



# Bird & Bird & COVID-19

March 2021

# Summary of updates to existing funding initiatives and new measures

As part of his budget speech on 3 March 2021, the Chancellor announced several changes to the Covid-19 support measures that are in place to support businesses and the wider economy. The headline announcement was the extension to the Coronavirus Job Retention Scheme until 30 September 2021, with employers expected to contribute 10% towards a furloughed employee's unworked hours from the start of July 2021, rising to 20% from the start of August 2021. Other key announcements include the introduction of the Recovery Loan Scheme from 6 April 2021 and the introduction of the Restart Grant from 1 April 2021, with the intention for the new schemes to largely replace the existing loan and grant support schemes available. The key new announcements are summarised here, with further detail of all the existing schemes set out below.

Extension to the Coronavirus Job Retention Scheme (JRS)	Recovery Loan Scheme	Restart Grant
<ul style="list-style-type: none"> <li>The Coronavirus Job Retention Scheme will no longer close at the end of April 2021 and has been extended until 30 September 2021.</li> <li>Furloughed employees will continue to receive 80% salary for unworked hours, up to a maximum of £2,500 a month (where the salary is £3,125 per month), which will be funded by the Government until the end of June 2021.</li> <li>From the start of July 2021, employers will be expected to pay 10% towards the hours that their staff do not work, increasing to 20% in August and September.</li> <li>Employers still need to pay employer National Insurance Contributions and pension costs for unworked hours.</li> </ul>	<ul style="list-style-type: none"> <li>From 6 April 2021, the Recovery Loan Scheme will be open for applications as a replacement to the existing Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme and Coronavirus Large Business Interruption Loan Scheme, which will all close on 31 March 2021. The Coronavirus Corporate Finance Facility closed on 31 December 2020.</li> <li>The scheme will provide eligible businesses with various financing facilities, in which the Government will guarantee 80% of the facility to the lender, including:               <ul style="list-style-type: none"> <li>term loans of £25,001 to £10 million for up to six years;</li> <li>overdraft facilities of £25,001 to £10 million for up to three years;</li> <li>asset financing facilities of £1,000 to £10 million for up to six years; and</li> <li>invoice financing facilities of £1,000 to £10 million for up to three years.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>From 1 April 2021, business rate paying businesses that are non-essential retail, hospitality, accommodation, leisure, personal care and gym business will be able to apply for a one-off Restart Grant, which is to replace the existing system of Local Restrictions Support Grants.</li> <li>One-off grants of up to £18,000 will be available to hospitality, accommodation, leisure, personal care and gym business, with the amount determined by the ratable values paid.</li> <li>Grants of up to £6,000 will be available to non-essential retail businesses, with the amount determined by the ratable values paid.</li> </ul>

# Government support – UK initiatives

Category	Details	Eligibility	How to apply
<b>EMPLOYMENT SUPPORT</b> <a href="#">Click here</a> for a suite of Covid-19 employment resources produced by Bird & Bird's Employment Team.			
<b>Coronavirus Job Retention Scheme ("JRS")</b>	<p>The JRS will no longer close at the end of April 2021 and has been extended until 30 September 2021.</p> <p><b>A brief explanation of the JRS:</b>            Furloughed employees will continue to receive 80% salary (excluding commission, fees or bonuses) for unworked hours, up to a maximum of £2,500 a month (where the salary is £3,125 per month), which will be funded by the Government until the end of June 2021. Employers must pay employer NICs and pension contributions on this amount.</p> <p>From the start of July 2021, employers will be expected to pay 10% towards the hours that their staff do not work, increasing to 20% in August and September. Employers will continue to pay employer NICs and pension contributions on this amount.</p> <p>Employers can furlough employees for any amount of time and any work pattern, while still being able to claim the grant for the hours not worked.</p> <p>Employers may top-up the wages of employees, but they are not obliged to do so.</p> <p>Payments received by businesses will be treated as taxable income, albeit to be offset against the deductible employment costs.</p> <p>Overpayments by HMRC need to be accounted for, either via a correction in the next JRS claim or via direct payment back to HMRC if no further claims under the JRS are to be made. Further <a href="#">guidance on overpayments is available here</a>.</p>	<p>The JRS covers any employer, business, charity or non-profit organisation in the UK and applies to businesses of all sizes, provided the entity has a UK payroll.</p> <p>Employers do not need to have previously claimed for an employee before the 30 October 2020 to claim.</p> <p>Employees must have been "furloughed". The JRS does not cover employees that have been made redundant. In addition, employers cannot claim for employees on reduced pay or reduced hours.</p> <p>For periods ending <b>on or before 30 April 2021</b>, an employer can claim for furloughed employees that were on its PAYE payroll on 30 October 2020, provided that the employer has made a PAYE RTI submission to HMRC between 20 March 2020 and 30 October 2020 notifying a payment of earnings for the employees.</p> <p>For periods <b>starting on or after 1 May 2021</b>, an employer can claim for furloughed employees that were on its PAYE payroll on 2 March 2021, provided that the employer has made a PAYE RTI submission to HMRC between 20 March 2020 and 2 March 2021 notifying a payment of earnings for the employee.</p> <p>Access to the JRS is not limited to UK nationals. Employees on all categories of visas can be furloughed. However, there are detailed rules on the type of employee that can be furloughed, which can be accessed by <a href="#">clicking here</a>.</p> <p>TUPE: A new employer is eligible to claim under the JRS in respect of the employees of a previous business transferred after 19 March 2020 if either the TUPE or PAYE business succession rules apply to the change in ownership.</p>	<p>Employers must submit a claim to HMRC by <a href="#">clicking here</a>.</p> <p>Claims relating to each subsequent month must be submitted by the 14th day of the following month.</p> <p>The next upcoming deadline for submitting claims for furloughed days in March 2021 is 14 April 2021.</p> <p>Grants will be paid via BACS by HMRC into the employer's UK bank account within six working days.</p> <p>All sums must be paid to the employee, no fees can be charged.</p>

