



WINTER 2020-21

BUSINESS SUPPORT

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The Chancellor's Winter Economic Plan

Since the onset of the coronavirus pandemic, many businesses and individuals have benefited from a range of schemes, including furlough grants for staff unable to work, grants for the self-employed, deferral of VAT and Income Tax payments and cheap, government-backed business loans.

With the second wave of coronavirus infections upon us, the whole of England entered a national lockdown from 5 January, while Wales, Scotland and Northern Ireland have imposed local or national restrictions for some weeks now.

To help businesses that are required to close, the Chancellor has extended the existing Coronavirus Job Retention Scheme (CJRS), which was due to end on 31 October, until 30 April 2021. The CJRS has also been made more generous from 1 November than it was in October, as it will now cover 80% of employees' normal pay for their furloughed time, capped at £2,500 per month. The employer will be required to pay the employer's National Insurance Contributions and minimum workplace pension contributions due on their employees' wages.

Note that the financial support for businesses to pay their employees applies across the UK, while the lockdown rules are different in each country.

The two job support schemes that were due to replace the CJRS (JSS Open and JSS Closed) are now not needed, although a version of them (no doubt with amended rules) may be introduced when the CJRS finally comes to an end.

The Job Retention Bonus, which was due to be paid in February 2021, has been scrapped due to the extension of furloughing.

In addition, employers will be able to use the Kickstart Scheme to give young people six months' government-paid work experience.

There will also be further grants for the self-employed. For those who qualified for the first two grants, a third grant will be based on 80% of previously reported average profits. The three-month grant will be capped at £7,500. Details of the fourth grant have not yet been announced.

Further VAT and Income Tax deferrals will also be available in 2021, to help the cashflow of businesses and individuals.

Retail, leisure and hospitality businesses that are required to close in England can also apply for cash grants from their local authority of up to £9,000. Different levels of grants are available for businesses to claim from local authorities in Wales, Scotland and Northern Ireland. Enhanced support for care workers in Wales will allow them to receive full pay while on COVID-related sick leave.

Most small and medium-sized employers can reclaim the COVID-related SSP paid to their employees.

In this newsletter we explain what has been announced so far on these new business support measures. •

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1 Coronavirus Job Support Scheme



The Coronavirus Job Retention Scheme (CJRS) provides grants to employers to cover most of the costs of paying employees who are “furloughed”, i.e. employed but not working. The aim of the CJRS is to allow the employer to retain employees who will be needed when the business begins to rebuild in the future (when the pandemic has eased) and to avoid having to make those employees redundant. Any UK employer, whether small or large, charitable or non-profit, can utilise the CJRS.

The CJRS was due to end on 31 October 2020, but it has been extended to 30 April 2021. The conditions described below will apply until the end of the scheme on Friday 30 April 2021.

CJRS from 1 November 2020

The furlough arrangement can be flexible, such that the employees may work for some periods and be furloughed for other periods, even within the same week. The employee must agree to the flexible working arrangement.

While on furlough, the furloughed employee must receive at least 80% of their “usual salary” of up to £2,500 per month, and this amount is covered by the CJRS grant. The £2,500 cap is reduced proportionately when an employee is furloughed for only part of the month.

The employer must pay the employee, for all periods for which they are working, at the employee's contractual pay rate. The employer also must pay all the employer's class 1 NIC and employer's minimum workplace pension contributions on the entire amount of salary or wages the employee receives.

Employee's “usual salary”

Where the employee was included in an RTI submission on or before 19 March 2020 and eligible to be included in a CJRS claim since that date, the employer should use the March 2020 pay as the reference for any furlough claims from November.

For employees taken on by the employer on or after 20 March, the “usual salary” is that paid in the last pay period which ended on or before 30 October

2020. Where the pay of a new employee has been variable, the average pay between 6 April (or the start of their employment if later) and 30 October 2020 should be used as the basis of the furlough pay.

Eligible employees

Employees do not have to have been furloughed at an earlier date to be included in a CJRS claim from November onwards.

Employees who had earnings notified by RTI submission to HMRC between 20 March 2020 and 30 October 2020 are eligible to be included in a CJRS claim. This will allow new joiners to be furloughed, and directors who pay themselves once a year, say at the end of March.

Employees employed as of 23 September 2020 and notified to HMRC by RTI between 20 March and that date, who have since been made redundant, can be rehired and placed on the furlough scheme. This will also allow employees who were on fixed-term contracts that expired after 23 September to be re-employed and furloughed.

