

Government support stimulus

Isle of Man

2020

Introduction

As restrictions in movement came into force around the world during March to combat the rate of transmission of COVID-19, governments were quick to announce measures to support businesses and individuals to protect them from the impact of the resultant economic downturn. The range of measures and the criteria for benefitting from many of them have had to evolve as the scale of the economic impact has become clearer and, frankly, as finance ministers have had more time to identify the groups of people that weren't initially catered for.

The Isle of Man Government (IOMG), although it has fewer options available to it in terms of fiscal and monetary policy, has been no different and has developed a range of schemes and benefits to support the local economy. We have set out below an outline of some of these initiatives. In most cases there are more details available with respect to the qualifying criteria and we are happy to discuss these with you if that would help.

Short-term measures

IOMG has designed the *Wage Support Scheme* in order to try to keep people in employment at businesses that have been significantly impacted by the COVID19-related restrictions. The scheme pays £280 per week for a full-time equivalent employee for the 12 weeks from 2 March to 25 May 2020 and the key criteria are that you have a place of business in the IOM and are not in one of the excluded sectors which are primarily financial services, ICT, e-gaming and large retail. If employers can afford to, they can still top up their employees' salaries.

The *Coronavirus Business Support Scheme* provides grant assistance of £3,000 to businesses with more than one employee but less than 100 employees and the self-employed. The scheme is restricted to businesses operating in the tourist accommodation, catering and entertainment, travel and tour operators, logistics, small retail and construction sectors. The key criteria include that applicants must have been financially impacted by COVID-19 and intend to continue to operate through the current conditions into the short and medium term future.

The *Strategic Capacity Scheme* is targeted at supporting the tourist accommodation sector which has been deemed strategically important to the Island because of the number of people that it employs and the local supply chain that benefits from it. The scheme will pay a fixed day rate per room for 91 days, according to a scale rate based on the type of accommodation and its star rating. Businesses must have a minimum of three stars and have been registered with the DfE before 28 February 2020.

In order to ease short term cashflow pressures, Customs and Excise has announced that *VAT* payments due between now and 30 June can be deferred until 31 March 2021. VAT returns still have to be filed and companies are encouraged to still pay their VAT if they have the ability to do so.

Medium to long term measures

The *Business Adaptation Grant* represents £3.5 million of funding available whereby IOMG will fund 50% of the costs involved with adapting an Isle of Man business to develop new products or services or new ways of operating where the adaptation is a response to COVID-19. This is available to either existing businesses that were financially viable before the pandemic or for new start-ups. Applicants are likely to need to submit a business plan and the benefits to employment on the Island will be a key factor in the assessment criteria, although these are not specified given the likely wide range of potential innovations that can't be predicted.

Alongside Barclays, Conister, HSBC, Isle of Man and Lloyds banks, IOMG has announced that it will be providing a *Coronavirus Business Interruption Loan Guarantee Scheme*. Under the scheme, £60 million of additional lending will be made available by these banks with IOMG guaranteeing 80% of the loan value. It is available to Isle of Man registered businesses with turnover of up to £10 million, that have been adversely impacted by COVID-19 restrictions and would not otherwise meet the banks' lending criteria. There is a maximum repayment term of six years and the loan cannot represent refinancing of existing debt.

The *Strategic Investment Fund* allows IOMG to acquire legal title to assets (e.g. land, property, equipment) in return for cash. It is available to all Isle of Man businesses that can demonstrate, through submission of a full business plan, that they will be able to maintain employment and an independent valuation of the asset will be required. Further criteria are not yet specified.



As an employer and with personal financial commitments of your own, you will also want to be aware of the measures available to assist you and your employees. For those who are experiencing a reduction in their incomes as a result of the pandemic, local mortgage lenders have announced that they will consider applications for three month mortgage repayment holidays on residential mortgages. The utilities businesses have also said that they will introduce measures to support people in order to maintain provision of critical services. In addition, IOMG have announced that landlords will not be able to evict individuals or businesses for non-payment of rent over this period. For those individuals who find themselves out of employment or their self-employed work has ceased since 2 March 2020 as a result of the COVID-19 impact, the *Manx Earnings Replacement Allowance* is a new benefit that has been made available paying £200 per week for 12 weeks for the period from 6th April to 28 June 2020. There are a number of criteria that must be met but the payment is for the individual, it is not assessed on the household if other family members continue to work. Claims must be made within one month of ceasing employment.

Summary

For businesses impacted significantly by COVID-19 restrictions or staff absence, the focus should be on short term cashflow and protecting the ability of your business to continue to operate, either throughout the current restrictions or once these are lifted. As such, retaining key staff, protecting business assets and maintaining client and supplier relationships are key initial steps and some of the schemes available will assist with this.

Once you have dealt with the immediate actions of protecting your business in the very short term, you can re-assess your business plan and perhaps even your business model for the medium term and consider whether any of the other schemes, where applications will require more formal preparation by you, are suitable.

The range of schemes available and the criteria of the existing schemes are likely to continue to evolve, as the future path of the pandemic becomes clearer and the impacts on certain businesses or sectors are more clearly understood, so try to keep up to date with developments where you can.

If you wish to discuss your business' response to the current restrictions or how you might prepare for applying for any of the schemes, we are willing to assist so please get in touch.



Useful sources of information:

www.Covid19.gov.im

www.iomdfenterprise.im/coronavirus

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