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	<p><b>Government resources:</b></p> <ul style="list-style-type: none"> <li>• HMRC has produced a <a href="#">calculator</a> and detailed <a href="#">guidance</a> to assist employers in calculating the amount they can claim, as well as detailed examples.</li> <li>• Further <a href="#">guidance on reporting payments to HMRC</a> made under the JRS using a PAYE real time information ("RTI") system has also been published, setting out how and when to report, along with various scenarios.</li> </ul> <p><a href="#">Click here for Government guidance.</a></p>		
<p><b>Coronavirus Job Retention Bonus</b></p>	<p>The Government had previously announced details of a Job Retention Bonus scheme, which involved a one-off taxable bonus payment made to employers for each furloughed worker they kept in continuous employment. This has now been cancelled, following the extension of the Coronavirus Job Retention Scheme until 30 September 2021 and it is currently unclear whether a replacement scheme will be implemented.</p>	<p>N/A – the scheme has been cancelled and it is unclear whether a replacement scheme will be announced.</p>	<p>N/A – the scheme has been cancelled and it is unclear whether a replacement scheme will be announced.</p>
<p><b>Self-employed Income Support Scheme ("SEISS")</b></p>	<p>Details of the fourth SEISS grant have been published. For the period from 1 February 2021 to 20 April 2021, the Government will support the self-employed and members of a partnership adversely affected by Covid-19 through taxable grants worth 80% of 3 months' average trading profits, paid out in a single instalment and capped at £7,500.</p> <p>There will be a fifth and final grant scheme covering the periods from 1 May 2021 to 30 September 2021. The amount of the fifth grant will be determined by how much turnover has been reduced by in the year April 2020 to April 2021:</p> <ul style="list-style-type: none"> <li>• for those with a reduction in turnover of 30% or more, the grant will be 80% of 3 months' average trading profits, capped at £7,500; and</li> <li>• for those with a reduction in turnover of less than 30% turnover, the grant will be 30% of 3 months' average trading profits, capped at £2,850.</li> </ul> <p>To date, there has been three previous SEISS grants. Applications for the most recent (the third SEISS grant) covering the period from the 1 November 2020 to 31 January 2021 closed on 29 January 2021.</p>	<p>SEISS grants are only available to self-employed individuals or members of a partnership.</p> <p>To be eligible for the fourth SEISS grant, individuals must:</p> <ul style="list-style-type: none"> <li>• have trading profits no more than £50,000 and at least equal to non-trading income;</li> <li>• have traded in both the 2019 to 2020 tax year (and submitted a tax return for the year by 2 March 2021) and 2020 to 2021 tax year; and</li> <li>• either be currently trading but impacted by reduced demand due to Covid-19 or have been trading but are temporarily unable to do so due to Covid-19.</li> </ul> <p>Individuals must also declare that:</p> <ul style="list-style-type: none"> <li>• they intend to continue to trade; and</li> <li>• they reasonably believe that there will be a significant reduction in trading profits due to Covid-19.</li> </ul> <p>HMRC will assess eligibility based on an individual's 2019 to 2020 self-assessment tax return. If an individual is not eligible based on this, HMRC will then look at returns for the three previous tax years to assess eligibility.</p>	<p>The online service for the fourth SEISS grant will be available from late April 2021 until <b>31 May 2021</b>.</p> <p>Individuals eligible will be contacted by HMRC in mid-April 2021 to provide a personal claim date, which is the date that an individual can make a claim from.</p>