Example 1

Isolator Ltd employs Eric, who has opted out of auto enrolment, at a salary so £2,000 per month. Eric currently receives net pay of £1,664, after deducting PAYE of £191 and employee's NIC of £145. Isolator Ltd pays employers' NIC of £175.

Isolator Ltd can claim a CJRS grant for November of the lower of 80% of £2,000 = £1,600, and £2,500. Isolator Ltd claims a grant of £1,600.

The net amount of cash required by Isolator Ltd to furlough Eric, based on maintaining his existing salary, is £2,000 + £175 - £1,600 = £575 per month

If Isolator Ltd agrees with Eric that he will only be paid a reduced salary of £1,600 per month while on furlough, the cost to the employer will just be £175 (the employers' NIC).

Employees on any type of employment contract may be included, which covers all of the following:

- Apprentices (but they must be paid normally for time spent on training)
- Agency workers, including those employed by umbrella companies
- Those on zero-hour or fixed-term contracts
- Salaried members of LLPs
- Those subject to off-payroll rules in the public sector, classified as “deemed employees”
- Certain employees transferred into the current employment via a TUPE arrangement
- Nannies and domestic staff
- Employees who are shielding in line with public health guidance
- Those with caring responsibilities due to coronavirus

Employees with more than one employment can be furloughed by one employer and continue to work

for and get paid by their second employer. Foreign nationals and employees on all types of visa may be furloughed. The subsidy for their wages under the CJRS does not amount to "access to public funds".

In addition, the following employees may be brought on to furlough and be eligible for the grant:

- Those returning from maternity, paternity or adoption leave
- Those returning from sick leave or who would otherwise be on sick leave

The CJRS grant does not cover statutory sick pay (SSP), but furloughed employees can be moved on to SSP.

Transparency

The Government will publish details of businesses that use the CJRS from December 2020, including the employer name, company number, and an indication of the value of the claim within a band.

Public sector bodies are not expected to use the CJRS and organisations that are partially publicly funded can only use the CJRS if their private income has reduced.

Employees will be able to check if their employer has made a CJRS claim on their behalf by accessing their online Personal Tax Account from February 2021.

What furloughed employees can do

Furloughed employees must not work for the employer during the hours they are furloughed, but those furloughed hours can be very flexible. However, the employee may work for or volunteer for another employer or organisation while furloughed by you.

The employee must agree to be fully or flexibly furloughed. The employer must communicate to each furloughed employee in writing that they are furloughed and obtain their agreement to any reduction in their contractual wages. A copy of this communication should be kept by the employer for five years.

An employee does not have to accept furlough if offered, but the employer could make the employee redundant instead, as long as the appropriate employment law procedures are followed.

Employees should be encouraged to undertake training while furloughed, but they need to be paid at least the National Minimum Wage (NMW) or National Living Wage (NLW) for the time spent training. For the rest of the time employees are on furlough, they are not training or working, so the NMW and NLW do not apply during that period. Thus, if their pay is reduced to a level below the NLW or NMW rate while on furlough, that is permitted. However, furloughed time spent on annual leave must be paid at normal contractual rates.

Administration of the scheme

CJRS claims must be for periods of at least seven consecutive days, but most employers will want to align the claim periods with their normal pay periods



as much as possible. However, CJRS claims cannot straddle the month-end.

Furlough claims from November can be made using the same portal as for earlier claims. The online calculator has been updated for the new CJRS rules, see: tinyurl.com/CJRSno3cal. Claims will have to reach HMRC by the 14th of the month following the month they relate to. For example, CJRS claims for December 2020 must be submitted by 14 January 2021.

Claims can be submitted in advance of the payroll being run, up to 14 days before payday. The funds should be paid to the employer six working days after the CJRS claim for the period is submitted. The delay between application and payment is to allow HMRC to undertake checks to prevent fraud.

To access the grant, the employer must have a PAYE online account, but we can submit a grant application on your behalf, as your tax agent, if you have authorised us to act for you for PAYE matters.

For each grant application, the following information is required:

- Number of employees included
- Name and National Insurance number of each employee
- Payroll number of each employee – or some other identifier
- Employer's PAYE reference number
- Employer's UTR number for business or company, or company registration number
- Start date and end date of the claim period
- The usual hours and the hours worked by each employee
- Amount claimed (the online calculator can help with this)
- UK bank account number, sort code, address and postcode on the bank account statements
- Contact name and phone number.

When the claim covers 100 or more employees, the details can be uploaded on a spreadsheet, but in other cases each employee's details must be manually entered online. You must keep a copy of all the information used in the CJRS claim for six years. If you make an error in the CJRS claim, this can be corrected in the next period's claim, or you can contact HMRC to receive a pay reference number to repay any overpaid CJRS grants.

