

Guide to Funding

All your options in one place



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Business Support Loans

1. Term Funding Scheme – SME (TFSME)

Bank of England announces new Term Funding Scheme with incentives for SMEs to open on 15 April.

The Bank of England has announced that its [new Term Funding Scheme](#), with additional incentives for SMEs (TFSME), will open for drawings next Wednesday 15 April. The launch date is sooner than anticipated.

The TFSME will complement the other COVID-19 response schemes announced by HM Treasury and allows banks to access four-year funding at rates very close to the Bank Rate.

The Bank said that launching the scheme as soon as possible will further support SMEs' ability to access the funding from the banking system that they need to continue to pay wages and bills.

The aims of the TFSME are to:

- Help reinforce the transmission of the reduction in Bank Rate to the real economy to ensure that businesses and households benefit from the MPC's actions.
- Provide participants with a cost-effective source of funding to support additional lending to the real economy, providing insurance against adverse conditions in bank funding markets.
- Incentivise banks to provide credit to businesses and households to bridge through a period of economic disruption.
- Provide additional incentives for banks to support lending to SMEs that typically bear the brunt of contractions in the supply of credit during periods of heightened risk aversion and economic downturns.

Eligible participants can borrow at least 10% of their stock of real economy lending. Additional borrowing allowances are generated £1: £1 for lending to households and large corporates; and £5: £1 for lending to SMEs (i.e. SME lending attracts 5x the borrowing allowance).

SMMT will update its COVID-19 Business Support Tab with more information when the scheme goes live.

Source SMMT

2. Coronavirus Business Interruption Loan Scheme (CBILS)

Coronavirus Business Interruption Loan Scheme (ACTIVE)

<https://www.businesssupport.gov.uk/coronavirus-business-interruption-loan-scheme/>

Guidance update 3 April

This Scheme, operated through the British Business Bank, supports SMEs with access to loans, overdrafts, invoice finance and asset finance of up to £5 million and for up to 6 years. There are 40 accredited lenders able to offer the scheme, including all the major banks.

Eligibility

- Be UK-based in its business activity.
- Have an annual turnover of no more than £45 million.
- Have a borrowing proposal which the lender:
 - Would consider viable, were it not for the COVID-19 pandemic.
 - Believes will enable you to trade out of any short-term to medium-term difficulty.

How to access the scheme

- The scheme is now open for applications.
- To apply, you should talk to your bank or one of the [40 accredited finance providers](#) (not the British Business Bank) to discuss your business plan.
- Personal guarantees are not required to secure lending below £250,000.
- For any borrowing above £250,000 personal guarantees will be capped at 20% of the outstanding value of the loan, as the
 - Government is providing the guarantee for the remaining 80% of the finance.
 - This will apply to all customers that have secured a loan under the scheme since its launch on 23rd March.

Full rules of the scheme and the list of accredited lenders are available on the [British Business Bank website](#).

To Note:

- The new scheme will support a wide range of businesses to access finance products including short term loans, overdrafts, invoice finance and assets finances.
- Facilities backed by a guarantee under CLBILS will be offered at commercial rates of interest.
- Businesses remain responsible for repaying any facility they may takeout.
- Given there is likely to be a big demand for facilities, businesses should consider applying via the lender's website in the first instance.
- Telephone lines are likely to be busy and branches may have limited capacity to handle enquiries due to social distancing.

3. Coronavirus Large Business Interruption Loan Scheme (Not Yet Active)

<https://www.businesssupport.gov.uk/coronavirus-large-business-interruption-loan-scheme/>

New Scheme, published 3rd April

The new Coronavirus Large Business Interruption Loan Scheme (CLBILS) will provide a government guarantee of 80% to enable banks to make loans of up to £25m to firms with an annual turnover of between £45m and £500m. The scheme will be delivered through commercial lenders, backed by the British Business Bank. The Government will provide lenders with an 80% guarantee on individual loans for businesses that would be otherwise unable to access the finance they need.

Eligibility

Your business must:

- Be UK-based in its business activity.
- Have an annual turnover between £45 million and £500 million.
- Be unable to secure regular commercial financing.
- Have a borrowing proposal which the lender:
 - Would consider viable, were it not for the COVID-19 pandemic.
 - Believes will enable you to trade out of any short-term to medium-term difficulty.

How to access the scheme

The new scheme will launch later this month and will be available through a range of accredited lenders, which will be listed on the British Business Bank website.

Once the scheme has launched, there is likely to be a big demand for facilities, businesses should consider applying via the lender's website in the first instance. Telephone lines are likely to be busy and branches may have limited capacity to handle enquiries due to social distancing.

4. UK Insolvency Law amended

On Saturday, Business Secretary Ashok Sharma, [announced amendments to the insolvency law](#) to help companies keep trading while they explore options for rescue.