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	<a href="#">Click here for Government guidance.</a>		
<b>Statutory Sick Pay for small or medium sized businesses ("SSP")</b>	<p>SSP is payable to qualifying employees and is payable from day one for those who self-isolate or are unwell because of Covid-19 (the first three days off sick are normally unpaid). The current rate of SSP is £95.85 per week and will increase to £96.35 from 4 April 2021.</p> <p>Small and medium sized employers (those with fewer than 250 employees on 28 February 2020 across all PAYE payroll schemes) may recover this cost where SSP has been paid as a result of Covid-19 from 13 March 2020 for a maximum of two weeks sickness per employee.</p> <p>Employers can recover the cost of SSP from the first qualifying day an employee is off work (which will typically be the day an employee is fully absent from work – days where an employee has worked for a minute or more cannot be counted) if the period of sickness started on or after:</p> <ul style="list-style-type: none"> <li>• 13 March 2020: if the employee had Covid-19 or Covid-19 symptoms or is self-isolating because someone they live with had symptoms;</li> <li>• 16 April 2020: if the employee was shielding because of Covid-19;</li> <li>• 28 May 2020: if the employee has been notified by the NHS or public health bodies that they have come into contact with someone with Covid-19; and</li> <li>• 26 August 2020: if the employee has been notified by the NHS to self-isolate before surgery.</li> </ul> <p><a href="#">Click here for Government guidance.</a></p>	<p>Small and medium sized businesses with fewer than 250 employees on 28 February 2020 across all PAYE payroll schemes, which had a PAYE payroll scheme that was created and started on or before 28 February 2020.</p> <p>SSP must have been paid to the employee.</p> <p>The scheme covers all types of employment contracts.</p> <p>Qualifying businesses will need to keep records of sickness and sick pay as a consequence of Covid- 19 and days of sickness for future recovery for at least 3 years.</p> <p>Employees do not need to give their employer a doctor's fit note for the claim, but an employer can ask for an isolation note from NHS 111, or a 'shielding note' or a letter from their doctor or health authority.</p>	<p>Claim back SSP paid to employees due to Covid-19 via the <a href="#">online service</a>.</p>
<b>FINANCE FACILITIES</b>			
<b>Schemes available from 6 April 2021</b>			
<b>Recovery Loan Scheme</b>	<p>From 6 April 2021, the Recovery Loan Scheme will be open for applications as a replacement to the existing Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme and Coronavirus Large Business Interruption Loan Scheme, which will all close on 31 March 2021.</p>	<p>Businesses that are trading in the UK will be eligible to apply for a loan, provided they can show that the business:</p> <ul style="list-style-type: none"> <li>• is viable, or would be viable, were it not for the pandemic;</li> <li>• has been impacted by Covid-19; and</li> <li>• is not in collective insolvency proceedings.</li> </ul>	<p>The scheme will launch on 6 April 2021.</p>

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	<p>The scheme will provide eligible businesses with various financing facilities, including:</p> <ul style="list-style-type: none"> <li>• term loans of £25,001 to £10 million for up to 6 years;</li> <li>• overdraft facilities of £25,0001 to £10 million for up to 3 years;</li> <li>• asset financing facilities of £1,000 to £10 million for up to 6 years; and</li> <li>• invoice financing facilities of £1,000 to £10 million for up to 3 years.</li> </ul> <p>The Government will guarantee 80% of the loan to the lender. The borrower's private residence cannot be taken as security and no personal guarantees can be given on facilities up to £250,000.</p> <p>The facilities can be used for any legitimate business purpose and will initially be <b>available until 31 December 2021</b>. A network of accredited lenders is due to be announced imminently, with the British Business Bank inviting lenders who took part in the current loan schemes to participate.</p> <p><a href="#">Click here for Government guidance</a>. Further details are to be announced in due course.</p>	<p>The scheme is open to all businesses, except:</p> <ul style="list-style-type: none"> <li>• banks, building societies, insurers and reinsurers (but not insurance brokers);</li> <li>• public-sector bodies; and</li> <li>• state-funded primary and secondary schools.</li> </ul> <p>Businesses that have existing Covid-19 loans in place under other support schemes are still eligible to apply for a loan under this scheme.</p>	
<b>Schemes available until 31 March 2021</b>			
<p><b>Bounce Back Loans for small businesses ("BBLs")</b></p>	<p>The Government announced on 27 April 2020 a small business 100% Government-backed Bounce Back Loan scheme. After successive extensions, the scheme will close to new applications on 31 March 2021.</p> <p>Under the current scheme, any eligible business can borrow between £2,000 and £50,000 (up to 25% of turnover), and the cash should be accessible within 24 hours of approval for most firms.</p> <p>Borrowers do not need to make repayments for the first twelve months. The Government covers the first 12 months' interest payments, and for the rest of the period the interest rate is set at 2.5% per annum. NB the borrower remains 100% liable for the debt.</p> <p>Loan terms will be up to six years. Early repayment is allowed, with no early repayment fees.</p>	<p>The scheme applies to businesses:</p> <ul style="list-style-type: none"> <li>• based in the UK;</li> <li>• established before 1 March 2020;</li> <li>• that derive more than 50% of their income from trading activity;</li> <li>• not in bankruptcy or liquidation or undergoing debt restructuring at the time they submit their application for finance; and</li> <li>• negatively affected by Covid-19.</li> </ul> <p>If a business was classed as a business in difficulty on 31 December 2019 it will need to confirm that it is complying with additional state aid restrictions.</p> <p>The following businesses are not eligible to apply:</p> <ul style="list-style-type: none"> <li>• credit institutions (falling within the remit of the Bank Recovery and Resolution Directive);</li> <li>• insurance companies;</li> <li>• public-sector bodies; and</li> </ul>	<p>Applications are online via the relevant lender's website. Businesses will need to complete a short form to show that they are eligible.</p> <p>Applications close on <b>31 March 2021</b>.</p>

