

Making Things Simpler For You

The Coronavirus

What help is available for my Business?



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FINANCIAL CONSIDERATIONS

Terms of Reference

The Coronavirus is presenting us all with unprecedented concern for the financial security of our businesses as none of us know how this will develop and how long it may last. National and International employers are already on slowdowns and some are indicating to their employees that they can foresee a situation in which dramatic change may be required to keep the business trading.

In the Budget Statement of 11 March 2020 a range of measures were announced to assist businesses as we enter into this difficult time. The purpose of this helpsheet is to provide you with the announcements so that you are able to decide what you are entitled to and how you should make the claims that apply to you quickly so that the funds that you are entitled to are in your bank account working for you as quickly as possible.

Payroll Amendments and Recovery of Statutory Sick Pay (SSP)

The Government are recommending self isolation for 14 days by individuals who have come into contact with a person suffering from COVID-19 or been in an area that is heavily infected. To assist with this objective the SSP rules have been amended so that employees receive payment from day 1 rather than day 4 if it was another illness.

This will apply to employees who earn more than £118 a week. For those earning less than this sum a claim for Universal Credit or contributory Employment and Support Allowance will need to be made.

The rules for reclaiming SSP have been amended to enable businesses with fewer than 250 employees to recover these payments in full. This will only relate to payments made under COVID-19. Any SSP paid out for other reasons will continue to follow the normal rules.

The refund will cover up to 2 weeks SSP per eligible employee who has been off work because of COVID-19. As the Employer you will be responsible for keeping a record of staff absences but there will not be the need to provide a GP fit note for COVID-19.

At the present time there is no mechanism for these SSP repayments and as this is very new it may take some time for it to be figured out. The Government are promising to work with Employers to set up this mechanism.

If you have more than 250 Employees then you will not be eligible to reclaim SSP. This is because you are considered to be a large employer. If you provide temporary workers to others as part of your trade then these workers will be considered to be your own if they pass through a payroll schemes operated by yourself.

If you cannot recover SSP you may have the potential to pay significant sums to your employees by reference to the size of your headcount. This may cause you financial hardship very quickly. We have already written to a Member of Parliament regarding this as size does not necessarily indicate you can cover this liability without pressure on your working capital. Whilst the Government's immediate action is welcome it will display factors that have not been considered or intended and based upon the statement "whatever it takes" we believe that bringing this to their attention speedily could lead to amendments so that the economy is not pressurised more than it needs to be. Please speak to us if you need our advice on this point.

Business Rates

As we are all aware business rates have caused particular problems in certain sectors and the Government acted by introducing discount for businesses particularly in the retail sector. As part of the Coronavirus announcements this retail discount has been expanded to 100% for one year and expanded into the leisure and hospitality sectors. They have also increased the planned rates discount for Public Houses from £1,000 to £5,000.

Those businesses who are eligible for the newly expanded retail discount and/or the new Public House discount should apply to their local authority to make sure they get processed for the relief.

Enquiries regarding eligibility for the reliefs should be directed towards the relevant local authority.

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Guidance relating to the application on the expanded retail discount is not yet published and we are advised that this should be in place by March 20 2020.

A further £2.2bn will be given to local authorities to support small businesses that already pay little or no Business Rates because of Small Business Rate Relief (SBBR). This will allow them to give a one off grant of £3,000 to help businesses currently eligible for SBBR or Rural Rate Relief to help meet their ongoing business cost. It is estimated that this equates to around 3 months of rent.

Business Interruption Loan Scheme

The British Business Bank have been tasked with providing a new temporary Coronavirus Business Interruption Loan Scheme. This will launch in a matter of weeks and Lambert Chapman have a relationship with the Bank's local representative and will be in contact with him to obtain more details as they are released.

The Scheme is aimed at supporting businesses to access bank lending and overdrafts. Lenders will get an 80% guarantee on each loan subject to a per lender cap on claims to give lenders further confidence in supporting the SME market. There will be no charge made by the Government for this guarantee and the scheme will support loans up to a maximum sum of £1.2m. It is expected that this will provide up to £1bn of extra funding on top of that already provided by the British Business Bank.

Time To Pay

HM Revenue & Customs already operate a Time to Pay service to assist businesses suffering from financial difficulties to continue trading whilst paying outstanding VAT, PAYE, corporation tax or income tax over a period. Applications are subject to a number of checks and these can be arduous in terms of providing financial forecasts for larger requests.

The Time to Pay Scheme will be extended to include those businesses that are suffering financial hardship as a result of COVID-19 and a further 2,000 call handlers have been provided to discuss individual cases. The new helpline has its own number which is 0800 0159 559.

The Self Employed

If you trade in your own name as a Sole Trader or along with others in a Partnership or Limited Liability Partnership you will not be eligible for Statutory Sick Pay because you take drawings from the business rather than a wage under Pay As You Earn. You would therefore be required to make a claim for Universal Credit or Contributory Employment and Support Allowance (ESA). The amount received under this scheme is £73.10 if you are over 25 and £57.90 if you are under 25. ESA is paid every 2 weeks.

ABOUT LAMBERT CHAPMAN LLP



Lambert Chapman LLP is an approachable, independent practice of Chartered Accountants, Business and Tax Advisers and Auditors operating in Essex and its surrounding Counties including the City of London. Our two Essex based offices in Braintree and Maldon each offer comprehensive and friendly Business Advice to clients of owner managed businesses in a wide range of industry sectors through our 7 Partners and 53 technical and administrative staff, whilst our London office allows us to see our London clients on home soil and have a work base to reduce daytime travel between Essex and the City.

We aspire to be seen by the business community as a leading independent firm of Chartered Accountants in Essex and as a real alternative to the national accounting practices.

In order to deliver this vision we are members of The UK200Group, have access to a range of eminent tax and VAT specialists and use a variety of proven products in which our staff are trained to the highest levels of competence. The elements that make the Lambert Chapman LLP culture stand out are:

- our ability to build long term relationships
- our all round approachability
- the availability of our staff and partners to see you at short notice and also at a venue of your choice
- the integrity and commitment of all our personnel
- our adherence to the standards set by our professional bodies
- our unquenching desire to give best advice
- our friendly and supportive service
- our ability to recognise if we have failed and to put matters right with all parties

We believe that Lambert Chapman LLP is where standards count and that this provides us with a solid platform from which to maximise the wealth of our clients without compromising professionalism. Most of our new business comes from recommendations from existing clients who have been delighted with the quality of service received. We offer a complimentary meeting to determine if a working relationship can be established.

Lambert Chapman LLP has an active website which includes articles written by our staff and Partners. Please take some time to review our web site at www.lambert-chapman.co.uk. Clients are encouraged to become members of the site to receive a monthly newswire. We also utilise a secure portal that allows the transfer of information from us to you and from you to us to protect both parties from hacking rather than sending as email attachments.