

The COVID-19 Business Survival Toolkit



Hi

The COVID-19 virus threatens to have a devastating effect on UK businesses. Those in some industry sectors (airline, leisure, hospitality, beauty, entertainment, etc) have either been told to close or hit with cancelled bookings and falling sales.

The GOOD news is that FINANCIAL HELP is on the way...BUT the BIG BUT is that we don't know when the cash will arrive....

The Government announced this week LOTS of financial support for businesses. The situation is very fluid as Government & HMRC now work out HOW to get cash into business bank accounts. This toolkit summarises what we know today about what financial help is available and how to get it.

Remember...customers and their money have NOT disappeared...

I believe the worst thing for business owners to contend with is all the uncertainty that's been created due to the speed of events. **Uncertainty** makes the situation worse simply because it makes it very hard to plan.

HOWEVER, all this uncertainty and chaos will provide businesses with opportunities. Opportunities to make the most of the current situation and then thrive at some point in the future once everything returns back to the 'new' normal.

The key is planning and then taking action because I don't believe you can assume that the Government help will be enough or arrive in time.

To help you plan I've created [THE COVID-19 BUSINESS SURVIVAL TOOLKIT](#) which both summarises the key announcements of financial support & gives some ideas for possible action. To make it easy for you I've divided this toolkit into sections - just tick the boxes where you could possibly take action and is worth you taking action or at least investigating further.

If you need anything clarifying or would like more info, just call me or one of the team on 0161 410 0020 or e-mail wecare@kmaaccountancy.co.uk.

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Tick if worth looking at

1 Personal Measures

1 Create a monthly budget for your home

Having a budget which list's ALL your outgoings for the month has 2 benefits: -

- It makes you aware of how much you spend each month and on what.
- You know how much cash is needed each month to pay the bills

2 Review all your outgoings

Go through the budget and consider what things are NOT used any more (e.g. subscriptions or gym membership) which could be cancelled?

Could anything (e.g. payments into a pension) be put on hold for a few months?

3 Mortgage Payment Holiday

The Government have announced that you can ask your mortgage lender for a 3-month mortgage payment holiday.

For many this could take away the worry of defaulting on payments and cut the outgoings.

3 Mortgage Payment Holiday – Buy to Let landlords

The Government have announced that Buy to Let Landlords can ALSO apply to their Mortgage lender for a 3-month mortgage payment holiday.

2 Business Measures: Understand your cash situation

1 Create a monthly budget for your business

Having a budget which list's ALL your outgoings for the month has 2 benefits: -

- It makes you aware of how much you spend each month and on what.
- You know how much cash is needed each month to pay the bills

2 Create a cashflow for the next 3 months

Having a cashflow will show you roughly how long the business can survive before the cash in the bank runs out.

Just list for each of the next 3 months your cash outgoings (using the monthly budget). Assuming you have zero sales in the next 3 months how much cash do you need?

Tick if worth looking at

3 Business Measures: Get Cash In

1 Get unpaid sales invoices paid

Ask your customers to help you out by paying any of your unpaid sales invoices – even if they're not yet due for payment.

2 Ask customers for deposits & up-front payments

Some of your customers will have cash and some of them may be prepared to help you out by paying for goods and services that they will be buying from you (once the COVID difficulties have lifted) in the coming months. As you know I'm not a huge fan of discounting although it does have it's place. In the current climate you may wish to consider this as a way to incentivise.

3 Create new services to sell to current customers & prospects

The current situation (as more people self- isolation) will create different customer needs. I can certainly see an increased need for services to be delivered online.

What challenges are your key customers having...is there anything you can do to help? (Phone calls are fine but using online meetings (Zoom is free) might be better)

Using the skills and experience you (& your team) have what new services could you create and offer to meet those needs and which will generate you cash?

4 Book customer appointments

The current situation with restricted contact will ease at some point. Follow up on leads & contact clients and where possible book appointments and work in the diary so you can start generating cash as soon as the current restrictions & difficulties lifts.

4 Business Measures: Reduce your overhead outgoings

1 Review all your overhead outgoings

Go through the budget and consider what things are NOT used any more (e.g. IT subscriptions) which could be cancelled?

Could any payments (e.g. payments into your pension) be put on hold for a few months?

