

## COVID-19 – Advice and Support for 2021

During this time of uncertainty, business leaders need a source of reliable information to help meet the challenges they face. To help, Condies has created a series of useful insights written by our experts in each subject to offer advice, guidance, and practical support to clients in these difficult times.

### Ongoing Support in 2021

Following the identification of a more transmissible variant of COVID-19, the four nations of the United Kingdom have introduced a further lockdown with many areas currently under the highest Tier-4 restrictions.

Regardless of the market you operate within or the location and size of business you manage, we are all united by a common goal: to reduce the impact of this pandemic on businesses, employees, customers, and the public.

At this critical time for our country, Condies are here to help you by sharing reliable, current and, above all, practical information to our clients to help cut through the noise and by offering a listening ear to concerns raised with us.

### Covid-19 Blog

The Government has introduced an ongoing package of support for employers, businesses and the self-employed and Gordon Buist, Head of Tax Strategy, discusses the measures in our COVID-19 Blog.

Our guidance is set out as follows—

- Support for employers
- Support for self-employed and owner-managed businesses
- Support for businesses in Scotland
- Financing your business
- Deferral of tax payments

Our COVID-19 blog was updated on 9 February 2021.

# Support for Employers

## Kickstart scheme



If you're an employer looking to create job placements for young people, you can apply for funding as part of the Kickstart Scheme. The scheme has changed, and you no longer need a minimum of 30 job placements to apply directly for a grant.

You can now apply for a Kickstart Scheme grant by either:

- applying online yourself.
- getting help from a Kickstart gateway who is already working with the Kickstart Scheme.

There is a new guide for employers, which [can be accessed here](#).

## Providing apprenticeships during the coronavirus (COVID-19) outbreak

There is a new version of this guidance 'Providing apprenticeships during the coronavirus (COVID-19) outbreak' with updated information on face-to-face training and when to consider a break in an apprenticeship.

This document is for providers, employers, assessment organisations and apprentices.

It describes:

- the temporary flexibilities which have been applied during the coronavirus (COVID-19) outbreak; and
- how and when apprentices can safely train and undertake an assessment in the workplace and educational and assessment settings.

[See here for details](#).

## Coronavirus Job Retention Scheme 3 (extended until 30 April 2021)

The Coronavirus Job Retention Scheme has been extended until 30 April 2021. Employers can claim 80% of an employee's usual salary for hours not worked, up to a maximum of £2,500 per month.

Employers may claim for employees who were employed on 30 October 2020, if they have made a PAYE RTI submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee. This may differ where the employer has made employees redundant, or they stopped working for the business on or after 23 September 2020 and the employer has subsequently re-employed them.

All employers with a UK, Isle of Man or Channel Island bank account and UK PAYE schemes can claim the grant.

Employers are not required to have made a previous claim under Scheme 1 or Scheme 2 to be able to claim under Scheme 3. Similarly, employers may furlough an employee for the first time under Scheme 3, provided they were included on an RTI submission between 20 March 2020 and 30 October 2020.

Employers can furlough employees for any amount of time and any work pattern, while still being able to claim the grant for the hours not worked.

Employers will need to pay for employer National Insurance contributions and pension costs. Find out more information on [employer contributions to the Coronavirus Job Retention Scheme](#).

### **Who can claim?**

Employers may claim if they have a UK bank account, provided they have created and started a PAYE payroll scheme on or before 30 October 2020 and enrolled for PAYE online.

Any entity with a UK payroll can apply, including businesses, charities, recruitment agencies and public authorities.

Employers can only claim for furloughed employees that were employed and on payroll on 30 October 2020.

This means employers must have made a PAYE RTI submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee. This may differ where an employer has made employees redundant, or [they stopped working on or after 23 September 2020 and have subsequently been re-employed by the employer](#).

### **Agreeing to furlough employees**

Employers should discuss with their staff and make any changes to the employment contract by agreement. When employers are making decisions in relation to the process, including deciding who to offer furlough to, equality and discrimination laws will apply in the usual way.