What is not covered by the CJRS

The following amounts should not be included in any CJRS claim for wages or salaries paid from 1 November onwards:

- Any SSP paid to the employee
- Employers' class 1 NIC
- Any Apprenticeship Levy due
- Employer pension contributions to the workplace pension

Student loan repayments must be deducted from the employee's wages and paid over, as normal.

Owner-managed companies

Many director/shareholders pay themselves a small salary and take the balance of their income as dividends from their companies. The CJRS does not cover the payment of dividends; only the salary paid under PAYE is eligible for the grant.

Example 2

Louise is the managing director and majority shareholder in her company. She pays herself £12,500 per year. Her husband (who is also a director) and son also work part-time for the company, earning £10,000 a year each.

Providing all the necessary procedures are gone through to furlough them (e.g. amendment of contract terms, recording the decision of the company's board to furlough), there seems to be no reason why Louise's company could not claim grants to get reimbursement of 80% of the wages of all three family members. Louise and her husband must only undertake duties to fulfil their statutory obligations as company directors and must not generate any income for the company while on furlough.

Directors of their own companies can be fully or flexibly furloughed. If the latter, they may work for some hours and be furloughed for other hours. While on furlough the director must not provide any services to or on behalf of the company, or generate any income for the company or any connected business, for the hours in which they are furloughed. Directors can undertake statutory duties while furloughed that would reasonably be judged as necessary, such as submitting statutory returns and supplying information to HMRC.

Directors are not eligible for help under the Self-employment Income Support Scheme (SEISS).

Salary sacrifice

Where a salary sacrifice scheme is in place, employees cannot normally move freely in and out of that scheme, as a change in contract terms is required first. However, HMRC has agreed that the coronavirus is a "life event" that allows the employee to move out of the salary sacrifice scheme. This is particularly important for schemes involving pension contributions. All of the CJRS grant claimed must be paid to your furloughed employees as wages. Employees can choose to have a higher percentage

of their contracted earnings paid as pension contributions while on furlough and agreed pension deductions can continue while the employee is furloughed.

CJRS grant is taxable

The amounts paid to an employee on furlough are deductible for tax purposes by the business (as normal) and the CJRS grant is taxable income of the employer. Where the employer is not a business, such as an individual employing domestic staff, the CJRS grant is not treated as the employer's taxable income.

2 Self-Employed Income Support Scheme (SEISS)

There have been three rounds of grant support for the self-employed (SEISS-1, SEISS-2 and SEISS-3) and the Chancellor has announced there will be a further SEISS grant, covering the three months from February to April 2021.

The third grant (SEISS-3) will be calculated at 80% of your average monthly profits, capped at £2,500 per month. It will be based on the same profit figures as were used to calculate the SEISS-1 and SEISS-2 grants. These were derived from your self-employed profits as reported on your tax returns for 2016/17 to 2018/19, or the portion of that period when you were self-employed.

You will qualify for the SEISS-3 grant if all of the following apply:

- you were eligible for the previous SEISS grants (even if you didn't apply for them); and either
- you are currently actively trading, but are impacted by reduced demand due to coronavirus; or
- you were previously trading but are temporarily unable to do so due to coronavirus.

Applications for the SEISS-3 grant opened on 30 November 2020 and will close on 29 January 2021.



A fourth grant (SEISS-4) will be payable for three months to help you survive from February to April 2021. We don't know how much that grant will be or what the cap will be. The qualifying conditions for the SEISS-4 grant are likely to be similar to those for the SEISS-3 grant.

The profits used as the basis for the SEISS-4 grant will also be your average annual profits derived from your tax returns for 2016/17 to 2018/19, although by the time applications open in February 2021 your tax return for 2019/20 will have been submitted (deadline is 31 January 2021).

3 Kickstart Scheme

This scheme sounds like a great idea at first sight. The government will pay the wages and associated employment costs of your new employees who are aged 16 to 24 and who come directly to you from claiming universal credit.

The government support will cover the employee's wages paid at the national minimum wage rate for 25 hours per week, for six months, plus the employer's National Insurance Contributions and the minimum amount of employer's contributions to a workplace pension. You can top up those wages, or pay for further hours, if you wish.



What's more, the government will pay you £1,500 for each employee you take on, to help cover training, uniforms and other set-up costs.

However, there are a number of conditions which could take the shine off the Kickstart scheme.

The jobs created must not replace any of the following:

- existing or planned vacancies
- people who have been made redundant
- contractors used by the business

Also, each employer, or group of employers, must create at least 30 job opportunities under the Kickstart scheme. This might seem a big hurdle, but you can work with an intermediary organisation to be part of a group of employers that achieve the 30-job minimum threshold.