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	<p>A network of accredited lenders deliver the scheme. Lenders are not permitted to take personal guarantees or take recovery action over a borrower's personal assets.</p> <p>Under the Pay as you Grow scheme, BBLs borrowers now have more options for their repayments, including the option to:</p> <ul style="list-style-type: none"> <li>• request an extension to their loan term to 10 years (from a previous maximum of six years), at the same fixed interest rate of 2.5%;</li> <li>• reduce their monthly repayments for six months by paying interest only. This option is available up to three times during the term of the BBLs; and</li> <li>• take a repayment holiday for up to six months. This option is available once during the term of the BBLs.</li> </ul> <p>Borrowers can use these options individually or in combination with each other and should note that they will pay more interest overall if they use one of these options.</p> <p><a href="#">Click here for guidance from the British Business Bank.</a></p>	<ul style="list-style-type: none"> <li>• state-funded primary and secondary schools.</li> </ul> <p>A business cannot apply if already claiming under CBILS, CLBILS, or the Corporate Finance Facility ("CCFF") (unless the Bounce Back Loan will refinance the whole of the CBILS, CLBILS or CCFF facility).</p>	
<p><b>Coronavirus Business Interruption Loan Scheme ("CBILS")</b></p>	<p>The Government introduced CBILS on 23 March 2020. After successive extensions, the scheme will close to new applications on 31 March 2021.</p> <p>CBILS is a lending scheme co-ordinated by the British Business Bank that provides finance facilities through accredited lenders to eligible small businesses ranging from £1,000 up to a maximum of £5 million per business.</p> <p>Finance terms are from three months up to six years for term loans and asset finance facilities and up to three years for overdrafts and invoice finance facilities.</p> <p>The scheme provides the lender with a Government-backed, partial guarantee against the outstanding facility balance, potentially enabling a "no" credit decision from a lender to become a "yes". N.B. – the borrower always remains 100% liable for the debt.</p> <p>The first 12 months of these loans are interest free, with the Government covering interest payments.</p>	<p>Businesses should apply to an accredited lender, who will assess their eligibility for the scheme.</p> <p>To qualify, for the scheme, small businesses must:</p> <ul style="list-style-type: none"> <li>• be UK based, with turnover of no more than £45 million per annum;</li> <li>• have a borrowing proposal which the lender would consider viable, were it not for the current pandemic;</li> <li>• self-certify that it has been impacted by the Covid-19 pandemic;</li> <li>• not have been classed as a "business in difficulty", if it is applying to borrow £30,000 or more (<a href="#">click here for guidance</a>).</li> </ul>	<p>Any small business interested in CBILS should, in the first instance, approach one of the accredited lenders with their borrowing proposal (recommended approach is through the lender's website).</p> <p>Applications close on <b>31 March 2021</b>.</p>

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	<p>For all facilities, including those over £250,000, CBILS supports lending to smaller businesses even where a lender considers there to be insufficient security, making more smaller businesses eligible.</p> <p>No personal guarantees are to be given over facilities under £250,000. For facilities above £250,000, personal guarantees can be required at the lender's discretion. NB this excludes a borrower's principal private residence. 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.</p> <p><a href="#">Click here for guidance from the British Business Bank.</a></p>		
<p><b>Coronavirus Large Business Interruption Loan Scheme ("CLBILS")</b></p>	<p>The Government introduced CLBILS on 20 April 2020. After successive extensions, the scheme will close to new applications on 31 March 2021.</p> <p>CLBILS is a lending scheme co-ordinated by the British Business Bank that provides finance facilities through accredited lenders to eligible mid-sized and larger businesses with group annual turnover that exceeds £45 million.</p> <p>The scheme provides finance facilities in the form of term loans, revolving credit facilities, invoice finance and asset finance. The maximum amount available through term loans and revolving credit facilities is £200 million and the maximum amount available through invoice and asset financing is £50 million.</p> <p>Businesses borrowing more than £50 million through loan and/or revolving credit facilities are subject to further restrictions on dividend payments, senior pay and share buy-backs during the period of the loan.</p> <p>The scheme provides accredited lenders with an 80% Government-backed, partial guarantee against the outstanding facility balance. N.B. – the borrower always remains 100% liable for the debt.</p> <p>Lenders are not permitted to take personal guarantees of any form for facilities below £250,000. For facilities above £250,000, personal guarantees can be required, but claims cannot exceed 20% of losses after all other recoveries have been applied.</p>	<p>Medium and large-sized businesses should apply to one of the 27 accredited lenders, who will assess their eligibility for the scheme.</p> <p>To be eligible, a business must:</p> <ul style="list-style-type: none"> <li>• be UK-based in its business activity;</li> <li>• have an annual turnover of more than £45 million;</li> <li>• not have received a facility under the Bank of England's BBL or CCF (applications for which closed on 31 December 2020);</li> <li>• self-certify that it has been adversely affected by Covid-19;</li> <li>• show that its business would be viable, were it not for Covid-19; and</li> <li>• show that the loan will enable it to trade out of any short-term to medium-term difficulty resulting from Covid-19.</li> </ul> <p>Businesses from any sector can apply, except for the following:</p> <ul style="list-style-type: none"> <li>• banks and building societies;</li> <li>• insurers and reinsurers (but not insurance brokers);</li> <li>• public-sector bodies; and</li> <li>• state-funded primary and secondary schools.</li> </ul>	<p>Any business interested in CLBILS should, in the first instance, approach one of the 27 accredited lenders (which includes most major banks) with their borrowing proposal.</p> <p>Applications close on <b>31 March 2021.</b></p>



