

Coronavirus: What does it mean for me and my business?

The Coronavirus outbreak (COVID-19) is moving at an alarming pace and is having a profound impact on businesses and their employees around the world. Until now the UK has kept the most drastic measures in reserve and critics have questioned the modelling of the outbreak in Britain. The situation remains unpredictable and there is still a lot we do not know about this virus or the effectiveness of the measures implemented to contain its spread. Businesses need to remain alert and act promptly to the rapidly changing circumstances.

The recent support proposals

On 17th March 2020, the Chancellor announced a £350 billion package (equivalent to 15% of UK GDP) to help businesses and workers hit by the coronavirus, including the following measures:

- A new temporary Coronavirus Business Interruption Loan Scheme will launch shortly to help businesses access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims). Businesses or banks will not be charged for this guarantee and the scheme will support loans of up to £1.2 million in value.
- A 12-month business rates holiday for all retail, hospitality and leisure businesses in England. Guidance is awaited as to exactly which type of businesses will be deemed to fall into those sectors.
- An additional £2.2 billion funding (up to £10,000 per business) will be provided for local authorities to support small businesses that already pay little or no business rates because of Small Business Rate Relief (SBBR).
- Funding grants of between £10,000 and £25,000 for small businesses.
- Small and medium sized businesses and employers (with fewer than 250 employees) to be able to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19 for up to two weeks.
- Reforms to IR35 legislation (off-payroll working rules) for medium and large sized business, which was to have taken place on 6 April 2020, has now been deferred by one year to 6 April 2021. This means that many existing arrangements to engage contractors through intermediaries and personal service companies can stay in place until then.
- Automatic deferral of (i) most VAT payments due between 20 March and 30 June 2020 until 31 March 2021, and (ii) income tax self-assessment payments due on 31 July 2020 until 31 January 2021.
- All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs under the HMRC Time To Pay Service
- Mortgage lenders will offer a three-month mortgage holiday for individuals in financial difficulty due to coronavirus.

More details on the proposals can be found at <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses>.

What practical steps can I take?

- Enquiries on eligibility for, or provision of, rate and other reliefs should be directed to the relevant local authority.
- Speak to your suppliers, customers, bankers, investors and other stakeholders to see if they can show support by extending payment terms: waiving any events of default etc.
- Contact your bank to see if they have issued policies about waiving monthly fees for small businesses or any other relief for those in financial difficulty.
- Monitor the Government's expected announcements about how businesses can apply for secured loans.
- Urgently look at revising your business plans, to try and take costs out of the business.
- For insurance purposes, the government and insurance industry confirmed on 17 March 2020 that advice to avoid pubs, theatres etc is sufficient to make a claim for those who have cover for pandemics and government-ordered closure (most will not have this however). Check your insurance policies and notify claims promptly.
- HMRC has launched a dedicated telephone helpline to support business and self-employed people who are concerned they will not be able to pay their tax due to COVID-19. Further details about this service is available here (<https://www.gov.uk/government/news/tax-helpline-to-support-businesses-affected-by-coronavirus-covid-19>).
- Contact your mortgage provider to seek suspension of your payments.

Current UK confusion

Although the introduction of the above measures has made the situation slightly clearer, there is still much confusion about how the UK Government is handling the current crisis. For example, the Prime Minister has advised people to avoid pubs, bars, restaurants and other meeting places but has failed to close these businesses officially.

Next steps

There are still many unanswered questions about whether the new measures will be enough and whether they will reach the businesses and individuals that need them the most. More guidance on these measures is needed, but it is clear that this is an ever-changing landscape and the Government will need to re-evaluate the situation to ensure that more financial support is provided where needed. For example, those with mortgages in financial difficulty have been given a three-month mortgage holiday however, no firm measures have been introduced to financially support the millions of people that rent their properties. The Prime Minister has said the Government will bring forward legislation to protect private renters from evictions but no dates or further guidance has been provided.

Further updates will be provided as more guidance emerges about how the recent proposals will become reality.

Contact us

If you have any concerns about how any of the above proposals could affect your business, you should seek advice. Fox Williams can advise on the steps and processes you need to take to ensure your business navigates through this uncertain time. Please contact a member of the team using our [website](#), or your usual Fox Williams contact.

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