Organisations such as local authorities, charities and trade bodies across the country are all setting up partnership arrangements to allow local businesses to come together to apply for the Kickstart programme.

Finally, there are two training conditions for

Kickstart.

1. The job placement must only require basic training.
2. Your business must demonstrate how it will help the new employees become more employable by developing basic skills.

You can't advertise your Kickstart job placements directly, as the DWP Job Centre staff will choose the applicants from the pool of young Universal Credit claimants. However, you will have the final say on whom you employ from the candidates offered.

4 Tax deferrals

At the beginning of the coronavirus pandemic, the government gave individuals and businesses the option to defer, until 2021, payments of Income Tax due by 31 July 2020 and VAT due in the period 20 March to 30 June 2020.

In both cases, you could pay the tax or VAT by the original due date if you wished, but no interest or late payment penalties would be added to those deferred tax debts.

However, roll on to 31 January 2021 and you may be looking at four different amounts of tax becoming due for payment:

- a) Second payment on account for 2019/20 (deferred from 31 July 2020)
- b) Balancing payment for 2019/20
- c) Capital Gains Tax for 2019/20 (if not paid under the new 30-day rule for UK residential property)
- d) First payment on account for 2020/21

Taxpayers with up to £30,000 of self-assessment liabilities due on 31 January 2021, whether deferred from July 2020 or otherwise, can pay in 12 monthly instalments under the time to pay arrangements. This means the final payment will not be due until January 2022. Where the total tax due does not exceed £30,000, an application (made online) for deferral will be automatically granted.

If the total tax due exceeds £30,000, or you need longer to pay, you will be able to call HMRC to agree a bespoke payment plan.

Where you have deferred VAT which was due in the period from 20 March to 30 June 2020, that VAT will be payable by 31 March 2021. However, you may be able to opt into a scheme before 31 March to spread the VAT over 2 to 11 equal monthly instalments, interest free. You must be up to date with your VAT returns to use this scheme and pay all the deferred VAT by direct debit. This deferred VAT will not be subject to penalties if the payments are made on the dates as agreed.

5 Statutory Sick Pay refunds

If you are a small employer, you can reclaim some of the Statutory Sick Pay (SSP) paid to your employees if that SSP was due to COVID-19 symptoms or isolation rules (see below).

To be eligible for this rebate scheme, your business must meet all of these conditions:

- Employed fewer than 250 employees on 28 February 2020 across all payrolls
- Commenced your PAYE scheme before 28 February 2020; and
- Was not in financial difficulty on 31 December 2019

In addition, when your SSP rebate is added to other state aid that your business has received over the last two years, it must not take the total of state aid above the limit set for your trade sector:

- aquaculture and fisheries: €120,000
- agriculture: €100,000
- any other sector: €800,000

In order to be included in a refund claim, the SSP must have been paid to an employee who meets one of the following conditions on or after the date shown:

- has symptoms of coronavirus (12 March)
- lives with, or is in a linked or extended household with, someone who has symptoms (13 March)
- is shielding, in accordance with public health guidance (16 April)
- has been informed that they have had contact with a person who was, at the time of the contact, infected with coronavirus (28 May)
- lives with someone who has tested positive for coronavirus (30 July)
- has tested positive for coronavirus (isolation extended to 10 days from 5 August)
- is staying at home for three or four days prior to being admitted to hospital for surgery (26 August)



You can't reclaim SSP paid to employees in relation to other health conditions, so a person who isolated before surgery can get COVID-19-related SSP for that isolation period, but not for the day of the surgery or for recovery days.

SSP is not payable to employees who need to quarantine for 14 days on returning to the UK, unless

the individual also meets one of the above COVID-19 conditions.

You can make more than one SSP rebate claim for an employee if, for example, the individual is shielding and then at a later date tests positive for coronavirus. However, you can only recover SSP for the first 14 days of any one COVID-19 absence. The maximum rebate you can claim for each employee is for 14 days of SSP in total per employee.

It is not possible to make a claim under the Coronavirus Job Retention Scheme (CJRS) and the SSP rebate scheme for the same employee for the same period.

The SSP rebate is claimed through HMRC's PAYE online system. We can do that for you. The claims can cover multiple pay periods back to when these rules came in.

6 Reduced VAT rate

To help the hospitality and tourist sectors through the pandemic, the government reduced the VAT due on key sales in those sectors from 20% to 5% from 15 July 2020. This reduced rate will revert to 20% on 1 April 2021.