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	<a href="#">Click here for guidance from the British Business Bank.</a>		
<b>GRANTS</b>			
<b>Schemes available from 1 April 2021</b>			
<b>Restart Grant</b>	<p>From 1 April 2021, eligible businesses that are non-essential retail, hospitality, accommodation, leisure, personal care and gym business will be able to apply for a one-off Restart Grant.</p> <p>Grants of up to £6,000 will be available to non-essential retail business premises, to help them reopen safely, with the amount determined by ratable values:</p> <ul style="list-style-type: none"> <li>businesses with ratable values of £15,000 or under on 1 April 2021 will receive a payment of £2,667;</li> <li>businesses with ratable values of over £15,000 and less than £51,000 on 1 April 2021 will receive a payment of £4,000; and</li> <li>businesses with ratable values of £51,000 or more will receive a payment of £6,000.</li> </ul> <p>Grants of up to £18,000 will be available to hospitality, accommodation, leisure, personal care and gym business, with the amount determined by ratable values:</p> <ul style="list-style-type: none"> <li>businesses with ratable values of £15,000 or under on 1 April 2021 will receive a payment of £8,000;</li> <li>businesses with ratable values of over £15,000 and less than £51,000 on 1 April 2021 will receive a payment of £12,000; and</li> <li>businesses with ratable values of £51,000 or more will receive a payment of £18,000.</li> </ul> <p>Grant income received by a business is taxable. The Restart Grant will need to be included as income in the business' tax return. Payments made to businesses before 5 April 2021 will fall into the 2020/21 tax year. Payments after 6 April 2021 will fall into the 2021/22 tax year.</p> <p><a href="#">Click here for Government guidance.</a></p>	<p>Restart Grants are only available to non-essential retail, hospitality, accommodation, leisure, personal care and gym business occupying hereditaments appearing on the local rating list.</p> <p>Local authorities will be responsible for determining whether businesses are entitled to a grant under the non-essential retail thresholds, or under the hospitality, accommodation, leisure, personal care and gym business thresholds.</p> <p>Restart Grant amounts will be determined by the local rating list as at 1 April 2021. Changes to the list after the 1 April 2021 are to be ignored and local authorities are not required to adjust grants where the rating list is amended retrospectively to 1 April 2021.</p> <p>Businesses that have already received grant payments that equal the maximum permitted subsidy allowances will not be eligible to receive funding.</p> <p>Businesses that are in administration, insolvent or where a striking-off notice has been made, are not eligible for funding under this scheme.</p> <p>Businesses which are not eligible for a Restart Grant may be able to benefit from the Additional Restrictions Grant.</p>	<p>Administered by local authorities, details to be published on the relevant local authority website.</p> <p>Applications for the scheme will close on <b>30 June 2021</b> and final grant payments must be made by 31 July 2021.</p>
<b>Additional Restrictions Grant</b>	<p>From 1 April 2021, local authorities will receive an allocation from the second ARG top-up fund of £425 million, subject to having spent their existing allocations by 30 June 2021.</p>	<p>Business eligibility is at the discretion of the relevant local authority.</p>	<p>Administered by local authorities, details to be published on the</p>

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("ARG")	<p>The Government first introduced the ARG funding scheme in October 2021, initially granting local authorities a one-off lump sum payment amounting to £20 per head in authorities where tier 3 or widespread national restrictions were imposed. In January 2021, local authorities received an additional sum from the allocation of a £500 million top-up fund.</p> <p>Local Authorities can use ARG funding for business support activities. This may take the form of discretionary grants.</p> <p>Grant income received by a business is taxable. ARG money will need to be included as income in the business' tax return. Payments made to businesses before 5 April 2021 will fall into the 2020/21 tax year. Payments after 6 April 2021 will fall into the 2021/22 tax year.</p> <p><a href="#">Click here for Government guidance.</a></p>	<p>When taking decision on grants, local authorities are likely to consider whether a business is outside of the business rates system (and therefore not eligible for a Restart Grant), whether a business has received any other form of grant support, the level of a business' fixed costs, the number of employees a business has, whether it is unable to trade online, and the scale of Covid-19 losses.</p> <p>Businesses need not have been trading before the relevant restrictions were introduced to be eligible.</p> <p>Businesses in liquidation, dissolved, struck off the register or subject to a striking-off notice are not eligible.</p>	<p>relevant local authority website.</p>
<b>Schemes available until 31 May 2021</b>			
<b>Local Restrictions Support Grants ("LRSG") (Closed) Addendum scheme</b>	<p>When England is in a national lockdown, the LRSG (Closed) Addendum Scheme is available to business rate paying businesses that were open as usual, but then required to close due to the national lockdown.</p> <p>The grant is available to eligible businesses for periods of national lockdown between 5 November 2020 and 2 December 2020 and from 5 January 2021 onwards.</p> <p>Eligible businesses can receive a grant for each non-domestic property that they pay business rates on. Grant allowances are based on the rateable value of the property on the first day of the national lockdown.</p> <p>For the national lockdown between 5 November 2020 and 2 December 2020:</p> <ul style="list-style-type: none"> <li>• businesses with a property with a rateable value of £15,000 or less may be eligible for a cash grant of £1,334;</li> <li>• businesses with a property with a rateable value of over £15,000 and less than £51,000 may be eligible for a cash grant of £2,000; and</li> </ul>	<p>To be eligible to apply for an LRSG (Closed) Addendum grant, a business must:</p> <ul style="list-style-type: none"> <li>• be based in England;</li> <li>• occupy property and pay business rates on the property;</li> <li>• be required to close because of a national lockdown; and</li> <li>• be unable to provide its usual in-person customer service.</li> </ul> <p>Businesses will not be eligible for an LRSG (Closed) Addendum grant if they:</p> <ul style="list-style-type: none"> <li>• continue to operate during the national lockdown because they do not depend on the premises to provide in-person services;</li> <li>• have chosen to close, but are not required to close;</li> <li>• have exceeded the permitted subsidy limit; or</li> <li>• are in administration, insolvent, or struck off the register.</li> </ul> <p>Eligible businesses are likely to include non-essential retail, leisure, personal care, sports facilities, tourism, and hospitality businesses.</p>	<p>Administered by local authorities, details to be published on the relevant local authority website.</p>

