



The Chancellor's Winter Economy Plan

On 25 September 2020, The Chancellor of the Exchequer announced the Government's Winter Economy Plan, which is focused on preserving jobs through the ongoing Coronavirus pandemic.

The Chancellor also confirmed that the planned Budget for November 2020 has been cancelled.

Below, we have outlined the key announcements. These will be incorporated into our updated Coronavirus Business Support Guide as further details are released on these policies.

Job Support Scheme (JSS)

With the Coronavirus Job Retention Scheme/Furlough coming to an end at the end of October, the new Job Support Scheme will open from 1 November 2020 and run until the end of April 2021. The key details are as follows:

1. How does JSS work?
 - The JSS provides part funding for hours that an employee does not work. It requires employees to work for at least 33% of their contracted hours. The Government may revise this to an increased number of hours after the first three months of the scheme.
 - In respect of the hours not worked by the employee, the Government will fund 33% of the remaining wages up to £697.92 per month and the employer will bear the remaining employment costs up to the contractual amount agreed with the employee (including National Insurance and pension contributions).
 - For the hours worked, the employee must be paid their usual salary.
 - The payment from the Government will be in the form of a grant to the qualifying business, so can be assumed to be subject to Corporation Tax. The grant covers wage costs only not including NIC and pensions, which will remain payable by the employer.
 - Employees cannot be made redundant or put at risk of redundancy during the period for which the grant is claimed.
2. Which businesses are eligible?
 - All Small and Medium Sized enterprises, and Large businesses where turnover can be shown to have fallen as a result of Covid-19.
 - Employers must have a UK bank account and be operating PAYE.

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- A previous claim under CJRS does not need to have been made.
 - The first claim (for November 2020) can be made in December 2020.
3. Which employees are eligible?
- Qualifying employees need to have been on the employer's PAYE payroll on or before 23 September 2020.
 - Employees do not have to retain the same working pattern throughout the duration of the scheme – they can cycle on and off the scheme, however each period of claim must cover a period of at least seven days.

It should be noted that a Job Retention Bonus of up to £1,000 per previously furloughed employee can be claimed in addition to the JSS.

As with the CJRS, HMRC will carefully police the claims made under the scheme, and businesses therefore need to be careful to ensure that they are not making inappropriate claims.

Extension to Self Employment Income Support Scheme (SEISS)

SEISS has been extended in order to replicate, in part, the support available under JSS. SEISS qualifying individuals (who have been adversely impacted by Covid-19) are eligible to claim a sum covering 20% of average monthly profits, for the period from November to the end of January next year up to a total of £1,875.

A second further SEISS grant, potentially subject to adjustment due to changing circumstances, will be available to cover the period from February 2021 to the end of April 2021.

VAT

The end date for the temporary VAT cut from 20% to 5% for the tourism and hospitality sectors has been extended from 31 January 2020 to 31 March 2020.

Extension to payback of deferred instalments

Businesses that deferred their VAT bills earlier in 2020 and were due to pay their VAT liabilities by 31 March 2021 will be given the option to pay back the deferred VAT in 11 smaller interest-free payments during the 2021-22 financial year.

Self-assessment taxpayers who deferred their July 2020 tax payments to 31 January 2021 will now not need to make this payment until January 2022. This is only available for tax liabilities of up to £30,000.

Pay as you grow

Businesses that have borrowed under the Government backed Covid-19 loan schemes will be offered longer repayment terms under the "Pay As You Grow" initiative. The extensions are as follows:

- Bounce Back Loan repayments terms will be extended from six years to ten. Interest-only periods of up to six months and payment holidays will also be available to businesses.
- Coronavirus Business Interruption Loan Scheme lenders will be given the ability to extend the length of loans from a maximum of six years to ten years if it will help businesses to repay the loan.

Applications to benefit from the Coronavirus Business Interruption Loan Scheme, the Coronavirus Large Business Interruption Loan Scheme, the Bounce Back Loan Scheme and the Future Fund have been extended until the end of November 2020.

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

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This publication and all other recent Rawlinson & Hunter LLP updates, including technical support on COVID-19 related initiatives, please see the technical updates section on our website [here](#).

Additionally, to assist our clients and readers in sourcing relevant information about government initiatives, financial assistance, guides and support eligibility, we have set up a dedicated COVID-19 Business Relief website containing technical resources and insights. We will be updating [this hub](#) regularly as new information becomes available. View our [COVID-19 resource hub here](#).

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