Crucially, you don't have to reduce your prices to pass on the VAT rate reduction to your customers; instead, you can keep your prices constant and enjoy the extra profit margin. However, you do need to account for the correct amount of VAT to HMRC.

The 5% rate applies to the following categories of sales:

- Food and drink sold for consumption on the premises, excluding alcoholic drinks
- Hot takeaway food and hot takeaway drinks, excluding alcoholic drinks
- Holiday accommodation, which includes bookings for hotels, caravan sites, guest houses, and camp sites
- Admission fees to tourist attractions such as zoos, theatres, fairs, and amusement parks

There are exceptions in these broad categories, for example:

- Sporting events are excluded from the reduced rate, but live performances of cultural events may be exempt from VAT
- Hire of equipment, such as skates or paintball guns, must be charged at 20% VAT
- Where the charge is for individual fairground rides and not an admission fee, it must be charged at 20% VAT

Some attractions charge the customer one indivisible fee for admission and another item, such as a printed guide, in which case the whole price is subject to the 5% VAT rate.

The temporary 5% rate also applies to advance bookings for accommodation in 2021 if the invoice is issued, or payment made by the customer, before 1 April 2021.



If you use the VAT flat rate scheme for small businesses, the flat rate you need to apply has been reduced for these sectors:

- catering services, including restaurants and takeaways
- hotel or accommodation
- pubs

As the VAT rate changed in the middle of a month (15 July), the figures for your VAT return covering that period will need extra attention. For peace of mind, ask us to check the calculations for you.

7 Business Support loans

To help businesses survive the pandemic, the government has created four different loan schemes to help different types of businesses:

- Bounce Back Loan Scheme (BBLS)
- Future Fund
- Coronavirus Business Interruption Loan Scheme (CBILS); and
- Coronavirus Large Business Interruption Loan Scheme (CLBILS)

Bounce Back Loan Scheme

This provides loans of between £2,000 and £50,000 to businesses who apply to a high street lender using a relatively simple online form.

The amount you can borrow is capped at the lower of 25% of your annual turnover and £50,000. The application form will ask you for details of your turnover for the period that ended in the year to 31 March 2020, but you can estimate that figure.

Applications can be made up until 31 March 2021 and businesses who have borrowed less than their maximum can apply to top-up their existing loan. You also need to confirm that your business was not in financial trouble at 31 December 2019 and that you haven't been given a loan under one of the other coronavirus loan schemes (discussed below).

Once you have the loan, you won't have to make a repayment within the first 12 months. The

government will cover any fees and interest accruing in that first year. The interest charged on these loans will be set at 2.5%.

The Chancellor has also announced that the terms of the loan will be made flexible for the business under a "Pay as You Grow" flexible payment system. The term of the loan can be set to up to ten years and the lender should offer payment holidays and interest-only periods on request.

The Bounce Back loans carry a 100% government guarantee, so there is no need for the business owner to provide collateral, or to prove that the business will be viable once the coronavirus crisis is over.

Future Fund

This scheme provides funding to private companies, where the advance can be matched by private investors in those companies. The company can apply even if it has not made a profit or it has not made its first sales.

The loan provided may range from £125,000 to £5m and can be convertible into equity. Applications for this fund will now close on 31 March 2021.

A company can qualify for funding under this scheme if:

- it was incorporated in the UK on or before 31 December 2019, or is an overseas parent company incorporated before that date
- it has raised at least £250,000 in equity investment from third-party investors in the period 1 April 2015 to 19 April 2020
- it does not have any of its shares or other securities listed on a regulated market, a multilateral trading facility, a recognised investment exchange and/or any other similar market, stock exchange or listing venue
- where the company is part of a corporate group, it is the parent company

Also, the company must either have at least half of its employees based in the UK or raise at least half of its sales revenue from UK customers.

There are additional conditions where the parent company is not based in the UK.

The money raised under the Future Fund must not be used by the company to:

- repay any borrowings from a shareholder or a shareholder-related party (other than the repayment of any borrowings pursuant to any bank or venture debt facilities)
- pay any dividends or other distributions
- pay any bonus or other discretionary payment to any employee, consultant or director of the company, other than as contracted prior to the date of the finance and as paid by the company in the ordinary course of business (this applies for the first 12 months of the finance agreement);
- pay any advisory or placement fees, or bonuses to any corporate finance entity or investment bank or similar service provider, on monies advanced by the Future Fund



Coronavirus Business Interruption Loan Scheme (CBILS)

These loans are delivered by the British Business Bank to provide support to primarily medium-sized businesses.

Finance of up to £5 million per business can be advanced or supported under this scheme, in the form of term loans, overdrafts, invoice finance or asset finance. Applications can be made up until 31 March 2021.