To be eligible for the grant, employers must have confirmed to their employee (or reached collective agreement with a trade union) in writing that they have been furloughed.

Employers must—

- ensure that the agreement is consistent with employment, equality and discrimination laws
- keep a written record of the agreement for five years
- [keep records](#) of how many hours the employees work and the number of hours they are furloughed (i.e. not working)

The employee does not have to provide a written response and the employer does not need to place all employees on furlough.

Employers can—

- fully furlough employees - they cannot undertake any work while furloughed full time
- flexibly furlough employees - they can work for any amount of time, and any work pattern but they cannot do any work during hours that the employer records them as being on furlough

If an employer flexibly furloughs employees, the employer will need to agree this with the employee (or reach collective agreement with a trade union) and keep a new written agreement that confirms the new furlough arrangement.

Employers do not need to place all employees on furlough but can continue to fully furlough employees if they wish. Employees cannot undertake any work duties during time that the employer records them as being on furlough.

Where consistent with employment law, any flexible furlough or furlough agreement made retrospectively that has effect from 1 November 2020 will be valid for the purposes of a CJRS claim if it is made according to the conditions above. Only retrospective agreements put in place up to and including the 13 November 2020 may be relied on for the purposes of a claim.

### **Flexible furlough agreements**

There is no minimum furlough period, agreed flexible furlough agreements can last any amount of time. Employees can enter into a flexible furlough agreement more than once.

Although flexible furlough agreements can last any amount of time, unless otherwise specified the period that you claim for must be for a minimum claim period of seven calendar days.

More information [can be found here](#).

## **Coronavirus Statutory Sick Pay Rebate Scheme**

The Coronavirus Statutory Sick Pay Rebate Scheme allows employers to reclaim the Statutory Sick Pay paid to current or former employees.

You will be eligible if—

- You are claiming for an employee who is eligible for sick pay due to coronavirus
- You have a PAYE payroll scheme that was created and started on or before 28 February 2020
- Your business is small or medium sized and employed fewer than 250 employees as of 28 February 2020

### **Who can use the scheme?**

Employees do not have to provide a fit note for you to make a claim. But you can ask them to give you either:

- an isolation note from NHS 111 - if they are self-isolating and cannot work because of coronavirus (COVID-19), or
- a GP letter telling them to stay at home for at least 12 weeks because they're at high risk of severe illness from coronavirus

The scheme covers all types of employment contracts, including:

- full-time employees
- part-time employees
- employees on agency contracts
- employees on flexible or zero-hour contracts
- fixed term contracts (until the date their contract ends)

### **How do I claim?**

You must have paid your employees' sick pay before you claim it back.

You can claim back coronavirus-related Statutory Sick Pay using the HMRC [online service](#).

If Condis act as your agent for PAYE, we will be able to claim on your behalf.

## **What can I claim?**

The repayment will cover up to 2 weeks Statutory Sick Pay starting from the first qualifying day of sickness, if an employee is unable to work because they:

- have coronavirus symptoms
- are self-isolating because someone they live with has symptoms
- are self-isolating because they've been notified by the NHS or public health bodies that they've come into contact with someone with coronavirus
- are shielding and have a letter from the NHS or a GP telling them to stay at home for at least 12 weeks

You can claim from the first qualifying day your employee is off work if the period of sickness started on or after:

- 13 March 2020 – if your employee had coronavirus or the symptoms or is self-isolating because someone they live with has symptoms
- 16 April 2020 – if your employee was shielding because of coronavirus
- 28 May 2020 – if your employee has been notified by the NHS or public health bodies that they have come into contact with someone with coronavirus

A 'qualifying day' is a day an employee usually works on. The weekly rate was £94.25 before 6 April 2020 and is now £95.85. If you're an employer who pays more than the weekly rate of Statutory Sick Pay you can only claim up to the weekly rate paid.

# Support for the self-employed and owner-managed businesses

## Self Employed Income Support Scheme (SEISS)

The self-employed income support scheme has been extended and the grant increased in response to the ongoing impact of COVID-19 on the economy.