Category	Details	Eligibility	How to apply
	<ul style="list-style-type: none"> <li>businesses with a property with a rateable value of £51,000 or more may be eligible for a cash grant of £3,000.</li> </ul> <p>For the national lockdown that commenced on 5 January 2021, the first payment cycle covers the period from 5 January 2021 to 15 February 2021 and the second payment cycle covers the period from 16 February 2021 to 31 March 2021.</p> <p>For the first payment cycle (5 January 2021 to 15 February 2021):</p> <ul style="list-style-type: none"> <li>businesses with a property with a rateable value of £15,000 or less may be eligible for a cash grant of £2,001;</li> <li>businesses with a property with a rateable value of over £15,000 and less than £51,000 may be eligible for a cash grant of £3,000; and</li> <li>businesses with a property with a rateable value of £51,000 or more may be eligible for a cash grant of £4,500.</li> </ul> <p>For the second payment cycle (16 February 2021 to 31 March 2021):</p> <ul style="list-style-type: none"> <li>businesses with a property with a rateable value of £15,000 or less may be eligible for a cash grant of £2,096;</li> <li>businesses with a property with a rateable value of over £15,000 and less than £51,000 may be eligible for a cash grant of £3,143; and</li> <li>businesses with a property with a rateable value of £51,000 or more may be eligible for a cash grant of £4,714.</li> </ul> <p>The deadlines to apply to the scheme are:</p> <ul style="list-style-type: none"> <li><b>31 March 2021</b> for grants covering the national lockdown between 5 November 2020 and 2 December 2020.</li> <li><b>31 March 2021</b> for grants covering the first payment cycle (5 January 2021 to 15 February 2021) for the national lockdown that commenced on 5 January 2021.</li> <li><b>31 May 2021</b> for grants covering the second payment cycle (16 February 2021 to 31 March 2021) for the national lockdown that commenced on 5 January 2021.</li> </ul> <p><a href="#">Click here for Government guidance.</a></p>		
<b>Schemes available until 31 March 2021</b>			
<b>Closed Business</b>	Businesses that are eligible to receive a grant under the LRSG (Closed) Addendum Scheme for the first payment cycle of the	The eligibility criteria for the Closed Business Lockdown Payment is the same as the LRSG (Closed) Addendum scheme set out above.	Administered by local authorities, details to be

Category	Details	Eligibility	How to apply
<b>Lockdown Payment</b>	<p>national lockdown period that began on 5 January 2021 are also eligible to receive a Closed Business Lockdown Payment.</p> <p>Like the LRSG (Closed) Addendum Scheme, eligible businesses can receive a grant for each non-domestic property that they pay business rates on. Grant allowances are based on the rateable value of the property on 5 January 2021:</p> <ul style="list-style-type: none"> <li>• businesses with a property with a rateable value of £15,000 or less may be eligible for a cash grant of £4,000;</li> <li>• businesses with a property with a rateable value of over £15,000 and less than £51,000 may be eligible for a cash grant of £6,000; and</li> <li>• businesses with a property with a rateable value of £51,000 or more may be eligible for a cash grant of £9,000.</li> </ul> <p>The deadline to apply for a Closed Business Lockdown Payment is <b>31 March 2021</b>. Payments will be made in conjunction with the first payment cycle payments made under the LRSG (Closed) Addendum Scheme.</p> <p><a href="#">Click here for Government guidance.</a></p>		<p>published on the relevant local authority website.</p>
<b>Other Local Restrictions Support Grants ("LRSG")</b>	<p>When national restrictions were introduced and businesses were required to close, the LRSG (Closed) Addendum scheme (above) replaced the <a href="#">LRSG (Closed)</a>, <a href="#">LRSG (Open)</a> and <a href="#">LRSG (Sector)</a> schemes that were operational when the UK was in a tier system.</p> <p>The deadline for businesses to claim grant money under these schemes for periods in which the tier system was operational is <b>31 March 2021</b>. Government guidance on each scheme can be accessed by clicking the above links.</p>	<p>Full eligibility criteria for each of the three grants can be accessed by clicking on the links provided in the <i>Details</i> column.</p>	<p>Administered by local authorities, details to be published on the relevant local authority website.</p>
<b>TAX SUPPORT</b>			
<b>Rates Relief</b>	<p>The Government will continue to provide 100% business rates discount for eligible retail, leisure and hospitality venues in England from 1 April 2021 to 30 June 2021.</p> <p>This will be followed by 66% business rates discounts from 1 July 2021 to 31 March 2022, capped at £2 million per business for</p>	<p>All property occupiers in the retail, leisure and hospitality sectors are eligible for the rates relief (<a href="#">click here for a full list</a>).</p> <p>The list below sets out the types of uses that the Government does not consider to be an eligible use for the purpose of this relief. It is for local authorities to determine whether particular properties are</p>	<p>Local billing authorities run and administer the process and are reimbursed by the Government accordingly.</p>

