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Frequently asked questions about financial support

Introduction

The Federation of Small Businesses (FSB) has published a range of resources to support small businesses and the self-employed to respond to the coronavirus outbreak. In this factsheet, FSB answers some of the most frequently asked questions about the financial support available to help reduce the risks from coronavirus to you and your business. This factsheet will be updated on a regular basis.

Frequently asked questions

What is the Coronavirus Business Interruption Loan Scheme?

A new temporary Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank (BBB), launched 23 March 2020 to support primarily small and medium-sized businesses to access bank lending and overdrafts.

The scheme was significantly expanded on 2 April 2020:

- **No personal guarantees for facilities under £250k:** Personal guarantees of any form cannot be taken under the scheme for any facilities below £250k.
- **Personal guarantees for facilities above £250k:** Personal guarantees may still be required, at a lender's discretion, but recoveries under these are capped at a maximum of 20% of the outstanding balance of the CBILS facility after the proceeds of business assets have been applied. A Principal Private Residence (PPR) cannot be taken as security to support a personal guarantee or as security for a CBIL backed facility.
- **Security:** 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 payment.

New eligibility criteria:

Smaller businesses from all sectors can apply for the full amount of the facility. To be eligible for a facility under CBILS, a smaller business must:

- Be UK based in its business activity, with turnover of no more than £45m per year.
- Have a borrowing proposal which, were it not for the current pandemic, would be considered viable by the lender.
- Self-certify that it has been adversely impacted by the Coronavirus (COVID-19).

The full rules of the Scheme and the list of accredited lenders is available on the [British Business Bank website](#). There are a [number of accredited providers](#) in all with more being added. Businesses wishing to apply for this scheme should approach the lenders directly.

The BBB have communicated that these changes should be retrospectively applied by lenders for any CBILS facilities offered since 23 March 2020. For any commercial (non-CBILS) facilities offered since the same date, providing the borrower meets the CBILS eligibility criteria, lenders have been asked to bring these facilities onto CBILS wherever possible (e.g. where the lender is accredited to offer the same facility through CBILS) and changes retrospectively applied as necessary.

What grants are available for small businesses?

The Government has announced two schemes to provide grants to small businesses, these are the **Small Business Grant Fund** and the **Retail, Hospitality and Leisure Grant Fund**.

These grants are provided via local authorities who will contact those businesses eligible and administer the funds. You do not need to do anything to claim this grant, your local authority will contact you if you are eligible for this grant. Any queries should be addressed to your local authority. If you are unsure who your local authority is, you can find out via the Governments Find your local council tool.

The Small Business Grant Fund applies to all businesses who receive either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) will be eligible for a payment of £10,000

The Retail, Hospitality and Leisure Grant applies to businesses in England which would have been in receipt of the Expanded Retail Discount and have a rateable value of less than £51,000. Those Businesses with a rateable value up to and including £15,000 will receive £10,000 and those with a rateable value of over £15,000 but below £51,000 will receive a grant of £25,000

[A full guide covering the grant funding schemes can be found on the GOV.UK website.](#)

Local authorities are administering grants and systems vary across each authority. Visit your [local authority's website to find out what action you may need to take.](#)

What is the support for larger firms through the COVID-19 Corporate Financing Facility?

Under the new Covid-19 Corporate Financing Facility, the Bank of England will buy short term debt from larger companies to support your business if it has been affected by a short-term funding squeeze and allow you to finance your short-term liabilities. It will also support corporate finance markets overall and ease the supply of credit to all firms, all UK based businesses are eligible for this scheme.

Full details and how to apply can be found on the [Bank of England website.](#)

What is the Self-Employment Income Support Scheme?

This scheme is for self-employed individuals across the UK (and includes members of partnerships) who have lost income due to the restrictions implemented to prevent the spread of coronavirus. The scheme allows those who qualify to claim a taxable grant worth 80% of your trading profits up to a maximum of £2,500 a month for the next three months and will be extended if required.

[Read the eligibility criteria and information on application at the GOV.UK website](#)

Salaried company directors can be furloughed and receive support through the [Coronavirus Job Retention Scheme](#). They may still carry out duties which fulfil the statutory obligations they owe to their company but cannot undertake any work which would generate revenue or provide services to or on behalf of their company.

Can I claim Universal Credit?

On 20 March 2020 the Chancellor announced the suspension of the minimum income floor for the self-employed and that the standard allowance was to rise over the next 12 months by £1,000. This means that self-employed people can now access, in full, Universal Credit at a rate equivalent to Statutory Sick Pay for employees.

You can find out more about Universal Credit and apply on line at - <https://www.gov.uk/universal-credit>.

Do I still have to pay business rates?

The Government has announced an [Expanded Retail Discount](#) scheme which will provide a 100% discount for the year 2020/21 for eligible properties. Businesses need to take no action, your local authority will send you a revised bill. You should be aware that these bills may be sent to your place of businesses, if you think you are eligible for this relief, and have not received a letter you should contact your local authority.

This discount applies to the majority of properties which have been ordered to close as a result of the coronavirus outbreak. [Full guidance on eligible properties can be found on the GOV.UK website.](#)

Do I still have to pay tax and VAT?

The Government's Time To Pay service has been scaled up

HMRC have scaled up their [Time to Pay offer](#) to all firms and individuals who are in temporary financial distress as a result of COVID-19 and have outstanding tax liabilities. If you think you or your business is eligible for support through Time to Pay, you can call the following helpline number to get practical help and advice on 0800 0159 559.

Arrangements are agreed on a case-by-case basis and are tailored to individual circumstances and liabilities. For more information, please check the HMRC site here: <https://www.gov.uk/government/news/tax-helpline-to-support-businesses-affected-by-coronavirus-covid-19>.

The payment of VAT has been deferred for the next quarter

If you have a VAT payment due between 20 March 2020 and 30 June 2020 you have the option to defer the payment or pay as usual. 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.

You will still need to submit your VAT returns to HMRC on time. 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.

Income Tax Self-Assessment, payments due on the 31 July 2020 have been deferred

You need to take no action, if you are eligible this will be automatically implemented. There will be no penalties or interest for late payment will be charged during this deferral period.

Proposed changes to IR35 have been postponed to 2021

The government announced on 17 March that the reform to the off-payroll working rules (commonly known as IR35) - that would have applied for people contracting their services to large or medium-sized organisations outside the public sector - will be delayed for one year from 6 April 2020 until 6 April 2021. **Business and individuals do not need to take any action.**

If there are other tax bills you cannot pay due to coronavirus, you must contact the [HMRC coronavirus \(COVID-19\) helpline](#) to inform HMRC and discuss the options available.



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