

Patterdale Parish Financial Support Info

As at 26th April 2020

This note is one person's understanding of the position at a particular point in a situation that is changing all the time. It is intended to be a general guide to assist people to make their own enquiries and to take their own advice as necessary, and not a definitive statement of the law.

GENERAL INFORMATION FOR GOVERNMENT BUSINESS SUPPORT:

<https://www.businesssupport.gov.uk/coronavirus-business-support/>

NEW: a link to the government's Q&A to take you to the right place:

<https://www.gov.uk/business-coronavirus-support-finder>

SELF EMPLOYED 'SOLE TRADER' ASSISTANCE:

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

This scheme will allow the self employed to claim a taxable grant worth 80% of their trading profits up to a maximum of £2,500 per month for 3 months. **HMRC will be contacting those who can apply in mid-May and expect to make payments by early June 2020 as one lump sum grant payment.** Conditions to qualify:

- you're a self-employed individual or a member of a partnership
- have submitted your Self Assessment tax return for the tax year 2018 to 2019
- traded in the tax year 2019 to 2020
- **are trading when you apply, or would be except for coronavirus**
- **intend to continue to trade in the tax year 2020 to 2021**
- **have lost trading profits due to coronavirus**

You will need to confirm to HMRC that your business has been adversely affected by coronavirus. HMRC will as usual use a risk based approach to compliance.

Your trading profits must also be no more than £50,000 and more than half of your total income for either:

- the tax year 2018 to 2019
- the average of the tax years 2016 to 2017, 2017 to 2018, and 2018 to 2019
- **You will only be able to claim using the GOV.UK online service. If you receive texts, calls or emails claiming to be from HMRC, offering financial help or a tax refund and asking you to click on a link or to give personal information, it is a scam.**

How they will calculate Trading Profits and Total Income is here: <https://www.gov.uk/guidance/how-hmrc-works-out-total-income-and-trading-profits-for-the-self-employment-income-support-scheme>.

For those who are recently self-employed and haven't filed a tax return yet and for other freelancers who do not fit one of the above categories, up to date advice can be found at The Association for Independent Professionals and the Self Employed: <https://www.ipse.co.uk/ipse-news/news-listing/coronavirus-ipse-activity-and-advice-freelancers.html>

'Time to Pay' Service – self-employed and small businesses can delay payment of taxes:

Defer next quarterly **VAT payment** for up to a year. YOU STILL NEED TO COMPLETE YOUR VAT RETURN ON TIME.

<https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19>

You do not need to inform HMRC if you wish to defer payment. You can opt in to the deferral simply by not making VAT payments due in this period. If you pay by direct debit you should cancel this with your bank. You should do so in sufficient time so that HMRC does not attempt to automatically collect on receipt of your VAT return

Defer **Self Assessment Payments** On Account due in July 2020 to Jan 2021. All businesses are eligible. This is automatic – there will be no penalties until the end of the 2020-21 tax year.

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-deferring-vat-and-income-tax-payments>

Other HMRC tax payments e.g. Corporation Tax - talk to HMRC: <https://www.gov.uk/difficulties-paying-hmrc>

BUSINESS RATES

A 12 month Business Rates Holiday was announced in March for BUSINESSES IN THE RETAIL, HOSPITALITY AND LEISURE SECTORS in England:

Businesses Rate bills for 2020-21 have been sent out and eligible businesses informed. If you haven't received one and think you are entitled here are the Contact details 01768 817817 (the one on the Business Rates bills is incorrect).

