

# Winter economic plan announced

But is it enough?

“We expect that in many cases reviewing how you may do things differently, which may result in redundancies, may still be the only option”

**Rishi Sunak, the chancellor, has announced a Winter Economic plan, essentially as a result of the rise in Covid 19 cases across the UK.**

There are still lots of details that need to be worked through over the coming weeks, one of which is that jobs to be saved under the new Job Support Scheme “JSS” must be viable jobs. For many business owners who are trying their best to retain jobs for their people, amidst great uncertainty about the future of their business, the definition of a “viable” job is going to be questionable.

**The highlights of the announcements yesterday are as follows:**

- **Self-employed support scheme extended**
- **New Job Support Scheme**
- **Deferment of tax payments**
- **Changes to the CBILS and Bounce Back Schemes**

## **Self-employed Income Support Scheme**

- Scheme to be extended to April 2021.
- A taxable grant will be provided to those who are currently eligible for the Self Employment Income Support Scheme (SEISS)
- It has been confirmed that a taxable grant of up to £1,875, being 20% of average monthly profits will be made, but initially covering November, December and January 2021.
- The individuals need to be trading but face reduced demand due to Coronavirus
- A second grant, will be available for self-employed individuals to cover the period from February 2021 to the end of April.

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## Job Support Scheme

- Commences 1 November 2020, when the Job Retention Scheme ends. It will last six months until the end of April 2021.
- Scheme is to support “viable” jobs.
- Workers would need to work at least a third of their normal hours.
- For the hours not worked the government will fund a third of those hours up to an amount of £697.92 a month.
- Anyone employed (reported on RTI) as of 23<sup>rd</sup> September is eligible.
- SME’s can apply, however large business are only eligible to use the scheme if their turnover has fallen as a result of Covid 19.
- Employers do not have to have used the Job Retention (Furlough) Scheme previously.
- This does not impact employers ability to claim the job retention bonus.

## *Practical considerations*

**By way of example: Employees working 33% of their hours, as a minimum will receive 77% of their pay. 22% paid by the government and 55% paid by the employer.**

**For a 40 hour week if an employer has two people who can do the same role then they could choose to put them both on the scheme, getting 26.7 hours of time worked, whilst paying for 44 hours. Or if they decide that they only kept one employee and unfortunately made the other redundant, they would receive 40 hours worth of work and pay them for 40 hours.**

**It is pleasing that the chancellor has tried to continue to support businesses but we believe business leaders should spend the next five weeks scenario planning on what is most effective for their business.**

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## Deferment of Tax payments

The chancellor has recognised that businesses are warming up to a large cash flow impact in March 2021, and has reacted to ease this impact:

- deferred VAT due in March to June 2020, the option to spread their payments in 11 equal, interest-free instalments over the financial year 2021/22, rather than pay in full at the end of March 2021
- Businesses will need to opt in, but all businesses who deferred payments will be eligible.
- Self assessment taxpayers will have more time to pay taxes due in January 2021, building on the self assessment deferral provided in July 2020. Taxpayers with up to £30,000 of self assessment liabilities due will be able to use HMRC's self-service Time to Pay facility to secure a plan to pay over an additional 12 months.

- Any self assessment taxpayer not able to pay their tax bill on time, including those who cannot use the online service, can continue to use HMRC's Time to Pay self assessment helpline to agree a payment plan.
- The extension of the temporary VAT reduced rate of 5% for hospitality and tourism will now run until 31 March 2021.

*Give us a call*

If you want to chat to any of us about how your business may be affected over the next six months then please do call us on 0116 282 7000

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## Government backed loan Schemes

- Government backed loan scheme applications to now remain open until 30 November 2020. We are also aware that the government is working on some new government supported funding to begin in January 2021.
- “pay as you grow” initiative launched. Businesses that borrowed under the Bounce Back scheme now will have the option to repay their loan over a period of up to ten years, reducing their average monthly repayments on the loan by almost half.
- Businesses will have the option to move temporarily to interest-only payments for periods of up to six months (an option which they can use up to three times), or to pause their repayments entirely for up to six months (an option they can use once and only after having made six payments).

- The government will allow Coronavirus Business Interruption Loan Scheme lenders to extend the term of a loan up to ten years.
- The Chancellor also stated that “no businesses taking up “pay as you grow” will see their credit rating impacted as a result.

## *Budget plans*

In light of the winter economic plan being announced, the mid-November Budget has been cancelled. However, there will be a November Autumn Statement and financial forecast.

The government is expected to revert to a March Budget, although this is yet to be officially confirmed.

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# Thinking differently during Covid 19?



Please remember, if you are doing things differently as a result of Covid 19 then you could be eligible to claim for **Research and Development Tax Credits**. This applies to all businesses and can result in cash being generated for the business at this important time.

Why not call us and talk to us about what you have been doing differently, we want to know and would hate you to miss out!

If you would like to talk to us about anything you have read or want assistance in how any of the new government schemes may work then please get in touch with Mark Hook, Tax Partner ( [mark@rowleys.biz](mailto:mark@rowleys.biz) or 0116 282 7000.)

**Don't forget, we are hosting a webinar on Restructuring and Redundancy, at 9am on 30<sup>th</sup> September.** This will be your opportunity to question Fiona Powell who is an employment lawyer from Freeths Solicitors. If you want to know more get in touch at [jo@rowleys.biz](mailto:jo@rowleys.biz)