Under the plans, the UK's Insolvency Framework will add new restructuring tools that mirror the USA's Chapter 11 procedure, a well-established model adopted by countries around the world. This includes:

- A moratorium for companies giving them breathing space from creditors enforcing their debts for a period of time whilst they seek a rescue or restructure;
- Protection of their supplies to enable them to continue trading during the moratorium; and
- A new restructuring plan, binding creditors to that plan.

The proposals will also include key safeguards for creditors and suppliers to ensure they are paid, while existing laws against fraudulent trading and the threat of director disqualification will continue to act as an effective deterrent against reckless misuse of these new measures.

5. Self employed income support scheme - seiss

The Self-employment Income Support Scheme (SEISS) will support self-employed individuals including sole traders and members of partnerships who have lost income due to the COVID-19 pandemic.

This scheme allows those eligible to claim a taxable grant worth 80% of trading profits up to a maximum of £2,500 per month for the next 3 months.

Grants

State Aid limit on COVID-19

1. Grant Funding Schemes - Small Business Grant Fund

The Government has updated its [guidance for businesses](#) setting out details of the Small Business Grants Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund (RHLCF) to include further information about State Aid restrictions.

For the SBGF, which provides grants of up to £10,000 per site, the cumulative state aid limit on what can be claimed is 200,000 euros per organisation.

Guidance for business

How much funding will be provided to businesses?

Under the Small Business Grant Fund (SBGF) all eligible businesses in England in receipt of either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) in the business rates system will be eligible for a payment of £10,000.

Under the Retail, Hospitality and Leisure Grant (RHLCF) eligible businesses in England in receipt of the Expanded Retail Discount (which covers retail, hospitality and leisure) with a rateable value of less than £51,000 will be eligible for a cash grants of £10,000 or £25,000 per property.

Eligible businesses in these sectors with a property that has a rateable value of up to and including £15,000 will receive a grant of £10,000.

Eligible businesses in these sectors with a property that has a rateable value of over £15,000 and less than £51,000 will receive a grant of £25,000.

Businesses with a rateable value of £51,000 or over are not eligible for this scheme.

Businesses which are not ratepayers in the business rates system are not included in this scheme.

Rate and Tax Relief

1. HM Treasury fundamental review of business rates announcement

The SMMT welcomes the announcement made by the Chancellor in today's Budget on the proposed review of the business rates system.

We have continually highlighted the damaging impact that upfront fixed costs such as business rates are having on automotive companies across the UK and have called for the reform of the broken business rates system.

The current business rates regime puts UK businesses at a significant competitive disadvantage in comparison with countries both in Europe and the rest of the world.

This adversely affects the attractiveness of the UK as a destination for future investment.

The review will publish a call for evidence in spring 2020 and will report by autumn 2020. The SMMT will respond to the review and as always, we welcome any initial comments from members.

HM Treasury will conduct the review with the objective of:

- Reducing the overall burden on businesses.
- Improving the current business rates system.
- Considering more fundamental changes in the medium-to-long term.

The work of the review will focus on four main areas:

1. Improvements that could be made from April 2021, alongside the forthcoming revaluation including regarding the Transitional Relief Scheme.
2. Reforms to the current business rates system to put the tax on a more sustainable basis. This will include:
 - Whether a tax on open market rental values remains the best base for commercial property.
 - How open market rental values are determined, and how often.
 - The effectiveness and operation of different reliefs.
 - How to minimise the impact of business rates on investment and growth, including the treatment of plant and machinery.
 - How the business rates multiplier(s) should be set.
 - Who pays the tax.

3. The administration of business rates, covering the valuation and appeals process; billing; and compliance with the tax.
4. Exploring alternatives to business rates, particularly within the taxation of land and property.

2. Deferring VAT and Income Tax payments

1. VAT

<https://www.businesssupport.gov.uk/vat-deferral/>

The deferral will apply from 20 March 2020 until 30 June 2020.

Eligibility

All UK businesses are eligible.

How to access the scheme

This is an automatic offer with no applications required. Businesses will not need to make a VAT payment during this period. Taxpayers will be given until the end of the 2020 to 2021 tax year to pay any liabilities that have accumulated during the deferral period. VAT refunds and reclaims will be paid by the government as normal.

Customers who normally pay by direct debit should cancel their direct debit with their bank if they are unable to pay. Please do so in sufficient time so that HMRC do not attempt to automatically collect on receipt of your VAT return.

2. Income Tax

<https://www.businesssupport.gov.uk/deferral-of-self-assessment-payment/>

For the self-employed, Income Tax payments due on 31 July 2020 under the Self-Assessment system may be deferred until January 2021.

Eligibility

If you are self-employed you are eligible.

How to access the scheme

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

3. Business Rates - 12-month business rates holiday for all retail, hospitality, leisure businesses in England

<https://www.businesssupport.gov.uk/business-rates-holiday-for-retail-hospitality-and-leisure/>

- Your business is based in England.
- Your business is in the retail, hospitality and/or leisure sector.