You are eligible to use CBILS if your business meets all these criteria:

- it is UK-based
- has turnover of up to £45 million per year
- would be viable were it not for the coronavirus crisis; and
- has been adversely affected by the coronavirus pandemic

Where the financial support is taken as a loan, the repayment term can be set at up to ten years. Businesses can access the first 12 months of that finance interest-free and charge-free, as the government will cover the first 12 months of interest payments and any lender-levied charges.

The government is providing the lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) to give lenders confidence in continuing to provide finance to SMEs.

The borrower remains fully liable for the debt, but the lender should not demand a personal guarantee as security for loans of up to £250,000.

Personal guarantees may still be required, at a lender's discretion, for facilities above £250,000, but they exclude the borrower's principal home. Recoveries under these guarantees are capped at a maximum of 20% of the outstanding balance of the CBILS facility, after the proceeds of business assets have been applied.

For all facilities, including those over £250,000, CBILS can now support lending to smaller businesses, even where a lender considers there to be

sufficient security, making more smaller businesses eligible to receive the Business Interruption Loan.

How to access the scheme

The full rules of the scheme and a list of accredited lenders is available here: <https://tinyurl.com/ujhq5k9>.

All the major banks are offering the scheme and there are 40 accredited providers in all, which include high street banks, challenger banks, asset-based lenders and smaller specialist local lenders.

You should talk to your bank or finance provider (not the British Business Bank) as soon as possible and discuss your business plan with them. If one lender turns you down, you can still approach other lenders within the scheme.

Coronavirus Large Business Interruption Loan Scheme (CLBILS)

This loan scheme is for businesses with annual turnover over £45 million. These businesses are too large to apply for the CBILS and too small for a government debt-buying programme for larger companies.

Support provided under CLBILS also carries a government guarantee of 80% and enables banks to make loans of up to £25m to firms with an annual turnover of between £45m and £250m. Where turnover is above £250m, loans of up to £50m may be made.

England only



8 Test and Trace Support Payment Scheme

The measures relating to self-isolation payments and penalties are established by each country within the UK, as they relate to health, which is a devolved responsibility.

Individuals in England who have been told to self-isolate by NHS Test and Trace on or after 28 September 2020 may be eligible to claim a £500 grant from their local authority, if they are unable to work from home and as a result will lose income.

This Test and Trace self-isolation payment can be claimed by individuals who are employed or self-employed and who also receive one of these benefits:

- Universal Credit
- Working Tax Credit
- Income-based Employment and Support Allowance
- Income-based Jobseeker's Allowance
- Income Support
- Housing Benefit
- Pension Credit

The claim for this one-off payment must be made within 14 days of the end of the period of self-isolation. Each person in the household who is self-isolating can claim this grant if they meet the conditions.

This self-isolation payment is taxable, but it is not subject to National Insurance.

9 Fines for breaking isolation

Adults who test positive for the coronavirus, or come into close contact with someone who has tested positive, must normally self-isolate for a period of 14 days. A similar requirement to self-isolate applies where the person arrives in England from a country that is not exempt from travel restrictions.

Where the test or contact occurs after 28 September 2020, the individual may be fined if they break the self-isolation conditions, unless it is for a permissible reason such as escaping domestic violence or attending a funeral of a close relative.

The individual must notify their employer that they are required to self-isolate. If they fail to do this there is a fixed penalty of £50.

The employer must not ask an employee to break their period of self-isolation and leave the place they are self-isolating, without a reasonable excuse. The employee can be asked to work at home.

Where the employer ignores this requirement and requires the employee to break self-isolation, they may receive a fine that starts at £1,000 and increases on each breach of the regulations, up to £10,000.

10 Local authority grants for businesses

Any grants made to businesses by local authorities are decided by the devolved administrations. Do not assume that a business grant announced by Chancellor Sunak applies outside England, as it may be restricted to English local authorities only.

Businesses in England can access grants from their local authority if they are severely impacted by the restrictions on socialising, as would be the case for hospitality and leisure businesses. The grants are payable at three rates, depending on the alert-level of the area:

Tier 2 areas

The local authority can decide how to award these grants and may stipulate the eligibility criteria. The amounts below are a guide to what the business may receive.

Rateable value of premises	Grant payable per month
Up to £15,000	£934
£15,001 to £50,999	£1,400
£51,000 or more	£2,100

These grants will be back-dated to the point that tier 2 restrictions were imposed in the area.