2 Speak to your key suppliers

Ask your key suppliers if you could be given a bit longer to pay their invoices.

Tick if worth looking at

5 Business Measures: Help for businesses with premises

1 Rates relief

A business rates holiday (i.e. no rates will be payable) for businesses in certain sectors of the economy for the 2020/21 tax year.

Those business sectors announced thus far are: - retail, hospitality, leisure and children's nurseries.

It will apply to your next council tax bill in April and there is no action for you to take.

2 Ask your landlord for help

For many businesses the monthly rent is a major cost. Ask your landlord if they would accept either smaller payment in the next couple of months OR would defer payment of the rent.

6 Business Measures – Help for businesses with staff

1 Statutory Sick Pay (SSP)

Employees with Coronavirus (incl those who self-isolate) will be entitled to SSP from day one (so, no waiting days) up to 2 weeks and businesses with 250 employees or less will have this SSP fully reimbursed.

Employers should maintain records of staff absences and payments of SSP and if evidence is required by the employer staff need to apply online now to get an isolation note.

From <https://111.nhs.uk/covid-19>.

It is unclear exactly how this will operate as payroll providers have not had time to amend their software to reflect these new rules.

2 Coronavirus Job Retention Scheme (CVJRS)

Any employer will be able to apply to HMRC for a CVJRS grant to cover 80% of the wages of staff who are furloughed, and kept on the payroll, rather than being made redundant. CVJRS grants will cover 80% of the wages of any furloughed staff up to a total of £2,500 a month for each furloughed worker. Employers can top up those salaries if they wish.

The CVJRS grant can be claimed for each furloughed worker from the date they were furloughed (1st March is the earliest date allowed). This scheme will be for 3 months – but this could be extended.

To qualify for the grant: -

- Employers must inform the employees that they will be furloughed – changing the status of employee is subject to existing employment law and their existing employment contract.*
- Furloughed employees must sit at home and CANNOT do any work for the business*
- Submit information to HMRC about furloughed employees and their earnings through a new online portal (further details from HMRC to follow).*

Further details will follow but the Chancellor announced that the systems to make this

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happen are being put in place and the aim is for everything to be in place by 30th April.

Tick if worth looking at

7 Business Measures: Grants

1 Small business that pay little / no rates AND who are eligible for Small Business Rate Relief

Will receive £10,000 cash grant. Nothing further has been announced as how and when this will happen other than qualifying businesses will be contacted by their Council if they are eligible for this grant.

You are eligible if your business is based in England, you are a small business and already receive SBBR and /or RRR and your business that occupies a property.

If in doubt speak to your Council.

2 Small business in retail, hospitality and leisure sectors operating from premises with a rateable value between £15,000 - £51,000

Qualifying businesses will receive £25,000 cash grant and to qualify a business must: -

- be based in England,*
- operate from premises in England*
- pay the rates on those premises which have a rateable value between £15,000 and £51,000*
- be in retail, hospitality and leisure sectors (incl shops, restaurants, cafes, drinking establishments, cinemas, live music venues, hotels, boarding premises and self-catering accommodation*

Nothing further has been announced as how and when this will happen other than qualifying businesses will be contacted by their Council. If in doubt speak to your Council.

8 HMRC: Payment of Tax

1 Time to Pay

All businesses (incl self-employed people) in financial distress, and with outstanding tax liabilities, may be eligible to receive support with their tax affairs through HMRC's Time To Pay service.

These arrangements will be agreed on a case-by-case basis and are tailored to individual circumstances and liabilities

To speak to HMRC about delaying their tax (incl VAT, PAYE, Corporation tax, Personal tax etc) due to COVID-19) then you need to call the HMRC Coronavirus Helpline.

TEL : 0800 015 9559

Hours : Monday to Friday 8am to 8pm & Saturday 8am to 4pm

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Tick if worth looking at

2 No VAT Payments to be made until June

It has been announced that businesses are NOT required to pay any VAT to HMRC from 20th March to 30th June 2020. Automatic offer with no application required. All UK businesses are eligible.

Whilst this will free up a lot of cash in the next 3 months businesses need to remember that any VAT not paid will still need to be paid by end of the 2020 to 2021 tax year (5th April 2021). Vat refunds and reclaims will be paid by the government as normal.

NOTE: Many businesses pay their VAT via DD – those that do should cancel their direct debit with their bank if they wish to take advantage of this due to cashflow!