**All claims for the third grant must be submitted by 29 January 2021.**

Phase 2 of the SEISS closed on 19 October 2020 and the initial proposal was to introduce Phase 3 from 1 November 2020 to 30 April 2021 at a reduced level of 20% of usual profits from self-employment.

However, with most areas of the United Kingdom currently under Tier-4 restrictions, the Government has increased the financial support available in Phase 3 of the SEISS.

The third grant is worth 80% of your average monthly trading profits, paid out in a single instalment covering 3 months' profits and capped at £7,500 in total.

Phase 4 will cover February to April and the level of grant for that period will be announced in February 2021.

Similar rules as for Phase 1 and 2 will apply to be eligible to claim under Phase 3 and **you do not have to have claimed either of the previous two phases to claim under Phase 3.**

### How to claim

The online service for the third grant [can be found here](#).

You must [make your claim](#) on or **before 29 January 2021**.

HMRC expects you to make an honest assessment about whether you reasonably believe your business will have a significant reduction in profits.

To make a claim for the third grant your business must have had a new or continuing impact from coronavirus between 1 November 2020 and 29 January 2021, which you reasonably believe will have a significant reduction in your profits.

**If you're eligible, you must make your claim for the third grant on or before 29 January 2021.**

The grant does not need to be repaid if you're eligible but will be subject to Income Tax and self-employed National Insurance and must be reported on your 2020 to 2021 Self-Assessment tax return.

More information [can be found here](#).

### Who can claim?

The following eligibility requirements apply—

- To be eligible for the third grant you must be a self-employed individual or a member of a partnership. You cannot claim the grant if you trade through a limited company or a trust.
- If you claim Maternity Allowance this will not affect your eligibility for the grant.
- You must have traded in both tax years:

- 2018 to 2019 and submitted your Self-Assessment tax return on or before 23 April 2020 for that year
- 2019 to 2020

You must either—

- be currently trading but are [impacted by reduced demand](#) due to coronavirus
- have been trading but are [temporarily unable to do so](#) due to coronavirus

You must also declare that—

- you intend to continue to trade
- you reasonably believe there will be a significant reduction in your trading profits

### **Reasonable belief**

In order to claim, you must reasonably believe that you will suffer a significant reduction in trading profits due to reduced business activity, capacity, demand or inability to trade due to coronavirus during 1 November 2020 to 29 January 2021. You must keep evidence that shows how your business has been impacted by coronavirus resulting in less business activity than otherwise expected.

### **Significant reduction**

Before you make a claim, you must decide if the impact on your business will cause a significant reduction in your trading profits for the tax year you report them in.

HMRC cannot make this decision for you because your individual and wider business circumstances will need to be considered when deciding whether the reduction is significant.

You should wait until you have a reasonable belief that your trading profits are going to be significantly reduced before you make your claim.

You do not have to consider any other coronavirus scheme support payments you have already received when deciding whether you reasonably believe that you will suffer a significant reduction in trading profits due to reduced activity, capacity, demand, or inability to trade due to coronavirus during 1 November 2020 to 29 January 2021.

There are some [examples that can help you decide](#).

### **How HMRC works out your eligibility based on your tax returns**

To work out your eligibility HMRC will first look at your 2018 to 2019 Self-Assessment tax return. Your trading profits must be no more than £50,000 and at least equal to your non-trading income.

If you're not eligible based on the 2018 to 2019 Self-Assessment tax return, HMRC will then look at the tax years 2016 to 2017, 2017 to 2018, and 2018 to 2019.

### **How different circumstances affect the scheme**

There are some circumstances that can affect your eligibility such as if—

- your return is late, amended or under enquiry
- you're a member of a partnership
- you had a new child
- you have loans covered by the loan charge
- you claim averaging relief

- you're a military reservist
- you're non-resident or chose the remittance basis
- state aid
- Find out more information on how your [circumstances affect your eligibility](#).