Tier 3 and 4

In these areas, where businesses have been required by law to close, they can apply for a support grant from their local authority, based on the rateable value of their business premises:

Rateable value of premises	Grant payable per month
Up to £15,000	£1,334
£15,001 to £50,999	£2,000
£51,000 or more	£3,000

These grants can be paid after two weeks of closure, and will be paid every two weeks.

Lockdown grants from 5 January

Where retail, hospitality and leisure businesses have been required by law to close under the lock down announced on 4 January 2021, they can to apply for a support grant from their local authority, based on the rateable value of their business premises in England:

Rateable value of premises	Grant payable one off payment
Up to £15,000	£4,000
£15,001 to £50,999	£6,000
£51,000 or more	£9,000

When those businesses are permitted to open again they will be able to apply for a grant of up to £2,100 per month.

Scotland only



11 Self-isolation grant

Individuals who have been told to self-isolate by the Test and Protect Service in Scotland on or after 28 September 2020 may be eligible to claim a £500 grant from their local authority, if they are unable to

work from home and as a result will lose income.

This self-isolation payment can be claimed by individuals who are employed or self-employed and who also receive one of these benefits:

- Universal Credit
- Working Tax Credit
- Income-based Employment and Support Allowance
- Income-based Jobseeker's Allowance
- Income Support
- Housing Benefit
- Pension Credit

Applications can be made at any point during the period when you have been told to self-isolate. The system will, though, allow claims to be backdated to 28 September, as applications only opened on 12 October.

This self-isolation payment does not cover people who are self-isolating after returning to the UK from abroad, unless they have tested positive for coronavirus or have been told to stay at home and self-isolate by the Test and Protect Service.

The self-isolation payment is taxable, but it is not subject to National Insurance.

12 Local authority grants for businesses

From 1 January 2021 businesses can access grants from their Scottish local authority in the following situations:

1. Business must close

Grants are payable every four weeks according to the rateable value of the business premises:

Rateable value of premises	Grant payable every four weeks
Up to £51,000	£2,000
£51,000 or more	£3,000

The grants will be paid every four weeks in arrears.

2. Business must modify operations but remains open

If the business is required to modify its operations according to the Health Protection (coronavirus restrictions and requirements) (local levels) Regulations, or is on a specified list of restricted businesses, it can access grants according to the rateable value of the premises:

Rateable value of premises	Grant payable every four weeks
Up to £51,000	£1,400
£51,000 or more	£2,100

From 1 January 2021 there is no upper limit for any eligible business operating multiple business premises.

To qualify for these grants the business must be:

- registered for non-domestic rates
 - have a business bank account
 - be directly impacted by the COVID-19 restrictions
- Businesses are blocked from receiving the local authority grants if it has:
- breached COVID-19 regulations or requirements prior to local restrictions
 - connections with tax havens
 - is of a type or sector not listed in the schedules to the Health Protection (coronavirus restrictions and requirements)(local levels) Scotland regulations

Wales only



13 Self-isolation payments

Individuals on a low income who have tested positive for coronavirus or have been told to self-isolate by NHS Wales Test Trace Protect service may be eligible to claim a £500 grant from their local authority. It only applies to people who are unable to work from home, and as a result will lose income. It is payable from 23 October 2020.

This isolation payment can be claimed by individuals who are employed or self-employed, who also receive Universal Credit or certain other specified benefits (not yet defined).

The Welsh Government has not launched the mechanism for claiming this one-off payment, but when it does claim will be back-dated to 23 October if the period of isolation started on or before that date.

This self-isolation grant is taxable, but it is not subject to national insurance.

14 Sick pay enhancement

Individuals who are paid to work in care homes, or to look after people in their own homes, will be able to receive their full normal pay while on coronavirus-related sick leave for periods from 1 November 2020 to 31 March 2021.

The employer should pay the employee as normal (with all the usual deductions made) while he or

she is on sick leave because they have either tested positive for COVID-19, have symptoms of COVID-19 or have been required by the NHS Test Trace Protect service to self-isolate. Where the employee works irregular hours, the amount paid for periods on coronavirus-related sick leave periods should be the average pay of the last eight weeks.

The employer can then claim a SSP enhancement payment from their local authority of the difference between the SSP amount (£95.85 per week) and the employee's normal wage. Where the employee is not eligible for SSP, for example because they earn less than £120 per week, the employer should pay the employee their full normal pay and reclaim 100% of that pay from the local authority.

The employer will need to provide the local authority with details of the employee's NI number, pay, absence dates and why the employee has to be absent from work. The local authority will reimburse the employer monthly or more frequently.

The SSP enhancement payment service has yet to go live as there are a number of details to finalise first.