Please do so in sufficient time so that HMRC do not attempt to automatically collect on receipt of your VAT return!

3 No 2nd Payment on Account payments need to be made by July

It has been announced that the no one (incl self-employed) will be required to pay the 2nd payment on account payment which is due by 31st July with NO penalties or interest being added.

NOTE: The tax hasn't been cancelled – it's been merely delayed meaning anyone taking advantage of this must pay the tax due by 31st January 2021.

This is an automatic offer with no application required. Many people pay their personal tax via DD – those that do should cancel their direct debit with their bank if they wish to take advantage of this.

Please do so in sufficient time so that HMRC do not attempt to automatically collect the tax.

9 Business Measures: Finance & Loans

1 Coronavirus Business Interruption Loan Scheme (CBILS)

CBILS loans will be funded by the British Business Bank (i.e. the Government) with businesses being able to apply for a loan of up to £5 million from Monday 23rd March.

Businesses will need to apply via their bank (presuming it is on the list of 40 accredited providers the high street banks are on the list).

Draft eligibility criteria was published when the scheme went live on 23 March 2020 and more information on CBILS can be found here at www.british-business-bank.co.uk.

Tick if worth looking at

2 Other sources of finance

There are a number of sources of finance which business could, depending on circumstances, consider.

Many of these options the finance provider will require some security to give them some level of protection in the unlikely event of business failure. The usual forms of security which finance providers look for unpaid sales invoices, stock or capital equipment.

Below are just a few of the options available to you and, whilst they don't form a recommendation from KMA, they're listed to try and give you some options you could consider.

- Your Business Bank - for overdraft and/or loan (either new or extend your existing facility)
- Capital On Tap – www.capitalontap.com
- Funding Circle – www.fundingcircle.com
- Iwoca – www.iwoca.co.uk
- NatWest Rapid Cash – www.rapidcash.natwest.com
- Satago - www.satago.com

10 Business Measures: Protection from eviction for commercial tenants

Commercial tenants who cannot pay their rent because of COVID-19 will be protected from eviction.

These measures will mean NO business will automatically forfeit their lease and be forced out of their premises if they miss payment up to 30th June. There is an option for the government to extend this period if needed.

This is not a rental holiday (all commercial tenants will still be liable for the rent) but this measure protects commercial tenants from eviction if they are unable to pay the rent.

11 Business Measures: Support Package for Wales

A £1.4 bn business support package was announced on March 19th The headline grant and rates measures are: -

- *The new package provides retail, leisure and hospitality businesses in Wales with a year long business rates holiday.*
- *A grant of £25,000 will also be offered for businesses in the same sector with a rateable value of between £12,001 and £51,000.*
- *A grant of £10,000 grant to all businesses eligible for Small Business Rates Relief with a rateable value of £12,000 or less.*

12 Self-Employed: Income Support Scheme

Self-employed will now be able to receive a taxable grant worth up to 80% of your Average monthly profits, (From your last three years profits (or whatever is available if less) up to a maximum of £2,500 per month. This is equivalent to the amount received by employers under the Jobs Retention Scheme.

To qualify:

- *Only open to anyone with trading profits up to £50,000*
- *You must make the majority of your income from being self employed*
- *Only open to those already registered as self employed and who have a tax return for the year to 5th April 2019 and have traded in the tax year 2019-20*
- *Are trading when you apply, or would have been except for COVID-19*
- *Intend to continue trading in the tax year 2020-21 and have lost trading/ partnership trading profits due to COVID-19*
- *If you are late filing your tax return for 2018/2019 you must do so within 4 weeks in order to be eligible*

These grants will cover 3 months of income and the government may extend. It will be paid in one lump sum payment in June 2020. You do not need to apply, if you are eligible HMRC will contact you.

If you need money urgently and cannot wait until June, the chancellor reminded you that the CBILS and universal are available.

Disclaimer

This toolkit is not aimed at being exhaustive or answering all your prayers, but is designed to summarise the key Government announcements as well as be a practice "help guide" on some things you could consider to help mitigate the effects and keep you trading through till things get better. This toolkit is my opinion and not intended to be my recommendations on what you should do, but merely an idea of what you could do over the coming weeks and months to give your business the best possible chance of surviving.