As far as the automotive industry is concerned, properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used as/for:

- Car/caravan show rooms
- Second hand car lots
- Petrol stations
- Car hire

How to access the scheme

There is no action for you. This will apply to your next council tax bill in April 2020. However, local authorities may have to reissue your bill automatically to exclude the business rate charge. They will do this as soon as possible.

You can estimate the business rate charge you will no longer have to pay this year using the business [rates calculator](#).

Government will introduce a business rates holiday for retail, hospitality and leisure businesses in England for the 2020 to 2021 tax year.

Businesses that received the retail discount in the 2019 to 2020 tax year will be re-billed by their local authority as soon as possible.

Eligibility

You are eligible for the business rates holiday if:

4. HMRC 'Time To Pay' Scheme

<https://www.businesssupport.gov.uk/time-to-pay/>

All businesses and self-employed people in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through this service.

These arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities.

Eligibility

You are eligible if your business:

- Pays tax to the UK government
- Has outstanding tax liabilities

How to access the scheme

If you have missed a tax payment or you might miss your next payment due to COVID-19, please call HMRC's dedicated helpline: 0800 0159 559.

If you're worried about a future payment, please call HMRC nearer the time.

For the self-employed:

- The Government will be suspending the minimum income floor, meaning that the self-employed can access Universal Credit at a rate equivalent to statutory sick pay for employees.

For others:

- The next quarter of VAT payments will be deferred until June.
- The Government will be increasing the Universal Credit standard allowance by £1000.
- The Government will increase the working tax credit basic element by £1000.

5. Reclaim statutory sick pay

The Government are proposing to bring forward legislation that will allow small-and medium-sized businesses and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19.

The eligible businesses should have employed less than 250 employees as of 28 February 2020.

The refund will cover up to 2 weeks' SSP per eligible employee who has been off work because of COVID-19.

Employers must maintain records of staff absences and payments of SSP, but employees will not need to provide a GP fit note in order to be eligible.

The rebate scheme is being developed.

Further details will be provided by the Government in due course once the legalisation has passed.

Employment Support

1. Coronavirus Job Retention Scheme

<https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

New Guidance on how the scheme will operate was published on 26 March: <https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme>

For employees that have agreed to be 'furloughed' by their employers during the crisis, UK employers will be able to claim from the government 80% of the employees' usual monthly wage cost, up to £2,500 per month.

How to access the scheme

Your business will need to:

- Designate affected employees as 'furloughed workers,' and notify your employees of this change - changing the status of employees remains subject to existing employment law and, depending on the employment contract, may be subject to negotiation.
- Submit information to HMRC about the employees that have been furloughed and their earnings through a new online portal (HMRC will set out further details on the information required).

The scheme will be backdated to 1 March 2020, but the scheme is not expected to be up and running until the end of April.

HMRC are working urgently to set up a system for reimbursement. Existing systems are not set up to facilitate payments to employers

2. Useful links

Coronavirus Job Retention Scheme – eligibility guidance

https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

Job retention scheme calculator

https://www.tax.service.gov.uk/job-retention-scheme-calculator/?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

Guidance on calculating your employee wages to claim

https://www.gov.uk/guidance/work-out-80-of-your-employees-wages-to-claim-through-the-coronavirus-job-retention-scheme?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

Step-by-step guide for employers

https://www.gov.uk/government/publications/coronavirus-job-retention-scheme-step-by-step-guide-for-employers?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

Statutory Sick Pay (SSP): employers guide

https://www.gov.uk/employers-sick-pay?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

IR35

https://www.gov.uk/guidance/understanding-off-payroll-working-ir35?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

PAYE scheme

https://www.gov.uk/pay-for-employers?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

Limited Liability Partnerships (LLP)

https://www.gov.uk/government/publications/life-of-a-limited-liability-partnership/life-of-a-limited-liability-partnership-gpllp3?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

Contingent workers

https://www.gov.uk/guidance/check-if-you-could-be-covered-by-the-coronavirus-job-retention-scheme#guidance-for-specific-customers?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

National Minimum Wage and National Living Wage rates

https://www.gov.uk/national-minimum-wage-rates?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

Coronavirus (COVID-19): advice for employers and employees

https://www.acas.org.uk/coronavirus?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

HMG business support

https://www.businesssupport.gov.uk/coronavirus-business-support/?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

HMRC extra support

https://www.gov.uk/dealing-hmrc-additional-needs?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

Guidance for businesses in Scotland

https://www.gov.uk/guidance/coronavirus-covid-19-information-for-individuals-and-businesses-in-scotland?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

Guidance for businesses in Wales

https://www.gov.uk/guidance/coronavirus-covid-19-information-for-individuals-and-businesses-in-wales#business-support-helplines?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

Guidance for businesses in Northern Ireland

https://www.gov.uk/government/news/covid-19-guidance-information-for-ni-businesses-employers#businesses?utm_source=HMRC-DCS-Handout&utm_campaign=DCS-link&utm_medium=Handout

Dawsongroup | vans

dawsongroupvans.co.uk

contactus@dawsongroup.co.uk

0844 381 9000

