



Coronavirus Crisis

Business Support Help Sheet

The financial impact of the Coronavirus is being felt by a wide spectrum of businesses. That impact has been swift, it looks like it will be with us for many months to come. This will pose a threat to the viability of some businesses and it is important that all help, support and potential solutions are considered by business owners experiencing financial difficulties.

As licensed Insolvency Practitioners, the Partners of Popleton & Appleby are authorised to give advice to Directors and business owners facing financial difficulties. This may include setting out the options and making recommendations for formal insolvency procedures such as:

- Creditors Voluntary Liquidation
- Company Voluntary Arrangements
- Compulsory Liquidation
- Administration

In addition to formal insolvency solutions, Directors and business owners should also consider other options available which may help their business which we have summarised below.

The following list is not intended to be exhaustive, but deals with the key resources and schemes introduced by Government in response to the crisis.

Please check this help sheet regularly or contact a member of staff at Popleton & Appleby to ask for updates as new policies and resources are announced.

Business Preservation

A number of financial support packages have been announced by the Government designed to help preserve a business through the current crisis.

- **Deferring VAT payments**

To help short term cashflow, the Government has announced that businesses can defer making VAT payments for three months and the deferral will apply from 20 March to 30 June 2020.

The deferral is automatic and no specific application is required. However, VAT returns should be submitted as normal. The deferred VAT is payable by 31 March 2021.

Further details of the scheme can be found by following this link:

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

- **PAYE and NI Contributions**

HMRC's Time to Pay service is available to businesses struggling to pay tax liabilities. Each application is dealt with on its own merits and an application can be made by calling the HMRC helpline 0800 0159 559. If you would like help in preparing or making an application, please get in touch.

Further details of the Time to Pay service can be found by following this link:

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

- **Coronavirus Job Retention Scheme**

As a safeguard against job losses resulting from the Coronavirus, the Government has announced measures to provide financial support to keep employees on the payroll. The support will be backdated to 1st March 2020 and is expected to last for 3 months.

HMRC will reimburse 80% of wages costs for employees laid off (known as "furloughed workers"). The conditions of the CJRS scheme are quite involved and we should stress some of the key points:

- The employer still needs to make payroll payments first and then make a claim to HMRC for repayments, which still has cash flow implications
- The minimum period to furlough workers is three weeks
- Workers cannot undertake any work for the business during the furlough period

Further details on how this scheme will work can be found at:-

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-the-coronavirus-job-retention-scheme>

- **Business Rates and Grants**

If your business operates in the retail, leisure or hospitality sector, a business rates holiday is being introduced for the tax year 2020/21. This is an automatic entitlement and will be applied in the business rates bills issued by local councils in April 2020.

For small businesses which pay little or no rates, Small Business Grant Scheme Funding is available in the form of a one-off grant of £10,000 to help with ongoing costs. You will be contacted by your Local Council Authority if your business is eligible for this grant.

For those businesses in the retail, leisure and hospitality sector in premises with a rateable value of between £15,001 and £51,000, a cash grant of up to £25,000 per property is available and for businesses in these sectors in premises with a rateable value of £15,000 or less, a grant of £10,000 is available.

Further details of the grants can be found by following this link to your local authority;
<https://www.gov.uk/find-local-council>

- **Business Loans**

The Coronavirus Business Interruption Loan Scheme (“CBILS”) has been introduced to support “viable” small and medium-sized businesses. The Government will cover the first 12 months interest payments. The rules of the CBILS scheme and the list of accredited lenders has been published by the British Business Bank and details can be found by following this link: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils-2/>

- **Bounce Back Loan Scheme**

Smaller businesses impacted by Coronavirus are now able to apply for funding support of up to £50,000 via the Bounce Back Loan Scheme (“BBL”) if certain eligibility criteria are met. The scheme is designed to enable businesses to access finance more quickly during the outbreak. BBL is administered by the British Business Bank and made available to businesses via accredited lenders. Please view further details by following this link to the British Business Bank: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/>

Protection for Business and Directors

The Government has also announced a number of measures designed to help and protect companies undergoing a rescue or restructuring process.

At present details of these measures and how they will operate have yet to be published. However, it is understood that the key points will include:

- Enabling companies to continue to buy supplies such as energy, broadband and raw materials
- The temporary suspension of the “wrongful trading” provisions from 1 March 2020 for three months so Directors can keep businesses going without the threat of personal liability.

This help sheet will be updated when further details of these measures have been published.

For further help and advice please contact us :-

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