

Winter Economy Plan

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McCabe Ford Williams

Today Chancellor Rishi Sunak addressed the House of Commons with his Winter Economy Plan. His plan sets out further Covid-19 measures as we head towards the winter season.

Here is a summary of the new measures

Support for Jobs

New Job Support Scheme

During his address, the Chancellor announced a replacement to the Coronavirus Job Retention Scheme (CJRS), which ends in October. The Job Support Scheme will start from November and is designed to help support viable UK employers facing lower business demand due to COVID-19 and help employers to retain their workforce when the 'furloughing scheme' ends.

Job Support Scheme summary

- The scheme will start from **1 November 2020 and run for six months.**
- The scheme is open to all employers with a UK bank account and a UK PAYE scheme even if they have not previously used the furlough scheme. **All Small and Medium-Sized Enterprises will be eligible.** However, **large businesses will be required to demonstrate that their business has been adversely affected by COVID-19, and should not make any capital distributions (such as dividends), whilst using the scheme.**
- Employees must work a **minimum of 33%** of their usual hours to qualify.
- For every hour not worked the employer and the government will each pay one third of the employee's usual pay. **The government contribution will, however, be capped at £697.92 per month per person.**
- **Employees using the scheme will receive at least 77% of their pay, where the government contribution has not been capped.**
- Employers will be reimbursed in arrears for the government contribution.
- Employees on redundancy notice will not qualify.
- Employers can claim both the Job Support Scheme and the [Job Retention Scheme bonus](#).

SEISS Grant Extension – help for the self-employed

The SEISS Grant Extension will be limited to self-employed individuals who are currently eligible for the Self-Employed Income Support Scheme (SEISS) who are actively continuing to trade but facing reduced demand due to COVID-19.

Details so far

The **SEISS Grant Extension scheme will last for 6 months, from November 2020 to April 2021.** The grant extension will **represent two taxable grants.**

The grant will cover a three-month period from November until the end of January 2021. The first grant will cover 20% of average monthly trading profits, paid out in a single instalment covering 3 months' worth of profits, and capped at £1,875 in total. The second grant will cover a three-month period from the start of February until the end of April. Details of the second grant to follow in due course.

Other measures to ease the burden on businesses

Extending the temporary VAT reduced rate for hospitality and tourism

To help support cash flow and viability of over 150,000 UK businesses in these sectors and to help protect 2.4 million jobs **the government is extending the temporary reduced rate of VAT (5%) from 12 January to 31 March 2021**. This will continue to apply to supplies of food and non-alcoholic drinks from restaurants, pubs, bars, cafés and similar premises, together with supplies of accommodation and admission to attractions across the UK.

New Pay as you Grow Scheme

Rishi Sunak announced a “Pay as you Grow” scheme for businesses, which have previously taken out government, guaranteed loans during the crisis.

Under the Pay as you Grow Scheme the government will give all businesses that borrowed under the BBLs the option to repay their loan over a period of up to ten years. This will reduce their average monthly repayments on the loan by almost half.

UK businesses will also 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 intends to allow **CBILS lenders to extend the term of a loan up to ten years**, providing additional flexibility for UK-based SMEs who may otherwise be unable to repay their loans.

VAT deferral ‘New Payment Scheme’

The government will give businesses that deferred VAT due in March to June 2020 the option to spread their payments over the financial year 2021-2022. Rather than paying in full at the end of March 2021, businesses will be able to choose to make 11 equal instalments over 2021-22. **All businesses, which took advantage of the VAT deferral, can use the New Payment Scheme. Businesses will need to opt in, but all will be eligible. HMRC will put in place an opt-in process in early 2021.**

Enhanced Time to Pay for Self-Assessment taxpayers

The government will give self-employed and other taxpayers 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. This means that Self-Assessment liabilities due in July 2020 will not need to be paid in full until January 2022.

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.