Category	Details	Eligibility	How to apply
	<p>properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties.</p> <p>Businesses will have the option to refuse the business rates discount and many large businesses whose operations have not been significantly impacted by the Covid-19 pandemic have received positive publicity for doing so.</p> <p><a href="#">Click here for Government Guidance.</a></p>	<p>broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.</p> <p>Hereditaments that are being used for the provision of the following services to visiting members of the public are not considered eligible:</p> <ul style="list-style-type: none"> <li>• financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers);</li> <li>• medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors);</li> <li>• professional services (e.g. solicitors, accountants, insurance agents/ financial advisers); and</li> <li>• post office sorting offices.</li> </ul>	<p>Each local billing authority has adopted a local scheme and is responsible for determining whether relief is to be granted in accordance with the Government's guidance.</p> <p>Relevant occupiers don't need to take any action. The relief will be applied by the local council. NB some local authorities have decided to operate an application process.</p>
<b>Reduced VAT rate for the hospitality and tourism sector</b>	<p>The existing VAT rate of 20% has been temporarily reduced to 5% for food and non-alcoholic drinks from restaurants, pubs, bars, cafes and similar premises, as well as hotel and holiday accommodation, and admissions to attractions.</p> <p>The reduced rate will have effect from 15 July 2020 until 31 March 2021, with the Government legislating to extend the temporary reduced rate until 30 September 2021.</p> <p>The Government will also legislate for a new temporary VAT rate of 12.5% for the sector from 1 October 2021 until 31 March 2022, before it returns to 20% from 1 April 2022.</p> <p>If an eligible business has received payments or issued invoices before 15 July 2020 for services that are provided on or after that date, VAT will be due at the new, lower rate of 5%. The business must correct the existing VAT invoice by issuing a credit note.</p> <p><a href="#">Click here for Government guidance.</a></p>	<p>The reduced rate is automatically applicable from 15 July 2020 to 30 September 2021 to all eligible supplies. Businesses must simply account for VAT at 5% for supplies made during this period.</p> <p>The reduced rate is applicable to the following goods and services:</p> <ul style="list-style-type: none"> <li>• food and non-alcoholic drinks either for consumption on the business' premises or hot food and non-alcoholic beverages to takeaway;</li> <li>• accommodation in a hotel or similar establishment;</li> <li>• accommodation used for catering;</li> <li>• caravan pitches;</li> <li>• tent pitches; and</li> <li>• admission fees to attractions, including shows, theatres, circuses, amusement parks, concerts, museums, cinemas and exhibitions. (NB: the reduced rate does not apply to sporting events).</li> </ul>	<p>This applies automatically with no application required.</p>
<b>Stamp Duty Land Tax 'holiday'</b>	<p>Reduced rates of Stamp Duty Land Tax ("<b>SDLT</b>") paid on the purchase of residential properties, which were first introduced in July 2020, will continue to have effect until 30 September 2021.</p>	<p>The increased threshold applies to all residential property transactions, to both individual and corporate buyers, whether the buyer is buying their first home or has owned property before.</p>	<p>This applies automatically with no application required.</p>