Email: brates@eden.gov.uk

BUSINESS GRANTS (for businesses that occupy a property and are in the business rates system i.e. receive a 'Non domestic rates bill') Government support takes the form of two schemes: the Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund. **These are administered locally by EDC** and can be claimed **NOW**:

1. Small Business Grant Fund (SBGF). ALL businesses in England in receipt of Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) as of the 11 March are eligible for a payment of £10,000 and can apply NOW. You need your Business Rates Account Reference Number – it begins with a '4' :
<https://selfservice.eden.gov.uk/renderform.aspx?t=262&k=964D769EF15050F36DBB9C96DDC7C74C27677BE9>
2. The Expanded retail rate relief is for larger businesses that occupy a property and are in the Retail, Hospitality and Leisure Sectors: same link as the Small Business Grant above – select the option: **Expanded retail rate relief recipient (Retail, Hospitality and Leisure Sectors). The definition of the criteria for firms which fit into these sectors has been expanded since it was first announced to include:**
 - A shop which sells goods or services, or offers items for hire;
 - A food and drink establishment like a restaurant, takeaway, bar or pub;
 - An entertainment establishment like a cinema, theatre, bingo hall or live music venue;
 - A tourism or heritage property, like an art gallery, stately home or historic house;
 - **Premises in which people assemble, such as a village hall** or market;
 - **A sport or leisure facility, like a gym, sports ground** or spa;
 - A hospitality property, including hotels, guest houses, holiday homes, caravan parks and self-catering accommodation;
 - A show room-type businesses, like a car show room, second-hand car lot or carpet shop;
 - Some other businesses are eligible, like employment agencies and estate and letting agents.

Businesses in these sectors with a rateable value of under £15,000 will receive a grant of £10,000.

Businesses with a rateable value of between £15,001 and £51,000 will receive a grant of £25,000.

Businesses with a rateable value of £51,000 or over are not eligible for this scheme.

Eden DC is now urging businesses to check their eligibility, as a number of businesses are yet to register. Businesses can check if they are eligible on the EDC website. <https://www.eden.gov.uk/coronavirus-covid-19/small-business-grant-fund-and-retail-hospitality-and-leisure-grant-fund-guidance/#EligibilityRetail>

Businesses like B&Bs operating with domestic rates (council tax) are not eligible for the grant.

BEWARE: Government Guidance says: The default position is that these grants would be liable for **tax**, as the business costs this grant is supporting are tax deductible.

80% SCHEME FOR PAYE (FURLOUGHED) WORKERS

Guidance for Employers:

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

Employers whose business has been severely affected by coronavirus **can start to make their Claims now – the system appears to be working moderately well. The scheme will now run until the end of June.**

- Employees who have been notified to HMRC via RTI on or before 19th March 2020 can be included. The employee must be notified in writing and be in agreement that he/she will be furloughed.
- Employees who cannot work because of caring responsibilities or who are 'shielding' can also be furloughed but furlough must be for a minimum of 3 weeks. There can be breaks and further 3 week furloughs.
- There cannot be 'part furlough'. If an employee is working reduced hours, by agreement and contract, he is not furloughed.
- The employer calculates the amount to claim. It will start from the date furlough commenced, as per the written notification, and will be for 80% of an employee's wages. This Reference Pay can be based on the higher of: an average of the last 12 months gross pay, or, on what the employee received in gross pay in the same month last year, up to a maximum of £2,500. On top of that the employer can claim for the Employer's National Insurance and the minimum automatic enrolment employer's pension contribution associated with this Furloughed Pay (FP). Tax and NI are deducted in the normal way and all Tax, NI and pension contributions paid as usual. The employee may be able to opt out of his/her pension deductions and contributions.
- Regular payments that the employer is obliged to pay, including contractual commission and overtime, can be included in the Reference Pay but 'tips', discretionary bonuses and non monetary benefits cannot.
- The Grant will be taxable as the underlying costs are tax deductible. Records must be kept and can be inspected by HMRC for up to five years.
- Sick employees can be kept in the furlough scheme but the employer has the option to pay Statutory Sick Pay instead. However this can only be reclaimed for a two week sickness. <https://www.gov.uk/employers-sick-pay>
- All the net pay from the grant received must be paid to the employee. There cannot be deductions for e.g. administration or fees.
- Employers must keep their employees informed and answer queries. Employees should not be contacting HMRC.

Employee's Perspective

Many local people are now in this scheme. Check your full rights and responsibilities here:

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

Can you work during Furlough?