15 Lockdown Business Fund grants

Under the Lockdown Business Fund, the following grants will be delivered by local authorities:

- Every business eligible for small business rate relief and occupying a property with a rateable value of £12,001 or less will be eligible for a £1,000 payment.
- Retail, leisure and hospitality businesses forced to close during the firebreak lockdown period, which occupy a property with a rateable value between £12,001 and £51,000, will be eligible for a £5,000 payment.
- A discretionary £2,000 top-up grant will be made available on an application basis for those businesses with a rateable value of £12,000 or less who are forced to close by the firebreak lockdown.
- A further discretionary £1,000 grant will be made available to businesses on the same basis, where they are materially affected by local lockdown measures for 21 days or more prior to the start of the firebreak lockdown period.

16 Economic Resilience Fund for businesses

From 26 October all sizes of businesses in Wales can apply for business development grants to fund projects in one of these five areas:

- reduce carbon emissions
- innovation and entrepreneurship.
- exports and trade
- employment and skills development
- automation and digitalisation

The grants are payable on the condition that the business also supplies some matching capital, and will be given at the following rates:

- micro businesses (employing between 1 and 9 people) can apply for up to £10,000, on the condition they match this with their own investment of at least 10%
- SMEs (employing between 10 and 249 people) can apply for up to £150,000, on the condition they match this with their own investment of at least 10% for small business (1-49 staff) and 20% for medium sized (50-249) business
- large businesses (employing 250+ people) can apply for up to £200,000, on the condition they match this with their own investment of at least 50%

Where the project that requires investment is creating new jobs for young people (under 25) the business may be eligible for a higher level of award.

To support businesses impacted by the coronavirus restrictions introduced on 4 December 2020 the Welsh Government has made available sector specific grants for hospitality, tourism and leisure businesses and their associated supply chain businesses. To be eligible for these grants the business must declare that over 60% of its turnover has been impacted by the coronavirus restrictions.

Northern Ireland only



17 Local Restrictions Support Scheme for businesses

Businesses operating in any part of Northern Ireland which are forced to close under the Health Protection (coronavirus restrictions) Northern Ireland regulations can apply for grants under the Local Restrictions Support Scheme (LRSS). This scheme is designed for businesses operating out of business premises and is based on the net annual value of the premises:

Net annual value of business premises	Grant payable per two week period
Lower rate: Up to £15,000	£800
Standard rate: £15,001 to £50,999	£1,200
Higher rate: £51,000 or more	£1,600

The lower rate is also available to B&B or guest house businesses which do not pay business rates.

Businesses that do not operate out of business premises may be entitled to receive grants from their local authority under the Covid Restrictions Business Support Scheme (CRBSS), Part A. This scheme applies to businesses who are forced to close under the Health Protection (coronavirus restrictions) Northern Ireland regulations. They are entitled to receive a grant of £600 for each week that they are required to stay shut.

Other businesses which are not required to close or cease trading under the Health Protection (coronavirus restrictions) Northern Ireland regulations, but have had their trade affected because they are in a supply chain to a business which is required to close, may be entitled to a grant under CRBSS Part B.

The grant payable under Part B varies according to whether the business is affected by the five-week or six-week restrictions. Businesses who do not pay business rates qualify for a minimum grant, other businesses receive a grant according to the net annual value of the business premises:

For those under five-week restrictions:

Net annual value of business premises	One-off grant
Up to £15,000	£2,000
£15,001 to £50,999	£3,000
£51,000 or more	£4,000
Not paying business rates	£1,500

For those under six-week restrictions:

Net annual value of business premises	One-off grant
Up to £15,000	£2,400
£15,001 to £50,999	£3,600
£51,000 or more	£4,800
Not paying business rates	£1,800

To be eligible for these Part B business grants the business must:

- be based in and operating in Northern Ireland
- trading immediately prior to 16 October 2020.
- have its turnover from the main source of income decline by at least 40% as a result of a business or businesses they supply, or rely upon, being named in the Health Protection Regulations.

- declare that the income lost was the main source of income, accounting for more than 50% of the total income.

18 Discretionary support during the COVID-19 pandemic

Unlike the other countries of the UK, there is no £500 self-isolation payment available to help those forced to self-isolate who have low income. However, a Discretionary Support COVID-19 Short-term Living Expenses Grant is non-repayable and may be available to a person, or any member of their immediate family, who has either been

- diagnosed with COVID-19; or
- told to self-isolate in accordance with the latest guidance published by the Regional Agency for Public Health and Social Wellbeing.

The eligibility conditions include that you must have an extreme, exceptional or crisis situation which places you or your immediate family's health, safety or wellbeing at significant risk.