## Support for businesses in Scotland

### **Newly Self-Employed Hardship Fund**

The recently self-employed, who are excluded from the UK's scheme but suffering hardship, may be able to receive a taxable grant of £2,000 from the Scottish Government in limited circumstances.

For creative, tourism and hospitality companies of up to 50 employees not receiving Business Rates Relief, there will be rapid access £3,000 hardship grants or larger grants up to £25,000 where it can be demonstrated that support is needed.

The support and larger grants for pivotal SME enterprises will depend on the specific need of the enterprise and be developed by the relevant enterprise agency with wraparound business advice and support.

The newly self-employed hardship fund can be accessed by contacting your local authority.

### **Strategic Framework Business Fund**

If your business is required to close by law or to significantly change its operations due to COVID-19 restrictions, you may be eligible to apply for grant funding.

Grant funding for [eligible businesses](#) will cover the period of any closures or restrictions with the earliest claim date being 2 November 2020. The cap on the maximum support available through the fund was removed on 1 January 2021 for businesses that operate from multiple premises.

Businesses may still apply to the fund even if they are required to close or modify their operations for less than four weeks.

Applications to the Strategic Framework Business Fund should be made through [the relevant local authority website](#).

### **Extended support for the hospitality, retail, and leisure sectors**

In addition to any grants that businesses receive through the [Strategic Framework Business Fund](#), qualifying businesses may also be eligible for a one-off grant of:

- £25,000 for larger hospitality businesses (rateable value of £51,001 or more) on top of the 4-weekly grant of £3,000
- £6,000 for smaller hospitality businesses (rateable value of £51,000 or less) on top of the 4-weekly grant of £2,000
- £9,000 for larger retail and leisure businesses (rateable value of £51,001 or more) on top of the 4-weekly grant of £3,000
- £6,000 for smaller retail and leisure businesses (rateable value of £51,000 or less) on top of the 4-weekly grant of £2,000

In most cases, eligible businesses that have already applied for the 4-weekly payment from the [Strategic Framework Business Fund](#) should get an automatic top-up.

For most businesses, this top-up should be combined with the next tranche of payments for the fund that are due to be paid out on 25 January 2021. If you have not yet applied for this fund, we would advise that you submit an application as soon as possible through your [local authority website](#).

## **Funding for non-essential retail and gyms**

The Scottish Government announced additional support for non-essential retail and gyms at the end of December.

These businesses may claim up to an additional £3,000, if they have not already applied, through their local authority website. You can [find out on the Scottish Government website here](#).

## **Hardship Fund for Creative Freelancers**

This hardship fund is intended to support creative freelancers working in Scotland who are experiencing immediate financial hardship due to a loss of income because of the COVID-19 pandemic.

The fund offers a one-off monetary contribution to those who are most significantly affected and disadvantaged by the cancellation of work because of the COVID-19 pandemic. Find more information and details of how to [apply through the Creative Scotland website here](#).

## **Touring Fund for Theatre and Dance**

The Touring Fund - for outdoor and non-conventionally staged work - is specifically designed to respond to the limitations in place within the dance, theatre, and touring sector, due to COVID-19 restrictions.

The fund supports venues, theatres, artists, companies, and producers to present shows that will allow them to re-engage with their audiences in innovative ways while still complying with ongoing restrictions during 2021.

The deadline for application to the fund is **5 February 2021**. Find out more and [apply through the Creative Scotland website here](#).

## **Taxi and Private Hire Driver Support Fund**

If you are a licensed taxi or private hire driver experiencing financial challenges as a result of the COVID-19 pandemic, you may be eligible to receive a one-off grant of £1,500.

This support is separate from any other funding you may have received from the Scottish or UK Government. For example, if you have applied to the Self-Employed Income Support Scheme or the COVID-19 Public Transport Mitigation Fund, you may still be eligible.

If you are eligible for a grant, your local authority will get in touch with you. You do not need to contact them.

More information [can be found here](#).

