 002	Tax – change of accounting date
Letter 003	Tax – deferred payment
Letter 004	PAYE/NIC – deferred payment
Letter 005	VAT – deferred payment
Letter 006	Corporation Tax – deferred payment



**Letter 001**

name and address of business

Business Rates Section

Date

Dear Sir

Re: [name of business]

Rating Assessment Number: xxxxx

Our business has been severely affected by the Coronavirus, resulting in our sales being reduced by x%.

We are therefore unable to pay our business rates at this time due to the effect of Coronavirus on the business.

We will try to send you as cheque as soon as the business has recovered from the crisis.

I hope this letter is sufficient for your purposes.

Yours faithfully

## **Council Addresses**

Allerdale Borough Council  
Allerdale House  
New Bridge Road  
Workington  
CA14 3YJ

Barrow Borough Council  
Town Hall  
Duke Street  
Barrow-in-Furness  
LA14 2LD

Carlisle City Council  
Civic Centre  
Carlisle  
CA3 8QG

Copeland Borough Council  
The Copeland Centre  
Catherine Street  
Whitehaven  
CA28 7SJ

Eden District Council  
Town Hall  
Penrith  
CA11 7QF

South Lakeland District Council  
South Lakeland House  
Lowther Street  
Kendal  
LA9 4UF

**Letter 002**

name and address of business

HM Inspector of Taxes

Date

Dear Sir

Re: [Business name]

Tax reference: xxxx

Our business is being severely affected by the Coronavirus resulting in sales being reduced by x%.

We therefore proposed to change our accounting year end from [month] to [month].

In view of the change of accounting period we wish to reduce our *first* instalment of income tax and Class 4 National Insurance Contributions due *to* 31 January 2021 to nil.

We hope this letter is sufficient for your purposes.

Yours faithfully

**Letter 003**

name and address of business

HM Inspector of Taxes

Date

Dear Sir

Re: [business name]

Tax reference: xxxx

Our business is being severely affected by the Coronavirus resulting in our sales being reduced by x%.

We would appreciate your understanding of the situation by acknowledging that the Income Tax and Class 4 NIC Insurance Contributions due at 31 July 2020 are deferred and interest charges waived.

We will attempt to make payment as soon as our business is back to normal and cash flow permits.

If you require any further information do not hesitate to contact us.

Yours faithfully

**Letter 004**

name and address of business

HM Inspector of Taxes

Date

Dear Sir

Re: [business name]  
PAYE Reference: xxxxx

Our business is being severely affected by the Coronavirus resulting in our sales being reduced by x%.

Further to the announcement in the Budget on 11<sup>th</sup> March 2020 we wish to apply for a deferment of the PAYE and National Insurance contributions due, we would appreciate your understanding of the situation over the next few months as we do not have the cash flow to make these payments. Once the business has returned to normal we will commence repayment.

We will attempt to make payment once our business is back to normal and our situation has improved.

I hope this letter is sufficient for your purposes.

Yours faithfully

**Letter 005**

name and address of business

HM Inspector of Taxes

Date

Dear Sir

Re: [business name]  
PAYE Reference: xxxxx

Our business is being severely affected by the Coronavirus resulting in our sales being reduced by x%.

Further to the announcement in the Budget on 11<sup>th</sup> March 2020 we wish to apply for a deferment of the VAT liability due, we would appreciate your understanding of the situation over the next few months as we do not have the cash flow to make these payments. Once the business has returned to normal we will commence repayment.

We will attempt to make payment once our business is back to normal and our situation has improved.

I hope this letter is sufficient for your purposes.

Yours faithfully

**Letter 006**

name and address of business

HM Inspector of Taxes

Date

Dear Sir

Re: [business name]  
PAYE Reference: xxxxx

Our business is being severely affected by the Coronavirus resulting in our sales being reduced by x%.

Further to the announcement in the Budget on 11<sup>th</sup> March 2020 we wish to apply for a deferment of the Corporation Tax liability due, we would appreciate your understanding of the situation over the next few months as we do not have the cash flow to make these payments. Once the business has returned to normal we will commence repayment.

We will attempt to make payment once our business is back to normal and our situation has improved.

I hope this letter is sufficient for your purposes.

Yours faithfully