To be eligible for the grant, when on furlough, an employee **cannot undertake work for, or on behalf, of the employing organisation** or any linked or associated organisation. This includes providing services or generating revenue.

A furloughed employee can take part in **volunteer work**, if it does not provide services to or generate revenue for, or on behalf of their employer or a linked or associated organisation. If contractually allowed (i.e. if your contract of employment does not forbid you from working for anyone else), **employees are permitted to work for another employer** whilst they are on furlough.

See below re: finding local work.

ALL TRADING BUSINESSES: Corona virus Business Interruption Loan (CBILS)

The Coronavirus Business Interruption Loan Scheme (**CBILS**) provides financial support to smaller businesses (SMEs -UK based and T/O not more than £45million pa) that are losing revenue, and seeing their cashflow disrupted, as a result of the COVID-19 outbreak. The Government gives **Lenders** a guarantee of 80% of loan. Loans can be up to £5 million. The government will make a Business Interruption Payment to cover the first 12 months of interest payment and any lender-levered charges. **Importantly, personal guarantees cannot now be demanded for loans up to £250,000.** Also these facilities can be taken in preference to extending standard overdrafts which may be more expensive. More details:

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/> or talk to your own bank; most are in this system. The Bank of England is putting pressure on Banks and Finance Providers to make this scheme easier for small businesses to apply so more may change in the near future.

LOOKING FOR WORK OR FOR WORKERS?

Working Restrictions:

"The government is not saying only people doing "essential" work can go to work. Anyone who cannot work from home can still go to work as long as they can maintain safe working practices at their workplace: <https://www.gov.uk/government/publications/coronavirus-outbreak-faqs-what-you-can-and-cant-do/coronavirus-outbreak-faqs-what-you-can-and-cant-do>)

See above re: furloughed workers but there is no restriction on the self-employed working and no extra work will affect any government grants they are entitled to.

Cumbria Chamber of Commerce are offering an email contact for a '**MATCHING RECRUITMENT**' service they are offering. <https://www.cumbriachamber.co.uk/news/28113-chamber-connect-our-database-of-talent>

The Farmer Network has created a scheme to help farm businesses in in Cumbria and The Yorkshire Dales who are in need of emergency farm labour during the pandemic. They are creating a register of potential emergency farm workers (skilled, paid workers or volunteers) to undertake essential farm tasks. More information: <https://www.thefarmernetwork.co.uk/projects/covid-19-information-and-support/>

OTHER FINANCIAL ASSISTANCE

- Deferring mortgage payments – Lloyds, Barclays, HSBC and Nat West are offering deferrals, ‘holidays’, interest-only options. Contact your mortgage provider directly
- Deferring Council tax payments – contact counciltax@eden.gov.uk
- The Business Enterprise Fund are offering loans to small businesses <https://www.befund.org/coronavirus-covid-19-support>
- This one is for very small businesses - at 6%. Small amounts – average £7,200 <https://www.befund.org/loans/startup>
- The **Financial Conduct Authority (FCA)** has announced a three-month freeze on loan and credit card repayments but you need to ask your finance provider for these: <https://www.fca.org.uk/consumers/coronavirus-information-personal-loans-credit-cards-overdrafts>
- This extends to **Car Loans and ‘Payday lending’** The **FCA has told finance providers** to offer a 3-month payment freeze to customers who are having temporary difficulties meeting finance or leasing payments due to coronavirus. If customers are experiencing temporary financial difficulties due to coronavirus, finance providers should **not** take steps to end the agreement or e.g. to repossess a vehicle. The watchdog **has also confirmed** that high-cost short-term credit (payday lending) firms are expected to provide a **1 month interest-free payment freeze** to customers facing payment difficulties due to the coronavirus pandemic. The shorter period reflects “both the much shorter length of most loans and, given interest rates tend to be higher than for other high cost credit products, prevents firms from accruing additional interest during the freeze period.” After the end of the freeze, the firm should allow the consumer to pay the deferred payment in an affordable way – whether for example, by 1 single payment after the end of the term or by a number of smaller instalments. **The measures are set to be put into practice by next week.**
- **Accommodation Assistance** Tenants are advised to open discussions immediately with landlords if they foresee a problem in paying rent. Buy to Let Landlords may be able to get mortgage deferral for 3 months and pass on some or all of this. There is a 3 month suspension of Eviction Hearings in Court. The government says: ‘– no renter who has lost income due to coronavirus will be forced out of their home, nor will any landlord face unmanageable debts.’ : <https://www.gov.uk/government/news/complete-ban-on-evictions-and-additional-protection-for-renters>
- NHS staff can find accommodation urgently <https://www.nhshomes.co.uk/>
- GENERAL INFO FROM CUMBRIA CHAMBER OF COMMERCE Includes more guidance for HOTELS and accommodation providers, TAKE-AWAY SERVICES and definitions of CRITICAL WORKERS. <https://www.cumbriachamber.co.uk/news/27976-coronavirus-what-businesses-need-to-know>