## **Foundation Scotland Community Response Recovery and Resilience Fund**

The aim of the fund is to provide support to community groups and registered charities to allow them to respond to immediate community needs during the COVID-19 pandemic. This funding is now in the Resilience phase which will support organisations with their long-term

planning, helping them become more sustainable in the future, despite the continued uncertainty.

Organisations can apply for grants between £1,000 and £5,000.

More information [can be found here](#).

## Future Fund

The Future Fund provides government loans to UK-based companies in amounts ranging from £125,000 to £5 million, subject to them securing at least an equal amount of funding from private investors.

These convertible loans may be an option for businesses that rely on equity investment and are unable to access other government business support programmes because they are either pre-revenue or pre-profit.

The application process must be started by the lead investor, with the investee company then confirming and completing the application. You can read full instructions on how to apply on the [British Business Bank website](#).

The scheme will close for applications at 11:59pm on **31 January 2021**. All investors and companies must submit their parts of the application by this deadline in order to be considered.

# Financing your business

## Bounce Back Loan

### Update on 9 February 2021

The government has announced some significant changes to how Bounce Back Loans are repaid.

The Pay as You Grow repayment flexibilities already enable borrowers to tailor their repayment schedule, with the option to extend the length of their loans from six to ten years (reducing monthly repayments by almost half), make interest-only payments for six months or pause repayments for up to six months.

Now the Government has extended the flexibility of the pause repayment option, which will now be available to all **from the first repayment**, rather than after six repayments have been made. This will mean that businesses can choose to make no payments on their loans until 18 months after they originally took them out.

These Pay as You Grow options will be available to more than 1.4 million businesses which took out a total of nearly £45 billion through the Bounce Back Loan Scheme.

More information [can be found here](#).

### Scheme Details

The scheme helps small and medium-sized businesses to borrow between £2,000 and up to 25% of their turnover. The maximum loan available is £50,000.

The government guarantees 100% of the loan and there won't be any fees or interest to pay for the first 12 months. After 12 months the interest rate will be 2.5% a year.

The scheme is open to applications **until 31 March 2021**.

### Eligibility

You can apply for a loan if your business—

- is based in the UK
- was established before 1 March 2020
- has been adversely impacted by the coronavirus
- If your business was classed as a [business in difficulty](#) on 31 December 2019 you'll need to confirm that you are complying with additional [state aid restrictions](#).

### Who cannot apply?

Businesses from any sector can apply, except—

- banks, insurers and reinsurers (but not insurance brokers)
- public-sector bodies
- state-funded primary and secondary schools

### If you are already claiming funding

- You cannot apply if you are already claiming under:
  - [Coronavirus Business Interruption Loan Scheme \(CBILS\)](#)
  - [Coronavirus Large Business Interruption Loan Scheme \(CLBILS\)](#)

- [COVID-19 Corporate Financing Facility](#)
- If you've already received a loan of up to £50,000 under one of these schemes you can transfer it into the Bounce Back Loan scheme. You have until 31 March 2021 to arrange this with your lender.

### Term of the loan

The length of the loan is 6 years, but you can repay early without paying a fee. No repayments will be due during the first 12 months.

Before your first repayment is due, your lender will contact you about further options to—

- extend the term of your loan to 10 years
- move to interest-only repayments for a period of 6 months (you can use this option up to 3 times)
- pause your repayments for a period of 6 months if you have already made at least 6 repayments (you can use this option once)

If you already have a Bounce Back Loan but borrowed less than you were entitled to, you can top up your existing loan to your maximum amount. You must request the top-up **by 31 March 2021**.

More information [can be found here](#).

## Coronavirus Business Interruption Loan Scheme

The scheme helps small and medium-sized businesses to access loans and other kinds of finance up to £5 million.

The government guarantees 80% of the finance to the lender and pays interest and any fees for the first 12 months.

The scheme is open until **31 March 2021**.

### Eligibility

You can apply for a loan if your business:

- is based in the UK
- has an annual turnover of up to £45 million

You need to show that your business:

- would be viable were it not for the pandemic
- has been adversely impacted by the coronavirus

If you want to borrow £30,000 or more, you also need to confirm that your business wasn't classed as a [business in difficulty](#) on 31 December 2019.