Category	Details	Eligibility	How to apply
	<p>The temporary increase to the 'nil rate' threshold, below which no SDLT is payable, will remain at £500,000 for purchases made on or before 30 June 2021. The 'nil rate' threshold will be £250,000 for purchases made between 1 July 2021 and 30 September 2021, before returning to the standard rate of £125,000 for purchases made from 1 October 2021. Above the 'nil rate' threshold, the existing SDLT rates continue to apply.</p> <p><a href="#">Click here for Government guidance.</a></p>		
<p><b>Payment of deferred VAT by installment</b></p>	<p>Businesses had the option to defer VAT payments due between 20 March 2020 and 30 June 2020 until the end of the tax year. During this period, no VAT registered business had to make a VAT payment to HMRC that is normally due with their VAT return.</p> <p>The Government has introduced the VAT deferral new payment scheme (the "<b>New Payment Scheme</b>"), in which businesses that opted to defer their VAT have the option to spread their deferred payments across a maximum of 11 equal instalments in the financial year 2021-2022, provided that they meet the scheme's eligibility criteria. No interest or penalties shall apply to businesses that choose to opt into the scheme, provided that all instalments are paid in full by the end of March 2022.</p> <p>If a business does not meet the New Payment Scheme criteria, or chooses not to spread its payments across instalments, then it must pay all deferred VAT in full on or before 31 March 2021.</p> <p><a href="#">Click here for Government guidance.</a></p>	<p>To be eligible for the New Payment Scheme, businesses must:</p> <ul style="list-style-type: none"> <li>• be the taxpayer (agents cannot apply on behalf of businesses);</li> <li>• have opted into the scheme by 21 June 2021 deadline;</li> <li>• have correct, up to date VAT returns for the past four years;</li> <li>• be able to pay the first instalment on joining the scheme; and</li> <li>• be able to pay by direct debit. (NB Businesses that cannot pay by direct debit should contact HMRC to discuss alternative payment methods).</li> </ul> <p>Businesses who use the annual accounting scheme or make payments on account will not initially be eligible for the New Payment Scheme and will be contacted separately by HMRC in March 2021.</p>	<p>Businesses have until <b>21 June 2021</b> to apply for the New Payment Scheme.</p> <p>Applications are to be made through a business's Government Gateway account. An account can be created online by <a href="#">clicking this link</a>.</p> <p>Before applying for the New Payment Scheme, businesses should check that they meet the eligibility criteria and decide on the number of payment instalments that they wish to make.</p>
<p><b>Time to Pay Arrangements ("TTP")</b></p>	<p>TTP has been available to businesses for over a decade, but HMRC has announced an escalation of resources and a specific Covid-19 helpline that businesses can call.</p> <p>TTP allows a business to defer current (as opposed to prospective) tax debts (principally corporation / income tax, payroll taxes and VAT – but theoretically any other tax or duty) by converting settlement to instalments over a 3-12 months period.</p>	<p>Any business is theoretically eligible to apply. It is, however, critical to ensure supporting facts (and documentation) are available to evidence cash flow concerns.</p> <p>HMRC has made it clear that they see themselves in this instance as lender of last resort (and not of first resort). Therefore, businesses must demonstrate that all other sources of finance have been pursued and exhausted.</p>	<p>Businesses with a Customer Compliance Manager should discuss this with them in the first instance.</p> <p>Businesses without a Customer Compliance Manager should contact HMRC's helpline on</p>

Category	Details	Eligibility	How to apply
	<p>As part of the process, directors are expected to provide written confirmation that the instalment will be made on time.</p> <p><a href="#">Click here for Government guidance.</a></p>	<p>Business should prepare for such discussions with HMRC and have the relevant information required by HMRC, including: business description; annual total tax liability; amounts to be deferred; proposed period of deferral; reasons for requesting deferral; details of actions taken to mitigate; cash flow forecast; and authority to confirm directors will ensure all instalment payments will be met.</p>	<p>0800 0159 559. The process can take less than an hour in a simple situation where the amount to be deferred is less than £750,000. Agreement for deferral of larger sums will take longer.</p>

## HMRC CRISIS-DRIVEN CHANGES TO TRADING ACTIVITIES

Details	Comments
<p><b>HMRC has published updated guidance in its Business Income Manual ("BIM") on the implications of crisis-driven, namely Covid-19, changes to trading activities.</b></p> <p><b>Nature of trade:</b> BIM states that when a business starts carrying out an entirely new trade, completely unrelated to its previous activities, this should normally be treated as the commencement of a separate trade.</p> <p>However, if a business starts carrying out a new activity that is broadly similar to its existing trade then this should not be treated as the commencement of a separate trade. Its profits or losses should be merged with those of the existing trade.</p> <p>HMRC sets out that this will be assessed on a fact-specific basis.</p> <p><b>Temporary breaks in trading activity:</b> This does not constitute a permanent cessation of a trade for tax purposes, provided that when trading activities resume, they are similar to or the same as those before the temporary break.</p> <p><b>Income received:</b> This could have been a donation in return for which goods / services to the value of the donation are supplied, this will be taxable as miscellaneous income.</p> <p><b>Revenue expenditure:</b> <u>Donation of goods and services:</u> the cost of gifts and donations are generally disallowable expenses. However, the following Covid-19 related allowable and disallowable examples are set out in the changes to the BIM:</p> <p><u>Allowable:</u></p> <ul style="list-style-type: none"><li>• stock donations to a charity;</li><li>• partial refunds offered to customers (e.g. gym memberships and other subscription services/ policies);</li><li>• staff seconded to charities and educational establishments;</li><li>• company donation of medical supplies or equipment from trading stock for humanitarian purposes; and</li><li>• incidental costs of packaging and distribution.</li></ul> <p><u>Disallowable:</u></p>	<p>Many businesses will have suffered a temporary cessation of trading or will have restructured their existing business. This guidance is intended to provide some certainty as to how losses resulting from the crisis can be used and how HMRC will treat new activities.</p> <p>The guidance gives the example of a restaurant which starts manufacturing gowns and face masks. It states that this would be considered commencement of a separate trade. However, if a clothing manufacturer starts to make gowns and masks, this would be treated as an extension of the same trade, and not the commencement of a new trade.</p> <p>Some points remain unclear or may result in unexpected outcomes for businesses. We would therefore recommend that any business which has changed its model during the pandemic reviews these rules carefully.</p> <p><a href="#">Please see Bird &amp; Bird's detailed commentary on these changes here.</a></p>



- sole trader or partnership donations of medical supplies and equipment from trading stock; and
- donations to a non-charitable business, body or individual, the market value rule applies, but does not apply to services provided. NB this will apply despite severe disruption of stock distribution chains, market outlets, and willing buyers in 'lockdown' period.

[Click here for HMRC's guidance.](#)

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