CHARITIES and SOCIAL ENTERPRISES

Cumbria Community Foundation are offering assistance for Charities supporting vulnerable people in the area:

<https://www.cumbriafoundation.org/2020/03/17/community-foundation-launches-cumbria-covid-19-response-fund/>

BIG SOCIETY CAPITAL: Measures, announced by leading social investors, will create routes for charities, social enterprises and some small businesses facing cash-flow problems and disruption to their trading to obtain urgent finance which they otherwise couldn’t access. Within weeks, affected organisations will be able to apply for emergency loans and investment without paying any fees or interest for 12 months:

<https://bigsocietycapital.com/latest/100-million-response-announced-to-help-social-sector-organisations-through-the-coronavirus-crisis/>

UNIVERSAL CREDIT, HOUSING BENEFIT AND OTHER WELFARE BENEFITS

The advice is that in the **first instance** people go online first to check what benefit they can claim:

https://www.entitledto.co.uk/help/coronavirus_help

Then to contact Eden District Council Benefits Team via email counciltax@eden.gov.uk or telephone 01768810067 to get further advice.

Further Information:

The **Low Incomes Tax Reform Group** (part of the Chartered Institute of Taxation) is a good source of online guidance for the low paid including help with understanding the transition from Tax Credits to Universal Credit. For instance, if you **currently receive working tax credits** and make a claim for Universal Credit now, you will automatically be moved onto the Universal Credit system immediately and lose your working tax credits. Lots more information here:

<https://www.litrg.org.uk/tax-guides/tax-credits-and-benefits/state-benefits>

OR You can contact **Universal Credit** nationally:

- through your [online account](#)
- by calling the Universal Credit helpline Telephone: 0800 328 5644 Textphone: 0800 328 1344

If you need to claim for Housing Benefit (rental accommodation only)

<https://www.eden.gov.uk/council-tax-and-housing-benefit/housing-benefit/housing-benefit-claim/how-to-claim-housing-benefit/>

If you cannot work because you are sick you may also qualify for 'new style' Employment and Support Allowance (ESA).

FURTHER CONTACTS FOR ASSISTANCE

- Eden EDC Contact Email - eden.areasupport@cumbria.gov.uk
- Contact our MP – Neil Hudson (neil.hudson.mp@parliament.uk) – the more they understand the specific circumstances the more likely it is that the current gaps will be plugged.
- **Martin Lewis the 'Money Saving Expert'** has a regular programme at 8pm Thursdays on ITV. It is very current, plus the website: <https://www.moneysavingexpert.com/news/2020/03/uk-coronavirus-help-and-your-rights/>
- <http://investineden.co.uk/supporting-your-business/coronavirus-covid-19-information-for-businesses>
- Good overall guide is the Govt sponsored Money Advice Service on all financial aspects of corona for individuals & businesses: <https://www.moneyadviceservice.org.uk/en/articles/coronavirus-what-it-means-for-you>

But please note the government site <https://www.businesssupport.gov.uk/coronavirus-business-support/> is always the most up to date and a lot of what's on these other sites is just a cut and paste job and sometimes out of date.