### Who cannot apply?

Businesses from any sector can apply, except:

- banks, insurers and reinsurers (but not insurance brokers)
- public-sector bodies
- state-funded primary and secondary schools

**Term of loan facility**

The maximum length of the facility depends on the type of finance you apply for and will be:

- up to 3 years for overdrafts and invoice finance facilities
- up to 6 years, for loans and asset finance facilities

More information [can be found here](#).

# Deferring Tax Payments

## VAT Deferral

If you deferred VAT between 20 March and 30 June 2020 and still have payments to make, you can:

- pay the deferred VAT in full on or before 31 March 2021
- opt-in to the VAT deferral new payment scheme when it launches in 2021
- contact HMRC if you need more help to pay

### Instalment option

Instead of paying the full amount by the end of March 2021, you can make up to 11 smaller monthly instalments, interest free. All instalments must be paid by the **end of March 2022**.

The scheme will allow you to:

- pay your deferred VAT in instalments without adding interest
- select the number of instalments from 2 to 11 equal monthly payments

To use this scheme, you must:

- still have deferred VAT to pay
- be up to date with your VAT returns
- opt in before the end of March 2021
- pay the first instalment before the end of March 2021
- be able to pay the deferred VAT by Direct Debit

If you opt-in to the scheme, you can still have a time to pay arrangement for other HMRC debts and outstanding tax.

Get ready to opt-in to the new payment scheme

Before opting in you must:

- create your own Government Gateway account if you don't already have one
- submit any outstanding VAT returns from the last 4 years. You will not be able to join the scheme if you have not done so
- correct errors on your VAT returns as soon as possible. Corrections received after 31 December 2020 may not show in your deferred VAT balance
- make sure you know how much you owe, including the amount you originally deferred and how much you may have already paid

You should also:

- pay what you can as soon as possible to allow us to show the correct deferred VAT balance
- consider the number of equal instalments you'll need, from 2 to 11 months

More information [can be found here](#).

## Self-Assessment Time to Pay Facility

### Automatic online deferral

HMRC anticipated that many taxpayers would need to defer tax due in January, so it created [an instalment mechanism](#) to allow individual taxpayers to apply for time to pay the tax debts now falling due.

To use this automatic process the taxpayer must agree to pay the tax monthly by direct debit, with a view to clearing their tax liabilities within 12 months. The taxpayer must also have:

- submitted their 2019/20 self-assessment tax return
- no earlier tax returns outstanding
- tax debt of at least £32 and not exceeding £30,000
- no other tax instalment plans in place.

If any of these conditions are not met the individual will not be eligible for an online payment plan.

### **How to apply**

To use the self-serve tax deferral facility, the taxpayer should login to their government gateway, for which they will need their user ID and password. The user ID can be set up as part of the application process. **Tax agents cannot use the automated system on behalf of their clients.**

The taxpayer can choose how many instalments they would like to spread their tax liability over, but any tax paid after the due date of 31 January 2021 will attract interest at a rate of 2.6% per annum until it is paid.

The instalment plan must be set up no later than 60 days after the due date for the tax, which means the time to pay agreement must be in place by 31 March 2021. If the 2019/20 tax liability is still outstanding at 31 March 2021, and no payment plan is agreed, an automatic penalty will be imposed at 5% of the tax outstanding.

### **Speak to HMRC**

If the self-service facility is not available, the taxpayer or their tax agent, can call the self-assessment payment helpline on 0300 200 3822 to negotiate a time to pay arrangement. This service is open from 8am to 6pm on weekdays.

This helpline should always be used if the total tax liability exceeds £30,000.

Before calling HMRC, the following information should be available:

- taxpayer's UTR number or NI number
- taxpayer's name and address
- a contact telephone number
- details of the tax payment to be deferred
- details of any tax repayments the taxpayer is waiting for.

More information [can be found here](#).