

COVID-19: Quick Guide

Government Financial Support for the Self-Employed in Northern Ireland (26 March)

The Government has announced a package of support to protect the jobs of self-employed workers across the UK during the ongoing COVID-19 crisis. Details are continuing to develop, but at the time of drafting the key elements are summarised below.

Self-Employed Income Support Scheme

How: The Government will pay a taxable grant of 80% of self-employed individuals' average monthly trading profit over the last three tax years, up to a cap of £2,500 per month. The scheme will initially cover the three month period to May 2020 but may be extended. Unlike the Job Retention Scheme the Chancellor has confirmed that recipients of the income support grant can continue their normal trading activity and retain their entitlement to the grant.

For whom? The scheme is open for self-employed individuals, and members of partnerships, who met the following conditions:

- Trading profits of less than £50,000 in 2018-19 or an average trading profit of less than £50,000 from 2016-17, 2017-18 and 2018-19;
- More than half of their income in these periods must come from self-employment;
- They must have traded in the 2019-20 tax year, are continuing to trade when they apply for the scheme (or would be except for COVID-19), intend to continue to trade in the 2020-21 tax year and they have lost trading profits due to COVID-19;
- They have submitted an income self-assessment tax return for the 2018-2019 tax year. Individuals who did not submit their 2018-19 Self-Assessment tax return by the 31 January 2020 filing deadline now have a four week period (i.e. up until 23 April 2020) to submit their Self-Assessment tax return and bring their records up to date.

Individuals who pay themselves a salary and dividends through their own company are not covered by this scheme but will be covered for their salary by the Coronavirus Job Retention Scheme if they are operating PAYE schemes.

How to access: HMRC will identify eligible taxpayers from their existing records and contact them directly with guidance on how to apply. The taxpayer will apply online and payment will be made directly into the

taxpayer's bank account. The aim is that the first grants will be paid by the beginning of June 2020, in a single lump sum instalment covering all 3 months.

Next Steps: Self-employed taxpayers are reminded, prior to grant payments becoming payable, they will still be able to access other available Government support for those affected by coronavirus, including more generous universal credit and business continuity loans where they have a business bank account.

Further Information Link:

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

Income tax deferral

How: For Income Tax Self-Assessment, payments due on the 31 July 2020 may be deferred until 31 January 2021.

For whom? All taxpayers due to pay their second self-assessment payment on account on 31 July. Taxpayers do not need to be self-employed to be eligible for the deferment.

How to access: This is an automatic offer with no applications required. No penalties or interest for late payment will be charged if taxpayers defer payment until January 2021.

Next steps: This measure is aimed at helping those who are struggling given the current situation. The deferment is optional. If taxpayers are able to pay their second payment on account on 31 July 2020 they can still do so. Further relief for the self-employed and businesses concerned about not being able to pay their tax liabilities may be available through HMRC's Time To Pay arrangement.

Further Information Link: <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>

Deferment of VAT payments (Update 26 March)

How: VAT payments for all UK businesses will be deferred for 3 months for payments that would otherwise arise during the period from 20 March to 30 June 2020. Additionally, taxpayers will be given until the end of the tax year 2020/21 to pay any VAT liabilities that have accumulated during this deferral period. Effectively, this relieves the requirement to pay VAT for VAT periods ending February, March and April 2020 until 31 March 2021. However, VAT returns due to be submitted between 20 March and 30 June will still need to be submitted as normal. Importantly, the Government will continue to pay VAT refunds and VAT reclaims as normal for eligible claims. HMRC will not charge interest or penalties on any amount deferred as a result of the Chancellor's announcement.

For whom? Applicable to all UK VAT registered businesses (including all legal entities as well as self-employed sole traders that are UK VAT registered). It also applies to UK VAT registered businesses that are not established in the UK. It also applies to large VAT payers that operate the Payment on Account Scheme.

How to access: Automatic Relief, no application required. HMRC have advised that UK VAT registered businesses who pay their VAT liability via direct debit must cancel their direct debit if they do not wish to make a payment at this time.

Further Information Link:

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

Business Rates Relief

How: Northern Ireland Executive to waive business rates for next 3 months. No business rates will be charged for April, May and June 2020 (effectively a 25% discount on annual business rates bill for 2020/21).

For whom? All NI business ratepayers, excluding public sector and utilities.

Next steps: In addition to business rates holiday the Department of Finance are deferring issue of rates bills for 2020/21 from April until June 2020.

Further Information Link:

<https://www.nibusinessinfo.co.uk/content/coronavirus-rates-support-businesses>

Grants Support (Update 26 March)

How: Northern Ireland Executive to provide two grants for businesses. A grant of £10,000 available to small businesses and a grant of £25,000 for medium sized businesses.

For whom? £10,000 grant - small businesses eligible for the Small Business Rate Relief Scheme; £25,000 grant – medium businesses in hospitality, tourism and retail sectors with a rateable value from £15,000 up to £51,000.

Next steps: Small Business Grant Applications opened 26 March. Application form available at:

<https://www.covid-19smallbusinessgrants.economy-ni.gov.uk/>

Next steps: Further details on how to access £25,000 grant awaited.

Further Information Link:

<https://www.nibusinessinfo.co.uk/content/coronavirus-business-support-grant-schemes>

Covid-19 Business Interruption Loan Scheme (CBILS) for SMEs

How: Delivered through the British Business Bank and 22 participating lenders in Northern Ireland. The Government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims). The scheme will support loans (including Term Facilities, Overdrafts, Invoice Finance and Asset Finance) of up to £5m. Businesses can access first 12 months of the finance interest free.

For whom? UK based SMEs with turnover of no more than £45 million per annum.

How to access: Talk directly to your accredited bank or finance provider (not the British Business Bank) as soon as possible.

Next steps: The scheme launched on Monday 23 March.

Further Information Link: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>

KPMG in Northern Ireland team are currently supporting private clients and the self-employed to get through this unprecedented period and plan for when economic recovery returns.

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