

Covid-19 Update – Latest Policy Changes

Information correct as at 09:00am on 17.04.2020

- If your business has seen a milk price cut, loss of milk income or loss in other enterprises due to Coronavirus discuss implications with your bank
- CIBLs may offer an option to support the business through the crisis with 12 months of costs paid by the government
- Business will need to be able to repay CIBLs loans over short periods unless refinanced by the bank
- Conventional bank loans may offer better terms and quicker set up times than CIBLs
- Speak to your accountant about the implications of delaying tax payments and budget for the cash required to pay this in Jan 21
- Additional support available from the devolved nations has also been announced

Government Support for Businesses During the Covid-19 Pandemic:

CBILS-Coronavirus Business Interruption Loan Scheme (also see note from 9th April):

- Farm businesses are confirmed to be eligible for the CBIL Scheme where they have a borrowing proposal or business plan that the lender would consider viable outside of the Covid 19 pandemic but are experiencing cashflow problems as a result of the outbreak.
- Dairy farms experiencing milk price reductions, delayed milk payments or loss of milk income should be eligible for this scheme.
- The eligibility criteria were expanded to include more small to mediums sized businesses (SME) with an annual turnover up to £45 million.
- Loans up to £5 million on repayment periods up to 6 years will be available. For overdraft and invoice finance facilities, terms will be up to 3 years.
- Government will provide lenders with an 80% guarantee against the outstanding facility balance (subject to an overall cap per lender) and make a business interruption payment (BIP) to cover any lender fees and interest payments for the initial 12 months of the loan, avoiding any upfront costs and reducing the first 12 months of repayments for the SME.
- The level of BIP for agricultural businesses is restricted to a maximum of c£90,000 due to state aid legislation.
- Businesses are advised to apply through their own bank manager. However, the time to process applications may be variable so the advice would be to make contact to initiate the process as soon as issues become apparent.

Tax Relief:

- Businesses can also delay second payments on accounts due by 31 July 2020 until 31 January 2021
- HMRC will not charge interest or penalties on any amount deferred
- You do not need to tell HMRC you are delaying your payment but cancel any direct debits that exist with your bank
- A helpline is available at 0800 0159 559

Please be aware this option will relieve cashflow problems in the short term, but the full tax amount will still need to be paid.

In addition to the support packages announced by central Government the devolved nations have also released details of support available.

Scotland

- Additional rates relief discount to non-domestic properties from 1 April 2020 to 31 March 2021, businesses will be able to apply for the grants from 24 March 2020
- Business support fund (£10,000 grant) for those in receipt of Small Business Bonus Scheme (SBBS), although this does not cover agricultural businesses who are in receipt of SBBS purely for shootings/country sports
- A fund is available to protect self-employed people and viable micro and SME businesses in distress due to COVID. This fund will be channelled through local authorities and enterprise agencies and is aimed at those who are ineligible for other Scottish Government or UK Government schemes

Wales

- A grant of £25,000 is being made available for retail, leisure and hospitality businesses occupying properties with a rateable value of between £12,001 and £51,000
- A £10,000 grant to all businesses eligible for small business rates relief (SBRR) in Wales with a rateable value of £12,000 or less
- COVID-19 Wales Business Loan Scheme (£100m) administered by Development Bank of Wales was launched in March but is already fully subscribed
- Farming businesses are currently not eligible for support although any diversified elements that fall into the eligibility criteria may be

For further discussion or to help with any questions that you may have, please contact Consultant Support on consultantsupport@kiteconsulting.com or 01902 851007 / 07542 403225