

SUPPORT FOR BUSINESS IN RESPONSE TO COVID-19



In the space of less than a week the £30bn pledged by the Chancellor in the Budget announcement to support the country as it faces the economic turbulence caused by COVID-19 increased more than ten-fold to become a headline grabbing £350bn. Of this, the vast majority is in the form of loan guarantees which SMEs will need to access through banks, subject of course to usual credit assessments which may make deployment of these amounts difficult in the present climate.

On 17 March Rishi Sunak, acknowledging the progressively increasing gravity of the situation, announced additional support measures, mainly for UK businesses. To attempt to provide some central government support for UK businesses and the liquidity needed to get through these tumultuous times, the government will be:

- launching a “major new scheme” for large firms through the Bank of England;
- increasing the borrowing limit under the Coronavirus Business Interruption Loan Scheme from £1.2m to £5m and waiving the first 6 months of interest payments thereon;
- giving the government powers to offer any additional financial support that may become required in the future;
- extending the one year 100% business rates holiday to include all retail, hospitality and leisure businesses in the UK; and
- providing additional grants to businesses eligible for Small Business Rate Relief (£10,000, increased from the £3,000 announced last week) as well as some of those in retail, hospitality and leisure operating from smaller premises (£25,000).

Further details on how businesses can access these packages will be released over the coming days.

In addition to the above, the government has announced today that the reform to the off payroll working rules (IR35) which was due to come into force from 6 April 2020 has been deferred until 6 April 2021.

Outside of these newly announced measures, there are a number of cashflow and business management areas where we can assist companies:

- negotiating time to pay arrangements with HMRC in respect of PAYE and VAT liabilities;

BUSINESS TAX ALERT

March 2020

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- VAT cashflow management, quarterly vs monthly payments depending on whether a company is in a net payable or receivable position;
- VAT invoice timing in order to maximise VAT recovery;
- HR matters regarding contract adjustments and redundancy;
- cashflow forecasting; and
- business restructuring and solvency management

Businesses should also be aware that Companies House is allowing an extension to file accounts if businesses have been impacted by COVID-19 – applications should be made in advance of the filing deadline, but this may provide some help to finance teams who need to actively focus on cashflow management rather than reporting at this time.

As you will be aware from our previous alert, we have put measures in place to remain at your service throughout this pandemic and we will keep you apprised as further measures are announced by the government.

Please contact your usual Rawlinson & Hunter contact should you require further information or any assistance with the above, or any of those listed below.

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